CETIN Finance B.V.

Annual report for the year ended 31 December 2021

Contents

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Directors' report

Introduction

We, the Board of Directors (the "Management Board") of CETIN Finance B.V. (the "Company"), are pleased to present to you this director's report as part of the Company’s Annual report for the financial year ended 31 December 2021.

History and purpose

The Company was incorporated on 7 September 2016 as a financing vehicle for the issuance of Eurobonds to provide financing to its parent CETIN a.s. (formerly „Česká telekomunikační infrastruktura a.s.”). The ultimate parent company is PPF Group N.V. (the “Group”).

The Company issued Eurobonds on 6 December 2016 in three tranches, with total nominal amount corresponding to EUR 625 million and CZK 7,866 million, respectively, and maturity ranging from 1 to 7 years. The Eurobonds were admitted to trading on the Main Securities Market of the Irish Stock Exchange. On 7 December 2016 the Company provided the funds raised in a form of an intra-group loan to CETIN a.s. (“CETIN”).

CETIN is the owner and operator of the incumbent and largest telecommunications network infrastructure in the Czech Republic. CETIN acts as a wholesale provider of fixed and mobile telecommunications infrastructure to all telecommunications operators on equal and transparent footing. CETIN divides its business activities into two main divisions: domestic network services and international transit services. Its largest customers include O2 CR, T-Mobile Czech Republic and Vodafone Czech Republic. CETIN is rated Baa2 (negative outlook) and BBB (stable outlook) by Moody’s and Fitch Ratings, respectively.

The Company does not have any other activities. The Company has a one-tier Board of Directors. The Board consists of two Managing Directors.

Developments during the financial year

The Company repaid debt securities with total nominal amount of EUR 625 million that were due in December 2021 using the proceeds from the corresponding loan receivable from CETIN. The Company continued servicing its debt through interest payments that have been paid to all bond holders, using funds from the interest received on the loan receivable from CETIN.

Among the significant events affecting the electronic communications market in recent years was the Covid-19 pandemic, which has led to increased demand for fast and stable new generation access due to the transfer of a significant part of society to working from home and home-based education and increased efforts to digitise the economy. As a result of the pandemic, the significance and societal benefits of a resilient electronic communications infrastructure and services have substantially increased and contributed to stable financial performance of CETIN.

Financial position

The total assets amount to CZK 4,933,567 thousand as at 31 December 2021 (31 December 2020: CZK 21,297,904 thousand). The Company has a positive working capital in the amount of CZK 110,002 thousand (31 December 2020: CZK 73,605 thousand) and a positive cash flow from operating activities of CZK 15,923 thousand (2020: positive CZK 17,181 thousand).

Financial instruments and risk management

The Management Board is aware that the Company is exposed to certain risks and threats when conducting business primarily connected to its financial instruments. The directors of the Company believe that the current systems in place provide suitable tools for mitigating and controlling risks. For additional details on risks exposure and risk management of the Company, refer to note 15 in the financial statements.

Information supply and computerisation

The Company's back office systems in use are mostly industry standard applications, mainly desktop office applications and ERP systems from Microsoft, with certain levels of customisation.

Social aspects of operating the business

The Company has no customer-facing operations. Operations are conducted by CETIN, the Company's parent. The parent entity has its own social policies that are reflective of specific local regulatory requirements and of specific local challenges and opportunities to contribute to larger society.

In general, as a telecommunication network operator, CETIN impacts the society in a positive way by connecting people at a level previously not possible, offering uninterrupted mobile voice and data connections anytime and in almost any location, providing means of communication, increased security, convenience, education and entertainment to ever larger groups of the population. This enables software and solutions developers to invent and deliver still new solutions that are profoundly changing the way of life for individuals and the way of doing business for companies and entrepreneurs. These new solutions often call for new advances in telecommunications and the two industries operate in a virtuous cycle, driving further innovations and growth of the telecommunications business.

As privacy and security are top of mind for the society, the Company's fellow subsidiaries are continuously working on improving the privacy of their customers' data and increasing the resilience of the network against cyber-attacks and cyber frauds. The fellow subsidiaries are also cooperating with the respective national law enforcement authorities on issues that focus on the safety of individuals and of the public from crime and terrorism.

The Company's fellow subsidiaries are contributing to these efforts by enabling the transfers of best practices across all telecommunication segments within the PPF Group.

The Company's fellow subsidiaries operate within the national and international supply chains for telecommunications equipment, software, and network construction materials. The fellow subsidiaries pay close attention to the selection of their suppliers, choosing them from the world's most reputable providers, and requiring certificates of quality and compliance of the products with all standards and regulations relevant to the import and operation of these products.

