



ŠKODA TRANSPORTATION a.s.

CONSOLIDATED ANNUAL REPORT 2020



Contents:

Introduction

Škoda Transportation Group

Profile of ŠKODA TRANSPORTATION a.s.

Statutory bodies of the Company

Report of the board of directors on the Company's business activities and the balance of its assets and liabilities

Significant contracts

Labour relations

Anti-corruption measures

Research and development

Environment

Major investments

Acquisition of own shares

Material litigations

Subsequent events

Quality, environment, and occupational health and safety management systems

Risks and their management

Foreign organisational unit

The Company's future

Auditor's fees

Declaration of completeness

Appendices:

A Report on relations between related parties

B Consolidated financial statements for the reporting period

C Independent auditor's report

D Separate financial statements for the reporting period

E Independent auditor's report

Dear friends,



We have finished our third year under the new majority shareholder, PPF Group. Škoda Transportation and the entire concern are experiencing the greatest growth in its history. In 2020 we continued our success with new contracts in the Czech Republic and abroad. We have managed to increase our backlog, providing work for several years to come. However, 2020 will always be remembered by Škoda, as well as the rest of the world, as the year of the onset of the Covid-19 pandemic and all that it entails. It turns out that long-term investments in our field of rolling stock and wheeled ecological vehicles have a significant stabilizing effect on the company, the regions in which we operate, and the entire economy, even in difficult times of crisis. Despite restrictions and with the adoption of necessary measures, the implementation of all our projects continues, and new projects are being created. This not only allows us to maintain our capacities, but also to expand and strengthen them. We invest heavily in the development and innovation of production plants, creating more than 2,000 new jobs in Pilsen, Šumperk, Ostrava and Prague.

We concluded the biggest new contracts at the beginning and the end of the year, especially in the rolling stock segment. In January, a contract was signed for 37 six-car metro trains for Warsaw with an option for another 8 trains, which are already being manufactured in Ostrava's Vagonka. Towards the end of the year, České dráhy ordered 48 electric two- and three-car RegioPanter units. Covid resulted in the postponement of the conclusion of certain contracts until 2021, some of which were signed in the first quarter of 2021. These included contracts for 6 electric units for Estonian Railways with an option for another 10 trains. In the tram segment, we concluded new contracts in Helsinki for 23 vehicles, and in German cities of Brandenburg, Cottbus and Frankfurt an der Oder, we concluded contracts for up to 45 vehicles. In addition to new orders, we also completed and handed over the first single-deck units for Railways of the Slovak Republic.

We also strengthened in the trolleybus segment, where we concluded a major contract in the capital of Bulgaria. A total of 30 battery-powered trolleybuses with our logo will travel to Sofia. Our success in Bulgaria and other countries confirms that we are the European leader in the production of trolleybuses; this is evidenced by the almost 15,000 trolleybuses produced by us. Today, Czech trolleybuses operate in about thirty countries. Throughout the year we also gradually delivered completed trolleybuses for the Czech Republic, specifically for Jihlava, Mariánské Lázně, Teplice, Ústí nad Labem and Opava. We also delivered our trolleybuses to St. Etienne, France; Bergen, Norway; Prešov, Slovakia and, of course, to Braşov in our strong Romanian market. Cooperation with our sister company Temsa, which is a major bus manufacturer in Turkey and a worldwide exporter, is also bearing fruit. The Prague-based transport company has ordered 14 electric buses from us, and work on other projects and product lines is successfully underway.

I must also mention important contracts for the modernization and renewal of rolling stock, which we perform in our subsidiary Pars nova in Šumperk. We have received a contract for the modernization of sleeping cars for České dráhy, and we continue to work on several other long-term projects. I would also like to mention the development of cooperation on modernization with private carriers, where we fulfilled our first contracts.

2020 was very important for the development of our activities in Ostrava. We have taken several important steps here to take advantage of the potential of this region for the group. At the end of February, with the participation of representatives of the city and the Moravian-Silesian Region, we laid the cornerstone of the Nová Vagonka project, in which the production area of our plant will double in a relatively short time. The largest machining center in Europe has also been built here. This was a gift for our 120th anniversary of the foundation of Vagonka by Adolf Schustala.

In mid-2020, we signed an acquisition contract for Ekova Electric, where we will build a new unique competence center. This center will focus on traditional repairs and modernization of vehicles for transport companies. Thanks to our employees' expertise and many years of experience, we will gradually expand the production of new trams, electric buses and trolleybuses for current and future customers of the Škoda group. We are going to invest heavily in modernization of the plant and technological equipment, which will go hand in hand with increasing the number of employees.

We will primarily use the year 2021 to complete the program of capacity expansion and recruitment of new employees. We will also hand over major projects. It is also clear that the fight against the pandemic and its impacts is not over and that it will continue into the next period. We believe that the measures introduced in 2020 will help us minimize the impact in 2021 as well.

I would like to thank all our employees, for whom it was not an easy year, but together we proved that we are a strong team that can withstand adversity. Special thanks also go to our business partners, co-workers and customers, as well as shareholders.

It is thanks to all of you that we can continue our successful work and tradition. We are proud to be able to supply Czech products worldwide and represent our country under the Škoda brand.

Petr Brzezina
Chairman of the Board of Directors and President of Škoda Transportation

Selected indicators of the Škoda TRANSPORTATION Group

in ths. CZK	Index		
	2020	2019	2020 / 2019 (%)
Backlog*	68 717 769	60 365 424	113,8%
Revenues	11 025 923	9 904 757	111,3%
Adjusted EBITDA**	381 002	321 344	118,6%
Net cash flows from operating activities	645 296	223 158	289,2%
Investments in tangible fixed assets	847 365	274 923	308,2%
Investments in intangible fixed assets	565 665	558 045	101,4%
Net debt ***	2 057 301	1 155 890	178,0%
Equity	9 780 860	11 358 359	86,1%

* The value of the order book does not include the indexation defined in the contract for the provision of full service for the South Moravian Region and the Prague Public Transit Company. It also does not include a contract to provide long-term service for the city of Pilsen.

** The adjusted EBITDA indicator was determined by adjusting "Operating profit" for "Depreciation and amortisation" and for extraordinary non-cash effects in the amount of 1,166,200 TCZK in 2020

*** Net debt, including lease and derivative liabilities

The strategy of the ŠKODA TRANSPORTATION a.s. Group ("the Group") is to enhance the transport engineering industry and to strengthen key competences in this field. One of the prerequisites to fulfil the strategy is through the support of research and development. In 2020, the Group incurred research and development expenditures of TCZK 1 727 577 (2019 – TCZK 1 166 030). The most significant development projects in 2020 were the development of push-pull double-deck rail vehicles, electrical units, low-floor trams and trolleybuses of various types.

The value of the backlog increased by 13.8 % compared to the previous year, mainly due to the contracting of new orders in the area of suburban electrical units in 2020.

The Group's consolidated revenue in 2020 amounted to TCZK 11 025 923, i.e. a year-on-year increase of 11.3 %. Revenues from the sale of suburban units and locomotives, repairs of rail vehicles significantly increased, while revenues from the sale of underground train units, trams and trolleybuses decreased significantly. As regards the split of revenues according to the registered office of the end customer, TCZK 4 903 859 were revenues generated in the Czech Republic, i.e. a year-on-year increase of 47.8 %, while TCZK 6 122 064 were revenues generated from other countries. Revenues realised in other countries (according to end customers) comprise most deliveries to customers in Finland, Latvia, Germany, Russia, Slovakia, Bulgaria, Lithuania, Italy, Poland, Hungary, Spain, Kazakhstan, China and the USA.

Adjusted EBITDA increased by 18.6 % year-on-year due to higher production utilisation due to signed orders in 2019. EBITDA in 2020 was significantly affected by extraordinary non-monetary effects of 1,166,200 TCZK, which consisted mainly of impairments for long-term intangible assets, receivables and inventories of materials.

Consolidated entity

As at 31 December 2020, the following entities were included in the consolidated entity:

Company name Identification number	Registered office	Ownership interest (in %)	Level of influence	Consolidation method
Parent company				
ŠKODA TRANSPORTATION a.s.	Emila Škody 2922/1	--	--	--
626 23 753	301 00 Plzeň, Jižní Předměstí			
Subsidiaries and joint ventures				
ŠKODA ELECTRIC a.s.	Průmyslová 610/2a			
477 18 579	301 00 Plzeň - Doudlevice	100	Control	Full
ŠKODA VAGONKA a.s.	1. máje 3176/102			
258 70 637	703 00 Ostrava	100	Control	Full
Pars nova a.s.	Žerotínova 1833/56			
258 60 038	787 01 Šumperk	100	Control	Full
Škoda Polska Sp. z o.o.	Złota 59			
	00-120 Warszawa			
	Poland	100	Control	Full
ŠKODA CITY SERVICE s.r.o.	Emila Škody 2922/1			
	301 00 Plzeň, Jižní Předměstí	100	Control	Full
POLL, s.r.o.	Výpadevská 1676/4a			
629 67 754	153 00 Praha 5 Radotín	100	Control	Full
ŠKODA TVC s.r.o.	Tylova 1/57			
252 47 964	301 28 Plzeň	100	Control	Full
Ganz-Skoda Electric Ltd.	Horváth utca 12-26			
	H-1027 Budapešť			
	Hungary	100	Control	Full

Company name	Registered office	Ownership interest (in %)	Level of influence	Consolidation method
Identification number				
OOO Vagonmash	Leninskij prospekt 160 196 247 Sankt-Peterburg Russian Federation	50	Joint venture	Equity
SKODA Transportation Deutschland GmbH	Leopoldstraße 244 808 07 München Germany	100	Control	Full
Skoda Transportation USA, LLC 81-2573769	100 International Drive, 23rd Floor Baltimore MD USA	100	Control	Full
ŠKODA Transtech Oy	Elektroniikkatie 2 905 90 Oulu Finland	100	Control	Full
ŠKODA DIGITAL s.r.o. 017 31 530	Moravská 797/85 Hrabůvka 700 30 Ostrava	100	Control	Full
ŠKODA RAIL s.r.o. 058 22 149	Emila Škody 2922/1 301 00 Plzeň, Jižní Předměstí	100	Control	Full
SKODA TRANSPORTATION UKRAINE LLC	Naberezhna 26-B 490 00 Dnipro Ukraine	100	Control	Full
OOO SINARA - ŠKODA	Naberezhnaya Obvodnogo Kanala 138, 190 020 Sankt-Peterburg Russian Federation	50	Joint venture	Equity
Associated companies				
PRAGOIMEX a.s. 158 88 100	Pod náspem 795/12 190 05 Praha 9	32	Significant influence	Equity
Zaporizkiy Elektrovoz	Vulicyja Zaliznichna 2 690 95 Zaporizha	49	Significant influence	Equity

Description of changes in the consolidated entity in 2020

On 7 August 2020, the Group transferred a 1 % stake in OOO Vagonmaš to Sinara-Transportnye Mashiny. On this date, the Group lost its controlling interest, and OOO Vagonmaš continues to be reported as a joint venture. 31 December 2019, OOO Vagonmash was consolidated using the full method; from 1 January 2020, the company is reported using the equity method.

Profile of ŠKODA TRANSPORTATION a.s.

ŠKODA TRANSPORTATION a.s. (“the Company”) was established as a limited liability company on 23 February 1995 and was recorded in the Commercial Register maintained by the Regional Court in Pilsen on 1 March 1995. The Company’s registered office is at Emila Škody 2922/1, Plzeň. Its identification number is 626 23 753. The Company’s registered capital amounts to TCZK 3 150 000. The Company is a manufacturer and at the same time acts as a parent company managing a group of companies (“the Group”).

The Company’s principal activities comprise the production, development, assembly, reconstruction and repairs of transport vehicles; repairs of other transport vehicles and machinery; testing of rail vehicles, trams and trolleybuses; testing and check-ups of selected technical equipment; machining, locksmithing and tool making; production, installation, repairs of electric machines and equipment, electronic and communications devices; repairs of road vehicles; production, trade and services not specified in appendices 1 to 3 of the Trade Licensing Act, accounting consulting, bookkeeping and tax accounting.

The sole shareholder of the Company is PPF IndustryCo B.V. The sole shareholder owns one common registered book-entry share of TCZK 3 134 100 and one common registered book-entry share certificate with the nominal value of TCZK 15 900.

As at 31 December 2020, Petr Kellner indirectly held a majority share in the voting rights of the Company.

Statutory bodies of the Company as at 31 December 2020

board of directors

- **Petr Brzezina** – chairman of the board of directors
- **Tomáš Ignačák** - vice-chairman of the board of directors
- **Zdeněk Majer** – member of the board of directors
- **Jan Menclík** – member of the board of directors
- **Zdeněk Sváta** – member of the board of directors

supervisory board

- **Ladislav Chvátal** – chairman of the supervisory board
- **Michal Korecký** – member of the supervisory board
- **Antonín Roub** - member of the supervisory board

Report of the board of directors on the Company's business activities and the balance of its assets and liabilities

In 2020, revenue from own products and services totalled TCZK 4 839 939, which is a year-on-year increase of 46.9 %. Sales were higher in the segment of suburban units and locomotives. On the other hand, lower sales were achieved in the segment of trams, underground coaches and full-service. Domestic customers bought products amounting to TCZK 2 388 699. Exports totalled TCZK 2 451 240 and reported a year-on-year increase of 36.4 %.

The operating profit in 2020 adjusted for extraordinary non-cash effects totalled TCZK -275 748, which represents year-on-year growth of 35.1 %. Extraordinary non-monetary effects are primarily related to the creation of impairment for long-term intangible assets, impairment for receivables and inventories, and provisions for guarantees, and the further lower production utilisation due to a year-on-year drop in order and project execution.

Total assets of the company increased from TCZK 23 440 425 to TCZK 26 063 430, i.e. a year-on-year increase of 11.2 %. Intangible fixed assets decreased from TCZK 2 086 014 in 2019 to TCZK 1 738 839 in 2020, mainly thanks to the creation of impairment for development costs. There was an increase in assets from the right to use (leasing of buildings) from TCZK 64 637 to TCZK 154 771. Further, shares in subsidiaries decreased from TCZK 8 540 843 in 2019 to TCZK 8 524 875 in 2020. Inventories recorded a year-on-year increase from TCZK 2 175 103 in 2019 to TCZK 3 957 414 in 2020. Short-term trade receivables and other receivables incl. contract asset increased from TCZK 6 965 288 in 2019 to TCZK 8 349 543 in 2020. The increase in inventories and short-term receivables reflects the increase in production utilisation due to new orders signed in 2019.

Total equity and liabilities increased from TCZK 23 440 425 to TCZK 26 063 430, i.e. a year-on-year increase by 11.2 %. Equity decreased by TCZK 1 040 012. Short-term liabilities reported a major year-on-year increase from TCZK 8 768 384 in 2019 to TCZK 12 362 009 in 2020. This was due to the increase of trade and other payables (contract liabilities). As at year-end, provisions amounted to TCZK 681 194 and were booked for project risks, warranties, etc.

Description of rights and obligations pertaining to shares

Among other things, the ownership of shares grants the shareholder the right to participate in the Company's management. This right is exercised primarily at general meetings. The shareholder is entitled to a share on profit (a dividend) which the general meeting approves for distribution in line with the result of operation and in accordance with the relevant provisions of the Commercial Code. The shareholder is not obliged to return any dividend received in good faith.

Remuneration of members of statutory bodies

The fees to members of the Company's statutory bodies are governed by the respective service agreements, which are fully in line with Section 59 and subs. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (the Business Corporations Act). The Company's general meeting approves all service agreements and their amendments.

Total fees paid out:

Board of directors:	CZK 41 199 017
Supervisory board	CZK 10 000
Audit committee:	CZK 120 000

Significant contracts

The Group has concluded the following significant contracts (and their amendments). Their termination, breach or failure to comply by the other contractual party will have significant impact on the Company's operations, economic results, and its ability to pay debts.

Loan contract for up to CZK 3,5 billion as of 26 August 2019

This contract was concluded on 26 August 2019 between the Company as the loan recipient, and PPF banka a.s. as the loan provider. The loan was provided to finance general corporate needs by a revolving credit line up to CZK 3 500 000 000. The interest comprises a bank margin of 3,30 % p.a. and the PRIBOR referential rate. As at 31 December 2020, the outstanding principal amounted to CZK 800 000 000.

Loan contract for up to CZK 313 000 000

This contract was concluded on 11 October 2013 between ŠKODA CITY SERVICE s.r.o. and Bammer trade a.s. as the loan recipients, and ČSOB as the loan provider, with a loan maturity of 20 years. The loan instalments are paid monthly, with the first instalment paid on 30 June 2016. The loan maturity date is set as at 30 June 2036. This is a long-term bank loan to finance the investments into a PPP project, i.e. the construction of a new technological facility of the Pilsen City Transport Company. As at 31 December 2020, the outstanding principal amounted to TCZK 259 025. The total interest rate including the interest swap effect was 4.815 % p.a.

Loan contract for up to CZK 1 355 112 505

The loan was provided by PPF IndustryCo B.V. to the Company on 30 November 2017. The loan's maturity is defined in a subordination agreement as the date of full, unconditional, and final repayment of the debt (*pari passu*). As at 31 December 2020, the interest rate was 8.5 % p.a. and the outstanding principal amounted to CZK 1 355 112 505.

Loan contract for up to CZK 1,67 billion as of 8 September 2020

This contract was concluded on 8 September 2020 between the Company, ŠKODA ELECTRIC a.s. and Pars nova a.s. as the loan recipients, ŠKODA VAGONKA a.s. and ŠKODA TRANSTECH OY as the co-debtors and PPF banka a.s. as the loan provider. The loan was provided to finance operating expenses and working capital by a revolving credit line up to CZK 1 670 000 000. The interest comprises a bank margin of 1,60 % p.a. and the PRIBOR referential rate. As at 31 December 2020, the outstanding principal amounted to CZK 1 570 000 000.

Labour relations

Given the complexity of the new projects, the critical focus was on the recruitment process. Firstly, activities promoting professional education and explaining job opportunities for secondary school and university graduates were intensified. HR's solid marketing policy was further supported by participation in the 'Students in Enterprises' project, our traditional participation in Job Fairs as well as by broader presentations at universities both in the Czech Republic and abroad (Great Britain, Slovakia and Ukraine). Besides recruiting skilled professionals in the field of rail vehicles, the hardest task proved to be to fill the welder and electrician vacancies in the production due to the situation on the market. Employee training and further education plans aimed in particular at employee professional growth and language skill improvement. Expertise, interest in the field and flexibility were considered the key employee prerequisites to be able to fulfil tasks and to fill any gaps in the schedules of individual projects.

Anti-corruption measures

All companies within the Group comply with the Code of Ethics. In order to check the compliance with the Code of Ethics, the internal CORPORATE COMPLIANCE INTERNAL INVESTIGATION regulation was issued and a compliance officer was appointed. ŠKODA TRANSPORTATION and selected companies of the Group go through regular audits of anti-corruption measures by a certified independent auditor.

Research and development

In 2020, the Company incurred research expenses of TCZK 1 314 502 (2019 – TCZK 926 063), of which TCZK 292 125 (2019 – TCZK 253 928) was capitalised in intangible assets.

Environment

Newly acquired technology concerned machining, welding, manipulation technology and testing devices and had no adverse impact on the environment. The purchased equipment is environment-friendly. Technologies aimed at modernising the equipment are less energy consuming and more environment-friendly than the original ones, thus having a positive impact on the environment.

Major investments

The major investment carried out in 2020 included models, forms and jigs, further investments in the areas of testing, painting and assembly, etc. In the area of intangible assets, an ERP system, SW Concerto and other SW licenses were purchased, and development costs were capitalised. The renovation of production technologies, modernisation of the paint shop, testing room, purchases of SW and an update of the ERP system are being considered for the next period.

Acquisition of own shares

In 2020, the Company did not acquire any of its own shares.

Material litigations

Currently, the Group is not involved in any active litigation proceedings.

Subsequent events

On 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic. Responding to the potentially serious threat COVID-19 presents to public health, Czech governmental authorities implemented numerous measures to contain the outbreak during the year.

The wider economic impacts of these events include:

- disruptions to business and economic activities in the Czech Republic with a subsequent impact on both upstream and downstream supply chains;
- significant disruptions to business activities in specific sectors, both within the Czech Republic and in markets with a high dependence on foreign supply chains, as well as export-oriented businesses with a high reliance on foreign markets. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector;
- a significant decrease in demand for non-essential goods and services;

- an increase in economic uncertainty, reflected in more variable asset prices and currency exchange rates.

The Group operates in a sector that has so far not been directly affected in a significant manner by the outbreak of COVID-19. During 2020, the Group achieved relatively stable sales. The unfavourable impact of the pandemic on the Group manifests itself to a certain extent in some business areas. Restrictions on travel in particular have caused issues in the business relations area, e.g. in implementing contracts for foreign customers and purchases from foreign suppliers. However, these events have not had a substantial effect on the Group's business.

The Group's management regularly monitors the possible development of the pandemic and its expected effect on the Group and the economic environment the Group operates in, including measures already introduced by the Czech government and the governments of other countries where the Group's major business partners and customers reside.

During the year, the Group's management introduced a number of measures to ensure its uninterrupted operation and to preserve the Group's liquidity, notably including:

- work-from-home programmes for employees, provided their job roles and technical equipment allow it;
- introducing regime measures in individual locations (shifts, restricting the contact of work teams, preventative measures, etc.);
- minimisation of external visitors to a necessary minimum;
- minimisation of business trips and personal meetings on the Group's premises, making use of electronic means – teleconferences, video conferences, Skype, MS TEAMS, etc.;
- increased focus on basic hygiene, including the use of disinfectants;
- obligation to wear respiratory protection – scarves, shawls, masks, respirators, etc.;
- taking the temperature of all persons entering the Group's premises;
- obligation of employees to record risky contacts;
- obligation of employees to be tested regularly;
- setting up rules for COVID-19 incidence in the Group;
- publishing current preventative measures aimed at containing the outbreak on the Group's intranet;
- announcing to customers the occurrence of a force majeure event and monitoring business transactions from the perspective of the event's possible effects.

Based on currently publicly available information, the Group's current KPIs and in view of the adopted measures, the Group's management does not anticipate a direct immediate and significant adverse impact of the COVID-19 outbreak on the Group, its operations and financial position in 2020 in the following period. However, it cannot be precluded in the current situation that a further negative development of the pandemic and the associated impact on the economic environment the Group operates in will have an adverse effect on the Group, its financial position, and operating results in the medium and longer term.

As of 1 January 2021, as a result of the merger process, the subsidiary Škoda Rail s.r.o., in which the Group held a 100% stake, ceased to exist and its assets, rights and obligations, receivables, liabilities and employees were transferred to Škoda Digital s.r.o., in which the Group holds a 100% interest.

On 7 July 2020, the Group signed an agreement to purchase a 100% stake in Ekova Electric, with the share expected to be transferred to the Group on 1 July 2021.

As at the date of preparation of the consolidated financial statements, the Group's management is

not aware of any other significant subsequent events that would affect the financial statements as at 31 December 2020.

Quality, environment and occupational health & safety management systems

Since 1997, the Company has held the certificate of the ISO 9001 standard, which specifies the requirements on the quality management system. Since 2010, the Company has incorporated the elements of the IRIS standard into its quality management system, implemented environment management system in compliance with the ISO 14001 standard and occupational health and safety management system in compliance with OHSAS 18001. Further, the Company underwent certification audits in 2010 and received all the following certificates (IRIS review 02, ČSN EN 9001:2009, ČSN EN ISO 14001:2005, ČSN OHSAS 18001:2008). All certificates are monitored annually by certification authorities, and regularly re-certified every three years in compliance with the amended standards. In 2018 the Company implemented the revised ISO/TS 22163 (formerly IRIS), ČSN EN ISO 9001:2016 and ČSN EN ISO 14001:2016 standards into its quality and environmental management systems. At the same time, the Company successfully underwent transition audits, thus ensuring it is certified for the new standards. The transition audit for the same reason (transition for the new standard ČSN ISO 45001:2018) was successfully implemented in the field of occupational health and safety in 2020. The Company also monitors and analyses quality parameters of its products. The outcome is used to define individual objectives in the area of reliability and final product quality. The Company also strives at life-long or at least long-term product service and at reducing the cost of vehicle life cycle (e.g. acquisition costs, maintenance costs, vehicle operation and its disposal).

Risks and their management

Subsidiary-related risks

The Company is subject to risks arising in respect of the specific relations to entities controlled by means of direct or indirect share in registered capital or in voting rights of such entities, by means of the right to appoint and remove the majority of the members of the statutory and/or supervisory bodies of such entities, or based on an agreement with third parties or otherwise controlled ("the Subsidiaries"). Any potential deterioration of the economic results and the financial position of the Subsidiaries may have an adverse impact on the Company's economic results and its financial position. The Company is also exposed to the risk that it will be obliged to pay the debts of its Subsidiaries in accordance with its guarantees. The Company has issued guarantees for ŠKODA ELECTRIC a.s., ŠKODA VAGONKA a.s., TRANSTECH OY, and Pars nova a.s. with which it concluded a club loan contract with banks. Any Subsidiary may also face any of the below described risks, which would have an indirect adverse impact on the Company's economic results or financial position.

Risk of external supplier dependence

Given the specific nature of the Company's products, the Company may only trade with a limited number of suppliers. This unique position and possible difficulties in replacing long-term suppliers may have an adverse impact on the production process. Any failure of supplies or delayed delivery of key materials from external suppliers, any failures with technology equipment or technology support for the Company's production line, any failure or restriction in transport of raw materials or finished products may also have an adverse impact on the Company's economic results.

The Company also faces the risk that suppliers fail to comply with technology standards and criteria or use obsolete technologies. Despite the Company's every effort to comply with the expected development of the standards as early as in the design and development stage in order to prevent that its products become unsellable upon their launch on the market, the

Company is unable to guarantee that the suppliers will also comply with the relevant technical criteria and standards.

Risk of contractual non-performance

The economic result of individual projects in which the Company participates derives, among other things, from whether other contractual parties involved fulfil their share of obligation arising to them from the project. Although a significant portion of the Company's revenues is generated from a rather restricted portfolio of specialised customers, no significant concurrence generally occurs as it is a diversified portfolio of contracts whose volume, with certain exceptions, does not exceed 20 % of all Company contracts in a particular year. It is nevertheless worth noting that the portfolio of customers and their share in the Company's revenues differ from year to year in relation to the contract that the Company can win in that particular year. In exceptional cases (mostly on a short-term basis), individual projects and contracts may concur. Breaches of contractual obligations and a contractual party's possible insolvency may result in contract termination, the inability to complete the project and incurred losses. Any such discrepancies may also have an adverse impact on the Company's economic results, its financial position and its ability to pay debts.

Operational risks

Operations may have an adverse impact on the condition of production equipment and certain components of the Company's operational and production equipment. Wear and tear and the obsolescence of used equipment and technologies pose a risk to Company's operational activities. Unplanned shutdowns and production equipment and line repairs or overhauls may also have an adverse impact on the Company's economic results.

Credit risk

Credit risk comprises the risk that a debtor is unable to pay its debts arisen from financial or business relations, which may result in financial losses. The Company faces credit risks in respect of contractual relations with a limited number of customers in a highly specialised and closed industry. Since the customers are mostly entities owned by public administration authorities, the Company evaluates the credit risk before it takes part in a public tender or before it responds to an individual call for proposals. Nevertheless, the risk can never be fully eliminated. Elimination of risk factors related to the political and territorial risk is assessed and, where necessary, insured with Exportní garanční a pojišťovací společnost, a.s., or Lloyds. As at 31 December 2020, the ratio of overdue receivables to trade receivables and other receivables (gross) was 6.8 %.

Liquidity risk

Liquidity risk comprises the risk of a temporary shortage of liquid funds to pay the Company's debts as they fall due, i.e. a misbalance between the Company's assets and liabilities due to a gap between the due dates of the Company's debts and the portfolio of the Company's sources of funding. In particular, the Company faces the risk of income loss since a large portion of the Company's revenue is generated based on contracts concluded with only a narrow portfolio of customers. As at 31 December 2020, the ratio of liquid assets, i.e. cash and cash equivalents to bank and non-bank loans was 99 %.