Environmental influence and research and development

The operations of the Company did not, to the best knowledge of the Management Board, have a significant impact on the environment.

The Group is aware of the importance of maintaining a healthy and undamaged environment for current and future generations. Its operating subsidiaries have therefore incorporated policy of limiting any negative environmental impacts resulting from their strategy and everyday activities. Targets leading to the lessening of any negative impacts on the environment in 2021 mainly focused on reducing energy consumption, fuel savings and replacing refrigerants in air-conditioning units, which will also lead to a reduction in the emission of greenhouse gases and other harmful substances into the air and to financial savings.

The Company did not engage in any research and development activities during 2021.

Staff development

The Company did not employ any staff during 2021.

Code of conduct

The Group has implemented a Corporate Compliance programme which sets out the fundamental principles and rules of conduct for all employees in the Group and enables compliance checks and putting remedies in place when shortcomings are discovered, or objectionable or illegal conduct identified. An important part of the programme is the PPF Group Code of Ethics, dealing, among other topics, with the protection of human rights and the prevention of corrupt conduct in all Group activities. Internal guidelines entitled Corporate Compliance Internal Investigation further regulate how workers, managers and the governing and inspection bodies of the Group should proceed in case of suspicion, investigation and discovery of actions that are unethical or improper and/or contrary to legal regulations or the Code of Ethics of PPF Group.

Audit Committee

An audit committee has been established at a higher level within the PPF Group (specifically at PPF Group N.V.) in compliance with all conditions of the Dutch transposition of Article 39 (3) (a) of Directive 2006/43/EC, as a result of which the Company as a public interest entity in the meaning of Article 2 (13) (a) of Directive 2006/43/EC and as PPF Group N.V.'s subsidiary is entirely exempt from obligations in respect of an audit committee. Due to the application of the aforementioned exemption, the audit committee of PPF Group N.V. follows all obligatory responsibilities in relation to the Company as the public interest entity.

Outlook 2022

COVID-19 pandemic might continue affecting the business of the Company's parent, CETIN in the following years. We will continue to follow closely the developments, anticipate possible risks and have mitigating solutions available. Some of the impacts of the pandemic may potentially present a business opportunity for the PPF Group, such as greater demand for telecommunication services, telecommuting, telelearning, next generation of fixed and mobile access and rapidly increased digitalisation of operations by businesses. PPF Group will be prepared to exploit any new emerging new opportunities.

The Management Board assumes that the current macroeconomic environment developments in general in Europe will not impact the performance of the Company directly. The Management Board anticipates that the Company's net result for 2022 will remain positive with the net interest income sufficient to cover general administrative and other expenses.

The Company does not have the intent to make significant investments or divestments in 2022 or to change its primary business activities.

Amsterdam, 9 June 2022

On behalf of the Board of Directors of CETIN Finance B.V.

J.C. Jansen

Statement of financial position

(Before appropriation of the result)

TCZK	Note	31 December 2021	31 December 2020
Non-current assets			
Loan receivables	4	4,819,229	4,810,339
Total non-current assets		**4,819,229**	**4,810,339**
Current assets			
Loan receivables	4	4,984	16,364,702
Other receivables	6	91	26
Cash at banks	5	108,731	122,837
Income tax receivable		532	—
Total current assets		**114,338**	**16,487,565**
Total assets		**4,933,567**	**21,297,904**
Capital and reserves			
Issued capital	7	3	3
Share premium	7	55,418	55,418
Unappropriated result		45,287	(21,196)
Retained earnings		(25,289)	(4,093)
Total equity		**75,419**	**30,132**
Non-current liabilities			
Debt securities	8	4,853,812	4,853,812
Total non-current liabilities		**4,853,812**	**4,853,812**
Current liabilities			
Debt securities	8	4,332	16,413,195
Other liabilities	9	4	539
Income tax liability		—	226
Total current liabilities		**4,336**	**16,413,960**
Total liabilities		**4,858,148**	**21,267,772**
Total liabilities and equity		**4,933,567**	**21,297,904**

Statement of profit or loss and other comprehensive income

TCZK	Note	Year ended 31 December 2021	Year ended 31 December 2020
Interest income	4	289,784	316,051
Interest expense	8	(283,948)	(307,789)
Net interest income		**5,836**	**8,262**
General administrative expenses	10	(3,975)	(912)
Net operating result		**1,861**	**7,350**
Impairment reversal(loss) on receivables	4	45,054	(27,530)
Foreign exchange result gain/(loss)	3.1	(1,048)	500
Profit/(loss) before taxation		**45,867**	**(19,680)**
Income tax expense	11	(580)	(1,516)
Net profit/(loss) for the period		**45,287**	**(21,196)**
Other comprehensive income		—	—
Total comprehensive income/(loss) for the period		**45,287**	**(21,196)**

Statement of changes in equity

TCZK	Issued capital	Share premium	Unappropriated result	Retained earnings	Total
Balance at 1 January 2021	**3**	**55,418**	**(21,196)**	**(4,093)**	**30,132**
Total comprehensive income					
Loss appropriation	—	—	21,196	(21,196)	—
Net profit for the period	—	—	45,287	—	45,287
Balance at 31 December 2021	**3**	**55,418**	**45,287**	**(25,289)**	**75,419**

TCZK	Issued capital	Share premium	Unappropriated result	Retained earnings	Total
Balance at 1 January 2020	**3**	**55,418**	**2,562**	**(6,655)**	**51,328**
Total comprehensive income					
Profit appropriation	—	—	(2,562)	2,562	—
Net loss for the period	—	—	(21,196)	—	(21,196)
Balance at 31 December 2020	**3**	**55,418**	**(21,196)**	**(4,093)**	**30,132**

Statement of cash flows

TCZK	Note	For the year ended 31 December 2021	For the year ended 31 December 2020
Net profit/(loss) for the period		**45,287**	**(21,196)**
Adjustments for:			
Interest income	4	(289,784)	(316,051)
Interest expense	8	283,946	307,789
Currency translation (net)		1,048	(500)
Tax expense	11	580	1,516
Impairment expense/(reversal)	4	(45,054)	27,530
Net operating cash flows before changes in working capital		**(3,977)**	**(912)**
Change in other receivables and payables	6, 9	(650)	52
Cash flows used in the operations		**(4,627)**	**(860)**
Interest paid	8	(286,860)	(296,697)
Interest received		280,230	316,257
Tax paid		(1,274)	(1,519)
Cash flows from operating activities		**(12,531)**	**17,181**
Proceeds from repayment of loan receivable	4	15,929,195	—
Cash flows from investing activities		**15,929,195**	**—**
Repayments on bonds securities issued	8	(15,953,125)	—
Cash flows used in financing activities		**(15,953,125)**	**—**
Change in cash and cash equivalents		**(36,461)**	**17,181**
Cash and cash equivalents at beginning of the year		122,837	104,757
Effect of exchange rate changes on cash and cash equivalents		22,355	899
Cash and cash equivalents at end of the year		**108,731**	**122,837**

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company was incorporated with limited liability under the Dutch law on 7 September 2016. The registered office of the Company is in Amsterdam, the Netherlands. The address of the Company is Strawinskylaan 933, Amsterdam, the Netherlands. The main activity of the Company is to act as a financing company.

The Company is a fully owned subsidiary of CETIN a.s. (formerly “Česká telekomunikační infrastruktura a.s.”) (“CETIN”) having its seat at Českomoravská 2510/19, Prague, Czech Republic.

Board of Directors:
J.C. Jansen
M.M. van Santen

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS-EU”) including International Accounting Standards (“IASs”), promulgated by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB and with Part 9 of Book 2 of the Dutch Civil Code.

2.2 Basis of measurement

The financial statements are prepared at the historical cost convention and are presented in Czech Koruna (“CZK”), and rounded to the nearest thousand. Assets and liabilities are stated at nominal value, unless stated otherwise.

2.3 Functional and presentation currency

The financial statements are presented in Czech Koruna, which is the Company’s functional currency.

2.4 Use of judgement and estimates

Estimates and judgements 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 have risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those affecting valuation and possible impairment of loan receivables. Refer to Notes 3.2 c) and 4 for more details.

2.5 Going concern

These financial statements have been prepared on the basis of the going concern assumption.

2.6 Changes in Accounting policies and accounting pronouncements adopted since 1 January 2021

Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective from 1 January 2021)

The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR"). The amendments include the following practical expedients:

A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;

Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

This amendment was endorsed by the EU and had no impact on the financial statements of the Company.

2.7 Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Company's financial statements

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 31 December 2021 and have not yet been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) (effective from 1 April 2021)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which IFRS 16 Leases defines as "a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)".

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021).

The amendment has been adopted by the EU and is effective for annual reporting periods beginning on or after 1 April 2021.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020 (effective from January 2022)

These amendments and annual improvements, in general, bring some clarifications in the standards on various guidance and update some references.