Market risk

Basic (and material) market risks faced by the Company comprise currency, interest rate and commodity risks. Any risks which could prevent the Company from achieving its business objectives are considered material market risks. The Company's key objective in market risk management is to mitigate the impact of the market risks on the Company's economic results and its cash flows (considering the cost aspect of the measures leading towards the mitigation of the particular adverse impact).

Currency risk

The Company faces currency risks in respect of foreign currency transactions and assets and liabilities denominated in foreign currencies. The Company's principal foreign-currency exposure is linked to the euro (EUR). Since the Company prepares its financial statements in Czech crowns (CZK), any changes to the exchange rates of CZK and foreign currencies affect the Company's financial statements. The Company hedges currency risks so that the net exposure to the currency risk is the lowest possible. Despite the Company's policy of exchange risk hedging and the efforts to implement natural currency hedging, the Company may fail to cover all currency risks, especially in the longer term.

Interest rate risk

Due to fluctuations of interest rates, the Company's business activities may be subject to fluctuations of cash flows from assets and liabilities with a floating interest rate. The Company maintains the risk at acceptable level, and where necessary, negotiates interest swaps to hedge future cash flows arising from loans with floating interest rates.

Commodity risk

The Company faces commodity risk due to fluctuations of commodity prices, relating in particular to the cost of material used in the supplier chain, which represents major expenses. The materials used include, e.g., aluminium, copper, steel, electricity and natural gas. The prices of material can adversely influence the price of the Company's finished products and their sales. The Company makes sure that the net exposure to the commodity risk remains the lowest possible.

Risks of losing key individuals

Key individuals of the Company, i.e. members of the management, in particular senior management, contribute to the development and realisation of key strategies and business of the Company. Their activity is crucial for the overall management of the Company, its business activities and ability to introduce and implement the defined strategies. The Company cannot guarantee that it will be able to retain and motivate these key individuals. Yet their possible departure could have an adverse impact on the Company's business activities, its economic results and financial position.

Personnel-related risk

The Company may also face the risk of a shortage of skilled professional staff because of changes in the need to fill such positions. The Company is bound by a collective agreement and therefore incurs rather high fixed expenses even if production capacities are not fully utilised. If employees go on strike, interrupt their work, or production is slowed down for any other reason, the Company's operations could be significantly disrupted. In addition, any future collective agreement could significantly increase the Company's expenses on health care, payroll and other expenses. Any of the above listed factors could have an adverse impact on the Company's financial position, result of operations or liquidity in the relevant accounting period.

Risk of insolvency proceedings

Act No. 182/2006 Coll., on Bankruptcy and Settlement, as amended (the "Insolvency Act") prescribes that a debtor is bankrupt if it has creditors and financial obligations more than 30 days overdue and is unable to fulfil these obligations, or becomes insolvent. Insolvency proceedings can be opened upon the request of a debtor or creditor. Where bankruptcy is imminent, insolvency proceedings can only be requested by a debtor.

Despite certain measures that should prevent unjustified and groundless requests to open insolvency proceedings, it cannot be fully prevented that such requests will be filed. Insolvency

proceedings are opened by a court decree no later than 2 hours after the receipt of a request to open insolvency proceedings. After the publication of an insolvency proceeding notice on the issuance of a court's decision about an insolvency request (unless the court decides otherwise), the debtor is required to refrain from using assets where major changes to their composition, usage or purpose or its significant diminishment may occur. In accordance with the Insolvency Act, courts should rule on insolvency requests from third parties without undue delay; the Act prescribes no specific deadline.

Although the restriction on the use of assets does not apply to, among other things, acts necessary to ensure regular enterprise operations or to prevent potential losses, it is impossible to rule out that a groundless request to open insolvency proceedings against the Company is made and that the Company for a certain period of time will be restricted in its rights to dispose with its assets. This could have an adverse impact on the Company's financial position and the results of operations, and subsequently also on the Company's ability to fulfil its obligations.

Risk pertaining to the control of the Company

In 2020, the Company was controlled by Petr Kellner, with the controlling relationship based on the indirect ownership of 87.80 % of shares, with the voting rights of the Company's single shareholder (PPF IndustryCO B.V.) via PPF Group N.V. The Company is not aware of any measure which would prevent the potential abuse of control by the controlling person (except for the mandatory statutory provisions of the Act on Consequences of Influence and Creditor Protection).

Risk pertaining to investment incentives and subsidies received by the Company

The Company receives tax exemptions in the form of investment incentives. Drawing investment incentives in the form of tax deductions is subject to the fulfilment of certain statutory prerequisites. If the Company fails to fulfil any of the prerequisites, the entitlement to tax deductions could be partially or fully lost. Given the nature of the breach, either the entitlement could be withheld retrospectively, or the entitlement to the remaining portion of the incentive not yet drawn could be lost. Where the entitlement to the tax deduction is withheld retrospectively, the tax administrator would assess the Company the relevant tax including accessions (penalty and default interest). Where the entitlement to a future tax deduction is withdrawn, the Company would lose the future tax deductions. The loss or reduction of the entitlement to tax deduction would thus have an adverse impact on the Company's profits, either in the form of increased tax expenses for the current period or a reduced tax deduction in the upcoming period.

Risk of insufficient insurance coverage

The Company faces the risk of damage, loss or destruction of its assets. Considering the nature of the Company's production programme (transport vehicles), the Company faces the risk that third parties will claim compensation based on a general liability or product warranty. These risks are mitigated by means of a comprehensive insurance programme designed in cooperation with an insurance broker. Insurance contracts are concluded with renowned Czech and foreign insurance companies. The insurance coverage and underlying terms and conditions are regularly reviewed to reflect the Company's current needs. The Company maintains insurance coverage at the minimum level required to ensure due managerial care. The indemnity from the insurance contracts may not fully cover the losses which the Company would suffer in respect of the relevant insurance accident. The Company is therefore unable to guarantee that the existing insurance coverage will sufficiently protect the Company's business against any potential risk of loss.

Risk pertaining to IT systems

In its operations, the Company uses IT systems which control or support most of the Company's processes. The Company may face system failures, in particular due to power or system outages, virus infections or system security breaches from the outside. In addition, the Company also faces the risk that the IT systems which it uses in its activities become obsolete and needs to regularly service these systems or substitute them to meet new requirements. When implementing new IT systems, labour productivity may also temporarily decline. Any failure of IT systems may result in the interruption of production activity, which may have an adverse impact on the Company's revenues and its relations with customers.

Risk pertaining to the change of strategy and inability to realise the business plan

The Company faces a potential risk if the strategy is changed and subsequently production capacities are incorrectly allocated, resulting in delays in product deliveries to customers. This may again have an adverse impact on the Company's result of operations. In its business plan, the Company has set specific objectives. However, the Company cannot guarantee that it is able to carry out the business plan and achieve its set objectives. The Company not being able to carry out its strategy and to achieve the expected results may have a major adverse impact on the Company's business, financial position, and results.

Risk pertaining to Company's participation in public tenders as a consortium member

The Company and its Subsidiaries regularly participate in tenders in conjunction with other entities in the form of consortiums, associations or other similar groupings. As a member of these consortiums, associations or other similar groupings, the Company or the subsidiary may, depending on the provisions or legal regulations applicable to such consortiums, associations or other groupings, become liable for the obligations to perform of another entity or entities which are also members (e.g. for a contractual partner in a particular project). This exposes the Company to the risk of unexpected expense or liabilities, which may have an adverse impact on the overall financial position.

Environmental risk

The Company is obliged to carry out its activities in accordance with statutory requirements in the field of environmental protection. Given the nature of the Company's activities, the Company is exposed to the risk that it fails to meet the environmental obligations, which may result in fines being levied. This, again, may have an adverse impact on the Company's economic results and its reputation among the general public.

Political, economic, legal and social factors

Factors concerning the Czech Republic, other EU member states, Russia, the United States of America, China and other relevant markets on which the Company and its Subsidiaries operate (the "Relevant Markets") may also have an adverse effect on the Company's business activities and its financial position. These factors that cannot be objectively estimated can be classified as political, economic, legal and social. Changes in legal regulations or their interpretation applicable to the Company or the Subsidiaries may have an adverse impact on the Company's business and financial position. The Company cannot influence the above listed factors, and cannot possibly ensure that the political, economic or legal development of the Relevant Markets will be favourable to its business and the business of its Subsidiaries.

Risks pertaining to the performance of relevant market economies

The growth of the Group's profit reflects to a large extent the performance of the Relevant Markets' economies. Any change to the applicable economic, regulatory, administrative or other policies, as well as the political and economic development on the appropriate relevant

market which the Group has no control over may have a significant impact on the relevant market economy and subsequently on the Group's business, economic and financial position or its ability to achieve its business objectives. The share of the Group's revenues from the principal markets in 2020 were as follows: 44 % the Czech Republic, 23 % Slovakia, 18 % Finland, 5 % Poland, 3 % Germany, 2 % Bulgaria, 1 % Latvia, and 1 % China. The shares on the Group's other relevant markets did not exceed 1 % in 2020.

Force majeure risk

Force majeure (e.g. natural disaster, terrorist attack, wars, conflicts) which causes a disruption on financial markets and/or abrupt changes of the exchange rates may have an impact on bonds. The adverse impact of such events may lead to a reduced return on capital invested by the Company, thus threatening the Company's ability to fulfil its liabilities.

Risk of failures, breakdowns, production interruptions, sabotages and other adverse events

Distribution networks, IT systems and other devices owned or operated by the Company and its Subsidiaries may experience a failure, break-down, planned or unplanned interruption, capacity cutback, security breach or physical damage as a result of natural disasters (such as storms, fires, floods or earthquakes), sabotage, terrorism or computer viruses. Such events may result in equipment malfunction, revenue reduction and additional expenses related to the repair or replacement of the default equipment. This may have an adverse impact on the Company's ability to fulfil its liabilities.

Risk pertaining to the financial crisis

The consequences of a potential financial crisis may have an adverse impact on the Company's revenues. This in particular concerns the concurrence of a decline in domestic and foreign demand and the deterioration of customer payment ethics. Creditor and investor risk aversion tends to increase with a decline in economic activity, which may result in stricter loan terms and conditions, lower loan accessibility, and ultimately in the increase of financial resource costs. A stricter regulation of the financial sector may have a similar adverse impact.

Risk pertaining to sanctions against the Russian Federation

In relation to the sanctions imposed on the Russian Federation by the EU and USA, the position of businesses in the countries concerned has deteriorated and the return on their investments and business plans in Russia is in danger. This has also had a negative impact on the investments and projects of the Company and its Subsidiaries in Russia (e.g. the contract to supply a new underground train unit to St. Petersburg). In 2020, the Group's revenues from Russia amounted to CZK 46 722 000. The Company has no guarantee that the situation is not going to deteriorate further (e.g. should the Russian Federation adopt certain countermeasures against EU businesses), nor that, should the sanctions be removed, they will not be re-imposed in the future with a further adverse impact on the Company's or the Subsidiaries' investments.

Risk pertaining to inflation, interest rate and their changes

The Company's economic results may also be affected by inflation. Major inflation changes or interest rate fluctuations may have an adverse impact on the Company's business and its financial position. Due to interest rate fluctuations, the Company's activities may suffer from fluctuations of cash flows from assets and liabilities bearing floating interest rate. The Company retains this risk at an acceptable level. Where necessary, the Company negotiates interest rate swaps to secure future cash flows from loans with a floating interest rate, yet the risk cannot be completely mitigated.

Risk pertaining to legal regulation in different jurisdictions

This risk concerns the changes to the existing regulation or the interpretation thereof, in particular in the area of tax regulations and the VAT rate, labour law (including changes concerning occupational safety), social security law, changes to industry or production regulations, and environmental law changes. The interpretation of tax legislation by the tax authorities may vary, in particular with respect of possible differences in the development of Czech and EU tax laws. Any changes to and the development of economic, regulatory, administrative and other policies in the Czech Republic and other jurisdictions to which the Company or the Subsidiaries supply their products and which it cannot influence, could have a significant and unpredictable adverse impact on the Company's business, its outlooks, financial position and results of operations.

Risk of concentration and customer behaviour

Given the specifics of the market with vehicles for city and railway transport, a significant portion of the Group's revenues is generated from transactions with a narrow group of specific customers, including Dopravní podnik hl.m. Prahy, a.s., České dráhy, a.s. or Železničná spoločnosť Slovensko a.s. (ŽSSK). The number of such specific customers on a relevant market does not change in the long run, and it cannot be expected that the market could open up to new customers in the future. Losing one or more of the current customers could have a strong adverse impact on the Group's economic results. Since most of the Group's customers are regions or municipalities that depend on public budgets and subsidies, unfavourable structural changes affecting the municipalities may result in the reduction of the number of the Group's customer and a subsequent decline in the demand for the Group's products.

The Group strives to tailor its products to customer needs and requirements, which entails the risk of increasing costs on well-established products. A risk is also posed by customers with low financial standing who due to a lack of funds purchase fewer products from the Group or purchase cheaper alternatives.

Competition risk

The Company carries out its business on the market of city and railway vehicles. Since the Company focuses on highly-specialised products, the competition on the relevant markets is low. The risk is that any possible association with a competitor on any relevant market may be rejected by the anti-monopoly office due to the low number of competitors. The risk is also posed by newly emerged competitors, which may be more price-oriented, thus forcing the Company to lower its prices, which may result in a lower quality of the Company's products.

Risk pertaining to fault rate and new product development

The Company's activities focus in particular on the production of vehicles for city and railway transport. This type of production is technologically more demanding and such vehicles are therefore more defect-prone. Removing defects is costly and time consuming and may have an adverse impact on the Company's economic results.

The Company is exposed to the risk that, should the development and testing of the new products be insufficient, the defect rate may increase. Another risk is that where the time interval between the development of a new product prototype and the launch of its serial production is too short, the defects may not show until the product is sold to the customer. Accordingly, the risk of fines and compensation claimed by the customers rises.

If the continuous development of new products lags behind the competitors who rely on modern technologies, or if this development is not properly focused, the customers' interest in the Company's products may decline.



The Company strives to meet technical criteria and standards for both newly developed and well-established products. However, the Company is unable to guarantee that all older products will be compliant with new technical criteria. The development of new products in conjunction with a longer development phase may also result in the failure to meet delivery deadlines and subsequently may have an adverse impact on customer relations and the Company's results of operations.

Foreign organisational unit

In 2020, the Company operated no foreign organisational unit.

The Company's future

The development of ŠKODA TRANSPORTATION a.s. has shown so far that the Company has become a stable player in the Czech market and continues to expand its export activities.

Innovation and new product development are necessary prerequisites to retain and strengthen the Company's competitive position on global markets. The Company's objective is to promote new products whose technical and utility profile exceeds those of the products in the current production programme. This concerns in particular new underground vehicles, new single-deck units, low-floor trams in various modifications, etc.

Auditor's fees

This information is presented in the notes to the consolidated financial statements prepared for the consolidated group in which the Company is included.

Declaration of completeness

The consolidated annual report presents a true and fair view of the financial position, business activities and results of the operations of the Company and its consolidated group for the year ended 31 December 2020 and their prospects. No facts or disclosures which could alter the outcome of this report were omitted or misstated.

On 30 April 2021



Petr Brzezina
Chairman of the board of directors



Jan Menclík
Member of the board of directors

ŠKODA TRANSPORTATION a.s.

REPORT ON RELATIONS BETWEEN RELATED PARTIES

prepared in accordance with s. 82 of Act No. 90/2012 Coll. – Act on Business Corporations

for ŠKODA TRANSPORTATION a.s.
for the period from 1 January 2020 to 31 December 2020

Report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity for the accounting period of 2020

ŠKODA TRANSPORTATION a.s., with its registered office in the Czech Republic, Plzeň - Jižní Předměstí, 301 00, Emila Škody 2922/1, ID No.: 626 23 753, registered in the Commercial Register maintained by the Municipal Court in Pilsen, section B, insert 1491 (the “Company”) is obliged to prepare a report on relations between the controlling entity and the Company and between the Company and entities controlled by the same controlling entity pursuant to Section 82 et seq. of Act No. 90/2012 Coll., Act on Companies and Cooperatives, as amended (the “Report on Relations”).

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

The structure is set out in Appendix 1 to this Report on Relations.

2. Role of the controlled entity

No measures or other legal acts conferring any special benefits or imposing special obligations upon the Company were adopted or implemented by the Company in the 2020 accounting period in the interest or at the instigation of the controlling entity or entities controlled by the same controlling entity. The Company does not receive any special benefits in relation to control, nor does it incur any special obligations towards the controlling entity and/or entities controlled by the same controlling entity beyond those agreed in the contracts referred to in Section 5 of this Report.

3. Method and means of control

The controlling entity exercises control through its ownership rights through decisions at the Company's general meetings (or decisions of the sole shareholder/shareholders of the Company). The methods and means of controlling the Company include a memorandum of association or articles of incorporation and decisions of the supreme body of the Company, therefore, no special contracts between the Company and the controlling entity in relation to the means and means of controlling the Company were concluded.

4. Overview of negotiations pursuant to Section 82, Article 2 (d) of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives

In the 2020 reporting period, the Company did not initiate any transactions or act in the interest of the controlling entity or entities controlled by it resulting in the disposal of assets exceeding 10 % of the Company's equity as determined from the most recent financial statements.

5. Report on relations between related parties

In the 2020 accounting period, the Company entered into the following contracts with the controlling entity and the controlled entities:

- Purchase contract - NIM Express traction equipment as amended, subject is delivery of goods, with ŠKODA ELECTRIC a.s., registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, concluded.
- Purchase contract - traction equipment tram 23T Helsinki as amended, subject is delivery of goods, with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579 Ware, concluded.
- Purchase from ŠKODA ELECTRIC a.s., based in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, Purchase Contract - traction equipment tram 34T Tampere, subject is delivery of products, concluded.
- Purchase contract - traction equipment tram 40T Plzeň, subject is delivery of products, with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, concluded.
- Contract on future contract - Research and development of gearless locomotive with PMSM engine, with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, subject is project development – TRIO, concluded.
- With ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, agreement on the use of SW licenses as amended, the subject is the use of SW licenses, concluded.
- Within contract with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID No.: 477 18 579, Agreement on the Provision of Advisory Services, as amended, the subject is advisory service, concluded.
- Purchase contract with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID No.: 477 18 579 - delivery of traction equipment for trams 15T Prague, warranty conditions 15T in the Czech Republic, as amended, subject is performance of products, concluded.
- Purchase contract changes in designation of goods as amended, subject to change - with ŠKODA ELECTRIC a.s., registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579 in the goods designation, amendment No. 1 concluded.
- Purchase contract changes in designation of goods as amended, subject to change - with ŠKODA ELECTRIC a.s., registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579 in the goods designation, amendment No. 2 concluded.
- With ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, a development agreement - product development and production, subject is project development, concluded.
- Credit agreement with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579 - provision of credit according to the contractual terms and conditions as amended, subject is the service – credit, concluded.
- With ŠKODA ELECTRIC as, with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, Framework agreement on the Use of SW licenses as amended, the subject is the use of SW licenses, concluded.
- Within contract with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, agreement on the provision of advisory services as amended, subject is performance of the service, concluded.
- License agreement concluded with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579 - unlimited exclusive license to use marketing video, subject to license use.

- With ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, Agreement on Assignment of Licenses, subject is fulfilment of the assignment of licenses, concluded.
- Contract on the method of determining compensation of costs (damages) due to defects in goods or work with ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579 as amended, the subject is performance of the determination of damages, concluded.
- With ŠKODA ELECTRIC a.s., with its registered office in the Czech Republic, Plzeň, 301 00, Průmyslová 610 / 2a, Company ID: 477 18 579, Agreement on Debt Recognition and Repayment, subject is debt recognition and repayment, concluded.
- With ŠKODA VAGONKA a.s., with its registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, an Agreement on the provision of advisory services as amended, the subject is the service, concluded.
- With ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, Framework Agreement on the Use of Software, as amended, the subject is software. Concluded.
- Trademark and Trademark Agreement signed with ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637 - Trademark Use Agreement ŠKODA, subject is use of trademarks, concluded.
- Purchase contract - delivery of double-decker cars for NIM Express, as amended, with ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, subject is performance of products, concluded.
- Credit agreement with ŠKODA VAGONKA a.s., with its registered office in the Czech Republic, Ostrava, 703 00, 1 May 3176/102, Company ID: 258 70 637, and the subject is performance of services – credit, concluded.
- With ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, Service Agreement as amended, the subject being service, concluded.
- With ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, Service Agreement as amended, the subject being service (admdendment No. 1 a 2), concluded.
- With ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, the Contract for Work - installation of six driving cars for NIM Express, the subject is delivery of products, concluded.
- Purchase contract - general construction of EMU 220 and EMU 300 ŽSSK, concluded with ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637 subject is delivery of products, concluded.
- Within the agreement with ŠKODA VAGONKA a.s., with its registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, the Agreement on Assignment of Contract - bookkeeping, subject is performance of the service, concluded.
- With the ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1 May 3176/102, Company ID: 258 70 637, Settlement Agreement - additional work VV NIM Express, subject is additional work, concluded.
- With the ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, the Framework Contract for Work - design and construction documentation, subject is performance of services, concluded.
- With ŠKODA VAGONKA a.s., with its registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, General Agreement on the Lease of Vehicles, subject is a lease, concluded.

- With ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, License Agreement concluded - an unlimited time exclusive license to use the marketing video, subject is the use of a license, concluded.
- With ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, the Purchase Contract - vehicles, the subject is delivery of vehicle, concluded.
- Purchase contract - general construction of EMU 18Ev and EMU 19Ev JMK, concluded with ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637 subject is delivery of products, concluded.
- With ŠKODA VAGONKA a.s., with its registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, Lease Agreement, the subject is performance, concluded.
- With ŠKODA VAGONKA a.s., registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, Agreement on the Modification of the Rights and Obligations of ŠVAG to ŠTRN, concluded.
- Contract on method of determining compensation of costs (damage) due to defects of goods with ŠKODA VAGONKA a.s., with its registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, subject is performance of damages, concluded.
- With ŠKODA VAGONKA a.s., with its registered office in the Czech Republic, Ostrava, 703 00, 1. máje 3176/102, Company ID: 258 70 637, Settlement Agreement - EMU 13Ev PUP 678, the subject is Re-invoicing, concluded.
- With Pars nova a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, a Framework Software Use Agreement - Software Use Agreement as amended, subject is the use of SW, concluded.
- With Pars nova a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, Trademark Agreement - Contract on use of ŠKODA Trademark, Subject is use of trademark, concluded.
- With Pars nova a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, Loan Agreement - Provision of the Loan as amended, the subject is performance of the service – Loan, concluded.
- With Pars nova a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, a Service Contract - 28T Konya tram service, subject is service, concluded.
- With Pars nova a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, a Loan Agreement - lending of welding preparations, subject is the service, concluded.
- With Pars nova a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, a Contract on the Method of Determining Compensation of Costs (Damage) as a result of defects in goods or work as amended, subject is determination of damages, concluded.
- With Pars nova a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, a Work contact – ETCS installation, subject is the service, concluded.
- With ŠKODA TVC s.r.o., with its registered office in the Czech Republic, Tylova 1/57, Jižní Předměstí, 301 00 Plzeň, Company ID: 25247964, General Purchase Agreement - supply of spare parts, subject is performance of products, concluded.
- With ŠKODA TVC s.r.o., with its registered office in the Czech Republic, Tylova 1/57, Jižní Předměstí, 301 00 Plzeň, Company ID: 25247964, contract for the provision of advisory services, as amended, subject is advisory service, concluded.

- With ŠKODA TVC s.r.o., registered office in the Czech Republic, Tylova 1/57, Jižní Předměstí, 301 00 Plzeň, Company ID: 25247964, Framework Agreement on the Use of Software, as amended, was the subject is SW use.
- With ŠKODA TVC s.r.o., with its registered office in the Czech Republic, Tylova 1/57, Jižní Předměstí, 301 00 Plzeň, Company ID: 25247964, a Contract on the Method of Determining Compensation of Costs (Damage) as a result of defects of goods or work as amended, the subject is determination of damages, concluded.
- With ŠKODA TVC s.r.o., registered office in the Czech Republic, Tylova 1/57, Jižní Předměstí, 301 00 Plzeň, Company ID: 25247964, Agreement on Assignment of Receivables, subject is assignment of receivables, concluded.
- With Ganz-Skoda Electric Zrt., based in Hungary, Budapest, Horváth utca 12-26, H-1027, Company ID: 110045500, Agreement on Advisory Services as amended, the subject is advisory service, concluded.
- With Ganz-Skoda Electric Zrt., Based in Hungary, Budapest, Horváth utca 12-26, H-1027, Company ID: 110045500, the Agreement on the Reimbursement for Reinsurance Provided, the subject is service, concluded.
- With Ganz-Skoda Electric Zrt., Based in Hungary, Budapest, Horváth utca 12-26, H-1027, Company ID: 110045500, Framework Agreement on the Use of Software, as amended, subject is use of SW, concluded.
- With ŠKODA CITY SERVICE s.r.o., with its registered office in the Czech Republic, Plzeň - Jižní Předměstí, 301 00, Emila Škody 2922/1, Company ID: 29119057, Framework Agreement on the Use of Software as amended, the subject is use of SW, concluded.
- With ŠKODA CITY SERVICE s.r.o., with its registered office in the Czech Republic, Pilsen - South Suburbs, 301 00, Emila Škody 2922/1, Company ID: 29119057, Trademark and Trademark Agreement - Use of the ŠKODA Trademark, subject is the use of the trademark, concluded.
- With ŠKODA CITY SERVICE s.r.o., with its registered office in the Czech Republic, Plzeň - Jižní Předměstí, 301 00, Emila Škody 2922/1, Company ID No.: 29119057, a lease contract - lease of a part of the building, subject is a lease, concluded.
- Credit agreement as amended, subject - credit, concluded with OOO Vagonmash, based in the Russian Federation, Peterburg, 196 247, Leninsky prospekt 160, Company ID: 1117847029695.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, Company ID: 01731530, a Purchase Contract - deliveries of superior management for rail vehicles, subject is delivery of products, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No. : 01731530, License Agreement , subject is the use of the license, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No. : 01731530 filling products - a General Purchase Contract - deliveries of goods and spare parts of rail vehicles as amended, subject is delivery of products, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, Company ID: 01731530, the Framework Agreement on the Use of Software, the subject is SW use, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, Company ID: 01731530, the Service Agreement was concluded during the warranty period, the subject is a service, concluded.

- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No.: 01731530, the Contract on the Lease of a Vehicle, the subject is car rental, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No.: 01731530, the Purchase Contract on the sale of tangible assets, the subject is sale of tangible assets, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, Company ID: 01731530, the Agreement on Modifying the Rights and Obligations of ŠDIG at ŠTRN, the subject is fulfilment of rights and obligations, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, Company ID: 01731530, the Agreement on the Assignment of the Lease Agreement, the subject is performance of the lease, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No.: 01731530, the Agreement on the Assignment of the Parking Space Lease Agreement, the subject is performance, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No.: 01731530, a sublease agreement, subject is a sublease, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No.: 01731530, an agreement of sublease into sublots for parking places, subject is sublease, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No.: 01731530, Mandate Contract + Amendments, subject is performance of the service, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, Company ID: 01731530, the Framework Contract for Work, the subject is performance of SW services, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No.: 01731530, the Lease Agreement, the subject is a lease, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, Company ID: 01731530, Agreement on the Subletting of an Apartment, subject is the subletting, concluded.
- With ŠKODA DIGITAL s.r.o. (formerly LOKEL s.r.o.), with its registered office in the Czech Republic, Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID No. : 01731530, Contract on the Method of Determining Compensation of Costs (Damage) as a result of defects in the goods or work as amended, the subject is determination of compensation for damages, concluded.
- With SKODA Transportation Deutschland GmbH, registered office in Germany, Munich 808 07, Leopoldstraße 244, Company ID: HRD 208 725, rental contract - passenger car, subject is a lease, concluded.
- With POLL, s.r.o., with its registered office in the Czech Republic, Výpavová 1676 / 4a, Radotín, 153 00 Prague 5, Company ID: 62967754, a Purchase Contract - supply of electrical equipment for rail vehicles, the subject is delivery of products, concluded.
- With POLL, s.r.o., with its registered office in the Czech Republic, Výpavová 1676 / 4a, Radotín, 153 00 Prague 5, Company ID: 62967754, a Framework Agreement on the Use of Software, as amended, subject is the use of SW, concluded.

- With POLL, s.r.o., with its registered office in the Czech Republic, Výpadová 1676 / 4a, Radotín, 153 00 Prague 5, Company ID: 62967754, the Agreement on the Issuance of Tax Documents in Electronic Form, the Subject of Service, concluded.
- With POLL, s.r.o., With its registered office in the Czech Republic, Výpadová 1676 / 4a, Radotín, 153 00 Prague 5, Company ID: 62967754, an Agreement on Advance Payment, the subject is an advance payment, concluded.
- With POLL, s.r.o., based in the Czech Republic, Výpadová 1676 / 4a, Radotín, 153 00 Prague 5, Company ID: 62967754, a Contract on the Method of Determining Compensation of Costs (Damage) as a result of defects in goods or work as amended, the subject is determination of damages, concluded.
- With ŠKODA TRANSTECH OY (formerly TRANSTECH OY), based in Finland, Oulu, 905 90, Elektriikkatie 2, Company ID: 1098257-0, a Bank Guarantee Agreement as amended, the subject is the provision of a bank guarantee, concluded.
- With ŠKODA TRANSTECH OY (formerly TRANSTECH OY), based in Finland, Oulu, 905 90, Elektriikkatie 2, Company ID: 1098257-0, a Know-how transfer agreement - transfer of know-how to Arctic trams production, the subject is the transfer know-how.
- With ŠKODA TRANSTECH OY (formerly TRANSTECH OY), based in Finland, Oulu, 905 90, Elektriikkatie 2, Company ID: 1098257-0, a License Agreement has been concluded, the subject is a license.
- With ŠKODA TRANSTECH OY (formerly TRANSTECH OY), based in Finland, Oulu, 905 90, Elektriikkatie 2, Company ID: 1098257-0, a contract for the delivery of components for the Helsinki Jokeri tram, as amended, the subject is delivery of products, concluded.
- With ŠKODA TRANSTECH OY (formerly TRANSTECH OY), based in Finland, Oulu, 905 90, Elektriikkatie 2, Company ID: 1098257-0, a contract for the delivery of components for Tampere trams, the subject is the delivery of products, concluded.
- With ŠKODA TRANSTECH OY (formerly TRANSTECH OY), based in Finland, Oulu, 905 90, Elektriikkatie 2, Company ID: 1098257-0, a Loan Agreement, subject is a loan, concluded.
- With ŠKODA RAIL s.r.o., with its registered office in the Czech Republic, Plzeň - Jižní Předměstí, 301 00, Emil Škody 2922/1, Company ID: 058 22 149, a contract on bookkeeping, the subject is performance of the service, concluded.
- With ŠKODA RAIL s.r.o., registered office in the Czech Republic, Pilsen - southern suburbs, 301 00, Emil Skoda 2922/1, Company ID No.: 058 22 149, an agreement on the provision of a voluntary contribution outside the registered capital, subject is a contribution outside the registered capital.
- With the VÚKV a.s., registered office in the Czech Republic, Prague 5, 158 00, Bucharova 1314/8, Company ID: 452 74 100, a contract on a future contract - research and development of a gearless locomotive with PMSM engine, concluded, subject is product development.
- VÚKV a.s., with its registered office in the Czech Republic, Prague 5, 158 00, Bucharova 1314/8, Company ID: 452 74 100, a Framework Agreement on the Use of Software as amended, the subject is the use of SW, concluded.
- With VÚKV a.s., with its registered office in the Czech Republic, Prague 5, 158 00, Bucharova 1314/8, Company ID: 452 74 100, a Framework Contract for Work - technical documentation, tests, measurements, etc., in wording of later amendments, subject is performance of the service, concluded.
- With VÚKV a.s. with its registered office in the Czech Republic, Prague 5, 158 00, Bucharova 1314/8, Company ID: 452 74 100, Contract on Participation in the Project as amended, the subject is project development – TRIO, concluded.

- A Loan Agreement and Subordination Agreement as amended, subject to service - credit, with PPF Beer Topholdco B.V., based in the Netherlands, Amsterdam, Strawinskyalaan 933, 1077XX, Company ID: 67420427, concluded.
- PPF banka a.s., with its registered office in the Czech Republic, Prague 6, Evropská 2690/17, 160 00, Company ID No.: 47116129, a Framework Agreement on Payment and Banking Services, subject is the service, concluded.
- PPF banka a.s., with its registered office in the Czech Republic, Prague 6, Evropská 2690/17, 160 00, Company ID No.: 47116129, a Framework Agreement on Trading on the Financial Market, subject is the service, concluded.
- With PPF banka a.s., with its registered office in the Czech Republic, Prague 6, Evropská 2690/17, 160 00, Company ID No.: 47116129, an Agreement on the Provision of Credit, the subject is performance of the service – credit, concluded.
- With PPF a.s., with its registered office in the Czech Republic, Prague 6, Evropská 2690/17, 160 41, Company ID: 25099345, a Service Agreement - consultancy as amended, the subject is consulting service, concluded.
- With PPF a.s., with its registered office in the Czech Republic, Prague 6, Evropská 2690/17, 160 41, Company ID: 25099345, an Agreement on the Reimbursement of costs, the subject is service, concluded.
- With Bammer trade a.s., with its registered office in the Czech Republic, Emil Škody 2922/1, Jižní Předměstí, 301 00 Plzeň, Company ID: 28522761, the contract on a lease of means of transport, the subject is the lease, concluded.
- With Bammer trade a.s., with its registered office in the Czech Republic, Emil Škody 2922/1, Jižní Předměstí, 301 00 Plzeň, Company ID: 28522761, Framework Agreement on the Use of Software, the subject is performance of SW, concluded.
- With Bammer trade a.s., with its registered office in the Czech Republic, Emil Škody 2922/1, Jižní Předměstí, 301 00 Plzeň, Company ID: 28522761, an Agreement on Issuing Tax Documents in Electronic Form, the subject is performance of service, concluded.
- With Bammer trade a.s., with its registered office in the Czech Republic, Emil Škody 2922/1, Jižní Předměstí, 301 00 Plzeň, Company ID: 28522761, Lease agreement, the subject is the lease, concluded.
- With ŠKODA ICT s.r.o., based in the Czech Republic, Pilsen, 301 28, Tylova 1/57, Company ID: 279 94 902, a Framework Agreement on ICT Services as amended, the subject is the service, concluded.
- With ŠKODA ICT s.r.o., with its registered office in the Czech Republic, Plzeň, 301 28, Tylova 1/57, Company ID: 279 94 902, an Framework Lease Agreement as amended, the subject is a lease, concluded.
- With ŠKODA ICT s.r.o., with its registered office in the Czech Republic, Pilsen, 301 28, Tylova 1/57, Company ID: 279 94 902, an Agreement on Securing the Rights to Use Software, the subject is a service, concluded.
- With ŠKODA ICT s.r.o., registered office in the Czech Republic, Pilsen, 301 28, Tylova 1/57, Company ID: 279 94 902, the Agreement on the Issuance of Tax Documents in Electronic Form, subject is the service, concluded.
- With ŠKODA INVESTMENT a.s., with its registered office in the Czech Republic, Plzeň, Jižní Předměstí, Emil Škody 2922/1, 301 00, Company ID No.: 265 02 399, a Contract for the Leasing of Premises for Business as amended, subject is a lease, concluded.
- Mandate contract as amended, subject is performance of mandate, with ŠKODA INVESTMENT a.s., with its registered office in the Czech Republic, Plzeň, Jižní Předměstí, Emil Škoda 2922/1, 301 00, Company ID: 265 02 399, concluded.
- With ŠKODA INVESTMENT a.s., with its registered office in the Czech Republic, Plzeň, Jižní Předměstí, Emil Škody 2922/1, 301 00, Company ID No.: 265 02 399, an agreement on the use

of a domain name and the provision of related electronic addresses, the subject is performance of a service, concluded.

- With ŠKODA INVESTMENT a.s., with its registered office in the Czech Republic, Plzeň, Jižní Předměstí, Emil Škody 2922/1, 301 00, Company ID: 265 02 399, an Agreement on Advisory and Consultancy Activities, the subject is performance of the service, concluded.
- With O2 Czech Republic a.s., with its registered office in the Czech Republic, Prague 4, Za Brumlovkou 266/2, 14022, Company ID: 60193336, a Lease Agreement, subject is a lease, concluded.
- With O2 Czech Republic a.s., registered office in the Czech Republic, Prague 4, Za Brumlovkou 266/2, 14022, Company ID: 60193336, the General Purchase Agreement - telecommunication services, subject is performance of service, concluded.
- With ŠKODA SERVIS s.r.o., based in the Czech Republic, Pilsen, 301 28, Tylova 1/57, Company ID: 263 51 277, a Contract on Installation and Operation of Photovoltaic Panels, as amended, subject is a service, concluded.
- With Česká telekomunikační infrastruktura a.s., with its registered office in the Czech Republic, Prague 3, Olšanská 2681/6, 130 00 (Českomoravská 2510/19, Libeň, 190 00 Prague 9), Company ID: 040 84 063, a lease agreement - temporary use of part of the land, the subject is a lease, concluded.
- With ŠKODA POLSKA Sp. z o. o., registered office in Poland, Warszawa, Złota 59, 00-120, the Service Agreement, the subjects is service, concluded.
- With SKODA TRANSPORTATION UKRAINE LLC, registered office in Ukraine, Dnipro, Naberezna St 26B, 490 00, Framework Service Agreement, as amended, the subjects is service, concluded.

6. Assessment of whether the Company suffered harm and assessment of its settlement pursuant to Sections 71 and 72 of Act No. 90/2012 Coll., on Companies and Cooperatives

All negotiations described in Section 4 of this Report were made and the contracts described in Section 5 of this Report on Relations were entered into in the ordinary course of business. During the receipt and the provision of all goods and services arising from the above contracts and agreements, the Company did not incur any damage.

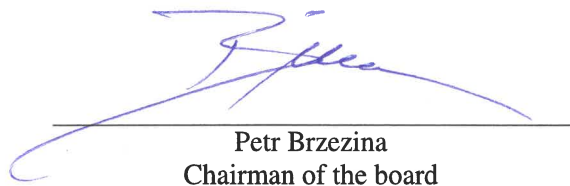
The Company declares that in the 2020 accounting period there was no influence on the Company's behaviour by a controlling entity that would have had a decisive and significant effect on the Company's behaviour to its detriment. The Company declares that it has not suffered any detriment and that therefore it is not necessary to assess the settlement of damages pursuant to Sections 71 and 72 of Act No. 90/2012 Coll., on Companies and Cooperatives.

The statutory body of the Company declares that after a thorough evaluation of the Company's role vis-à-vis the controlling entity and entities controlled by the same controlling entity, it states that the Company did not gain any extraordinary advantages or disadvantages from the Company's relationship with the controlling entity and the entities controlled by the same controlling entity.


For the Company, its role vis-à-vis the controlling entity and entities controlled by the same controlling entity poses no risk and according to Sections 71 and 72 of Act No. 90/2012 Coll., on trading companies and cooperatives it is therefore not necessary to state whether, in what manner and in what period such loss occurred.

The statutory body declares that it has obtained the information necessary for the preparation of this report on relations, compiled this report on relations with the due care of a diligent manager, and that the data in this report on relations are correct and complete.

In Pilsen, 31 March 2021



Petr Brzezina
Chairman of the board



Jan Menclík
Member of the board

Appendix No. 1 – List of entities directly or indirectly controlled by the same controlling entity

Controlling entity: Ing. Petr Kellner

Company	Registration number	State of registration	Method and means of control	Note	Participation through
AB 2 B.V.	57279667	Netherlands	Entity controlled by the same controlling entity through ownership interest	until 11.6. 2020	Air Bank a.s.
AB 4 B.V.	34186049	Netherlands	Entity controlled by the same controlling entity through ownership interest		Air Bank a.s.
AB 7 B.V.	57279241	Netherlands	Entity controlled by the same controlling entity through ownership interest	until 11.6. 2020	Air Bank a.s.
AB STRUCTURED FUNDING 1 DESIGNATED ACTIVITY COMPANY	619700	Ireland	Entity controlled by the same controlling entity through ownership interest		PPF Financial Holdings B.V.
ABDE Holding s.r.o. in liquidation	02973081	Czech Republic	Entity controlled by the same controlling entity through ownership interest	until 3.9. 2020	Home Credit Group B.V.
AB-X Projekt GmbH	HRB 247124	Germany	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
Accord Research, s.r.o. in liquidation	29048974	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Capital Partners Fund B.V.
AF Airfueling s.r.o.	02223953	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.
Air Bank a.s.	29045371	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
ANTHEMONA LIMITED	HE 289 677	Cyprus	Entity controlled by the same controlling entity through ownership interest		Comcity Office Holding B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Art Office Gallery a.s.	24209627	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Office Star Eight a.s.
ASTAVEDO LIMITED	HE 316 792	Cyprus	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
B2S Servisní, a.s. in liquidation	19013825	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF CYPRUS MANAGEMENT LIMITED
Bammer trade a.s.	28522761	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
Bavella B.V.	52522911	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
Benxy s.r.o.	035 70 967	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Air Bank a.s.
Bestsport holding a.s.	06613161	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.
Bestsport, a.s.	24214795	Czech Republic	Entity controlled by the same controlling entity through ownership interest		LINDUS SERVICES LIMITED
Bolt Start Up Development a.s.	04071336	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
BONAK a.s.	05098815	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.
Boryspil Project Management Ltd.	34999054	Ukraine	Entity controlled by the same controlling entity through ownership interest		Pharma Consulting Group Ltd.
BTV Media Group EAD	130081393	Bulgaria	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Bulgaria B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Capellalaan (Hoofddorp) B.V.	58391312	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
Carolia Westminster Hotel Limited	9331282	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through ownership interest		CW Investor S.á.r.l.
Central European Media Enterprises Ltd.	19574	Bermuda Islands	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	TV Bidco B.V.
CETIN a.s.	040 84 063	Czech Republic	Entity controlled by the same controlling entity through ownership interest		CETIN Group B.V., PPF A3 B.V.
CETIN Bulgaria EAD	206149191	Bulgaria	Entity controlled by the same controlling entity through ownership interest	since 1.7. 2020	PPF TMT Bidco 1 Infra B.V.
CETIN d.o.o. Beograd - Novi Beograd	21594105	Serbia	Entity controlled by the same controlling entity through ownership interest	since 1.7. 2020	PPF TMT Bidco 1 Infra B.V.
CETIN Finance B.V.	66805589	Netherlands	Entity controlled by the same controlling entity through ownership interest		CETIN a.s.
Cetin Group B.V. (formerly PPF Infrastructure B.V.)	65167899	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Telecom Group B.V.
CETIN Hungary Zártkörűen Működő Részvénytársaság	13-10-042052	Hungary	Entity controlled by the same controlling entity through ownership interest	since 14.5. 2020	TMT Hungary Infra B.V.
CETIN služby s.r.o.	06095577	Czech Republic	Entity controlled by the same controlling entity through ownership interest		CETIN a.s.
CIAS HOLDING a.s.	273 99 052	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
CITY TOWER Holding a.s.	02650665	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
CME Bulgaria B.V.	34385990	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
CME Investments B.V.	33289326	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
CME Media Enterprises B.V.	33246826	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	TV Bidco B.V.
CME Media Enterprises Limited	49774	Bermuda Islands	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	Central European Media Enterprises Ltd.
CME Media Services Limited	6847543	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
CME Programming B.V.	33020125	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
CME Services s.r.o.	29018412	Czech Republic	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
CME Slovak Holdings B.V.	34274606	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	TV Nova s.r.o.
Comcity Office Holding B.V.	64411761	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
Culture Trip (Israel) Ltd.	515308609	Israel	Entity controlled by the same controlling entity through ownership interest	since 28.8. 2020	The Culture Trip Ltd
CW Investor S.á.r.l.	B211446	Luxembourg	Entity controlled by the same controlling entity through ownership interest		Westminster JV a.s.
Cytune Pharma AG (dříve SOTIO Biotech AG)	CHE-354.429.802	Switzerland	Entity controlled by the same controlling entity through ownership interest		Cytune Pharma B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Cytune Pharma B.V.	80316557	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 15.9. 2020	PPF Capital Partners Fund B.V.
Cytune Pharma SAS	500998703	France	Entity controlled by the same controlling entity through ownership interest		Cytune Pharma B.V.
Czech Equestrian Team a.s.	019 52 684	Czech Republic	Entity controlled by the same controlling entity through ownership interest		SUNDOWN FARMS LIMITED
CZECH TELECOM Austria GmbH in Ligu	229578s	Austria	Entity controlled by the same controlling entity through ownership interest	until 16.12. 2020	CETIN a.s.
CZECH TELECOM Germany GmbH i.L.	HRB 51503	Germany	Entity controlled by the same controlling entity through ownership interest		CETIN a.s.
CzechToll s.r.o.	06315160	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.
D - Toll Holding GmbH	HRB 191929 B	Germany	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
De Reling (Dronten) B.V.	58164235	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
DEVEDIACO ENTERPRISES LIMITED	HE 372136	Cyprus	Entity controlled by the same controlling entity through ownership interest		TELISTAN LIMITED
DRAK INVESTMENT HOLDING LTD	324472	Cayman Islands	Entity controlled by the same controlling entity through ownership interest		GONDRA HOLDINGS LTD
Duoland s.r.o.	06179410	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.
Eastern Properties B.V.	58756566	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
eKasa s.r.o.	050 89 131	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
ELTHYSIA LIMITED	HE 290 356	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
Emeldi Technologies, s.r.o.	25663232	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
ENADOCO LIMITED	HE 316 486	Cyprus	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
Erable B.V. (formerly PPF Beer Holdco 1 B.V.)	67330495	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
ESK Developments Limited	1611159	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	Chelton Properties Limited
ETO LICENSING LIMITED	HE 179 386	Cyprus	Entity controlled by the same controlling entity through ownership interest	until 1.2. 2020	FACIPERO INVESTMENTS LIMITED
EusebiusBS (Arnhem) B.V.	58163778	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
FACIPERO INVESTMENTS LIMITED	HE 232 483	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
Favour Ocean Limited	1065678	China	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
FELISTON ENTERPRISES LIMITED	HE 152674	Cyprus	Entity controlled by the same controlling entity through ownership interest		SALEMONTA LIMITED
Filcommerce Holdings, Inc	CS 201 310 129	Philippines	Entity controlled by the same controlling entity through ownership interest		HC Philippines Holding B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
FLOGESCO LIMITED	HE 172588	Cyprus	Entity controlled by the same controlling entity through ownership interest		Gilbey Holdings Limited
FO Management s.r.o.	06754295	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF FO Management B.V.
FO servis s.r.o.	08446407	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF FO Management B.V.
Fodina B.V.	59400676	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
Forward leasing LLP	190740032911	Kazakhstan	Entity controlled by the same controlling entity through ownership interest		Vsegda Da N.V., LLC Forward leasing
FOSOL ENTERPRISES LIMITED	HE 372077	Cyprus	Entity controlled by the same controlling entity through ownership interest		DEVEDIACO ENTERPRISES LIMITED
GABELLI CONSULTANCY LIMITED	HE 160 589	Cyprus	Entity controlled by the same controlling entity through ownership interest		VELTHEMIA LIMITED
Ganz-Skoda Electric Zrt.	110045500	Hungary	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
Gen Office Gallery a.s.	24209881	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Office Star Eight a.s.
German Properties B.V.	61008664	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
GILBEY HOLDINGS LIMITED	HE182860	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
GONDRA HOLDINGS LTD	324452	Cayman Islands	Entity controlled by the same controlling entity through ownership interest		Salonica Holding Limited
GRACESPRING LIMITED	HE 208 337	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Grandview Resources Corp.	1664098	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest		Bavella B.V.
Guangdong Home Credit Number Two Information Consulting Co., Ltd	76732894-1	China	Entity controlled by the same controlling entity through ownership interest		Home Credit Asia Limited
HC Asia B.V.	34253829	Netherlands	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
HC Broker, s.r.o. in liquidation	29196540	Czech Republic	Entity controlled by the same controlling entity through ownership interest	until 11.9. 2020	Home Credit a.s.
HC Consumer Finance Philippines, Inc	CS201301354	Philippines	Entity controlled by the same controlling entity through ownership interest		HC Philippines Holding B.V.
HC Finance USA LLC	7241255	USA	Entity controlled by the same controlling entity through ownership interest		Home Credit US Holding, LLC
HC ITS s.r.o. in liquidation	08803251	Czech Republic	Entity controlled by the same controlling entity through ownership interest	since 1.1. 2020	Home Credit Group B.V.
HC Philippines Holding B.V.	35024270	Netherlands	Entity controlled by the same controlling entity through ownership interest		HC Asia B.V.
HCPH Financing I. Inc	CS201727565	Philippines	Entity controlled by the same controlling entity through ownership interest		HC Philippines Holding B.V.
HCPH INSURANCE BROKERAGE, INC.	CS201812176	Philippines	Entity controlled by the same controlling entity through ownership interest		HC Philippines Holding B.V.
Hofplein Offices (Rotterdam) B.V.	64398064	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
Home Credit a.s.	26978636	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Home Credit International a.s.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Home Credit Asia Limited	890063	China	Entity controlled by the same controlling entity through ownership interest		HC Asia B.V.
Home Credit Consumer Finance Co., Ltd	911201166360674 62H	China	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
HOME CREDIT EUROPE PLC	7744459	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through ownership interest	until 4.2. 2020	PPF Group N.V.
Home Credit Group B.V.	69638284	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Financial Holdings B.V.
Home Credit India B.V.	52695255	Netherlands	Entity controlled by the same controlling entity through ownership interest		HC Asia B.V.
HOME CREDIT INDIA FINANCE PRIVATE LIMITED	U65910HR1997PT C047448	India	Entity controlled by the same controlling entity through ownership interest		Home Credit India B.V., Home Credit International a.s.
HOME CREDIT INDIA STRATEGIC ADVISORY SERVICES PRIVATE LIMITED	U74999HR2017FT C070364	India	Entity controlled by the same controlling entity through ownership interest		Home Credit India B.V., Home Credit International a.s.
Home Credit Indonesia B.V.	52695557	Netherlands	Entity controlled by the same controlling entity through ownership interest		HC Asia B.V.
Home Credit International a.s.	60192666	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
Home Credit N.V.	34126597	Netherlands	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
Home Credit Slovak Republic, a.s.	36234176	Slovak Republic	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Home Credit US Holding, LLC	5467913	USA	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
Home Credit US, LLC	5482663	USA	Entity controlled by the same controlling entity through ownership interest		Home Credit US Holding, LLC
Home Credit Vietnam Finance Company Limited	307672788	Vietnam	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
HOPAR LIMITED	HE 188 923	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
Horse Arena s.r.o.	044 79 823	Czech Republic	Osoba ovládaná stejnou ovládající osobou jednáním ve shodě prostřednictvím majetkové účasti		SUNDOWN FARMS LIMITED
Chelton Properties Limited	1441835	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest		Ing. Petr Kellner
INTENS Corporation s.r.o.	28435575	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Bolt Start Up Development a.s.
ITIS Holding a.s.	07961774	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.
Izotrem Investments Limited	HE 192753	Cyprus	Entity controlled by the same controlling entity through ownership interest		Gilbey Holdings Limited
JARVAN HOLDINGS LIMITED	HE 310 140	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Johan H (Amsterdam) B.V.	58163239	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Joint Stoct Company "Sibzavod Centre"	1035501017221	Russia	Entity controlled by the same controlling entity through ownership interest	until 17.9. 2020	LLC Trust - Invest
Joint-Stock Company "Investments trust"	1037739865052	Russia	Entity controlled by the same controlling entity through ownership interest		Trilogy Park Holding B.V.
Joint-Stock Company "Intrust NN"	1065259035896	Russia	Entity controlled by the same controlling entity through ownership interest		Stinctum Holdings Limited
Jokiaura Kakkonen Oy	2401050-2	Finland	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
JONSA LIMITED	HE 275 110	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Kanal A d.o.o.	5402662000	Slovenia	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	PRO PLUS d.o.o.
Kateřinská Office Building s.r.o.	03495663	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate s.r.o.
Komodor LLC	32069917	Ukraine	Entity controlled by the same controlling entity through ownership interest		West Logistics Park LLC
Langen Property B.V.	61012777	Netherlands	Entity controlled by the same controlling entity through ownership interest		German Properties B.V.
Letiště Praha Letňany, s.r.o.	24678350	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.
Letňany Air Land s.r.o.	06138462	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.
Letňany Air Logistics s.r.o.	06138411	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.
Letňany eGate s.r.o.	06137628	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Letňany Park Gate s.r.o.	06138446	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Prague Entertainment Group B.V.
LINDUS SERVICES LIMITED	HE 281 891	Cyprus	Entity controlled by the same controlling entity through ownership interest		Bestsport holding a.s.
LLC "Gorod Molodogo Pokolenija"	1187746792914	Russia	Entity controlled by the same controlling entity through ownership interest		JARVAN HOLDINGSLIMITED
LLC "KARTONTARA "	1197746247247	Russia	Entity controlled by the same controlling entity through ownership interest		JARVAN HOLDINGS LIMITED
LLC Alians R	1086627000635	Russia	Entity controlled by the same controlling entity through ownership interest		JONSA LIMITED
LLC Almondsey	1127747228190	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., LLC Charlie Com.
LLC BRAMA	1107746950431	Russia	Entity controlled by the same controlling entity through ownership interest		JARVAN HOLDINGS LIMITED
LLC Comcity Kotelnaya	5157746112959	Russia	Entity controlled by the same controlling entity through ownership interest		Comcity Office Holding B.V.
LLC EASTERN PROPERTIES RUSSIA	1137746929836	Russia	Entity controlled by the same controlling entity through ownership interest		Bavella B.V., GRANDVIEW RESOURCES CORP.
LLC ERKO	1044702180863	Russia	Entity controlled by the same controlling entity through ownership interest		LLC "Gorod Molodogo Pokolenija"
LLC Fantom	1053001163302	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Financial Innovations	1047796566223	Russia	Entity controlled by the same controlling entity through ownership interest		LLC Home Credit & Finance Bank

Company	Registration number	State of registration	Method and means of control	Note	Participation through
LLC Forward leasing	1157746587943	Russia	Entity controlled by the same controlling entity through ownership interest		Vsegda Da N.V.
LLC Home Credit & Finance Bank	1027700280937	Russia	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V., Home Credit International a.s.
LLC Home Credit Insurance	1027739236018	Russia	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
LLC Charlie Com	1137746330336	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., LLC Almondsey
LLC In Vino	1052309138628	Russia	Entity controlled by the same controlling entity through ownership interest		Gracespring Limited
LLC ISK Klokovo	1127746186501	Russia	Entity controlled by the same controlling entity through ownership interest		STEPHOLD LIMITED
LLC K-Development	1077760004629	Russia	Entity controlled by the same controlling entity through ownership interest		JARVAN HOLDINGS LIMITED
LLC KEPS	1127746190604	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Kvartal Togliatti	1056320172567	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC LB Voronezh	1133668033872	Russia	Entity controlled by the same controlling entity through ownership interest		LLC EASTERN PROPERTIES RUSSIA
LLC Logistics - A	1115048002156	Russia	Entity controlled by the same controlling entity through ownership interest		ELTHYSIA LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
LLC Logistika - Ufa	1150280069477	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
LLC MCC Kupine kopi	1027700280640	Russia	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V.
LLC Mitino Sport City	1107746473383	Russia	Entity controlled by the same controlling entity through ownership interest	until 23.7. 2020	MICROLIGHT TRADING LIMITED
LLC My Gym	5157746112915	Russia	Entity controlled by the same controlling entity through ownership interest		Comcity Office Holding B.V.
LLC Oil Investments	1167746861677	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC PPF Life Insurance	1027739031099	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
LLC PPF Real Estate Russia	1057749557568	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
LLC RAV Agro	1073667022879	Russia	Entity controlled by the same controlling entity through ownership interest		Bavella B.V., Grandview Resources Corp.
LLC RAV Agro Pro	1033600135557	Russia	Entity controlled by the same controlling entity through ownership interest		LLC RAV Agro, LLC RAV Molokoproduct
LLC RAV Molokoproduct	1083627001567	Russia	Entity controlled by the same controlling entity through ownership interest		LLC RAV Agro, Grandview Resources Corp., Bavella B.V.
LLC RAV Myasoproduct - Orel	1135749001684	Russia	Entity controlled by the same controlling entity through ownership interest		LLC RAV Agro
LLC RAV Niva Orel	1113668051090	Russia	Entity controlled by the same controlling entity through ownership interest		LLC RAV Agro
LLC Razvitie	1155009002609	Russia	Entity controlled by the same controlling entity through ownership interest		VELTHEMIA LIMITED