These amendments have been adopted by the EU and is effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IAS 1 Presentation of Financial Statement Classification of Liabilities as Current or Non-current (expected effectiveness from 1 January 2023)

These amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position, but not the amount or timing of the recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability.

The amendments further clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer the settlement of a liability; and make clear that the settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective from 1 January 2023)

Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective from 1 January 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The typical areas impacted are deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related assets.

These amendments have not been adopted by the EU.

The Company is currently assessing the potential impact on its financial statements resulting from the application of these amendments.

3 Significant accounting policies

3.1 Foreign currency transactions

A foreign currency transaction is a transaction that is denominated or requires settlement in a currency other than functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. For initial recognition purposes, a foreign currency transaction is translated into the functional currency using the foreign currency exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Czech Koruna at rates of exchange prevailing at the reporting date (31 December 2021: CZK/EUR 24.86 and 31 December 2020: CZK/EUR 26.245). Transactions denominated in foreign currencies are translated at rates prevailing at the time the transaction occurred. Translation differences are recorded in the statement of profit or loss. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. The share capital is recalculated by the closing foreign exchange rate through currency translation reserve at each reporting date.

3.2 Financial instruments

a) Recognition and derecognition

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. For regular purchases and sales of financial assets, the Company’s policy is to recognise them at the settlement date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

b) Classification and measurement

Financial assets
IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified into one of these categories on initial recognition.

Financial liabilities
Financial liabilities are classified as subsequently measured at amortised cost or, when derivative or held for trading, at FVTPL. The Company can also irrevocably, at initial recognition, designate the

financial liability at FVTPL meeting certain criteria. When designated at FVTPL, the financial liability's fair value change due to the Company's change in its credit risk is presented in OCI, unless such presentation creates or enlarge an accounting mismatch in profit or loss. Other changes in fair value are presented in profit or loss.

c) Impairment

The Company recognises allowances for expected credit losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- loans and receivables;
- trade receivables and accrued income; and
- cash and cash equivalents;

IFRS 9 requires an impairment loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. The Company measures impairment loss allowance at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition, for which they are measured as 12-month ECL.

12-month ECLs are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1 financial instruments".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2 financial instruments".

Measurement of ECL
ECLs are a probability-weighted estimate of credit losses and is measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows

The Company assesses a financial asset as credit-impaired when one or more of the following events occurs: the debtor is facing significant financial difficulty; it is probable that the debtor will enter bankruptcy or other financial reorganisation; the financial asset is more than 90 days overdue. Loss allowance for assets in Stage 3 is equal to the expected lifetime credit losses and the interest is calculated from the net value of the asset.

Inputs into measurement of ECLs
The key inputs into the measurement of ECLs are – in general – the following variables:

- probability of default (PD);

– loss given default (LGD); and
– exposure at default (EAD).

The ECL is calculated as a multiple of PD * LGD * EAD

PD is mostly derived from available market data, such as Moody's PD statistics, internally adjusted to the current macroeconomic forecasts.

LGD is estimated based on the history of recovery rates of claims against defaulted counterparties. It is calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. For loans secured by retail property, loan-to-value (LTV) ratios are likely to be a key parameter in determining LGD and models will consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset.

EAD is equal to the gross carrying amount (book value) of the respective balance sheet item as of the reporting date.

d) Fair value measurement principals

The fair value of financial instruments is based on their quoted market price at the end of the reporting period without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the end of the reporting period for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the end of the reporting period.

e) Offsetting

Financial assets and liabilities are permitted to be set off and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions. No amounts were offset in periods reported.

3.3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, short term deposits at banks with original maturity of three months or less, other short-term highly liquid investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents are carried at amortised cost less expected credit losses (impairment) in the statement of financial position.

3.4 Other receivables and payables

Other receivables and payables arise when the Company has a contractual obligation to receive or deliver cash or another financial asset. Other receivables and payables are measured at amortised cost, which is normally equal to their nominal or repayment value.

3.5 Equity

Share capital represents the nominal value of shares issued by the Company.

Dividends on share capital, share premium reduction and other capital distributions are recognised as a liability provided that they are declared before the end of the reporting period. Dividends, share premium reduction and other capital distributions declared after the end of the reporting period are not recognised as a liability but are disclosed in the notes.

3.6 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period. A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Income and expense recognition

Interest income and interest expense are recognised in profit or loss on an accrual basis, taking into account the effective yield of the asset or liability, or the applicable floating rate. Interest income and interest expense includes the amortisation of any discounts or premiums of other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest rate method.

Other income and expense items are recognised in profit or loss when the corresponding service is provided.

3.8 Operating expenses

Operating expenses are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

4 Loan receivables

The Company provided the following loans to the parent company CETIN.

In TCZK	**31 December 2021**	**31 December 2020**
Loans in CZK	4,821,768	4,821,768
Loans in EUR	-	16,378,521
Accrued interest	4,984	22,345
Allowance for impairment	(2,539)	(47,593)
Total loans	**4,824,213**	**21,175,041**
Repayable:		
Within one year	4,984	16,400,866
Between one and five years	4,821,768	4,821,768
More than five years	-	-
Allowance for impairment on loan maturing within one year	-	(11,429)
Allowance for impairment on loan maturing after one year	(2,539)	(36,164)
Total loans	**4,824,213**	**21,175,041**

In December 2021 the EUR loan matured and was repaid.

As per 31 December 2021 the impairment allowance balance was TCZK 2,539 (2020: TCZK 47,593). The 2021 release of impairment allowance of TCZK 45,054 was reflected in profit or loss (2020: addition to impairment allowance of TCZK 27,530).

Provided Loans Analysis

In TCZK			31 December 2021		31 December 2020	
Utilization date	Maturity date	Currency	Nominal amount	Net carrying amount	Nominal amount	Net carrying amount
7 December 2016	6 December 2021	EUR	-	-	16,378,521	16,359,718
7 December 2016	6 December 2023	CZK	4,821,768	4,824,213	4,821,768	4,815,323
Total			**4,821,768**	**4,824,213**	**21,200,288**	**21,175,041**

The net carrying amount includes accrued interest and unamortized capitalized fees.

Provided loans bear fixed interest rates in the range from 1,451% to 1,4881% (31 December 2020: 1,451% to 1,4881%). All interest income comes from the parent company CETIN.

The terms and conditions of these loans were determined on an arm’s length basis.

5 Cash at banks

In TCZK	31 December 2021	31 December 2020
Bank balance in EUR	17,462	40,792
Bank balance in CZK	91,269	82,045
Total	**108,731**	**122,837**

Cash is freely available.

Cash in amount of TCZK 108,696 (2020: TCZK 122,628) is held at PPF banka a.s. (a related party). The interest income from the related party amounts to TCZK 12 (2020: TCZK 10) and general administrative expenses charged by the related party amount to TCZK 1 (2020: TCZK 1).

6 Other receivables

In 2021 other receivables in amount of TCZK 88 (2020: TCZK 26) related to certain charges for the issuance of bonds. These charges will be recharged to the parent company CETIN.

7 Equity

7.1 Share capital

In EUR	31 December 2021	31 December 2020
Authorised capital (100 shares)	100	100
Issued and fully paid up (100 shares)	100	100
Nominal value	1	1

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

The Netherlands Civil Code article 2.373.5 requires the Company to translate its issued share capital from its registered currency to presentation currency at the exchange rate effective on the reporting date. Effect of this translation is presented in the Foreign Currency Translation reserve, which is a non-distributable reserve.

The share capital was translated from EUR to CZK using historical exchange rate CZK/EUR 27.02.

7.2 Share premium

Share premium is the amount by which the amount received by the Company is in excess of par value of its shares. Share premium is freely distributable. There was no change in share premium in 2021 (2020: nil).

8 Debt securities

The Company issued the following debt securities:

In TCZK	31 December 2021	31 December 2020
Bonds in CZK	4,853,812	4,847,494
Bonds in EUR	-	16,398,554
Accrued interest	4,332	20,960
Total debt securities	**4,858,144**	**21,267,008**
Repayable:		
Within one year	4,332	16,413,195
Between one and five years	4,853,812	4,853,813
More than five years	-	-
Total debt securities	**4,858,144**	**21,267,008**

Issued Bonds Analysis

In TCZK				**31 December 2021**	
Date of issue	Maturity	ISIN	Currency	Nominal value	Carrying amount
6 December 2016	6 December 2021	XS1529934801	EUR*	-	-
6 December 2016	6 December 2023	XS1529936335	CZK	4,866,000	4,858,145
Total				**4,866,000**	**4,858,145**

In TCZK				**31 December 2020**	
Date of issue	Maturity	ISIN	Currency	Nominal Value	Carrying amount
6 December 2016	6 December 2021	XS1529934801	EUR*	16,403,125	16,415,182
6 December 2016	6 December 2023	XS1529936335	CZK	4,866,000	4,851,826
Total				**21,269,125**	**21,267,008**

The net carrying amount includes accrued interest and unamortized capitalized fees.