Company	Registration number	State of registration	Method and means of control	Note	Participation through
LLC Regional Real Estate	1137746217950	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Limited
LLC ROKO	5107746049329	Russia	Entity controlled by the same controlling entity through ownership interest		JONSA LIMITED
LLC Sibelectroprivod	1045400530922	Russia	Entity controlled by the same controlling entity through ownership interest		LOSITANTO LIMITED
LLC Skladi 104	5009049271	Russia	Entity controlled by the same controlling entity through ownership interest		GABELLI CONSULTANCY LIMITED
LLC Skolkovo Gate	1137746214979	Russia	Entity controlled by the same controlling entity through ownership interest		Trigon II B.V.
LLC Sotio	1117746901502	Russia	Entity controlled by the same controlling entity through ownership interest		Sotio N.V.
LLC Sotio	EIN 35-2424961	USA	Entity controlled by the same controlling entity through ownership interest		Sotio N.V.
LLC Spectrum	1097746356806	Russia	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Spetsializirovaniy zastroyshik "Delta Com"	1137746330358	Russia	Entity controlled by the same controlling entity through ownership interest		Comcity Office Holding B.V., ANTHEMONA LIMITED
LLC Stockmann StP Centre	1057811023830	Russia	Entity controlled by the same controlling entity through ownership interest		LLC Oil Investments
LLC Strata	7702765300	Russia	Entity controlled by the same controlling entity through ownership interest		VELTHEMIA LIMITED
LLC Street Retail	1207700449880	Russia	Entity controlled by the same controlling entity through ownership interest	since 9.12. 2020	PPF Real Estate s.r.o., PPF Cyprus RE Management Limited

Company	Registration number	State of registration	Method and means of control	Note	Participation through
LLC Torgovij complex Lipetskiy	1074823001593	Russia	Entity controlled by the same controlling entity through ownership interest		JARVAN HOLDINGS LIMITED
LLC Trilogy (formerly LLC TGK Trilogy)	1155027001030	Russia	Entity controlled by the same controlling entity through ownership interest		Trilogy Park Holding B.V.
LLC Trilogy Services	1155027007398	Russia	Entity controlled by the same controlling entity through ownership interest		Trilogy Park Holding B.V.
LLC Trust - Invest	1057746391306	Russia	Entity controlled by the same controlling entity through ownership interest	until 17.9. 2020	JARVAN HOLDINGS LIMITED
LLC Urozhay	1063627011910	Russia	Entity controlled by the same controlling entity through ownership interest		LLC Yug
LLC Vagonmash	1117847029695	Russia	Entity controlled by the same controlling entity through ownership interest	until 13.7. 2020	ŠKODA TRANSPORTATION a.s.
LLC Vsegda Da	5177746179705	Russia	Entity controlled by the same controlling entity through ownership interest		Vsegda Da N.V., LLC Forward leasing
LLC Yug	1083627001567	Russia	Entity controlled by the same controlling entity through ownership interest		LLC LB Voronezh
LOSITANTO Ltd.	HE157131	Cyprus	Entity controlled by the same controlling entity through ownership interest		SATACOTO Ltd.
LvZH (Rijswijk) B.V.	58163999	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
Maraflex s.r.o.	02415852	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
MARKÍZA - SLOVAK REPUBLIC, spol s r.o.	31444873	Slovak Republic	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Slovak Holdings B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
MICROLIGHT TRADING LIMITED	HE 224 515	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
MIDDLECAP SEAL HOUSE LIMITED	11669616	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through ownership interest	since 23.6. 2020	Seal House JV a.s.
Millennium Tower (Rotterdam) B.V.	56261330	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
mluvii.com s.r.o.	27405354	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Bolt Start Up Development a.s.
MOBI BANKA AD BEOGRAD (NOVI BEOGRAD)	17138669	Serbia	Entity controlled by the same controlling entity through ownership interest		PPF Financial Holdings B.V.
Monheim Property B.V.	61012521	Netherlands	Entity controlled by the same controlling entity through ownership interest		German Properties B.V.
Monchyplein (Den Haag) B.V.	58163603	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
Montería, spol. s r.o.	27901998	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF FO Management B.V.
Moranda, a.s.	28171934	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
MP Holding 2 B.V.	69457018	Netherlands	Entity controlled by the same controlling entity through ownership interest		DEVEDIACO ENTERPRISES LIMITED
My Air a.s.	05479070	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Air Bank a.s.
Mystery Services s.r.o.	24768103	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Naneva B.V.	67400639	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
NBWC Limited	1024143	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	ESK Developments Limited
Net Gate s.r.o.	247 65 651	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.
O2 Business Services, a.s.	50087487	Slovak Republic	Entity controlled by the same controlling entity through ownership interest		O2 Slovak Republic, s.r.o.
O2 Czech Republic a.s.	60193336	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Telco B.V., PPF A3 B.V., PPF CYPRUS MANAGEMENT LIMITED
O2 Family, s.r.o.	24215554	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
O2 Financial Services s.r.o.	05423716	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
O2 IT Services s.r.o.	02819678	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
O2 Slovak Republic, s.r.o.	35848863	Slovak Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
O2 TV s.r.o.	03998380	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
Office Star Eight a.s.	27639177	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate s.r.o.
Office Star Nine, spol. s r. o.	27904385	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
One Westferry Circus S.a.r.l.	B175495	Luxembourg	Entity controlled by the same controlling entity through ownership interest		PPR Real Estate s.r.o.
Paleos Industries B.V.	66846919	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
PALM Investments a.s.	09262601	Czech Republic	Entity controlled by the same controlling entity through ownership interest	since 18.6. until 30.9. 2020	FO Management s.r.o., FO Servis s.r.o.
Pars nova a.s.	25860038	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
Pharma Consulting Group Ltd.	34529634	Ukraine	Entity controlled by the same controlling entity through ownership interest		HOPAR LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
Plaza Development SRL	22718444	Romania	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate s.r.o. , PPF CYPRUS MANAGEMENT LIMITED
POLL,s.r.o.	62967754	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
Pompenburg (Rotterdam) B.V.	58163506	Netherlands	Entity controlled by the same controlling entity through ownership interest		Seven Assets Holding B.V.
POP TV d.o.o.	1381431000	Slovenia	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	PRO PLUS d.o.o.
POTLAK LIMITED	HE362788	Cyprus	Entity controlled by the same controlling entity through ownership interest		Ing. Petr Kellner
PPF a.s.	25099345	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF A3 B.V.	61684201	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
PPF A4 B.V.	63365391	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF Advisory (CR) a.s.	25792385	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF ADVISORY (RUSSIA) LIMITED	HE 276 979	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF Advisory (UK) Limited	5539859	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF Art a.s.	63080672	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.
PPF banka a.s.	47116129	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Financial Holdings B.V.
PPF Beer IM Holdco B.V.	67331378	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
PPF Capital Partners Fund B.V.	55003982	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF CO 3 B.V.	34360935	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF banka a.s.
PPF CYPRUS MANAGEMENT LIMITED	HE 224463	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF CYPRUS RE MANAGEMENT LIMITED	HE 251 908	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
PPF Financial Consulting s.r.o.	24225657	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
PPF Financial Holdings B.V.	61880353	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF Finco B.V.	77800117	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 7.4. 2020	PPF Group N.V.
PPF FO Management B.V.	34186296	Netherlands	Entity controlled by the same controlling entity through ownership interest		Ing. Petr Kellner
PPF FrenchCo SAS	888264744	France	Entity controlled by the same controlling entity through ownership interest	since 25.8. 2020	PPF IndustryCo B.V.
PPF GATE a.s.	27654524	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
PPF Group N.V.	33264887	Netherlands	Entity controlled by the same controlling entity through ownership interest		Ing. Petr Kellner, PPF Holdings B.V.
PPF Healthcare N.V.	34308251	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF Holdings B.V.	34186294	Netherlands	Entity controlled by the same controlling entity through ownership interest		Ing. Petr Kellner
PPF Holdings S.á r.l.	B 186335	Luxembourg	Entity controlled by the same controlling entity through ownership interest	until 1.1. 2020	Ing. Petr Kellner
PPF Industrial Holding B.V.	71500219	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF IndustryCo B.V. (formerly PPF Beer Topholdco B.V.)	67420427	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Industrial Holding B.V.
PPF Real Estate Holding B.V.	34276162	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
PPF Real Estate I, Inc.	7705173	USA	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate s.r.o.
PPF REAL ESTATE LIMITED	HE 188 089	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
PPF Real Estate s.r.o.	27638987	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
PPF reality a.s.	29030072	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate s.r.o.
PPF SECRETARIAL LTD	HE 340708	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF CYPRUS MANAGEMENT LIMITED
PPF SERVICES LIMITED	HE 92432	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF Telco B.V.	65167902	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Telecom Group B.V.
PPF Telecom Group B.V. (formerly PPF Arena 1 B.V.)	59009187	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF TMT Holdco 2 B.V.
PPF TMT Bidco 1 B.V.	70498288	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Telecom Group B.V.
PPF TMT Bidco 1 Infra B.V.	81312776	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 25.12. 2020	PPF Telecom Group B.V.
PPF TMT Bidco 2 B.V (formerly PPF Beer Bidco B.V.)	67332722	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
PPF TMT Holdco 1 B.V.	70498261	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
PPF TMT Holdco 2 B.V.	70526214	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF TMT Holdco 1 B.V.
Prague Entertainment Group B.V.	63600757	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
Pro Digital S.R.L.	1003600048028	Moldova	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
PRO PLUS d.o.o.	5895081000	Slovenia	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
Pro TV S.R.L.	J40/24578/1992	Romania	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
PT Home Credit Indonesia	03.193.870.7-021.000	Indonesia	Entity controlled by the same controlling entity through ownership interest		Home Credit Indonesia B.V.
Public Picture & Marketing a.s.	25667254	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.
Qazbiz partners LLP	190740017254	Kazakhstan	Entity controlled by the same controlling entity through ownership interest		Vsegda Da N.V., Forward leasing LLP (KZ)
Radiocompany C.J. OOD	131117650	Bulgaria	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	BTV Media Group AD
RC PROPERTIES S.R.L.	12663031	Romania	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate s.r.o.
Real Estate Russia B.V.	63458373	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
REDLIONE LTD	HE 178 059	Cyprus	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
REPIENO LIMITED	HE 282 866	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
RHASKOS FINANCE LIMITED	HE 316 591	Cyprus	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
RIXO s.r.o.	01487779	Czech Republic	Entity controlled by the same controlling entity through ownership interest	until 26.2. 2020	Home Credit Group B.V.
Ruconfin B.V.	55391176	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF banka a.s.
Saint World Limited	1065677	China	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
SALEMONTO LIMITED	HE 161 006	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
Salonica Holding Limited	1949492	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest		Ing. Petr Kellner
SATACOTO Ltd.	HE 155018	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
SB JSC Bank Home Credit	513-1900-AO (UI)	Kazakhstan	Entity controlled by the same controlling entity through ownership interest		LLC Home Credit & Finance Bank
SCI LA FORET	309844371	France	Entity controlled by the same controlling entity through ownership interest		Ing. Petr Kellner
Seal House JV a.s.	09170782	Czech Republic	Entity controlled by the same controlling entity through ownership interest	since 19.5. 2020	PPF Real Estate s.r.o.
Selman Resources Limited	1005589	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 7.10. 2020	SR Development Limited

Company	Registration number	State of registration	Method and means of control	Note	Participation through
SEPTUS HOLDING LIMITED	HE 316 585	Cyprus	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
Seven Assets Holding B.V.	58163050	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
Shanghai Culture Trip Information Technology Co, Ltd	91310106MA1FYK 5N2J	China	Entity controlled by the same controlling entity through ownership interest	since 28.8. 2020	The Culture Trip Ltd
Shenzhen Home Credit Number One Consulting Co., Ltd.	914403006641742 57K	China	Entity controlled by the same controlling entity through ownership interest		Home Credit Asia Limited
Shenzhen Home Credit Xinchí Consulting Co., Ltd.	914403007966385 27A	China	Entity controlled by the same controlling entity through ownership interest		Favour Ocean Limited
SIGURNO LIMITED	HE 172539	Cyprus	Entity controlled by the same controlling entity through ownership interest		Gilbey Holdings Limited
Sichuan Home Credit Number Three Socioeconomic Consulting Co., Ltd.	901510100660467 589T	China	Entity controlled by the same controlling entity through ownership interest	until 20.10. 2020	Home Credit Asia Limited
SKODA Transportation Deutschland GmbH	HRD 208 725	Germany	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
Smart home security s.r.o.	063 21 399	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Bolt Start Up Development a.s.
SOTIO a.s.	24662623	Czech Republic	Entity controlled by the same controlling entity through ownership interest		Sotio N.V.
Sotio Medical Research (Beijing) Co. Ltd	110000410283022	China	Entity controlled by the same controlling entity through ownership interest		Sotio N.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Sotio N.V.	34302290	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
SOTIO Therapeutics AG	CHE-385.585.958	Switzerland	Entity controlled by the same controlling entity through ownership interest	since 16.12. 2020	Sotio a.s.
SR Boats Limited	2016073	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	SR Development Limited
SR Development Limited	1968975	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	Chelton Properties Limited
SR-R Limited	708998	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	SR Development Limited
STEL-INVEST s.r.o.	262 38 365	Czech Republic	Entity controlled by the same controlling entity through ownership interest		CETIN a.s.
STEPHOLD LIMITED	HE 221 908	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
STINCTUM HOLDINGS LIMITED	HE 177 110	Cyprus	Entity controlled by the same controlling entity through ownership interest		SALEMONTO LIMITED
SUNDOWN FARMS LIMITED	HE 310 721	Cyprus	Entity controlled by the same controlling entity through ownership interest		Vixon Resources Limited, Chelton Properties Limited
SYLANDER CAPITAL LIMITED	HE 316 597	Cyprus	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.
ŠKODA CITY SERVICE s.r.o.	29119057	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA DIGITAL s.r.o.	01731530	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
ŠKODA ELECTRIC a.s.	477 18 579	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA ICT s.r.o.	279 94 902	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA INVESTMENT a.s.	265 02 399	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
ŠKODA POLSKA Sp.z o.o. (dříve TRADING RS Sp. z o.o.	NIP 7010213385	Poland	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA RAIL s.r.o.	058 22 149	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA SERVIS s.r.o.	263 51 277	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA TRANSPORTATION a.s.	626 23 753	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
ŠKODA TRANSPORTATION UKRAINE, LLC	42614252	Ukraine	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda Transportation USA, LLC	81-257769	USA	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSTECH OY	1098257-0	Finland	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TVC s.r.o.	25247964	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA VAGONKA a.s.	258 70 637	Czech Republic	Entity controlled by the same controlling entity through ownership interest		ŠKODA TRANSPORTATION a.s.
TALPA ESTERO LIMITED	HE 316 502	Cyprus	Entity controlled by the same controlling entity through ownership interest		Home Credit Group B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
TANAINA HOLDINGS LIMITED	HE318483	Cyprus	Entity controlled by the same controlling entity through ownership interest		TOLESTO LIMITED
TANFORD LIMITED	HE 167 324	Cyprus	Entity controlled by the same controlling entity through ownership interest	until 3.3. 2020	Ing. Petr Kellner
Telematika a.s.	054 18 046	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF a.s.
Telenor Bulgaria EAD	130460283	Bulgaria	Entity controlled by the same controlling entity through ownership interest		PPF TMT Bidco 1 B.V.
Telenor Common Operation Ztr.	13-10-041370	Hungary	Entity controlled by the same controlling entity through ownership interest		PPF TMT Bidco 1 Infra B.V.
Telenor d.o.o. Beograd	20147229	Serbia	Entity controlled by the same controlling entity through ownership interest		PPF TMT Bidco 1 B.V.
Telenor d.o.o. Podgorica	50017124	Montenegro	Entity controlled by the same controlling entity through ownership interest		PPF TMT Bidco 1 B.V.
Telenor Magyarország Zrt.	13-10-040409	Hungary	Entity controlled by the same controlling entity through ownership interest		TMT Hungary B.V.
Telenor Real Estate Hungary Ztr.	13-10-041060	Hungary	Entity controlled by the same controlling entity through ownership interest		TMT Hungary B.V.
TELISTAN LIMITED	HE 341 864	Cyprus	Entity controlled by the same controlling entity through ownership interest		Eastern Properties B.V.
Temsa Deutschland GmbH	DE256871263	Germany	Entity controlled by the same controlling entity through ownership interest	since 22.10. 2020	Temsa Ulaşım Araçları San.ve Tic. A.Ş.
TEMSA EGYPT for Bus Manufacturing & Engineering SAE	3028	Egypt	Entity controlled by the same controlling entity through ownership interest	since 22.10. 2020	Temsa Ulaşım Araçları San.ve Tic. A.Ş.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
Temsa North America, INC.	83-1118821	USA	Entity controlled by the same controlling entity through ownership interest	since 22.10.2020	Temsa Ulaşım Araçları San.ve Tic. A.Ş.
Temsa Ulaşım Araçları San.ve Tic. A.Ş.	8380046749	Turkey	Entity controlled by the same controlling entity through ownership interest	since 22.10.2020	PPF IndustryCo B.V.
Tesco Mobile ČR s.r.o.	29147506	Czech Republic	Entity controlled by the same controlling entity through ownership interest		O2 Czech Republic a.s.
Tesco Mobile Slovak Republic, s.r.o.	36863521	Slovak Republic	Entity controlled by the same controlling entity through ownership interest		O2 Slovak Republic, s. r. o.
TFR SAS	FR 27 878443936	France	Entity controlled by the same controlling entity through ownership interest	since 22.10.2020	Temsa Ulaşım Araçları San.ve Tic. A.Ş.
The Culture Trip (USA) Ltd.	5908200	USA	Entity controlled by the same controlling entity through ownership interest	since 28.8.2020	The Culture Trip Ltd
The Culture Trip Ltd	7539023	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through ownership interest	since 28.8.2020	The Culture Trip Sarl.
The Culture Trip Sarl.	B220626	Luxembourg	Entity controlled by the same controlling entity through ownership interest	since 28.8.2020	Vox Ventures B.V.
Tianjin Home Credit E-commerce Co., Ltd.	91120116MA075WF70G	China	Entity controlled by the same controlling entity through ownership interest	since 28.10.2020	Shenzhen Home Credit Xinchu Consulting Co., Ltd.
TIMEWORTH HOLDINGS LTD.	HE 187 475	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
TMT Hungary B.V.	75752824	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF TMT Bidco 1 B.V.
TMT Hungary Infra B.V.	81357397	Netherlands	Entity controlled by the same controlling entity through ownership interest	since 23.12.2020	PPF TMT Bidco 1 Infra B.V.

Company	Registration number	State of registration	Method and means of control	Note	Participation through
TOLESTO LIMITED	HE 322 834	Cyprus	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Trigon II B.V.	56068948	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Holding B.V.	60006609	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Nizhny Novgorod Holding B.V.	67330355	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.
TV Bermuda Ltd	55011	Bermuda Islands	Entity controlled by the same controlling entity through ownership interest	until 13.10. 2020	TV Bidco B.V.
TV Bidco B.V.	75994437	Netherlands	Entity controlled by the same controlling entity through ownership interest		TV Holdco B.V.
TV Holdco B.V.	75983613	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF TMT Bidco 2 B.V.
TV Nova s.r.o.	45800456	Czech Republic	Entity controlled by the same controlling entity through ownership interest	since 13.10. 2020	CME Media Enterprises B.V.
Usconfin 1 DAC	619282	Ireland	Entity controlled by the same controlling entity through ownership interest		PPF banka a.s.
VELTHEMIA LIMITED	HE 282 891	Cyprus	Entity controlled by the same controlling entity through ownership interest		REPIENO LIMITED
Velvon GmbH	HRB 239796	Germany	Entity controlled by the same controlling entity through ownership interest		AB-X Projekt GmbH
VGBC Limited	700080	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	Chelton Properties Limited

Company	Registration number	State of registration	Method and means of control	Note	Participation through
VGMC Limited	709492	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	ESK Developments Limited
Vixon Resources Limited	144 18 84	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest		Renáta Kellnerová
Vox Ventures B.V.	65879554	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Group N.V.
Vsegda Da N.V.	52695689	Netherlands	Entity controlled by the same controlling entity through ownership interest		Home Credit N.V., Forward leasing LLP (KZ)
VÚKV a.s.	452 74 100	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF IndustryCo B.V.
Wagnerford Holdings Limited	HE 210154	Cyprus	Entity controlled by the same controlling entity through ownership interest		MP Holding 2 B.V.
Wagnerford LLC	5087746372819	Russia	Entity controlled by the same controlling entity through ownership interest		Wagnerford Holdings Limited
West Hillside Limited	1582181	British Virgin Islands	Entity controlled by the same controlling entity through ownership interest	since 20.8. 2020	Chelton Properties Limited
West Logistics Park LLC (WLP)	35093235	Ukraine	Entity controlled by the same controlling entity through ownership interest		Izotrem Investments Limited
Westminster JV a.s.	5714354	Czech Republic	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate s.r.o.
Wilhelminaplein (Rotterdam) B.V.	59494034	Netherlands	Entity controlled by the same controlling entity through ownership interest		PPF Real Estate Holding B.V.

ŠKODA TRANSPORTATION a.s.

Consolidated financial statements for 2020

in accordance with International Financial Reporting Standards (IFRS)
as adopted by the European Union (EU)

Translation note

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

Consolidated income statement for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Note	2020 TCZK	2019 TCZK
I. Continuing operations			
Revenues from goods sold	7	158 178	201 574
Revenues from products and services	7	10 680 441	9 530 062
Other operating revenues	7	187 304	173 121
Total revenues		11 025 923	9 904 757
Cost of goods sold		-126 659	-96 598
Cost of sales	8	-7 144 035	-6 515 800
Personnel expenses	9	-3 183 253	-2 888 469
Depreciation and amortisation	14, 15	-530 978	-413 477
Impairment of non-current assets (increase - / decrease +)	15	-680 244	3 401
Impairment of financial assets (increase - / decrease +)		-86 680	18 695
Other operating expenses	10	-798 895	-327 385
Other operating income	11	205 868	223 703
Total operating expenses		-12 344 876	-9 995 930
Profit/loss on disposal of non-current assets		2 777	-960
Operating profit/loss		-1 316 176	-92 133
Share of profit of associated companies	17	-8 659	-4 405
Profit on investments	17	40 579	--
Finance income	12	58 377	37 974
Finance expenses	12	-395 362	-289 732
Other finance income and expenses (expense - / income +)	12	-68 191	28 498
Profit before tax		-1 689 432	-319 798
Income tax	13	268 643	-59 927
Profit from continuing operations		-1 420 789	-379 725
II. Profit for the period			
Attributable to:			
- owners of the Parent company		-1 422 623	-506 935
- non-controlling owners	18	1 834	127 210
Total profit for the period		-1 420 789	-379 725

The notes form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	2020 TCZK	2019 TCZK
Profit for the period	-1 420 789	-379 725
Other comprehensive income	-96 634	189 299
<i>Items which will be reclassified into profit and loss</i>		
Gain/(loss) on cash flow hedges	-53 935	239 183
Foreign currency translation differences for foreign operations	-52 947	-6 523
Deferred tax on items of other comprehensive income	10 248	-43 361
Total comprehensive income for the period	-1 517 423	-190 426
Attributable to owners of the Parent company	-1 506 144	-313 035
Attributable to non-controlling owners	-11 279	122 609

The notes form an integral part of the consolidated financial statements.

Consolidated statement of financial position as at 31 December 2020, 31 December 2019 and 1 January 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Note	31.12.2020 TCZK	31.12.2019 TCZK Re-presented	1.1.2019 TCZK Re-presented
ASSETS				
Non-current assets				
Property, plant and equipment	15	3 736 535	3 563 959	3 594 684
Right-of-use asset	16	396 027	140 712	--
Investment property		--	--	--
Intangible assets	14	2 609 739	2 719 975	2 503 442
Assets under construction	14, 15	555 375	330 236	47 485
Goodwill	14	4 113 099	4 113 101	4 113 101
Investments in subsidiaries		--	--	--
Investments in associates and joint ventures	17	66 555	13 752	25 525
Available-for-sale financial assets and long-term loans		--	--	--
Deferred tax asset	19	388 329	263 432	301 113
Derivatives	31, 3x)	24 605	57 635	146 773
Other non-current receivables	21	315 713	481 393	686 321
<i>Total non-current assets</i>		<i>12 205 977</i>	<i>11 684 195</i>	<i>11 418 444</i>
Current assets				
Inventories	22	3 684 892	2 848 203	2 784 476
Trade and other receivables	23	2 933 572	2 616 267	2 050 223
Contract asset	7	5 965 202	5 233 666	5 063 796
Current income tax receivable	20	22 240	33 480	98 383
Financial assets held for trading		--	--	--
Derivatives	31, 3x)	362 521	225 096	72 403
Cash and cash equivalents	24	678 200	1 570 491	1 741 634
<i>Total current assets</i>		<i>13 646 627</i>	<i>12 527 203</i>	<i>11 810 915</i>
Total assets		25 852 604	24 211 398	23 229 359

	Note	31.12.2020 TCZK	31.12.2019 TCZK Re-presented	1.1.2019 TCZK Re-presented
EQUITY AND LIABILITIES				
Equity attributable to majority owners				
Registered capital	25	3 150 000	3 150 000	3 150 000
Capital contributions	25	4 301 308	4 296 752	4 301 739
Revaluation of assets		--	--	--
Fair value changes relating to hedges	25	247 897	291 584	95 762
Foreign currency translation differences for foreign operations	25	-16 368	36 579	43 102
Retained earnings	25	2 098 023	3 525 201	4 031 929
<i>Total equity attributable to owners of the Parent company</i>		<i>9 780 860</i>	<i>11 300 116</i>	<i>11 622 532</i>
<i>Total equity attributable to non-controlling owners</i>		<i>--</i>	<i>58 243</i>	<i>-64 366</i>
Total equity		9 780 860	11 358 359	11 558 166
Non-current liabilities				
Long-term loans, borrowings and securities	30	1 683 122	1 828 530	3 833 619
Non-current lease liabilities	16	274 445	90 163	3 601
Deferred tax liability	19	90 819	306 534	334 349
Liability arising from share-based payments		--	--	--
Non-current provisions	27	122 621	123 994	301 032
Other non-current liabilities	28, 3x)	10 068	735	752
Derivatives	31, 3x)	35 355	24 719	35 541
<i>Total non-current liabilities</i>		<i>2 216 430</i>	<i>2 374 675</i>	<i>4 508 894</i>
Current liabilities				
Trade and other payables	29, 3x)	3 265 437	2 458 219	2 880 883
Contract liabilities	7, 3x)	6 587 619	4 280 839	3 044 374
Current income tax liability	20	28 268	39 258	7 678
Short-term loans, borrowings and securities	30	2 649 673	2 563 805	52 603
Current lease liabilities	16	132 464	57 320	784
Current provisions	27	1 162 912	1 070 079	1 111 346
Derivatives	31, 3x)	28 941	8 844	64 631
<i>Total current liabilities</i>		<i>13 855 314</i>	<i>10 478 364</i>	<i>7 162 299</i>
Total liabilities		16 071 744	12 853 039	11 671 193
Total equity and liabilities		25 852 604	24 211 398	23 229 359

The notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Registered capital	Capital contributions	Fair value changes relating to hedges and foreign currency translation	Retained earnings	Total equity attributable to owners of the Parent company	Total equity attributable to non-controlling owners	Total equity
Opening balance at 1.1.2019	3 150 000	4 301 739	138 864	4 031 929	11 622 532	-64 366	11 558 166
Application of IFRS 16	--	--	--	207	207	--	207
Correction of prior period figures	--	--	--	--	--	--	--
Adjusted balance	3 150 000	4 301 739	138 864	4 032 136	11 622 739	-64 366	11 558 373
Profit for 2019	--	--	--	-506 935	-506 935	127 210	-379 725
Components of other comprehensive income	--	--	189 299	--	189 299	-4 601	184 698
Total comprehensive income for 2019	--	--	189 299	-506 935	-317 636	122 609	-195 027
Transaction with owners							
Change in registered capital	--	--	--	--	--	--	--
Dividends and other payments from equity	--	--	--	--	--	--	--
Other contributions to equity	--	--	--	--	--	--	--
Other equity transactions							
Distribution of equity to non-owners - utilisation of social fund	--	-4 987	--	--	-4 987	--	-4 987
Transfer from other components of equity to retained earnings	--	--	--	--	--	--	--
Transfer of retained earnings to other components of equity	--	--	--	--	--	--	--
Other transactions with non-controlling owners	--	--	--	-	--	--	--
Closing balance at 31.12.2019	3 150 000	4 296 752	328 163	3 525 201	11 300 116	58 243	11 358 359

	Registered capital	Capital contributions	Fair value changes relating to hedges and foreign currency translation	Retained earnings	Total equity attributable to owners of the Parent company	Total equity attributable to non-controlling owners	Total equity
Opening balance at 1.1.2020	3 150 000	4 296 752	328 163	3 525 201	11 300 116	58 243	11 358 359
Change in accounting methods	--	--	--	--	--	--	--
Correction of prior period figures	--	--	--	--	--	--	--
Adjusted balance	3 150 000	4 296 752	328 163	3 525 201	11 300 116	58 243	11 358 359
Profit for 2020	--	--	--	-1 422 622	-1 422 622	1 834	-1 420 788
Components of other comprehensive income	--	--	-96 634	--	-96 634	-11 279	-107 913
Total comprehensive income for 2020	--	--	-96 634	-1 422 622	-1 519 256	-9 445	-1 528 701
Transaction with owners							
Change in registered capital	--	--	--	--	--	--	--
Dividends and other payments from equity	--	--	--	--	--	--	--
Other contributions to equity	--	--	--	--	--	--	--
Other equity transactions							
Distribution of equity to non-owners - utilisation of social fund	--	--	--	--	--	--	--
Transfer from other components of equity to retained earnings	--	4 556	--	-4 556	--	--	--
Transfer of retained earnings to other components of equity	--	--	--	--	--	--	--
Other transactions with non-controlling owners	--	--	--	-	--	-48 798	-48 798
Closing balance at 31.12.2020	3 150 000	4 301 308	231 529	2 098 023	9 780 860	--	9 780 860
Note	25	25	25	25		18	

The notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flow for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Note	2020 TCZK	2019 TCZK
I. Cash flows from operating activities			
<i>Profit before tax</i>		-1 689 432	-319 798
Adjustments for:			
- depreciation and amortisation	14, 15	530 978	413 477
- impairment of non-current assets	15	680 244	-3 401
- profit/loss on disposal of non-current assets		-2 775	960
- impairment of current assets		247 048	-137 573
- unrealised foreign exchange differences		-36 919	-38 809
- share of profit of associated companies		8 659	4 405
- loan fees, interest expense and income		351 201	252 003
- other non-cash transactions		-122 115	126 124
- change in provisions		170 040	-237 572
- gain/loss on sale of subsidiaries		-40 579	--
<i>Total adjustments</i>		1 785 782	379 614
<i>Operating cash flows before changes in working capital</i>		96 350	59 816
Change in inventories		-1 046 170	56 054
Change in trade and other receivables		-2 275 140	-1 499 159
Change in trade and other payables		4 047 060	1 686 599
<i>Cash flows from operating transactions</i>		822 100	303 310
Interest received including sales discount		14 898	26 867
Interest and bank fees paid		-114 284	-107 312
Interest from lease paid		-10 562	-8 113
Income tax paid		-66 856	8 406
<i>Net cash flows from operating activities</i>		645 296	223 158
II. Cash flows from investing activities			
Acquisition of property, plant and equipment		-689 140	-195 093
Acquisition of intangible assets		-561 791	-562 845
Acquisition of financial investments		--	--
Loans provided - utilisation		-43 038	--
Proceeds from disposal of non-current assets other than financial investments		3 357	5 121
Proceeds from disposal of financial investments		-28 866	--
Dividends received		--	4 595
<i>Net cash flows from investing activities</i>		-1 319 478	-748 222

	Note	2020 TCZK	2019 TCZK
III. Cash flows from financing activities			
Proceeds from contributions made to registered capital		--	--
Proceeds from equity contributions made outside of registered capital		--	--
Bank loans and borrowings received - utilisation		2 383 442	404 712
Issue of debt securities		-2 310 000	--
Payments made from equity (except for dividends)		--	-4 987
Repayment of lease liabilities		-70 192	-52 409
Bank loans and borrowings received - repayment		-219 093	-16 870
Interest, loan fees and dividends paid (including withholding tax)		--	--
Net cash flows from financing activities		-215 843	330 446
Net increase/decrease in cash and cash equivalents	24	-890 025	-194 618
Impact of currency conversion on cash and cash equivalents		-2 266	23 475
Cash and cash equivalents at the start of the period		1 570 491	1 741 634
Cash and cash equivalents at the end of the period	24	678 200	1 570 491

The notes form an integral part of the consolidated financial statements.

Contents of the notes to the consolidated financial statements

1.	Description and principal activities	10
2.	Basis of preparation of the consolidated financial statements	12
3.	Accounting policies	16
4.	Consolidated group.....	33
5.	Changes in the consolidated group.....	35
6.	Operating segments	35
7.	Revenues, contract balances.....	39
8.	Materials and consumables	42
9.	Personnel expenses	42
10.	Other operating expenses.....	42
11.	Other operating income	43
12.	Net finance income and expense.....	43
13.	Income tax.....	44
14.	Intangible assets.....	44
15.	Property, plant and equipment and assets under construction	48
16.	Leases.....	50
17.	Investments in joint ventures and associated companies.....	53
18.	Non-controlling interests	55
19.	Deferred tax liability/asset.....	56
20.	Income tax receivables and payables	58
21.	Other non-current receivables	58
22.	Inventories.....	59
23.	Trade receivables and other assets	59
24.	Cash and cash equivalents.....	60
25.	Equity	60
26.	Earnings/(losses) per share	61
27.	Provisions.....	61
28.	Other non-current liabilities	63
29.	Trade payables and other payables.....	63
30.	Loans, borrowings and securities.....	64
31.	Derivatives.....	68
32.	Financial instruments.....	71
33.	Transactions with related parties	83
34.	Contingencies and commitments	85
35.	Litigations	86
36.	Environmental liabilities	86
37.	Development costs	86
38.	Government grants.....	86
39.	Significant events and material subsequent events	86

1. Description and principal activities

Establishment and description of the Company

ŠKODA TRANSPORTATION a.s. (“the Company”) was recorded in the Commercial Register kept by the Regional Court in Pilsen on 1 March 1995. The Company acts as a manufacturing and parent company that manages a group of entities (“the Group”).

The sole shareholder of the Company as at 31 December 2020 is PPF IndustryCo B.V. The sole shareholder holds one registered ordinary share in book-entry form in the nominal value of TCZK 3 134 100 and one registered ordinary share in book-entry form in the nominal value of TCZK 15 900.

As at 31 December 2020, Petr Kellner indirectly held a majority share in the voting rights of the Company.

Principal activities of the ŠKODA TRANSPORTATION Group

The principal activity of the Group is engineering. The Group’s primary activities comprise the design of electrical equipment, metalworking, tool-making, and the manufacture of trolley busses, trams, locomotives, and suburban units. The Group also specialises in the refurbishment of rolling stock and conducts in-house development.

Registered office

ŠKODA TRANSPORTATION a.s.
Emila Škody 2922/1
301 00 Plzeň, Jižní Předměstí
Czech Republic

The Company’s identification number is 626 23 753.

Members of the board of directors and supervisory board as at 31 December 2020

Members of the board of directors

Ing. Petr Brzezina (chairman)
Ing. Tomáš Ignačák, MBA
Ing. Jan Menclík
Ing. Zdeněk Majer
Ing. Zdeněk Sváta

Members of the supervisory board

Ing. Ladislav Chvátal
doc. Ing. Michal Korecký, Ph.D.
Ing. Antonín Roub



Changes in the Commercial Register

In 2020 the following changes were recorded in the Commercial Register:

- On 2 September 2020, the renaming of the sole shareholder PPF Beer Topholdco B.V to PPF IndustryCo B.V was recorded in the Commercial Register.

2. Basis of preparation of the consolidated financial statements

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and give a true and fair view of the financial position of the Group as at 31 December 2020 and of the results of its operations and cash flows for the year ended 31 December 2020. The consolidated financial statements have been prepared on a going concern basis.

Except for the statement of cash flows, the financial statements have been prepared on the accrual basis of accounting.

These consolidated financial statements have been authorised for issue by the board of directors of ŠKODA TRANSPORTATION a.s. on 30 April 2020.

When preparing these consolidated financial statements, the Group used the new or amended standards and interpretations that are to be applied for accounting periods beginning on 1 January 2020. Standards effective from 1 January 2020 did not have a significant impact on the Group.

New standards and interpretations not applied

The following new standards and amendments to standards were not yet effective for the year ended 31 December 2020 and were not applied in preparing these consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture
 - The Group's management expects that the amendments, when initially applied, might have a material impact on the Group's consolidated financial statements as the consolidated unit also includes associates. However, the quantitative impact of the adoption of the amendments can only be assessed in the year of the initial application of the amendments, as this will depend on the transfer of assets or businesses to the associate that take place during that reporting period.
- IFRS 17 and amendments to IFRS 17- Insurance Contracts
 - The Group's management expects that the new standard, when initially applied, will not have a material impact on the Group's consolidated financial statements because the Group does not operate in the insurance industry.
- Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 a IFRS 16 – Interest Rate Benchmark Reform – Phase 2
 - The Group's management expects that the amendments, when initially applied, will not have a material impact on the Group's consolidated financial statements.

- Amendments to IAS 37 – Onerous contracts - the cost of fulfilling the contract
 - The Group's management expects that the amendments, when initially applied, will not have a material impact on the Group's consolidated financial statements.
- Amendments to IFRS 3 – Conceptual framework
 - The Group's management expects that the amendments, when initially applied, will not have a material impact on the Group's consolidated financial statements.
- Amendments to IAS 1 – Classification of liabilities to current and non-current
 - The Group's management expects that the amendments, when initially applied, will not have a material impact on the Group's consolidated financial statements.
- Annual revision of IFRS standards 2018 - 2020
 - The Group's management expects that the revision, when initially applied, will not have a material impact on the Group's consolidated financial statements.

Basis of measurement

The consolidated financial statements are presented in Czech crowns, with all balances rounded to the nearest thousand.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial derivatives and assets and liabilities acquired through business combinations, which are measured at fair value.

Basis of consolidation

The Group's consolidated financial statements, presented as those of a single economic entity, include the assets, liabilities, equity, revenues, expenses and cash flows of the parent company and its subsidiaries and have been prepared as at the end of the same accounting period as the parent company's separate financial statements, using uniform accounting policies with respect to similar transactions and other events under similar circumstances.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Subsidiaries are consolidated using the full consolidation method.

In the statement of financial position, non-controlling interests in equity are presented separately from the equity attributable to the owners of the parent company.

Associated companies

An associate is an entity in which the Company has significant influence. Using the equity method, investments in associates (equity-accounted investees) are recognised initially at cost, with their carrying amounts subsequently increased/decreased to reflect the Group's share of the equity-accounted investee's comprehensive income. This share is recognised in the Group's comprehensive income. Investments in associates are accounted for using the equity method from the date that significant influence commences.

The equity method is applied using the associate's latest available financial statements.

Joint ventures

Investments in joint ventures are accounted for using the equity method. The equity method is applied using the joint venture's latest available financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition cost of a business combination corresponds to the sum of paid consideration, measured at fair value determined as at the acquisition date, and the value of potential non-controlling interests in the acquiree. At the date of a business combination, the acquirer measures potential non-controlling interests in the acquiree at their fair value or at the proportionate share of the acquiree's identifiable net assets. Transactions costs that the Group incurs in connection with a business combination are expensed as incurred.

Goodwill

Goodwill arising on consolidation represents the amount by which the purchase price exceeds the Group's share of the fair value of the identifiable assets and liabilities of a subsidiary, associated company or joint venture as at the acquisition date. After initial recognition, goodwill is stated at purchase price less accumulated impairment losses. The carrying amount of goodwill related to an associated company is included in the carrying amount of the investment in the associated company. Goodwill is not amortised but is tested for impairment every year.

If the Group's share of the fair value of the identifiable assets and liabilities of a subsidiary, associated company or joint venture as at the acquisition date exceeds the purchase price, the Group will remeasure the identifiable assets and liabilities and the purchase price. Any excess arising on remeasurement (negative goodwill) is recognised in profit or loss in the period in which the acquisition occurred.

Transactions with owners

The difference between the acquisition cost upon the acquisition of an interest in a subsidiary from the parent company and the proportionate share of the subsidiary's net identifiable assets is reported directly in equity.

Estimates and assumptions

In preparing the consolidated financial statements, the Group's management uses estimates and makes assumptions that as at the date of the consolidated financial

statements affect the reported amounts of assets, liabilities, income, and expenses. These estimates and assumptions are based on experience and various other factors that are deemed appropriate under the conditions based on which estimates of the carrying amounts of assets and liabilities are applied and that are not readily available from other sources. Actual results may vary from the estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, providing that the revision affects only that period, or in the revision period and the subsequent period, providing that the revision affects both the current as well as the subsequent period.

Information about significant estimation uncertainties and critical judgments in applying accounting policies that most significantly affect the amounts recognised in the consolidated financial statements is primarily included in the following notes:

- Note 7 – Revenues, contract balances
- Note 14 – Intangible assets
- Note 15 – Property, plant and equipment and non-current assets under construction
- Note 19 – Deferred tax liability/asset
- Note 21 – Other non-current receivables
- Note 22 – Inventories
- Note 23 – Trade receivables and other assets
- Note 27 – Provisions
- Note 31 – Derivatives

In addition, impairment testing relating to the accounts disclosed in Notes 14, 15 and 22 are also dependent on key assumptions underlying recoverable amounts (including the recoverability of development costs).

3. Accounting policies

a) Property, plant and equipment

Assets owned by the Group

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of internally produced assets includes the cost of materials and direct labour, including an estimate of the costs of dismantling and removing the asset and restoring the site and an allocation of production overheads.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the asset's estimated useful life. Land is not depreciated. The depreciation period of items of plant and equipment is as follows:

Assets	Method	Period
Buildings and structures	Straight-line	10 to 50 years
Machinery and equipment	Straight-line	4 - 15 years
Vehicles	Straight-line	4 - 10 years
Low value non-current assets	Straight-line	2 - 5 years
Fixtures	Straight-line	over the duration of the project

The depreciation of items of plant and equipment commences when they are ready for use, i.e. from the following month when they are in a location and in a condition allowing their use as planned by the Group's management. Depreciation is charged over the asset's estimated useful life, considering its residual value. Components of items of plant and equipment that are significant to the item as a whole are depreciated separately in accordance with their estimated useful lives.

Items of property, plant and equipment under construction comprise buildings and equipment under construction and are stated at cost, which includes the cost of constructing the asset, and other direct expenses. Items of property, plant and equipment under construction are not depreciated until they are fit for their intended use.

As at the date of preparation of the financial statements, the Group reviews the method and period of depreciation of the individual groups of assets and makes possible adjustments.

Profit or loss on the sale or disposal of an asset is determined as the difference between the income from the sale and the net book value of the respective asset. The difference is recognised in the income statement.

Subsequent expenditure

In the carrying amount of an item of property, plant and equipment, the Group includes the cost of replacing part of such an item when that cost is incurred if it is probable that any future economic benefits associated with the item of property, plant and equipment will flow to the Group and the cost can be reliably measured. All other costs are expensed as incurred.

b) Intangible assets

Intangible assets, except goodwill and trademarks, are stated at cost less accumulated amortisation and impairment losses. Intangible assets with specific useful lives are amortised over their estimated useful lives, starting from the time when they are ready for use, i.e. when they are in the location and condition required for their use as intended by the Group's management.

Trademarks are understood to be assets with unlimited useful lives that are stated at acquisition cost and not amortised.

The amortisation period for intangible assets owned by the Group ranges from three to ten years, with assets being amortised on a straight-line basis. The appropriateness of the amortisation periods and rates used is reviewed on a regular basis (at least at the end of each accounting period), with relevant changes in amortisation being applied in subsequent periods.

Assets	Method	Period
Software	Straight-line	3 to 5 years
Development	Straight-line	4 to 10 years
Development – specific projects	Output-based	over the duration of the project

Goodwill and intangible assets with indefinite useful lives are not amortised and are tested for impairment annually.

Subsequent costs

Subsequent costs relating to a capitalised intangible asset are capitalised only if they increase the future economic benefits generated by the asset to which they relate. All other costs are recognised in profit or loss as incurred.

c) Leases

Leased assets

As of 1 January 2019, the Group adopted the new standard IFRS 16 regulating the presentation of assets, which are used under a lease contract (rental).

Standard IFRS 16 Leases replaces IAS 17 Leases and related interpretations. The standard abolishes the current dual accounting model for lessees and instead requires companies to report most leases in the balance sheet according to one model, eliminating the difference between operating and financial leasing.

Lease definition

Under IFRS 16, a contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The identified asset is a specific asset that is physically separable, and the supplier does not have a substantial right to replace it with another asset. The right to control the use of the identified asset is transferred to the Group if the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Group as a lessee - significant accounting policies

As a lessee, the Group is required to recognise in the statement of financial position the lease asset as 'a right-of-use asset', representing its right to use the leased underlying asset, and as a lease liability, representing its obligation to pay lease payments.

At the commencement date, the right-of-use asset is measured at cost and subsequently at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of the lease liability (cost model). The right-of-use asset is depreciated on a straight-line basis over the term of the lease or, if shorter, the useful life of the asset.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If the rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

The Group used its judgment in determining the lease term for lease contracts that include a renewal option, early termination or are concluded for an indefinite period. The lease term represents the non-cancellable period for which the Group has the right to use an underlying asset, that includes periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

For a contract that is or contains a lease, the Group shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined based on the price the lessor or a similar supplier would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group shall estimate the stand-alone price, maximising the use of observable information.

For contracts that contains non-leasing components, the Group individually assesses the materiality and separability of those components. If the non-leasing components appear to be immaterial and at the same time their price is not separately stated in the contract, they will be part of the right-of-use asset measurement. Otherwise they are recognised in costs.

The Group uses a reporting exemption and elected not to apply the requirements of IFRS 16 for short-term leases (the non-cancellable lease term is up to 12 months inclusive) and leases for which the underlying asset is of low value (TUSD 5 per individual separable asset). Lease payments associated with these contracts are recognised as expenses (services) on a straight-line basis over the term of the contract.

Leases of underlying assets with low value are mainly leases of low value IT equipment.

In compliance with IFRS 16, the Group does not recognise the leases of intangible assets as a lease under IFRS 16.

The Group as a lessor

The Group is not the lessor in respect of leases that meet the definition of a lease.

The Group recognises lease payments from operating leases as income on a straight-line basis or using another systematic basis.

The Group does not sublease any leased assets to others.

d) Inventories

Inventory is stated at the lower of cost and net realisable value. The cost of inventory includes expenses incurred in connection with the acquisition of the inventory, particularly freight costs and insurance costs, as well as direct materials and, where appropriate, an allocation of wages and manufacturing overheads incurred in bringing the inventories to their current location and condition. Net realisable value is the estimated selling price reduced by estimated completion and selling costs.

Raw materials inventory is stated at cost, which includes the purchase price of the inventory and related customs duties and in-transit storage and freight costs incurred in delivering the inventory to the manufacturing facility.

The cost of materials is determined using the weighted average method.

Work in progress and finished goods inventories are stated at internal cost, which includes direct production costs and, where relevant, an allocation of indirect production costs.

e) Receivables and payables

Trade receivables and other assets are stated at amortized costs.

Trade payables and other liabilities are stated at nominal value.

Receivables and payables that are expected to be realised in the Group's normal operating cycle are classified as current. Other receivables and payables are classified as non-current. The Group's normal operating cycle is the period between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Contract assets

Receivables from a contract asset represent the Group's title to consideration in exchange for products, goods or services (according to the contracts with customers) which the Group transferred to the customer and which include:

- a) costs incurred plus recognised profits less
- b) the sum of recognised losses and progress billings, including the offset advances received

for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings and advances received from customers.

The contract asset becomes a receivable once the Group's unconditional right to consideration is acquired.

Contract liability

The contract liability represents a liability of the entity to transfer goods or services to the customer for which the entity received a consideration from the customer. The consideration received relates to advances received or to ongoing invoicing in the event of contracts with customers the revenues from which are recognised over time. Contract liabilities are recognised as revenue at the moment the performance obligation is fulfilled (partially fulfilled).

f) Cash and cash equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

g) Equity

Registered capital

The Company's registered capital comprises the sole shareholder's fully paid-up contribution and is stated at nominal value in accordance with the Company's articles of association and its entry in the Commercial Register.

Capital contributions

Capital contributions comprise contributions made outside of registered capital as well as the allocation and distribution of funds to/from the social fund.

Fair value changes in respect of hedging

Fair value changes in respect of hedging comprise changes in the fair value of hedging derivatives and related deferred tax.

Retained earnings

Retained earnings include amounts arising from profit distribution/loss settlement, retained profits and the net profit/loss for the current period.

h) Employee benefits

Defined contribution plans

The government of the Czech Republic is responsible for providing employees with a basic retirement pension scheme. The Group pays regular contributions to the state

budget for the basic pension scheme. These contributions are derived from the amount of wages and salaries paid and are recognised as expenses when the wage liability originates.

Other non-current employee benefits

These comprise future bonuses to which employees are entitled in connection with reaching a certain age or number of years of service, or upon retirement. These benefits are discounted to present value. The discount rate is the yield on government bonds whose maturity approximates the maturity of obligations arising from employee benefits. Year-on-year changes are recognised in the income statement.

i) Provisions

Provisions are recognised in the statement of financial position when as a result of a past event the Group has a legal or constructive obligation, and an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is significant, the expected future cash flows are discounted at a rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Provision for warranty repairs

A provision for warranty repairs is recognised when a product or service is delivered to the customer. The provision is calculated based on historical data and an individual assessment of potential future expenses, while considering any additional circumstances known as at the date of preparation of the consolidated financial statements.

Provision for onerous contracts

A provision for onerous contracts is recognised when the total expected income from a contract is lower than the total estimated costs of the contract.

Provision for environmental risks

A provision for environmental risks is established to cover expected future costs. The provision is recognised if restoration costs can be reliably measured.

Provision for litigations

Based on a legal analysis prepared for the Group's management, a provision for litigations is created in the amount of any possible future considerations if it is probable that an outflow of economic benefits will be required to settle an obligation and if the amount of such an obligation can be reliably estimated.

j) Revenue recognition

The Group applies a five-step model to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) the Group transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised over time or at a point in time, when control of the products, goods or services is transferred to the customer.

In accordance with IFRS 15, the Group recognises revenues from contracts with customers, if it is probable that the Group will collect consideration and if the contracts do not imply an unilateral enforceable right to terminate a contract without compensating the other party, as specified below:

Type of product/service	Character of performance	Revenue recognition
Trams, locomotives and suburban units, trolley buses, metro, components and specific spare parts	The Group supplies its customers with highly specific assets, adjusted according to the requirements of the customers, which are thus not easily interchangeable with other assets. The option of an alternative use of these assets is limited by the actual possibility to gain another customer who would like to purchase a finished asset while keeping its parameters, without significant additional adjustments and without a requirement on a significant reduction of the selling price. Billing and payment terms are determined for each contract on an individual basis. A contract may include advances paid by the customer before the start of the project or during the project. Advances received are secured by bank guarantees.	Revenues are recognised over time and the input method is used to measure progress. This method better demonstrates the stage of completion than the output method due to the long-term nature of production of these products (the production of one unit usually takes more than 6 months).
Electrical equipment, traction motors	The Group supplies its customers with highly specific assets, adjusted according to the requirements of the customers, which are thus not easily interchangeable with other assets. The option of an alternative use of these assets is limited by the actual possibility to gain another customer who would like to purchase a finished asset while keeping its parameters, without significant additional adjustments and without a requirement on a significant reduction of the selling price. Billing and payment terms are determined for each contract on an individual basis. A contract may include advances paid by the customer before the start of the project or during the project. Advances received are secured by bank guarantees.	Revenues are recognised over time and the output method based on the measurement of produced units is used to measure progress (regarding the shorter time of production of the units of these products the output method enables a trustworthy presentation of the progress in satisfaction of a performance obligation). In specific cases where the output method does not enable a true presentation of the extent of the realised performance the input method is used.
Full maintenance and other regular services	Regular services where the customer gradually receives and consumes the benefits from the performance of the contract. Billing and payment terms are determined for each contract on an individual basis. The transaction price for full maintenance includes next to a fixed component also a variable consideration which depends on the number of passed kilometres of the vehicle subject to the maintenance.	Revenues are recognised over time and the output method is used to measure progress according to the extent of the provided performance. Recognised revenues from full maintenance include a variable consideration, which corresponds to the actual number of passed kilometres for the reported period.
Rolling stock modernisation and comprehensive repairs	Modernisation and comprehensive repair represents an improvement and comprehensive repair to the asset which is under the customer's control over the period of the modernisation/repair. The invoice is issued after having handed over the modernised or repaired vehicle or its part to the customer and the terms of payment are set individually for each individual contract.	Revenues are recognised over time and the output method is used to measure progress (regarding the short time necessary for the modernisation of one unit, the output methods allow for the trustworthy presentation of the progress in satisfaction of a performance obligation). In specific cases where the output method does not enable a true presentation of the extent of the realised performance the input method is used.
Spare parts	The customer gains control over the asset at the moment of delivery. The invoice is issued as at the date of delivery of the asset. Terms of payment are determined for each contract on an individual basis.	Revenues are recognised at a point in time at the moment of delivery to the customer.
Repairs, working, service, and other one-off services	These services are one-off services and the customer receives their benefits after their completion. An invoice is issued after having handed over the provided service to the customer and the terms of payment are set individually for each individual contract.	Revenues are recognised at a point in time at the moment of delivery of the performance to the customer.

For the contracts which do not meet the above criteria, the Group recognises the revenue only once it has met all obligations following from the contract (complete delivery of the goods or services) and has obtained non-refundable consideration from the customer.

Two or more contracts concluded simultaneously or almost simultaneously with the same customer (or related parties of this customer) where the contracts are concluded as a package with a single business goal, or where the amount of consideration to be paid under one contract depends on the price or performance of the other contract, or where goods and services promised in these contracts represent a single liability, are reported as a single contract.