* As at 31 December 2021, the nominal value of EUR bond amounted to nil (31 December 2020: EUR 625 million)

During 2021 and 2020, the Company was in compliance with all applicable terms of the bond issues. Certain bonds issue related costs were amortized and are part of the effective interest rate.

Issued bonds have stated fixed interest rates in the range from 1.25% to 1.423% (31 December 2020: 1.25% - 1.423%).

During 2021 and 2020 CETIN has granted to the Company a guarantee for non-fulfilment of Company’s liabilities in connection with the bonds issued. The guarantee constitutes a direct and unconditional obligation of CETIN which is at all times ranked *pari passu* with all other present and future unsecured obligations of CETIN, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Net proceeds received by the Company from bonds emission were granted in full amount to CETIN as loan (see Note 4).

As at 31 December 2020, CETIN had available undrawn committed facility of up to EUR 625 million concluded with the bank syndicate on 31 July 2020. This facility (Term and Revolving Facilities of up to EUR 625 million) served as the liquidity back-up for 6 December 2021 bond refinancing. Since the bonds were eventually redeemed using proceeds from CETIN loan repayment, the committed facility has not been utilised and was terminated.

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

	Liabilities	Equity	Total
In TCZK	**Debt securities issued**	**Share premium**	
Balance as at 1 January 2021	**21,267,008**	**55,418**	**21,322,426**
Repayment bond	(15,953,125)	-	(15,953,125)
Changes from financing cash flows	**(15,953,125)**	**-**	**(15,953,125)**
Other changes			
Interest expense	283,946	-	283,946
Interest paid	(286,860)	-	(286,860)
Effect of changes in FX rates	(452,825)	-	(452,825)
Total other changes	**(455,739)**	**-**	**(455,739)**
Balance as at 31 December 2021	**4,858,144**	**55,418**	**4,913,562**

	Liabilities	Equity	Total
In TCZK	**Debt securities issued**	**Share premium**	
Balance as at 1 January 2020	**20,733,666**	**55,418**	**20,789,084**
Changes from financing cash flows	**-**	**-**	**-**
Other changes			
Interest expense	307,779	-	**307,779**
Interest paid	(296,687)	-	**(296,687)**
Effect of changes in FX rates	522,250	-	**522,250**
Total other changes	**533,342**	**-**	**533,342**
Balance as at 31 December 2020	**21,267,008**	**55,418**	**21,322,426**

9 Other liabilities

In TCZK	**2021**	**2020**
Accounts payable	1	14
Accrued expenses	3	525
Total	**4**	**539**

10 General administrative expenses

In TCZK	**2021**	**2020**
Professional services	3,966	898
Other financial services	9	14
Total	**3,975**	**912**

Professional services represent mainly consulting and audit fees.

In 2021 Professional services contain management and other service fees charged by PPF Group N.V. (ultimate parent entity) in amount of TCZK 3,219 (2020: TCZK 83).

11 Income tax

	2021 TCZK	2020 TCZK
Profit/(loss) before tax	45,867	(19,680)
Tax using the Company's domestic tax rate	10,839	(4,470)
Tax effect of:		
Non-taxable income	(10,717)	—
Non-deductible costs	458	5,986
Current year tax losses for which no deferred tax asset was recognized	—	—
Utilized tax losses from previous years	—	—
Income tax expense	**580**	**1,516**
Effective tax rate	**1 %**	**(8)%**

12 Audit fee

With reference to Section 2:382a(1) and (2) of the Dutch Civil Code, the fee in relation to the 2021 financial statements that have been charged by KPMG Accountants N.V. to the Company amount to TCZK 696 (2020: TCZK 722). No other engagements, tax related advisory services and other non-audit services have been provided by KPMG Accountants N.V. to the Company.

13 Employees and directors

The Company did not employ any personnel in 2021 (2020: none). The Company had two directors as at 31 December 2021 (31 December 2020: two). The directors are also the key management personnel of the Company. During 2021 and 2020 directors of the Company were not entitled to any remuneration.

14 Related parties

The Company has a related party relationship with its parent and other related parties (PPF Group entities). All transactions with related parties are disclosed in the individual disclosures above.

Furthermore, the key management personnel of the Company, plus the close family members of such personnel and other parties which are controlled, jointly controlled or significantly influenced by such individuals and entities in which the individuals hold significant voting power are also considered related parties. The Company did not conclude any transaction with these related parties in 2021 and 2020.

15 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 debt taken and loans provided. Management of the risk arising from financial instruments is fundamental to the Company’s business and is an essential element of the Company’s 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 Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The risks are managed in the following manner:

(i) Foreign currency risk

The Company’s exposure to foreign currency risk arising from exposures in other currencies than CZK is limited.