The transaction price under the contract is allocated to each distinct performance following from the contract (expected by the customer). These are supplies from which the customer has a separate benefit, and which are handed over to the customer separately. In the event of a change in the transaction price, the amounts allocated in connection with a change in the price to the fulfilled performance obligation are recognised as revenues or as a reduction in revenues in the period in which the transaction price changes.

If the consideration promised in a contract includes a variable amount, an entity shall estimate the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration includes discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The penalty invoiced by the customer under the contract for delivery of the asset is therefore recognised as decrease in transaction price under the contract.

For the contracts where the period (or, if appropriate, the average period for contracts with performance over time) between the handover of the performance to the customer and the payment for the performance provided by the customer exceeds one year (a practical expedient is used), the transaction price is adjusted by the financing component if significant. The assessment of the financing component is not relevant for the retention specified in the contract, which is not understood as a postponed payment as its payment is conditional on the review of the fulfilment of the terms and conditions of the contract on the side of the customer.

The Group recognises the revenues from the performance obligation fulfilled over time only when it can reliably measure its progress towards the entire fulfilment of the performance obligation. In the event of the input method, the stage of completion is determined as the proportion between the recognised costs as at the date of preparation of the financial statements and the estimated total contract costs. In the early phases of the contract duration when the Group is not able to adequately measure the result of the performance obligation, the Group recognises revenues only in the extent of the actually incurred costs up to the moment when it can adequately measure the result of the performance obligation.

Costs are recognised to the income statement in the period in which they are incurred. When the estimated total costs are higher than total contract revenue, the estimated total loss is recognised in the income statement immediately and a corresponding provision is recorded.

Incremental costs incurred in connection with acquiring a customer contract are recognised as an asset if the Group expects to gain these expenses back. Incremental costs incurred in connection with acquiring a contract are expenses incurred in connection with acquiring a customer contract that would not be incurred if the Group had not acquired the contract (e.g. a sale commission). The costs incurred in connection with acquiring a contract which would be incurred irrespective of the manner of acquiring the contract are recognised as incurred.

Accounting for service concession arrangements

Service concessions are acknowledged under IFRIC 12: Service Concession Arrangements. Service concessions comprise the provision of services intended to ensure the participation of the private sector in the building, funding, operating and maintenance of infrastructure. A service concession arrangement includes a private sector entity (the operator) which builds or operates the infrastructure and further operates and maintains it over a certain pre-defined period. Over the term of the arrangement, the operator receives payment for these services.

IFRIC 12 applies to public-to-private service concession arrangements if both the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price, and if the grantor controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

Infrastructure within the scope of IFRIC 12 is not recognised as property, plant and equipment of the operator but as a financial asset. Part of a financial asset due within one year is reported in Other current receivables; part of a financial asset due in more than one year is reported in Other non-current receivables. The operator accounts for revenue relating to operation services and calculates it in accordance with IFRS 15.

k) Research and development costs

Costs related to research are incurred to acquire entirely new technical knowledge that may lead to future improvements in products or entire processes whose economic use has not been reliably determined yet. Hence, these costs are recognised in the income statement as incurred.

Costs related to development leading to results that are transformed into a plan or design of substantially improved products and processes are capitalised if the product or process is technically feasible and economically viable and the Group has sufficient funds to complete the development. Capitalised development costs include the cost of direct materials, direct labour, and an allocation of overhead costs. Other development costs are recognised in the income statement as incurred. Capitalised development costs are depreciated on a straight-line basis over their estimated useful lives.

l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset whose intended use or sale is preceded by long-term preparation are capitalised as part of the cost of that asset until the asset is ready for its intended use or sale. All other borrowing costs are expensed as incurred.

m) Government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to the grants have been complied with and the grants will be received. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are offset against the acquisition or production costs of the respective assets and reduce future depreciations accordingly. Grants awarded for other than non-current assets (grants related to income) are reported in the income statement under the same functional area as the corresponding expenses. They are recognised as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Government grants for future expenses are recorded as deferred income.

n) Finance income and expenses

Finance income and finance expenses primarily include interest income, interest expense on borrowings, and foreign exchange gains and losses.

Interest relating to a finance lease is recognised in the income statement using the effective interest method.

o) Other finance income and expenses

Other income and expenses primarily comprise gains and losses arising from changes in the fair value of financial derivatives that are recognised in the income statement.

p) Income tax

Income tax for the period comprises current tax and the change in deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income. In this case, income tax is recognised in other comprehensive income.

Current tax is based on profit before tax for the accounting period, adjusted for non-deductible and non-taxable items, using income tax rates effective in that accounting period. Current tax is calculated at the entity level.

At the end of each accounting period, deferred tax assets and liabilities are calculated based on all temporary differences between the carrying and tax value of assets and liabilities, tax losses carried forward and unused tax credits, using the income tax rate effective for the period in which these differences are to be reversed.

A deferred tax asset is recognised only to the extent deemed utilisable with respect to expected taxable profits. If uncertainty exists as to the utilisation of individual deferred tax assets, the deferred tax assets are recognised only up to the amount of the entity's deferred tax liabilities.

q) Foreign currency translation

Translation of foreign currency transactions

The individual financial statements of all entities within the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial positions of all entities within the Group are reported in Czech crowns, which is the functional currency of the Group and the reporting currency of the consolidated financial statements.

In preparing the financial statements of individual entities, transactions denominated in currencies other than the Group's functional currency (foreign currencies) are translated at the exchange rate effective as at the transaction date. As at the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the official exchange rate effective as at that date. Gains and losses arising from changes in foreign exchange rates after the transaction date are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the exchange rate effective as at the date their fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in foreign currencies are not translated.

Financial statements of the Group's foreign entities

For the purpose of the consolidated financial statements, the assets and liabilities of the Group's foreign entities are reported in Czech crowns, using exchange rates effective as at the reporting date. Income and expense items are translated at average exchange rates for the period, unless the exchange rates significantly changed during the period, in which case the exchange rate effective as at the transaction date is applied. Any foreign exchange differences are recognised in other comprehensive income. These differences are recognised in profit or loss in the period in which the foreign entity is sold.

Functional currencies of significant Group companies by their registered office:

Country	Functional currency
Czech Republic	CZK
Finland	EUR
Hungary	HUF
Russia	RUB

r) Impairment of assets

Non-financial assets

As at the reporting date, the Group reviews the carrying amounts of its assets, other than inventories and deferred tax assets, to assess whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and the amount of the impairment loss, if any, is determined. If the recoverable amount

of an individual asset cannot be estimated, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that are not depreciated are tested for impairment on an annual basis.

If the estimated recoverable amount of an asset (or cash-generating unit) is lower than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised in expenses.

If an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit), excluding Goodwill, is increased to a new estimate of the asset's recoverable amount, but only to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior accounting periods. A reversal of an impairment loss for an asset other than goodwill is recognised in income.

s) Financial instruments

Financial assets

Under IFRS 9, an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

In accordance with IFRS 9, financial assets are generally classified based on the Group's business model for managing the financial assets and at the same time based on the contractual cash flow characteristics of the financial asset.

Embedded derivatives in a contract the host of which is an asset within the scope of IFRS 9 shall not be separated from the host contract. The entire contract is treated as a single unit for the purpose of classification and measurement.

Financial assets shall be measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset on specified dates give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset on specified dates give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss and that are not held for trading, to present subsequent changes

in fair value in other comprehensive income. This election is made for each investment individually.

All other financial assets not measured at amortised cost or fair value at FVOCI are measured at FVTPL.

Apart from trade receivables that do not have a significant financing component, financial assets are initially measured at fair value (except for the category of financial assets at FVTPL) adjusted by the transaction costs directly related to the acquisition of the financial asset.

Financial liabilities

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

Financial liabilities are classified as measured at FVTPL if they are held for sale, derivative financial instruments or if they are designated as FVTPL as at the date of initial recognition. These financial liabilities are measured at fair value and gains or losses, including interest expense, are recognised in profit or loss, except for the changes in fair value as a result of a change in the Group's credit risk which are recognised in other comprehensive income.

Other financial liabilities are recognised at the accepted consideration net of transaction costs as at the acquisition date. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method and any difference between the revenues net of transaction costs and the amortised cost is reported in profit or loss for the relevant period.

Financial liabilities are classified as current liabilities if the Group does not have the unconditional right to repay them in more than 12 months after the reporting date.

Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash are measured at cost in the balance sheet and subsequently remeasured at amortised cost, net of impairment, under the IFRS 9 model. For purposes of the cash flow statement, they are defined to comprise cash, cash equivalents and restricted cash, cash in hand, cash at the bank, short-term deposits and liquid financial investments with a three-month or shorter maturity and are net of negative balances of overdraft facilities. Bank overdraft facility balances are reported in the Short-term loans and borrowings item in the balance sheet.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when 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 entity neither transfers

nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial asset is written off if the Group believes that a part or the whole value of the financial asset will not be repaid, i.e. at the moment when the Group has exhausted the options of enforcing the asset. In such case, the accounting write-off does not represent the extinguishment of the legal claim and therefore does not prevent the possible collection of a written-off financial asset in the future. The costs incurred in connection with impaired assets are recognised in impairment of financial and contract assets in the income statement.

A financial liability is derecognised when the contractual obligations are paid or cancelled in full or have expired in full. A possible difference between the net book value and the amount paid to settle the liability is recognised in the income statement for the relevant period.

Mutual offset of financial instruments

Financial assets and liabilities are mutually offset, and the net amount is recognised in the balance sheet if the Group has a legally enforceable right to offset the acknowledged amounts and an intention to realise a settlement in the net amount or to realise the receivable and to settle the liability at the same time. The legally enforceable right cannot depend on future events and must be enforceable in the ordinary course of business also in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Impairment of financial assets

For trade receivables and contract assets, the Group recognises an impairment for the amount of expected credit losses over the life period if the credit risk associated with this financial instrument has increased significantly since initial recognition. A significant increase in credit risk is assessed on an individual basis with respect to the change in default risk of the financial asset.

The Group recognises an impairment for expected credit losses on an individual basis based on all available information about past events, current conditions, forecasts of future economic conditions and the results of negotiations with the customer relating to the individual financial asset.

t) Derivatives

Hedging derivatives

The Group has decided to apply an exemption from IFRS 9 for hedge accounting and to continue accounting in accordance with IAS 39.

The Group classifies as hedging derivatives those derivatives in respect of which a hedge accounting model is applied and for which all of the following conditions are met:

- At the inception of the hedge, there is a formal designation of the hedged items, the hedging instruments, the risks being hedged, and how the effectiveness of the hedge will be calculated and documented.
- The hedge is highly effective (i.e. ranging from 80% to 125%).
- The effectiveness of the hedge can be reliably measured and is assessed on an ongoing basis.

Derivatives that do not meet the above conditions for hedging derivatives are classified by the Group as trading derivatives.

If a derivative is used to hedge the risk of change in cash flows from assets, liabilities or enforceable contractual relationships or forecast transactions, the change in the hedging derivative's fair value attributable to the effective portion of the hedge is recognised in equity as Fair value changes relating to hedges and foreign currency translation in the statement of other comprehensive income. The ineffective portion of the hedge is recognised in the income statement.

Financial derivatives are initially recognised at cost and subsequently measured at fair value as at the reporting date. The Group only uses financial derivatives to hedge future cash flows. Changes in the fair value of financial derivatives are recognised in the statement of other comprehensive income.

The amount accumulated in equity is retained in the other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If a forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Derivatives held for trading

Financial derivatives held for trading are recognised at fair value, with gains (losses) arising from changes in their fair values included in profit or loss.

u) Fair value

Fair value is defined as an amount for which an instrument could be exchanged between knowledgeable and willing parties, in an arm's length transaction other than a forced or liquidation sale. Fair values are, as appropriate, obtained by reference to listed market prices, discounted cash flow models and other valuation models.

The following methods and assumptions are used in estimating the fair values of individual classes of financial instruments:

Cash and cash equivalents, short-term investments

The carrying amount of cash and other short-term financial assets approximates their fair value as these financial instruments have relatively short maturity periods.

Receivables and payables

The carrying amount of current receivables and payables approximates their fair value as these financial instruments have short maturity periods.

Fair value hierarchy

Assets and liabilities recognised at fair value in the statement of financial position and items which are not recognised at fair value but for which information is available are classified into three levels of input data based on an assessment of their availability, using the fair value hierarchy:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the entity as at the date of measurement.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

The level in the hierarchy applicable to a fair value assessment based upon a combination of observable and unobservable inputs is determined by the lowest level of input that is significant to the fair value measurement in its entirety.

v) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Payables from options provided to the owners of non-controlling interests to sell these interests are initially recorded in equity. The subsequent change in the carrying amount of these payables is also reported in equity.

w) Subsequent events

The effect of events occurring between the balance sheet date and the date of preparation of the consolidated financial statements is reflected in the consolidated financial statements if such events provide additional information about conditions that existed at the balance sheet date.

Where material events occurring between the balance sheet date and the date of preparation of the consolidated financial statements are indicative of conditions that arose after the balance sheet date, the effects of such events are described in the notes to the consolidated financial statements but not recognised in the consolidated financial statements.

x) Adjustment of the presentation of comparative period

During 2020 the Group identified a misclassification of contract liabilities and derivatives in prior year's financial statements, as certain contract liabilities and derivatives that are expected to be settled within the Company's normal operating cycle were presented as non-current. These contract liabilities and derivatives should have been classified as current in prior year's financial statements. In 2020, these contract liabilities and derivatives were reclassified to current liabilities and current derivatives. The comparative information as at 31 December 2019 and 1 January 2019 has been re-presented.

In addition, in 2020 the Group decided to split the line "Trade and other payables" in the statement of financial position and present contract liabilities on a separate line. The comparative information as at 31 December 2019 and 1 January 2019 has been re-presented.

The following table summarises the impact of the presentation changes on the Statement of financial position:

	31/12/2019 Previously presented	Reclassification	31/12/2019* Re-presented
Non-current assets			
Derivatives	85 083	-27 448	57 635
Current assets			
Derivatives	197 648	27 448	225 096
Non-current liabilities			
Other non-current liabilities	2 440 088	-2 439 353	735
Derivatives	24 719	--	24 719
Current liabilities			
Trade and other payables	4 299 705	-1 841 486	2 458 219
Contract liabilities	--	4 280 839	4 280 839
Derivatives	8 844	--	8 844

* Values after reclassification, as presented in this Notes in comparatives as at 31 December 2019

	31/12/2019 Previously presented	Reclassification	31/12/2019* Re-presented
Non-current assets			
Derivatives	146 773	--	146 773
Current assets			
Derivatives	72 403	--	72 403
Non-current liabilities			
Other non-current liabilities	2 281 409	-2 280 657	752
Derivatives	88 040	-52 499	35 541
Current liabilities			
Trade and other payables	3 644 600	-763 717	2 880 883
Contract liabilities	--	3 044 374	3 044 374
Derivatives	12 132	52 499	64 631

4. Consolidated group

The following companies were included in the consolidated group as at 31 December 2020:

Company name Identification number	Registered office	Ownership interest (in %)	Level of influence	Consolidation method
Parent company				
ŠKODA TRANSPORTATION a.s.	Emila Škody 2922/1	--	--	--
626 23 753	301 00 Plzeň, Jižní Předměstí			
Subsidiaries and joint ventures				
ŠKODA ELECTRIC a.s.	Průmyslová 610/2a			
477 18 579	301 00 Plzeň - Doudlevice	100	Control	Full
ŠKODA VAGONKA a.s.	1. máje 3176/102			
258 70 637	703 00 Ostrava	100	Control	Full
Pars nova a.s.	Žerotínova 1833/56			
258 60 038	787 01 Šumperk	100	Control	Full
Škoda Polska Sp. z o.o.	Złota 59			
	00-120 Warszawa			
	Poland	100	Control	Full
ŠKODA CITY SERVICE s.r.o.	Emila Škody 2922/1			
	301 00 Plzeň, Jižní Předměstí	100	Control	Full
POLL, s.r.o.	Výpadevská 1676/4a			
629 67 754	153 00 Praha 5 Radotín	100	Control	Full
ŠKODA TVC s.r.o.	Tylova 1/57			
252 47 964	301 28 Plzeň	100	Control	Full
Ganz-Skoda Electric Ltd.	Horváth utca 12-26			
	H-1027 Budapešť			
	Hungary	100	Control	Full

Company name Identification number	Registered office	Ownership interest (in %)	Level of influence	Consolidation method
OOO Vagonmash	Leninskij prospekt 160 196 247 Sankt-Peterburg Russian Federation	50	Joint venture	Equity
SKODA Transportation Deutschland GmbH	Leopoldstraße 244 808 07 München Germany	100	Control	Full
Skoda Transportation USA, LLC 81-2573769	100 International Drive, 23rd Floor Baltimore MD USA	100	Control	Full
ŠKODA Transtech Oy	Elektroniikkatie 2 905 90 Oulu Finland	100	Control	Full
ŠKODA DIGITAL s.r.o. 017 31 530	Moravská 797/85 Hrabůvka 700 30 Ostrava	100	Control	Full
ŠKODA RAIL s.r.o. 058 22 149	Emila Škody 2922/1 301 00 Plzeň, Jižní Předměstí	100	Control	Full
SKODA TRANSPORTATION UKRAINE LLC	Naberezhna 26-B 490 00 Dnipro Ukraine	100	Control	Full
OOO SINARA - ŠKODA	Naberezhnaya Obvodnogo Kanala 138, 190 020 Sankt-Peterburg Russian Federation	50	Joint venture	Equity
Associated companies				
PRAGOIMEX a.s. 158 88 100	Pod náspem 795/12 190 05 Praha 9	32	Significant influence	Equity
Zaporizkiy Elektrovoz	Vulicyja Zaliznichna 2 690 95 Zaporizha	49	Significant influence	Equity

5. Changes in the consolidated group

Description of changes in the consolidated group in 2020

On 7 August 2020, the Group transferred a 1% stake in OOO Vagonmash to Sinara-Transportnye Mashiny. On this date, the Group lost its controlling interest and OOO Vagonmash continues to be reported as a joint venture.

Description of changes in the consolidated group in 2019

As of 1 February 2019, the subsidiary MOVO spol. s r.o., in which the Group held a 100% share, was dissolved as a result of a merger process, and its assets, rights and obligations, receivables, payables, and employees were transferred to ŠKODA TRANSPORTATION a.s.

In 2019, the Group acquired investments in the following companies:

Company name	Consolidation method	Ownership	Acquisition date
OOO SINARA- ŠKODA	Equity	50%	20/12/2019 (date of incorporation)

6. Operating segments

The Group recognises its results by individual operating segments that have been determined to reflect the significant subsidiaries that are monitored individually by the Group's management.

These segments are as follows: ŠKODA TRANSPORTATION a.s., ŠKODA VAGONKA a.s., ŠKODA ELECTRIC a.s., Pars nova a.s., Škoda Transtech Oy and other segments.

(1) ŠKODA TRANSPORTATION a.s.

ŠKODA TRANSPORTATION a.s. is the parent company of the group and primarily engaged in the development, manufacture and sale of trams, locomotives and subway cars and in the provision of servicing (after-sale services). It sells its products both to third parties and to other companies of the consolidated group.

(2) ŠKODA VAGONKA a.s.

The principal activity of ŠKODA VAGONKA a.s. is the development, manufacture, and sale of suburban rolling stock and the provision of servicing (after-sale services). The company sells its products and services primarily to third parties.

(3) ŠKODA ELECTRIC a.s.

The principal activities of ŠKODA ELECTRIC a.s. are the development, manufacture, and sale of trolley buses, electric equipment, and traction motors. It sells its products both to third parties and to other companies of the consolidated group.

(4) Pars nova a.s.

Pars nova a.s. is primarily engaged in the manufacture and sale of individual components for trams and locomotives, modernisation of rolling stock and provision of

related servicing. It sells almost one third of its production to other companies of the consolidated group.

(5) Škoda Transtech Oy

Škoda Transtech Oy is engaged in the production of Arctic trams and rolling stock, which are then delivered to the Northern Countries. The company mostly deals with third parties.

All the above segments have their own management, and their accounting policies are identical. The Group accounts for revenues and inter-segment transactions as revenues from and transactions with third parties, i.e. it applies arm's length prices.

When assessing the results of individual segments, the Group considers total revenues and results of operations.

The following tables summarise information on the operating segments as at 31 December 2020 and 31 December 2019 (in TCZK).

2020	ŠKODA TRANSPORTATION a.s.**	ŠKODA VAGONKA a.s.**	ŠKODA ELECTRIC a.s.	Pars nova a.s.	Škoda Transtech Oy*	Other segments**	Total segments	Eliminations	Consolidated total
Revenues from external customers	5 610 188	110 962	1 564 248	1 400 163	1 990 846	349 516	11 025 923	--	11 025 923
Inter-company revenues	398 173	794 551	1 046 286	90 084	122 468	236 206	2 687 768	-2 687 768	--
Total revenues	6 008 361	905 513	2 610 534	1 490 247	2 113 314	585 722	13 713 691	-2 687 768	11 025 923
Cost of sales and cost of goods sold	-4 760 776	-861 735	-1 866 254	-872 828	-1 433 248	-230 748	-10 025 589	2 754 895	-7 270 694
Personnel expenses	-1 115 551	-235 889	-593 642	-370 728	-617 008	-250 435	-3 183 253	--	-3 183 253
Depreciation and amortisation	-288 446	-73 620	-34 157	-38 950	-69 524	-26 281	-530 978	--	-530 978
Impairment of non-current assets	-488 003	-192 875	531	103	--	--	-680 244	--	-680 244
Other operating expenses and revenues	-357 776	8 000	-143 952	-62 066	-49 087	-29 874	-634 755	-44 952	-679 707
Gains/losses from the disposal of non-current assets	1 535	--	77	643	194	290	2 739	38	2 777
Operating profit (loss)	-1 000 656	-450 606	-26 863	146 421	-55 359	48 674	-1 338 389	22 213	-1 316 176
Share of profit of associates	-8 659	--	--	--	--	--	-8 659	--	-8 659
Gains/losses on investments	-38 295	--	--	--	--	--	-38 295	78 874	40 579
Financial income	92 213	8 468	16 167	3 420	--	10 087	130 355	-71 978	58 377
Financial expenses	-243 748	-61 503	-20 822	-8 110	-25 004	-13 937	-373 124	-22 238	-395 362
Other finance income and expenses	-63 194	--	--	--	--	-4 997	-68 191	--	-68 191
Profit or loss before tax	-1 262 339	-503 641	-31 518	141 731	-80 363	39 827	-1 696 303	6 871	-1 689 432
Income tax	315 957	24	31 708	-27 412	-46 314	-1 106	272 857	-4 214	268 643
Profit after tax	-946 382	-503 617	190	114 319	-126 677	38 721	-1 423 446	2 657	-1 420 789
Total assets	25 517 220	2 915 559	3 536 436	1 551 873	2 002 695	1 002 068	36 525 851	-10 673 247	25 852 604
Acquisition of non-current assets***	526 454	459 781	60 937	93 977	210 777	61 104	1 413 030	--	1 413 030

*The companies' separate financial statements have been adjusted by the remeasurement of assets as at the acquisition date and related depreciation and by the stage of completion of the projects on the Group level.

**The companies' separate financial statements have been adjusted by the stage of completion of the projects on the Group level.

***Excludes additions in right-of-use asset.

2019	ŠKODA TRANSPORTATION a.s.**	ŠKODA VAGONKA a.s.	ŠKODA ELECTRIC a.s.	Pars nova a.s.	Škoda Transtech Oy*	Other segments**	Total segments	Eliminations	Consolidated total
Revenues from external customers	2 978 371	135 996	1 875 764	1 204 337	2 606 787	1 103 502	9 904 757	--	9 904 757
Inter-company revenues	728 912	397 550	416 857	24 430	45 866	176 683	1 790 298	-1 790 298	--
Total revenues	3 707 283	533 546	2 292 621	1 228 767	2 652 653	1 280 185	11 695 055	-1 790 298	9 904 757
Cost of sales and cost of goods sold	-2 849 974	-609 949	-1 600 992	-712 007	-1 988 215	-644 677	-8 405 814	1 793 416	-6 612 398
Personnel expenses	-940 780	-220 186	-546 062	-337 757	-643 694	-199 991	-2 888 470	1	-2 888 469
Depreciation and amortisation	-225 199	-19 935	-45 252	-37 061	-60 813	-25 217	-413 477	--	-413 477
Impairment of non-current assets	--	--	5 800	-2 520	--	121	3 401	--	3 401
Other operating expenses and revenues	31 200	-60 977	37 042	-18 980	-17 821	-51 876	-81 412	-3 575	-84 987
Gains/losses from the disposal of non-current assets	42	1 881	933	162	-4 627	787	-822	-138	-960
Operating profit (loss)	-277 428	-375 620	144 090	120 604	-62 517	359 332	-91 539	-594	-92 133
Share of profit of associates	-4 405	--	--	--	--	--	-4 405	--	-4 405
Gains/losses on investments	12 530	--	--	--	--	--	12 530	-12 530	--
Financial income	68 215	1 946	5 527	1 344	1	14 523	91 556	-53 582	37 974
Financial expenses	-252 517	-23 027	-30 797	-9 500	-9 722	-16 952	-342 515	52 783	-289 732
Other finance income and expenses	30 099	--	--	--	--	-1 601	28 498	--	28 498
Profit or loss before tax	-423 506	-396 701	118 820	112 448	-72 238	355 302	-305 875	-13 923	-319 798
Income tax	75 871	7 707	-7 105	-20 329	-27 104	-90 460	-61 420	1 493	-59 927
Profit after tax	-347 635	-388 994	111 715	92 119	-99 342	264 842	-367 295	-12 430	-379 725
Total assets	22 861 571	2 597 257	3 937 588	1 392 493	1 765 898	1 205 243	33 760 050	-9 548 652	24 211 398
Acquisition of non-current assets***	413 146	62 331	51 085	45 036	250 934	21 639	844 171	-11 203	832 968

*The companies' separate financial statements have been adjusted by the remeasurement of assets as at the acquisition date and related depreciation and by the stage of completion of the projects on the Group level.

**The companies' separate financial statements have been adjusted by the stage of completion of the projects on the Group level.

***Excludes additions in right-of-use asset.

The table below summarises information about the structure of property, plant and equipment and intangible assets as at 31 December 2020 and 31 December 2019 according to the registered office of a company owning the relevant assets (in TCZK).

Country	2020	2019
Czech Republic	10 209 187	10 104 026
Finland	794 212	613 639
Hungary	3 340	2 631
Germany	133	28
Ukraine	7 876	5 059
Russia	--	1 888
Total	11 014 748	10 727 271

7. Revenues, Contract balances

Revenues of the Group from contracts with customers:

	2020	2019
Rolling stock modernisation	159 589	105 494
Comprehensive repairs	104 272	57 139
Trams	1 549 592	1 957 185
Locomotives and suburban units	4 188 484	1 880 397
Electrical equipment	229 277	185 324
Trolley buses	1 043 638	1 065 210
Traction motors	204 110	448 348
Metro	141 606	798 478
Components and specific spare parts	424 499	548 305
Full maintenance	942 344	930 886
Other regular services	13	766
Revenues from performance obligations satisfied over time	8 987 424	7 977 532
Spare parts	172 966	204 881
Working	58 376	51 952
Car repairs	1 027 836	977 643
Servicing and maintenance	161 775	210 200
Other	430 242	309 428
Revenues from performance obligations satisfied at a point in time	1 851 195	1 754 104
Total	10 838 619	9 731 636

In 2020 and 2019, the Group did not recognise any revenues following from performance obligations satisfied (or partially satisfied) in previous periods.

Other operating revenues:

	2020	2019
Revenues from sale of inventories	109 351	72 432
Revenues from sale of waste	23 423	30 664
Contractual fines	4 140	2 995
Subsidies received	288	11 163
Other revenues	50 102	55 867
Total	187 304	173 121

The table below summarises information about revenues according to customers' registered offices (in TCZK).