(ii) Interest rate risk

As at reporting date, the Company has not been exposed to interest rate risk arising from any interest rate gap as maturities and nominal amounts of interest-bearing financial assets are almost the same as those of interest bearing financial liabilities. Therefore, the Company's exposure to interest rate risk is naturally limited.

The Company does not classify and measures its financial assets or financial liabilities at fair value. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity of the Company.

(iii) Liquidity risk

Liquidity risk represents the risk of being unable to meet obligations as they become due. The Company continually assesses its liquidity risk with the PPF Group treasury by identifying and monitoring changes in the funding required to meet the business goals. The Company is funded by equity and issued bonds.

The table below summarizes the maturity profile of the Company's financial assets and liabilities at 31 December 2021 and at 31 December 2020 based on contractual undiscounted payments. Amounts include projections of future interest.

As at 31 December 2021

In TCZK	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Cash at banks	108,731	-	-	-	108,731
Loan receivables	-	69,964	4,891,732	-	4,961,696
Other receivables	91	-	-	-	91
Income tax receivable	-	532	-	-	532
Debt securities	-	(60,825)	(4,926,825)	-	(4,987,650)
Other liabilities	(4)	-	-	-	(4)
Total	108,818	9,671	(35,093)	-	83,386

As at 31 December 2020

In TCZK	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Cash at banks	122,837	-	-	-	122,837
Loan receivables	-	16,692,213	4,961,696	-	21,653,909
Other receivables	26	-	-	-	26
Debt securities	-	(16,692,796)	(4,969,144)	-	(21,661,940)
Other liabilities	(539)	-	-	-	(539)
Income tax liability	(226)	-	-	-	(226)
Total	122,098	(583)	(7,448)	-	114,067

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loan and other receivables.

The carrying amounts of financial assets represent the maximum credit exposure.

Loan and other receivables
The Company's exposure to credit risk is limited, as almost all credit transactions are made with the parent company which is an investment grade rated.

Cash and cash equivalents
The Company held cash and cash equivalents of TCZK 108,731 at 31 December 2021. The cash and cash equivalents are held with a reputable bank institution.

(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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

In TCZK

			31 December 2021			
	Note	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**
Financial assets						
Loan receivables	4	-	4,598,000	-	4,598,000	4,824,213
Debt securities	8	-	4,598,000	-	4,598,000	4,858,144

In TCZK

			31 December 2020			
	Note	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**
Financial assets						
Loan receivables	4	-	21,408,000	-	21,408,000	21,175,041
Debt securities	8	-	21,408,000	-	21,408,000	21,267,008

During the current year end, the bonds were not actively traded. The estimated fair value of issued bonds was derived using a valuation technique based on observable market inputs. Therefore, these securities are disclosed in Level 2 of the fair value hierarchy as at 31 December 2021 and 2020.

The fair value of loan receivable is determined from the bonds market price as conditions of the loan receivable are almost the same (currency, amount, interest rate, maturities) as the issued bonds.

The Company does not have any financial instruments reported in the statement of financial position at fair value.

16 Segment reporting

The Company represents one reportable segment that has central management and follows a common business strategy. The revenue is attributable to interest income from a loan provided to Company's parent entity domiciled in the Czech Republic.

17 Events after the reporting period

There have not been significant events after the reporting period.

18 Profit appropriation for 2021

The allocation of profits accrued in the financial year ended 31 December 2021 shall be determined by the General Meeting of Shareholders. Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts. The General Meeting of Shareholder may resolve at the proposal of the management board to make interim distributions and/or to make distributions at the expense of any reserve of the Company. Distributions may be made only up to an amount which does not exceed the amount of the distributable equity.

19 Confirmation

The Company's financial statements for the year ended 31 December 2021 give a true and fair view of the Company's financial condition and operations as at and for the year ended 31 December 2021.

Date: 9 June 2022	Signature of the Board of Directors:

<u>Other information</u>

Offices

The Company has its operating office in the Netherlands. For details in this respect please refer to Note 1 of the financial statements.

Profit appropriation

The General Meeting of Shareholders shall resolve the profit appropriation for 2021. For further details please refer to Note 18 of the financial statements.

Independent auditor's report

The independent auditor's report with respect to the Company's financial statements is set out on page 31.

Independent auditor's report

To: the General Meeting of Shareholders and the Board of Directors of CETIN Finance B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of CETIN Finance B.V. as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2021 of CETIN Finance B.V. (the Company) based in Amsterdam, the Netherlands.

The financial statements comprise:

1. the statement of financial position as at 31 December 2021;
2. the following statements for 2021: statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of CETIN Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality
• Materiality of CZK 40 million • Based on total assets (0.8%)

Going concern and Fraud/NOCLAR
• Going concern: no significant going concern risks identified • Fraud & Non-compliance with laws and regulations (NOCLAR): We identified management override of controls as a fraud risk.

Key audit matters
• Valuation of Loan Receivables

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at CZK 40 million (2020: CZK 170 million). The materiality is determined with reference to total assets (0.8%). We consider total assets as the most appropriate benchmark because CETIN Finance B.V. is a financing vehicle that provides financing to its parent CETIN a.s. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality significantly changed compared to last year due to a decrease in the amount of total assets compared to 2020.

We agreed with the Board of Directors that misstatements in excess of CZK 2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to going concern

The Board of Directors has performed its going concern assessment, in which amongst others the company's high dependency on the ability of CETIN a.s. to fulfil the obligations towards the company were considered, and has not identified any going concern risks. To assess the Board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit.
- we considered whether the outcome of our audit procedures, to determine the recoverability of the intercompany loans, as described in the key audit matter on recoverability of loans, could indicate a significant going concern risk.
- we analyzed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks;
- we inspected the financing agreement in terms of conditions that could lead to significant going concern risks, including the term of the agreement and any covenants.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In paragraphs Social aspects of operating the business and Code of conduct of the Directors' report, the board of directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of ethics and its whistleblowing policy. Furthermore, we performed relevant inquiries with management. As part of our audit procedures, we:

- assessed other positions held by management board members and paid special attention to procedures and compliance in view of possible conflicts of interest.
- evaluated correspondence with regulator AFM as well as legal confirmation letters, if any.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company.

We assessed the presumed fraud risk on revenue recognition as irrelevant, because the Company's significant source of income is interest. Such interest income is derived from a long term loan agreement with the parent company including fixed terms and conditions in respect of interest. As a consequence, we did not identify an incentive nor pressure for the management board members to achieve certain results or specific finance income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above, we identified the following fraud risk that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

- **Management override of controls (a presumed risk)**

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed data analyses of high-risk journal entries related to non-recurring and/or non-standard manual journal entries recorded throughout the period, with specific attention to postings impacting result and post-closing adjusting journal entries. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including inquiry and testing of transactions back to source information.
- We evaluated key estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' estimates with respect to estimates such as valuation of receivables, we refer to our key audit matter on the valuation of Loan Receivables.

We incorporated elements of unpredictability in our audit, including: performing screening procedures on cash disbursements to determine unexpected transactions outside the normal course of business.

We communicated our risk assessment, audit responses and results to management and those charged with governance.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud that are considered material for our audit.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Board of Directors. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter is addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Loan Receivables

Description

The Company is a financing entity only entering into financing arrangements with its parent entity (CETIN, a.s.). The financial performance of the Company going forward will be dependent on the ability of the parent entity to repay the loans including accrued interest. Due to the significance of the valuation of loan receivable to the financial statements, including the risk of management bias, we consider this a key audit matter.

Our response

We have evaluated the appropriateness of the accounting policies based on IFRS 9's requirements, our business understanding and industry practice. Management of the Company has assessed the robustness of the financial position and liquidity of CETIN a.s. to meet its obligation regarding the loan receivables. We have assessed management's analysis, specifically, we evaluated the liquidity and solvency of CETIN a.s. based on its audited financial statements as at 31 December 2021, and analysed movements in its net equity, net income before tax and cash flows in comparison with previous year. Additionally, we evaluated the timely repayment of interest and, if applicable, principal obligations by CETIN a.s. during the year and subsequent to balance sheet date, to determine whether conditions exist that indicate a negative impact on the counterparty's ability to meet its future obligations. Moreover, inspecting external rating agencies' reports.

Our observation

We found that the credit risk related to the Loan Receivables due from CETIN a.s. has been appropriately taken into account in the valuation of Loan Receivables and disclosed in Note 15(iv) of the financial statements.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Board of Directors as auditor of CETIN Finance B.V. as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

CETIN Finance B.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the financial statements of CETIN Finance B.V., has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements, in accordance with the RTS on ESEF. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in the XHTML- format;
- examining whether the annual report in the XHTML-format is in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing CETIN Finance B.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate

CETIN Finance B.V. or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report on the next page. This description forms part of our auditor's report.

Amstelveen, 9 June 2022

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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 CETIN Finance B.V.'s internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Directors' 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 CETIN Finance B.V.'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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.