Country	2020	2019
Czech Republic	3 218 142	1 855 060
China	92 677	52 020
Finland	1 884 711	2 429 734
Italy	47 158	53 590
Latvia	120 021	291 325
Hungary	26 382	17 869
Germany	292 648	1 055 772
Poland	465 557	389 710
Romania	--	11 030
Russia	46 250	892 076
Slovakia	2 485 427	772 675
Turkey	--	--
USA	47 430	79 439
Other	261 020	77 232
Revenues from performance obligations satisfied over time	8 987 423	7 977 532
Czech Republic	1 574 676	1 376 133
China	--	1 156
Finland	68 889	47 304
Italy	1 019	2 871
Lithuania	34 762	610
Latvia	1 708	12 104
Hungary	36 150	23 180
Germany	45 892	64 109
Poland	26 060	31 095
Russia	134	72 560
Slovakia	46 340	79 244
Turkey	9	--
USA	2 471	3 874
Other	13 086	39 864
Revenues from performance obligations satisfied at a point in time	1 851 196	1 754 104
Czech Republic	111 041	85 959
China	3 318	242
Finland	11 794	22 165
Italy	207	1 992
Latvia	14 778	15 785
Hungary	--	1
Germany	21 395	18 247
Poland	3 332	4 705
Russia	338	1 481
Slovakia	698	198
Turkey	9 753	4 734
USA	1 624	15 859
Other	9 026	1 753
Other operating revenues	187 304	173 121
Total	11 025 923	9 904 757

Revenues from three customers represent more than 10% of the Group's total revenues (in particular in the Full maintenance, Car repairs, Locomotives and suburban units, Trams and Spare parts categories).

Contractual balances

	31/12/2020	31/12/2019
Trade receivables (gross)*	2 329 194	2 325 931
Trade receivables - impairment losses	-136 153	-34 996
Trade receivables (net)	2 193 041	2 290 935
Contract assets (gross)	5 968 266	5 236 730
Contract assets - impairment losses	-3 064	-3 064
Contract assets (net)	5 965 202	5 233 666
Contract liabilities	6 587 619	4 280 839
Retention recognised as a trade receivable	226 164	218 042
Retention recognised as a liability	5 180	57

*Trade receivables related to contracts with customers except retention

Cash flow of contract assets					
31/12/2020	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	More than 5 years
Contract assets	5 965 202	5 662 532	269 340	33 330	--

The methodology for determining impairment losses on trade receivables and contractual assets is described in Note 32.

TCZK 1 332 451 (2019 - TCZK 1 021 848) recognised in the contract liability as at 31 December 2019 was recognised as a revenue in 2020. Partial invoicing and advances received in respect of which no revenue was recognised in 2020 is TCZK 3 639 231 (2019 - TCZK 2 258 313).

Contract assets primarily relate to the Group's title to consideration for already completed performances connected with revenues recognised over time, where progress is measured using the input method and which were not invoiced as at 31 December. Contract liabilities primarily represent advances received from customers in relation to the construction of products and the provision of services, where revenues are recognised over time. Contract assets primarily include receivables relating to suburban units for Germany and trams and trolley buses for Latvia.

Expected recognition of revenue from outstanding performance obligations

31/12/2020	Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Transaction price allocated to the remaining performance	68 717 769	13 511 274	20 313 512	18 712 038	16 180 945

31/12/2019	Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Transaction price allocated to the remaining performance	60 365 424	7 025 419	9 203 335	28 068 568	16 068 102

In accordance with IFRS 15, the Group does not disclose information about the transaction price allocated to the remaining performance obligations in respect of performance obligations satisfied at a point in time which are part of a contract that has an original expected duration of one year or less.

Contracts with customers in the Group did not lead to the recognition of material incremental costs of obtaining the contract.

8. Materials and consumables

	2020	2019
Materials	-5 024 748	-4 453 395
Energy	-188 925	-185 008
<i>Materials and consumables total</i>	<i>-5 213 673</i>	<i>-4 638 403</i>
Repairs and maintenance	-199 941	-172 869
Marketing services	-26 653	-33 172
Purchased services for projects	-686 992	-671 517
Rent	-97 208	-88 679
External employees	-328 650	-334 620
Other services	-590 918	-576 540
<i>Purchased services total</i>	<i>-1 930 362</i>	<i>-1 877 397</i>
Total	-7 144 035	-6 515 800

Other services mainly include cost of IT support, legal services and other advisory.

9. Personnel expenses

	2020	2019
Key management personnel	-154 504	-151 195
Other employees	- 3 028 749	-2 737 274
Total	- 3 183 253	-2 888 469

The average number of full-time equivalent employees in 2020 was 4 383 (2019 – 3 968)

Key management personnel include the directors of the individual units, members of the board of directors and the supervisory board, and statutory representatives of the companies from the Group.

The Group does not participate in any pension plans.

10. Other operating expenses

	2020	2019
Allowances for inventories (- expense / + revenue)	-160 368	118 878
Change in provisions (- expense / + income)	-160 850	237 572
Materials sold	-91 378	-78 626
Taxes and charges	-71 732	-40 180
Write-off and sale of receivables	-6 392	-44 320
Fines and penalties	-14 896	-17 109
Insurance expenses	-32 569	-27 181
Losses from derivative transactions	-95 705	-26 877
Foreign exchange losses from operations	--	-43 184
Other operating expenses (-)	-165 005	-406 358
Total	-798 895	-327 385

Other operating expenses mainly consist of rebilling expenses and write-off of inventories.

The Group recognises foreign exchange gains and losses offsets.

Fines and penalties primarily include contractual penalties for the delay in making deliveries to customers.

Cost of derivative transactions relating to hedging of cash flows from projects is included in Other operating expenses.

11. Other operating income

	2020	2019
Gains from derivatives transactions	54 875	180 618
Foreign exchange gains from operations	81 305	--
Other operating income	69 688	43 085
Total	205 868	223 703

Gains of derivative transactions relating to hedging of cash flows from projects is included in Other operating income.

12. Net finance income and expense

	2020	2019
Income from financial assets	10	4
Interest income	14 898	17 199
Financing component (IFRS 15)	10 397	9 668
Foreign exchange gains on financial assets	30 598	10 921
Other finance income	2 474	182
Finance income	58 377	37 974
Interest expense on the lease liability	-10 562	-8 113
Interest expense (except lease)	-198 176	-218 471
Financing component (IFRS 15)	-167 758	-49 499
Foreign exchange losses on financial assets	-18 092	-13 474
Other finance expense	-774	-175
Finance expenses	-395 362	-289 732
Gains/losses on trading derivatives	-68 182	28 514
Other finance income and expenses	-9	-16
Other finance income and expenses	-68 191	28 498
Net finance income/expense	-405 176	-223 260

In 2020, the structure of the above table was adjusted. To make the data comparable, the Group also adjusted the data for 2019.

Interest expense of TCZK 198 176 (2019 – TCZK 218 471) primarily include interest on a loan received from the parent company, interest on bank loans received and interest on bonds.

In 2020 and 2019, no interest expense was capitalised.

13. Income tax

Income tax is recognised in the income statement as follows:

	2020	2019
Current income tax	-67 106	-93 421
Deferred income tax	335 749	33 494
Total	268 643	-59 927

Current income tax comprises the tax estimate for 2020 of TCZK 64 246 (2019 – TCZK 96 547) and an adjustment to the tax estimate for the prior period of TCZK 2 860 (2019 – TCZK 3 126).

Effective tax rate

	2020	%	2019	%
Profit before tax	-1 689 432		-319 798	
Corporate income tax at applicable tax rate	320 992	19%	60 762	19%
Impact of conversion from foreign company tax rates	3 033		-2 589	
Deduction for research and development	110 006		18 568	
Non-tax deductible items	-8 384		-17 221	
Adjustment to prior year's income tax	-27 827		-5 031	
Unrecognised deferred tax asset	-50 585		-76 388	
Utilised prior period tax losses	219		2	
Derecognition of deferred tax assets from unused tax losses	-51 244		-22 525	
Other effects	-27 567		-15 505	
Total	268 643	16%	-59 927	19%

Most of the taxable profit is generated in the Czech Republic, and therefore a tax rate of 19% is applied. The impact of the conversion of foreign companies that are primarily taxed at a different tax rate than the Czech Republic's tax rate is shown in the table above.

14. Intangible assets

Intangible assets – acquisition cost

	Software	Intellectual property rights	Research and development costs	Intangible assets under construction and advances	Other intangible assets	Goodwill	Total
1/1/2019	182 725	1 569 312	1 637 113	3 612	494 314	7 574 218	11 461 294
Additions	30 860	--	277 749	249 432	4	--	558 045
Transfers	1 141	--	--	-1 141	--	--	--
FX differences	-883	-990	-2 118	-13	--	--	-4 004
31/12/2019	213 843	1 568 322	1 912 744	251 890	494 318	7 574 218	12 015 335

	Software	Intellectual property rights	Research and development costs	Intangible assets under construction and advances	Other intangible assets	Goodwill	Total
1/1/2020	213 843	1 568 322	1 912 744	251 890	494 318	7 574 218	12 015 335
Additions	33 746	11	490 579	41 329	--	--	565 665
Transfers	854	--	233 408	-234 262	--	--	--
FX differences	935	-1 131	1 828	7 426	-1	--	9 057
Deconsolidation of Vagonmash	0	-11	--	--	-3	-2	-16
31/12/2020	249 378	1 567 191	2 638 559	66 383	494 314	7 574 216	12 590 041

Intangible assets – accumulated amortisation

	Software	Intellectual property rights	Research and development costs	Intangible assets under construction and advances	Other intangible assets	Goodwill	Total
1/1/2019	-108 378	-60 284	-726 337	--	-485 023	-106 935	-1 486 957
Annual amortisation	-26 671	-1 498	-63 716	--	-1 092	--	-92 977
FX differences	818	980	1 949	--	--	--	3 747
31/12/2019	-134 231	-60 802	-788 104	--	-486 115	-106 935	-1 576 187

	Software	Intellectual property rights	Research and development costs	Intangible assets under construction and advances	Other intangible assets	Goodwill	Total
1/1/2020	-134 231	-60 802	-788 104	--	-486 115	-106 935	-1 576 187
Annual amortisation	-34 040	-1 499	-152 274	--	-261	--	-188 074
FX differences	-1 306	1 157	-1 351	--	--	--	-1 500
31/12/2020	-169 577	-61 144	-941 731	--	-486 375	-106 935	-1 765 760

Intangible assets – impairment losses

	Software	Intellectual property rights	Research and development costs	Intangible assets under construction and advances	Other intangible assets	Goodwill	Total
1/1/2019	--	--	--	--	--	-3 354 182	-3 354 182
Additions	--	--	--	-2 472	--	--	-2 472
31/12/2019	--	--	--	-2 472	--	-3 354 182	-3 356 654

	Software	Intellectual property rights	Research and development costs	Intangible assets under construction and advances	Other intangible assets	Goodwill	Total
1/1/2020	--	--	--	-2 472	--	-3 354 182	-3 356 654
Additions	--	--	-680 878	-387	--	--	-681 265
31/12/2020	--	--	-680 878	-2 859	--	-3 354 182	-4 037 919

Intangible assets – net book value

	Software	Intellectual property rights	Research and development costs	Intangible assets under construction and advances	Other intangible assets	Goodwill	Total
31/12/2019	79 612	1 507 520	1 124 640	249 418	8 203	4 113 101	7 082 494
31/12/2020	79 801	1 506 047	1 015 952	63 524	7 939	4 113 099	6 786 362

Amortisation

The amortisation of patents and development costs is allocated to the cost of inventory and is recognised in cost of sales as inventory is sold.

Intellectual property rights

Intellectual property rights include a set of trademarks ŠKODA costing TCZK 1 502 264 (2019 – TCZK 1 502 264). The trademark is not amortised because it has an indefinite life but is annually tested for impairment.

Development costs

As at 31 December 2020, development costs of TCZK 1 015 952 (2019 – TCZK 1 124 640) include mainly technical documentation attributable to the construction of a specific type of product. Of total additions in 2020, TCZK 233 643 was produced internally and the remaining portion of TCZK 256 936 was purchased from external suppliers. The capitalisation of development costs relating to internally produced development results is recorded in reduction in costs incurred in connection with capitalised assets.

The Group created an impairment loss on intangible assets of TCZK 680 878 for the development of the stainless steel tram platform and the locomotive platform. This is a temporary decrease in value over the medium term due to the negative impact of the COVID-19 pandemic on the relevant markets.

Other intangible assets

Other intangible assets mainly include future cash flows arising from long-term contracts to Škoda Transtech Oy that are amortised based on the project's implementation stage.

Goodwill

The goodwill of the Group represents the amount by which the purchase price exceeds the Group's share of the fair value of the identifiable assets and liabilities of a subsidiary, associated company or joint venture as at the acquisition date.

The goodwill is allocated as follows:

Company	2020	2019
ŠKODA ELECTRIC a.s.	1 691 181	1 691 181
ŠKODA VAGONKA a.s.	1 287 137	1 287 137
Pars nova a.s.	1 128 790	1 128 790
ŠKODA CITY SERVICE s.r.o.	50	50
ŠKODA TVC s.r.o.	5 901	5 901
OOO Vagonmash	--	2
Škoda Digital s.r.o.	40	40
Total	4 113 099	4 113 101

Goodwill related to the above holdings relate to the acquisition of the full or partial ownership of these entities by the Group. This goodwill is monitored by the Group management.

Impairment testing

An impairment assessment is performed at least annually, and whenever circumstances such as significant declines in expected sales, earnings or cash flows indicate that it is more likely than not that goodwill or intellectual property rights might be impaired. The Group selected the fourth quarter to perform an annual impairment assessment of goodwill and intellectual property rights.

Goodwill

According to the impairment test as at 31 December 2015, the goodwill allocated to ŠKODA VAGONKA a.s. was decreased by TCZK 2 931 906.

During the fourth quarter of fiscal year 2016, an impairment test was completed. According to the impairment test, the goodwill allocated to ŠKODA VAGONKA a.s. was decreased by TCZK 422 276.

During the fourth quarter of fiscal years 2019 and 2020, impairment tests of goodwill were completed, using the discounted cash flow model. After carrying out impairment testing, the Group management did not identify the need to further decrease the goodwill allocated to ŠKODA VAGONKA, a.s.

According to the sensitivity test of the goodwill allocated to ŠKODA VAGONKA a.s., if the discount rate increased by 5.52% or EBIT decreased by 75.12% or the growth indicator decreased by 9.16%, the value of goodwill would further decrease.

According to the sensitivity test of the goodwill allocated to Pars nova a.s., if the discount rate increased by 0.49% or EBIT decreased by 3.21% or the growth indicator decreased by 0.71%, the recoverable amount of goodwill would equal its carrying amount.

According to the sensitivity test of the goodwill allocated to ŠKODA ELECTRIC a.s., if the discount rate increased by 6.82% or EBIT decreased by 35.2% or the growth indicator decreased by 14.79%, the recoverable amount of the goodwill would equal its carrying amount.

For goodwill allocated to other companies, the Group management did not identify the need to decrease the value of goodwill if the key presumption was reasonably changed.

The post-tax discount rate is also a key estimate in the discounted cash flow model and was based on a representative weighted average cost of capital. The post-tax discount

rate used to calculate the recoverable amount was 7.54% (2019 – 8.28%), except for Škoda TVC where a post-tax discount rate of 8.75% was used (a higher risk as it is rather a small company).

The testing was carried out based on available plans for 2021 – 2025 (or 2020 – 2024 in 2019). The growth rate of 2% was used for the following periods.

Intellectual property rights

The Group identified no impairment based on the test carried out.

To determine fair values the planned cash flows are discounted using the discount rates after tax as at the reporting date.

The post-tax discount rate is also a key estimate in the discounted cash flow model and was based on a representative weighted average cost of capital. The post-tax discount rate used to calculate the recoverable amount was 7.54% (2019 - 8.28%).

The Group's future financial results are based on several factors and assumptions concerning macroeconomic developments, for example foreign exchange rates and interest rates over which the Group does not exercise full control. Changes in these factors and assumptions can affect the Group's financial position, including the results of testing the impairment of non-current assets and can subsequently lead to changes in the Group's financial position and results.

15. Property, plant and equipment and Assets under construction

Property, plant and equipment and Assets under construction – acquisition cost

	Land	Buildings	Machinery and equipment	Other assets	Assets under construction	Total
1/1/2019	367 495	3 069 273	3 404 746	95 519	43 872	6 980 905
Reclassification to Right-of-use asset	--	--	-5 145	--	--	-5 145
Additions	100	36 789	166 887	3 131	68 016	274 923
Disposals	--	-1 257	-53 528	-619	-377	-55 781
Transfers	--	23 178	7 544	-523	-30 199	--
FX differences	-89	-1 202	-6 893	-3	-107	-8 294
31/12/2019	367 506	3 126 781	3 513 611	97 505	81 205	7 186 608

	Land	Buildings	Machinery and equipment	Other assets	Assets under construction	Total
1/1/2020	367 506	3 126 781	3 513 611	97 505	81 205	7 186 608
Additions	14 533	96 174	242 394	3 336	490 928	847 365
Disposals	--	-704	-33 839	-3 143	0	-37 686
Transfers	--	33 770	46 743	--	-80 513	--
FX differences	240	3 264	17 360	1	408	21 273
Deconsolidation of Vagonmash	--	--	-2 060	--	--	-2 060
31/12/2020	382 279	3 259 285	3 784 209	97 699	492 028	8 015 500

Property, plant and equipment and Assets under construction – accumulated depreciation

	Land	Buildings	Machinery and equipment	Other assets	Assets under construction	Total
1/1/2019	-57	-683 124	-2 552 339	-85 223	1	-3 320 742
Reclassification to Right-of-use asset	--	--	1 115	--	--	1 115
Annual Depreciation	--	-72 740	-185 330	-3 289	--	-261 359
Disposals	--	--	47 834	619	--	48 453
Transfers	--	--	-523	523	--	--
FX differences	--	504	5 930	2	-1	6 435
31/12/2019	-57	-755 360	-2 683 313	-87 368	--	-3 526 098

	Land	Buildings	Machinery and equipment	Other assets	Assets under construction	Total
1/1/2020	-57	-755 360	-2 683 313	-87 368	--	-3 526 098
Annual Depreciation	--	-76 853	-187 737	-3 216	--	-267 806
Disposals	--	418	33 286	3 112	--	36 816
Transfers	--	--	--	--	--	--
FX differences	--	-1 326	-14 719	3	--	-16 042
Deconsolidation of Vagonmash	--	--	728	--	--	728
31/12/2020	-57	-833 121	-2 851 755	-87 469	--	-3 772 402

Property, plant and equipment and Assets under construction – impairment losses

	Land	Buildings	Machinery and equipment	Other assets	Assets under construction	Total
1/1/2019	--	-5 827	-15 779	--	--	-21 606
Additions	--	--	--	--	-387	-387
Disposals	--	263	5 997	--	--	6 260
Transfers	--	--	--	--	--	--
31/12/2019	--	-5 564	-9 782	--	-387	-15 733

	Land	Buildings	Machinery and equipment	Other assets	Assets under construction	Total
1/1/2020	--	-5 564	-9 782	--	-387	-15 733
Additions	--	0	-59	--	--	-59
Disposals	--	262	608	--	210	1 080
Transfers	--	--	--	--	--	--
31/12/2020	--	-5 302	-9 233	--	-177	-14 712

Property, plant and equipment and Assets under construction – net book value

	Land	Buildings	Machinery and equipment	Other assets	Assets under construction	Total
31/12/2019	367 449	2 365 857	820 516	10 137	80 818	3 644 777
31/12/2020	382 222	2 420 862	923 221	10 230	491 851	4 228 386

Major additions to property, plant and equipment in 2020 were the purchase of new land, the construction and reconstruction of buildings, and purchases of welders and welding jigs.

As at 31 December 2020, the cumulative impairment loss on property, plant and equipment was TCZK 14 712 (2019 – TCZK 15 733).

Major additions to property, plant and equipment in 2019 were the activation of the electric train chassis and purchases of passenger cars.

Except as described in Note 30, no item of the Group's property, plant and equipment has been pledged.

16. Leases

The Group leases non-residential premises (offices, production halls), production machinery and equipment and passenger cars.

Leasing contracts are negotiated individually and contain a wide range of different terms and conditions. Contracts may include options to extend the lease term and payments may be adjusted according to developments of the consumer price index.

Right-of-use assets from the lease of non-residential premises are depreciated over a period of 2 to 15 years. Right-of-use assets from the lease of production machinery and equipment are depreciated over a period of 2 to 6 years. Right-of-use assets from the lease of passenger cars are depreciated over a period of 2 years.

Leased assets are not subject to collateral for loan drawing purposes.

Right-of-use asset – cost

	Land	Buildings	Machinery and equipment	Other assets	Total
Reclassification from Property, plant and equipment at 1/1/2019	--	--	5 145	--	5 145
Transition to IFRS 16 at 1/1/2019	--	140 909	2 590	--	143 499
Additions	--	35 269	2 443	--	37 712
Disposals	--	--	--	--	--
Adjustment for remeasurement of the lease liability	--	14 604	--	--	14 604
FX differences	--	--	-63	--	-63
31/12/2019	--	190 782	10 115	--	200 897

	Land	Buildings	Machinery and equipment	Other assets	Total
Reclassification from Property, plant and equipment at 1/1/2020	--	190 782	10 115	--	200 897
Additions	--	145 857	6 062	--	151 919
Adjustment for remeasurement of the lease liability	--	177 052	436	--	177 488
FX differences	--	-737	334	--	-403
31/12/2020	--	512 954	16 947	--	529 901

Right-of-use asset – accumulated depreciation

	Land	Buildings	Machinery and equipment	Other assets	Total
1/1/2019	--	--	-1 115	--	-1 115
Annual Depreciation	--	-56 648	-2 493	--	-59 141
FX differences	--	31	40	--	71
31/12/2019	--	-56 617	-3 568	--	-60 185

	Land	Buildings	Machinery and equipment	Other assets	Total
1/1/2020	--	-56 617	-3 568	--	-60 185
Annual Depreciation	--	-71 664	-3 435	--	-75 099
FX differences	--	1 502	-92	--	1 410
31/12/2020	--	-126 779	-7 095	--	-133 874

Right-of-use asset – impairment losses

	Land	Buildings	Machinery and equipment	Other assets	Total
1/1/2019	--	--	--	--	--
31/12/2019	--	--	--	--	--

	Land	Buildings	Machinery and equipment	Other assets	Total
1/1/2020	--	--	--	--	--
31/12/2020	--	--	--	--	--

Right-of-use asset – net book value

	Land	Buildings	Machinery and equipment	Other assets	Total
31/12/2019	--	134 165	6 547	--	140 712
31/12/2020	--	386 175	9 852	--	396 027

Present value of lease liability

	Land	Buildings	Machinery and equipment	Other assets	Total
1/1/2019	--	--	4 385	--	4 385
Transition to IFRS 16 at 1/1/2019	--	140 653	2 591	--	143 244
Newly recognised lease liability	--	35 269	2 443	--	37 712
Interest expense of the lease liability	--	7 677	436	---	8 113
Cash payments - principal portion of the lease liability (a)	--	-50 236	-2 173	--	-52 409
Cash payments - interest portion of the lease liability (b)	--	-7 677	-436	--	-8 113
Remeasurement of the lease liability	--	14 604		--	14 604
Disposals (termination of the lease)	--	--	--	--	--
FX differences	--	1	-54	--	-53
31/12/2019	--	140 291	7 192	--	147 483
Liability due within 1 year	--	55 224	2 096	--	57 320
in 1 to 5 years	--	78 908	5 096	--	84 004
in more than 5 years	--	6 159	--	--	6 159

	Land	Buildings	Machinery and equipment	Other assets	Total
1/1/2020	--	140 291	7 192	--	147 483
Newly recognised lease liability	--	145 857	6 062	--	151 919
Interest expense of the lease liability	--	10 099	463	--	10 562
Cash payments - principal portion of the lease liability (a)	--	-67 413	-2 779	--	-70 192
Cash payments - interest portion of the lease liability (b)	--	-10 099	-463	--	-10 562
Remeasurement of the lease liability	--	177 052	436	--	177 488
Disposals (termination of the lease)	--	--	--	--	--
FX differences	--	-23	234	--	211
31/12/2020	--	395 764	11 145	--	406 909
Liability due within 1 year	--	129 432	3 032	--	132 464
in 1 to 5 years	--	187 648	8 036	--	195 684
in more than 5 years	--	78 684	77	--	78 761

Expenses related to short-term leases were reported as Material and consumables of TCZK 22 550 (c) (2019 – TCZK 21 225). Expenses related to the leasing of low-value assets were reported as Material and consumables of TCZK 5 091 (d) (2019 - TCZK 3 439). The total cash flow (a + b + c + d) related to leases in 2020 was TCZK 108 395 (2019 – TCZK 85 186).

The Group is not exposed to significant future cash outflows from contracts for which no lease was commenced at the balance sheet date nor from residual value guarantees on

lease options not included in the measurement of lease liabilities as at 31 December 2020.

An analysis of the currency risk and the maturity of the lease payables is presented in Note 32.

17. Investments in joint ventures and associated companies

Equity-accounted investees

Interest in equity accounted investees	2020	2019
Interest in associate	16 931	11 931
Interest in joint ventures	49 624	1 821
Balance as at 31 December	66 555	13 752

Group's share of profit in equity-accounted investees	2020	2019
Group's share of profit in associate	5 001	-4 405
Group's share of profit in joint ventures	-13 660	--
Balance as at 31 December	-8 659	-4 405

Associated companies

PRAGOIMEX a.s. and Zaporizkiy Elektrovoz are the only associated companies in which the Group participates. In 2015, the Group acquired a 49% interest in Zaporizkiy Elektrovoz. The investment's value is insignificant for the Group.

In 2019, the Group co-founded the joint venture Sinara - Škoda (50% share) with a focus on the production of metro cars, trams, and trolleybuses. The acquisition price of the share is TCZK 1 821. As at 31 December 2019, the share had not been paid.

On 7 August 2020, the Group lost its controlling interest in the subsidiary OOO Vagonmash through the transfer of a 1% stake in this company and started to report it as a joint venture. The fair value of this joint venture was determined by an expert valuation at RUB 180 180 000 (TCZK 54 436). Until 31 December 2019, OOO Vagonmash was consolidated using the full method; from 1 January 2020, the company is reported using the equity method. The impact of the deconsolidation of the subsidiary Vagonmash was reported in the consolidated income statement as TCZK 40 579 on the "Profit on investments" position. As at 31 December 2020, the Group recognised a liability due to an unpaid contribution made outside the share capital in OOO Vagonmash of TCZK 8 608.

PRAGOIMEX a.s.

The following table summarises the financial information of PRAGOIMEX a.s. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the associate.

PRAGOIMEX a.s. prepares statements according to Czech accounting standards. Due to the insignificance of adjustments under IFRS, these statements have not been adjusted.

PRAGOIMEX a.s.	2020	2019
Percentage ownership interest	32%	32 %
Non-current assets	9 478	9 158
Current assets	124 408	127 724
Non-current liabilities	34 000	34 200
Current liabilities	46 331	64 755
Net assets (100%)	53 555	37 927
Group's share of net assets (32%)	17 138	12 137
Effect of acquisition and differences in accounting policies	-207	-206
Carrying amount of interest in joint venture	16 931	11 931
Revenues	424 063	221 866
Profit+/Loss - from continuing activities (100%)	15 785	-9 818
Correction of prior year income	--	-2 700
Total comprehensive income (100%)	15 785	-12 518
Total comprehensive income (32 %)	5 051	-4 006
Group's share in profit and total comprehensive income	5 051	-4 006
Group's share in the decrease in funds from profit (32%)	-50	-399
Group's share in profit after adjustment for the decrease in funds from profit	5 001	-4 405
Dividends received by the Group	--	9 190*

* The amount of TCZK 4 595 was paid as at 31. December 2019, the rest was paid in 2020.

Joint Ventures

OOO Sinara-Škoda

The following table summarises the financial information of OOO Sinara-Škoda. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture.

OOO Sinara Škoda prepares statements according to Russian accounting standards. Due to the insignificance of adjustments under IFRS, these statements have not been adjusted.

OOO Sinara-Škoda	2020
Percentage ownership interest	50%
Non-current assets	3 295
Current assets	83 842
Non-current liabilities	86 096
Current liabilities	8 237
Net assets (100%)	-7 196
Group's share of net assets (50%)	-3 598
Effect of acquisition and differences in accounting policies	--
Carrying amount of interest in joint venture	-3 598
Revenues	697
Profit+/Loss - from continuing activities (100%)	-11 314
Total comprehensive income (100%)	-11 314
Total comprehensive income (50 %)	-5 657
Group's share in profit and total comprehensive income	-5 657
Dividends received by the Group	--

OOO Vagonmash

The following table summarises the financial information of OOO Vagonmash. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture.

OOO Vagonmash prepares statements according to Russian accounting standards. Due to the insignificance of adjustments under IFRS, these statements have not been adjusted.

OOO Vagonmash	2020
Percentage ownership interest	50%
Non-current assets	9 488
Current assets	80 646
Non-current liabilities	5 919
Current liabilities	4 274
Net assets (100%)	79 941
Group's share of net assets (50%)	39 971
Effect of acquisition and differences in accounting policies*	4 643
Contribution made outside the share capital	8 608
Carrying amount of interest in joint venture	53 222
Revenues	3 597**
Profit+/Loss - from continuing activities (100%)	-16 006**
Total comprehensive income (100%)	-16 006**
Total comprehensive income (50 %)	-8 003**
Group's share in profit and total comprehensive income	-8 003**
Dividends received by the Group	--

* The amount represents the difference between the fair value of the interest in the joint venture and the net asset value of OOO Vagonmash at the date of initial recognition of the interest in the joint venture.

** The value for period from 7.8.2020 to 31.12.2020

18. Non-controlling interests

OOO Vagonmash was a subsidiary with significant non-controlling interests. On 7 August 2020, the Group lost its controlling interest in the subsidiary OOO Vagonmash through the transfer of a 1% stake in this company and started to report it as a joint venture.

OOO Vagonmash	2019
Percentage of non-controlling interest	49%
Non-current assets	15 198
Current assets	403 707
Non-current liabilities	6 015
Current liabilities	294 028
Net assets	118 862
Revenues	1 155 100
Gain/loss	259 612
Cash flow from operating transactions	157 005
Cash flow from investing transactions	-448
Cash flow from financing activities	-59 079
Net increase/decrease in cash and cash equivalents	97 478

The value of non-controlling interests in equity is as follows:

Company	31/12/2020	31/12/2019
OOO Vagonmash	--	58 243
Total	--	58 243

The non-controlling owners' share of the profit or loss is as follows:

Company	2020	2019
OOO Vagonmash	1 834*	127 210
Total	1 834	127 210

* The value for period from 1.1.2020 to 6.8.2020

19. Deferred tax liability/asset

In accordance with the accounting policy described in note 3 p), deferred tax was calculated using the tax rates expected to be effective for the period in which the tax liability/asset is utilised.

Deferred tax is calculated based on all temporary differences between the carrying and tax value of individual items presented in the statement of financial position and from unutilised investment incentives. A deferred tax asset is recognised to the extent that the Group's management believes it will be utilised in future years. Based on an analysis of the expected utilisation of the deferred tax asset/liability, a rate of 19% or 20% (Finland, Russia) or 9% (Hungary) was used to calculate deferred tax in 2020 and 2019.

	31/12/2020	31/12/2019
Deferred tax asset	388 329	263 432
Deferred tax liability	-90 819	-306 534
Total	297 510	-43 102

The deferred tax amount recognised in the consolidated financial statements relates to the following items:

	31/12/2020	31/12/2019	Year on year change 2020/2019
Non-current assets (incl. Leasing)	-323 139	-485 150	162 011
Receivables	25 202	7 866	17 336
Contracts with customers	413 990	344 162	69 828
Inventories	97 902	69 436	28 466
Provisions	216 780	244 522	-27 742
Unutilised tax losses	222 884	140 428	82 456
Unutilised research and development deduction	82 914	--	82 914
Employee benefits	12 472	9 940	2 532
Unpaid contractual penalties	8 391	-4 370	12 761
Derivatives	-19 007	-31 156	12 149
Deconsolidation of Vagonmash	-6 543	--	-6 543
Other	36 897	42 534	-5 637
Total (asset+/ liability-)	768 743	338 212	430 531
Adjustment by deferred tax asset unutilised for uncertainty reasons	-413 085	-311 599	-101 486
Total after correction (asset+/ liability-)	355 658	26 613	329 045
Deferred tax on revaluation of derivatives recorded in other comprehensive income	-58 148	-69 715	11 567
Total (asset+/ liability-)	297 510	-43 102	340 612

*The difference between the year-on-year change and the value recognised in the income statement is caused by translation differences and by the effect of deconsolidation of Vagonmash

In 2020, the structure of the above table was adjusted. To make the data comparable, the Group also adjusted the data for 2019

A deferred tax asset was not recognised as at 31 December 2020 and 2019 in relation to tax losses of TCZK 867 400 (2019: TCZK 95 134), as the Group management is not convinced that the Company will generate sufficient profits in the coming years against which these tax losses could be utilised. The year of expiration of these tax losses is shown in the table below.

31/12/2020	Year of expiration of tax loss	Tax loss amount	Income tax rate
Year of tax loss origin			
2012	2022	76 751	20%
2014	2024	52 373	20%
2015	2025	243 608	20%
2018	2028	125 544	20%
2019	2029	66 352	20%
2019	2024	39 238	19%
2020	2025	212 202	19%
2020	2030	51 332	20%
Total		867 400	

31/12/2019	Year of expiration of tax loss	Tax loss amount	Income tax rate
Year of tax loss origin			
2019	2029	19 777	20%
2019	2024	75 357	19%
Total		95 134	

20. Income tax receivables and payables

The balance sheet item 'Income tax (receivable)' of TCZK 22 240 (2019 – TCZK 33 480) comprises corporate income tax prepayments reduced by estimated income tax.

The balance sheet item 'Income tax (payable)' of TCZK 28 268 (2019 – TCZK 39 258) comprises estimated corporate income tax reduced by income tax prepayments.

21. Other non-current receivables

	31/12/2020	31/12/2019
Non-current trade receivables	64 824	200 624
Non-current advances paid	--	--
Other non-current receivables and loans	250 889	282 575
Total other non-current receivables and loans (gross)	315 713	483 199
Impairment losses	--	-1 806
Total other non-current receivables and loans (net)	315 713	481 393

Ageing structure of non-current receivables

	31/12/2020	31/12/2019
Non-current receivables due within 2 years	51 088	176 273
Non-current receivables due in 2 to 5 years	87 354	112 318
Non-current receivables due in more than 5 years	177 271	194 608
Total other non-current receivables and loans (gross)	315 713	483 199
Impairment losses	--	-1 806
Total other non-current receivables and loans (net)	315 713	481 393

In 2012, ŠKODA CITY SERVICE s.r.o. established an association together with Bammer trade a.s., CIAS HOLDING a.s., ŠKODA TRANSPORTATION a.s. and ŠKODA ELECTRIC a.s. for the purpose of participating in a public tender announced by Plzeňské městské dopravní podniky, a.s. (Pilsen Public Transportation Company; "the Project" or "Public Tender"). The scope of this Public Tender is building a new transportation base for Plzeňské městské dopravní podniky, a.s. and further repairs, maintenance and shedding of the municipal public transportation vehicles operated in Pilsen. This bid submitted by the association was evaluated as the most suitable one and a project agreement for the implementation of this tender was concluded with the contracting entity.

The other non-current receivables are stated at amortised cost and concern the contractual right of subsidiary ŠKODA CITY SERVICE s.r.o. to receive future cash payments from Plzeňské městské dopravní podniky, a.s. in relation to services provided to the company.

22. Inventories

	31/12/2020	31/12/2019
Materials	3 557 881	2 201 178
Work-in-progress	339 775	799 805
Finished goods	110 347	72 067
Goods for resale	33 931	58 353
Advance payments for inventories	199 047	111 232
Total inventories (gross)	4 240 981	3 242 635
Materials	-319 327	-262 227
Work-in-progress	-207 461	-101 229
Finished goods	-13 135	-14 348
Goods for resale	-16 085	-16 547
Advance payments for inventories	-81	-81
Allowances	-556 089	-394 432
Materials	3 238 554	1 938 951
Work-in-progress	132 314	698 576
Finished goods	97 212	57 719
Goods for resale	17 846	41 806
Advance payments for inventories	198 966	111 151
Total inventories (net)	3 684 892	2 848 203

Based on an analysis of turnover and usability of inventories, as at 31 December 2020 the Group reduced the carrying amount of inventories to their net realisable value by recognising an impairment loss of TCZK 556 089 (2019 – TCZK 394 432).

The change in inventory impairment losses is included in Other operating expenses.

Acquisition costs of materials recognised as an expense in the income statement are included in Materials and consumables (Note 8).

23. Trade receivables and other assets

	31/12/2020	31/12/2019
Trade receivables	2 574 109	2 390 081
Estimated receivables	22 406	9 322
Operating advances paid	195 601	57 069
Accrued revenues	7 086	12 827
Other receivables	90 005	48 573
Receivables from the state	81 644	96 534
Prepaid expenses	104 068	54 452
Total receivables (gross)	3 074 919	2 668 858
Impairment losses	-141 347	-52 591
Total receivables (net)	2 933 572	2 616 267

The analysis of credit risk, the age structure of receivables, and impairment for receivables are described in Note 32.

24. Cash and cash equivalents

	31/12/2020	31/12/2019
Cash	1 285	1 705
Bank accounts	676 762	1 335 915
Short-term time deposits	153	232 871
Total	678 200	1 570 491

The Group has restricted cash of TCZK 16 199 (2019 - TCZK 13 384) stipulated in a project agreement with ČSOB Bank. The amount of restricted cash is regularly adjusted on the basis of the updated financial model defined in the contract.

Significant investment and financial activities having no impact on cash

In 2020, the costs connected with investing activities were increased by TCZK 162 099 in relation with the settlement of the liabilities from 2020.

25. Equity

Registered capital

The Company's registered capital as at 31 December 2020 amounted to TCZK 3 150 000 (2019 – TCZK 3 150 000). The sole shareholder holds one registered ordinary share certificate in the nominal value of TCZK 3 134 100 and one registered ordinary share certificate in the nominal value of TCZK 15 900. Each TCZK 100 of the nominal value of the shares constitutes one voting right that can be exercised at a general meeting.

Capital contributions

Other capital contributions

Other capital contributions as at 31 December 2020 amounted to TCZK 4 301 308 (2019 – TCZK 4 296 752)

In 2017, former Group owner CEIL made an additional contribution outside the registered capital in the aggregate amount of TCZK 4 211 354.

Change in fair value in respect of cash flow hedges

The change in fair value in respect of cash flow hedges (including deferred tax impact) as at 31 December 2020 amounted to TCZK 247 897 (2019 – TCZK 291 584).

	31/12/2020	31/12/2019	Year on year change 2020/2019
Change in fair value in respect of cash flow hedges (before tax)	306 045	359 980	-53 935
Deferred tax	-58 148	-68 396	10 248
Total	247 897	291 584	-43 687

The impact of realised derivatives whose value was reported in other comprehensive income in the previous period, amounted to TCZK 38 060 on the results of 2020.

The change in fair value of cash flow hedges represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedging transactions that were not accomplished as at the balance sheet date.

Foreign exchange differences from the translation of foreign operations

Foreign exchange differences from the translation of foreign operations arise from the translation of the financial statements of the Group's foreign subsidiaries from foreign currencies to Czech crowns. As at 31 December 2020, the balance of foreign exchange differences from the translation of activities carried out abroad amounted to TCZK -16 368 (2019 – TCZK 36 579).

Retained earnings

The Group's consolidated retained earnings as at 31 December 2020 were TCZK 2 098 023 (2019 – TCZK 3 525 201).

In accordance with Czech legislation, dividends can be paid out from the Company's non-consolidated profit. Non-consolidated retained earnings as at 31 December 2020 were TCZK 4 178 624 (2019 – TCZK 5 182 403).

26. Earnings/(losses) per share

As described in Note 25, the Company has two shares, each of which has a different nominal value. Voting rights and shares of profit correspond to the proportion of individual shares in the share capital. Due to the difference in the nominal values of individual shares, the calculation is performed as a share of profit for the period attributable to the owners of the Parent company per each share separately. The proportion of the share with the nominal value of TCZK 3 134 100 in the profit attributable to the Company's owners for 2020 was TCZK -1 415 441 (2019- TCZK -504 376); the proportion of the share with the nominal value of TCZK 15 900 was TCZK -7 181 (2019 – TCZK -2 559).

Since the Company has not issued any convertible instruments, there is no dilution of profit.

27. Provisions

	1/1/2019	Additions	Use	Release	FX diff.	31/12/2019
Provision for warranties	622 214	298 928	-313 574	-99 675	-541	507 352
Provision for litigations	24 416	1 310	--	--	--	25 726
Provision for environmental damage	45 155	--	--	--	--	45 155
Provision for fines and penalties	136 873	4 695	--	-9 196	--	132 372
Provision for benefits	33 149	20 619	-493	-383	-574	52 318
Provision for onerous projects	304 941	33 295	-190 238	--	-779	147 219
Other provisions	245 630	150 323	-75 652	-37 937	1 567	283 931
Total	1 412 378	509 170	-579 957	-147 191	-327	1 194 073
Current portion of provisions	1 111 346					1 070 079
Non-current portion of provisions	301 032					123 994

	1/1/2020	Additions	Use	Release	FX difference	Deconsol. Vagonmash	31/12/2020
Provision for warranties	507 352	306 351	-268 155	-3 827	2 895	-8 594	536 022
Provision for litigations	25 726	1 310	--	--	--	--	27 036
Provision for environmental damage	45 155	721	--	--	--	--	45 876
Provision for fines and penalties	132 372	34 932	-7	-1 435	--	--	165 862
Provision for benefits	52 318	23 713	-2 302	-7 355	-135	-596	65 643
Provision for onerous projects	147 219	142 170	-19 323	--	447	--	270 513
Other provisions	283 931	48 528	-73 533	-83 196	-1 149	--	174 581
Total	1 194 073	557 725	-363 320	-95 813	2 058	-9 190	1 285 533
Current portion of provisions	1 070 079						1 162 912
Non-current portion of provisions	123 994						122 621

In 2020, the structure of the above table was adjusted. To make the data comparable, the Group also adjusted the data for 2019.

Provision for warranties

Warranty provisions are attributable to deliveries to customers carried out as at 31 December 2020 and 31 December 2019, which are covered by warranty obligation. The provision is calculated based on historical data and an individual assessment of potential future expenses, while considering additional circumstances known as at the date of preparing the consolidated financial statements.

Provision for employee benefits

The Group provides monetary benefits to its employees when they reach a certain age or have worked a certain period of time, for which the Group establishes a provision. As at 31 December 2020, the Group discounted the calculated provision to the present value using a rate of 3.6%, while considering the expected employee turnover rate. Due to insignificance, no other information is disclosed.

Provision for fines and penalties

Provisions for fines and penalties are recognised primarily for finished projects, where based on a contract an obligation to pay a fine or penalty could arise.

Provision for onerous projects

The Group recognised a provision for projects in which according to forecasts the Group will realise losses. The value of the provision for onerous projects arises from the calculation of business cases in accordance with IFRS 15.

Other provisions

Other provisions include, among others, a provision for bonuses to employees and management of the Group.

28. Other non-current liabilities

	31/12/2020	31/12/2019 adjusted
Other non-current liabilities	10 068	735
Total	10 068	735

In 2020, the structure of the above table was adjusted. To make the data comparable, the Group also adjusted the data for 2019.

29. Trade payables and other payables

	31/12/2020	31/12/2019 adjusted
Trade payables	2 058 737	1 627 292
Advances received	10 382	6 187
Payables to employees	338 431	262 570
Payables to the state	158 288	163 126
Social security liabilities	101 144	84 223
Deferred income	232 221	81 993
Accrued expenses	17 298	24 767
Estimated payables	329 949	199 159
Other payables	18 987	8 902
Total	3 265 437	2 458 219

In 2020, the structure of the above table was adjusted. To make the data comparable, the Group also adjusted the data for 2019.

As at 31 December 2020, overdue payables amounted to TCZK 212 622 (2019 – TCZK 497 064).

30. Loans, borrowings and securities

The balance of loans and borrowings as at 31 December 2020

Non-bank loans	Balance as at 1/1/2020	Drawing	Current year Interest	Payments-principal	Payments - interest	Balance as at 31/12/2020	Current portion	Non-current portion	Interest rate as at 31/12/2020	Due date	Type of security
Bonds ²	2 342 896	--	39 122	-2 310 000	-72 018	--	--	--	--	26.6.2020 ³	Joint and several liability of all debtors ²
Loan from PPF Beer Topholdco B.V.	1 564 269	--	117 104	--	--	1 681 373	--	1 681 373	8,5%	-- ¹	No security (subordinated to the bank loan)
Investment loan S.	3 353	--	38	-1 416	-38	1 937	1 547	390	1,38%	17.3.2022	Pledge over assets acquired through these loans
Investment loan T.	5 319	--	95	-1 958	-95	3 361	2 002	1 359	2,15%	24.8.2022	Pledge over assets acquired through these loans
Total	3 915 837	--	156 359	-2 313 374	-72 151	1 686 671	3 549	1 683 122			

¹ The due date is defined in the subordination agreement as the moment of full unconditional and final repayment of the pari passu debt.

² On 26 June 2015, the Group issued bonds in the nominal value of TCZK 2 310 000, using an issue rate of 99.13 % of their nominal value. The bonds have a maturity of five years and a fixed-rate coupon of 3% p.a. paid annually. The issue of the bonds is listed on the regulated market of the Prague Stock Exchange.

³ The bonds were paid on the due date, the payment was ensured by a combination of own resources and a bank loan.

Bank loans	Balance as at 1/1/2020	Drawing	Current year Interest	Payments- principal	Payments - interest	Balance as at 31/12/2020	Current portion	Non-current portion	Interest rate as at 31/12/2020	Due date	Type of security
Short-term bank loan	201 754	800 000	13 480	-200 000	-12 922	802 312	802 312	--	3,65% ¹	--	No security
Overdraft facility	4 712	3 020	--	-4 712	--	3 020	3 020	--	3,54% ²	--	No security
Overdraft facility	--	10 422	--	--	--	10 422	10 422	--	2,15% ³	--	No security
Bank loan B.	270 032	--	9 049	-11 007	-8 923	259 151	259 151	--	4,82%	30.6.2036	pledge over receivables of ŠKODA CITY SERVICE s.r.o., pledge over the ownership interest in ŠKODA CITY SERVICE s.r.o., subordination of receivables of related parties from ŠKODA CITY SERVICE s.r.o. and other hedging instruments
Short-term bank loan COVID	--	1 570 000	6 829	--	-5 610	1 571 219	1 571 219	--	1,90%	28.1.2021 ⁴	No security
Total	476 498	2 383 442	29 358	-215 719	-27 455	2 646 124	2 646 124	--			

¹ Credit facility TCZK 3 500 000 – interest rate 3,3% p.a. + PRIBOR

² Credit facility TCZK 10 000

³ Credit facility TCZK 15 000

⁴ The loan was repaid on due date and at the same time a new short-term loan was drawn within the same credit line.

Balance of loans and borrowings as at 31 December 2019

Non-bank loans	Balance as at 1/1/2019	Drawing	Current year Interest	Payments-principal	Payments - interest	Balance as at 31/12/2019	Current portion	Non-current portion	Interest rate as at 31/12/2019	Due date	Type of security
Bonds ²	2 337 591	--	74 605	--	-69 300	2 342 896	2 342 896	--	3,00%	26.6.2020 ³	Joint and several liability of all debtors ²
Loan from PPF IndustryCo B.V.	1 253 057	200 000	111 212	--	--	1 564 269	--	1 564 269	8,5%	-- ¹	No security (subordinated to the bank loan)
Investment loan I.	835	--	3	-835	-3	--	--	--	2,83%	1.4.2019	Pledge over assets acquired through these loans
Investment loan J.	2 243	--	26	-2 243	-26	--	--	--	2,83%	1.11.2019	Pledge over assets acquired through these loans
Investment loan S.	4 869	--	86	-1 516	-86	3 353	1 477	1 876	1,38%	17.3.2022	Pledge over assets acquired through these loans
Investment loan T.	7 238	--	137	-1 919	-137	5 319	1 959	3 360	2,15%	24.8.2022	Pledge over assets acquired through these loans
Total	3 605 833	200 000	186 069	-6 513	-69 552	3 915 837	2 346 332	1 569 505			

¹ The due date is defined in the subordination agreement as the moment of full unconditional and final repayment of the pari passu debt.

² On 26 June 2015, the Group issued bonds in the nominal value of TCZK 2 310 000, using an issue rate of 99.13 % of their nominal value. The bonds have a maturity of five years and a fixed-rate coupon of 3% p.a. paid annually. The issue of the bonds is listed on the regulated market of the Prague Stock Exchange.

³ The payment of the bonds will be ensured by a combination of own resources and a bank loan.

Bank loans	Balance as at 1/1/2019	Drawing	Current year Interest	Payments- principal	Payments - interest	Balance as at 31/12/2019	Current portion	Non-current portion	Interest rate as at 31/12/2019	Due date	Type of security
Short-term bank loan	--	200 000	1 754	--	--	201 754	201 754	--	5,54% ¹	5.8.2020	No security
Overdraft facility	--	4 712	--	--	--	4 712	4 712	--	3,54% ²	--	No security
Bank loan B.	280 389	--	12 175	-10 357	-12 175	270 032	11 007	259 025	4,82%	30.6.2036	pledge over receivables of ŠKODA CITY SERVICE s.r.o., pledge over the ownership interest in ŠKODA CITY SERVICE s.r.o., subordination of receivables of related parties from ŠKODA CITY SERVICE s.r.o. and other hedging instruments
Total	280 389	204 712	13 929	-10 357	-12 175	476 498	217 473	259 025			

¹ Credit facility TCZK 3 500 000 – interest rate 3,3% p.a. + PRIBOR

² Credit facility TCZK 10 000

31. Derivatives

As at the reporting date the Group held the following derivatives:

a) Hedging derivatives

Forwards	Transacted in 2021	Transacted in subsequent periods	Fair value as at 31/12/2020	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Forwards – sale of EUR	87 975	125 430	75 595	--
Forwards – sale of PLN	139 800	747 714	107 777	--
Total			183 372	--
Average hedged rate				
CZK/EUR	26,590	26,985		
CZK/PLN	6,111	5,823		

Forwards	Transacted in 2020	Transacted in subsequent periods	Fair value as at 31/12/2019	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Forwards – sale of EUR	103 710	213 405	170 263	--
Forwards – sale of RUB	815 000	--	--	-8 844
Total			170 263	-8 844
Average hedged rate				
CZK/EUR	26,52	26,822		
CZK/RUB	0,3514	--		

Swaps	Transacted in 2021	Transacted in subsequent periods	Fair value as at 31/12/2020	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	285 944	84 570	156 128	-25 889
Swap – sale of PLN	99 159	--	9 462	--
Total			165 590	-25 889
Average hedged rate				
CZK/EUR	26,709	26,750		
CZK/PLN	5,838	--		

Swaps	Transacted in 2021	Transacted in subsequent periods	Fair value as at 31/12/2020	
			Receivable	Liability
			TCZK	TCZK
Interest rate swaps	n/a	n/a	--	-35 706
Total			--	-35 706
Average hedged interest rate				2,515

Swaps	Transacted in 2020	Transacted in subsequent periods	Fair value as at 31/12/2019	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	255 439	57 944	109 300	--
Total			109 300	--
Average hedged rate CZK/EUR	25,95	26,438		

Swaps	Transacted in 2020	Transacted in subsequent periods	Fair value as at 31/12/2019	
			Receivable	Liability
			TCZK	TCZK
Interest rate swaps	n/a	n/a	--	-24 702
Total			--	-24 702
Average hedged interest rate				2,515

b) Trading derivatives

Swaps	Transacted in 2021	Transacted in subsequent periods	Fair value as at 31/12/2020	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	62 000	1 219	38 164	-2 701
Total			38 164	-2 701

Swaps	Transacted in 2020	Transacted in subsequent periods	Fair value as at 31/12/2019	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	44 200	1 219	3 168	-17
Total			3 168	-17

In accordance with the accounting policies described in Note 3, the change in the fair value of hedging derivatives and trading derivatives of TCZK -53 935 (2019 – TCZK 239 183), reduced by deferred tax, is recorded in other comprehensive income.

As at 31 December 2020, the Group had a liability of TCZK 64 296 (2019 – TCZK 33 563) arising from the revaluation of hedging derivatives and derivatives held for trading, and a receivable of TCZK 387 126 (2019 – TCZK 282 731) arising from the revaluation of hedging derivatives, derivatives held for trading and interest rate swaps, which are presented, depending on the due date of the derivative, as follows: the non-current portion of the liability of TCZK 35 355 (2019 – TCZK 24 719) under Derivatives – non-current portion, the current portion of the liability of TCZK 28 941 (2019 – TCZK 8 844) under Derivatives – current portion; the non-current portion of the receivable of TCZK 24 605 (2019 – TCZK 57 635) under Derivatives – non-current portion, and the current portion of the receivable of TCZK 362 521 (2019 – TCZK 225 096) under Derivatives – current portion.

Depending on the classification of the respective derivative transaction (hedging or trading), gains and losses on derivatives settled in 2020 are recognised under Other operating expenses (see Note 10), Other operating revenues (see Note 11) or Net finance income/expense (see Note 12).

Part of the hedging derivatives with maturity up to 31 December 2020 could not be settled due to the delay in expected income secured by the derivatives against currency risk. Therefore, the underlying swaps were negotiated with a settlement date of 2021 or later. The carrying amounts of these expired derivatives are recorded in equity under Fair value changes relating to hedges of TCZK 135 415 (2019: TCZK 269 096).

To maximise the effectiveness of its derivatives, the Group adheres to the principle that the terms and conditions of a derivative instrument must correspond to the conditions of the respective item at risk.

Contracts with customers are naturally hedged by receiving advances in a currency corresponding to the currency agreed in the respective contract.

Under hedge accounting, the Group monitors the effectiveness of hedging, which is effective over the long term. Given the fact that the most important parameters of the hedging instrument and the hedged item are identical (derivative and hedged cash flow denominations, same transaction currency, etc.), there are no sources of inefficiency outside the counterparty credit risk that is immaterial and under hedge accounting. The hedging ratio is 1: 1. The hedge ineffectiveness was insignificant in 2020 and 2019 and was not accounted for.

Derivatives that are expected to be realised in the Group's normal operating cycle are classified as current. Other derivatives are classified as non-current.

Financial assets and liabilities measured at fair value have been assigned to Level 2 as defined by IFRS.

32. Financial instruments

Financial instruments				
31/12/2020 TCZK	at amortised costs	at fair value through profit or loss	at fair value through other comprehensive income	Total
Financial assets	3 546 171	--	--	3 546 171
Trade receivables and other financial assets	2 867 971	--	--	2 867 971
Cash and cash equivalents	678 200	--	--	678 200
Financial liabilities	-7 174 743	--	--	-7 174 743
Trade payables and other financial liabilities	-2 435 039	--	--	-2 435 039
Bank loans	-2 646 124	--	--	-2 646 124
Non-bank loans and bonds	-1 686 671	--	--	-1 686 671
Lease liabilities	-406 909	--	--	-406 909
Derivatives (net)	--	35 463	287 367	322 830
Trading derivatives	--	35 463	--	35 463
Hedging derivatives	--	--	287 367	287 367

Financial instruments				
31/12/2019 TCZK	at amortised costs	at fair value through profit or loss	at fair value through other comprehensive income	Total
Financial assets	4 460 096	--	--	4 460 096
Trade receivables and other financial assets	2 889 605	--	--	2 889 605
Cash and cash equivalents	1 570 491	--	--	1 570 491
Financial liabilities	-6 400 673	--	--	-6 400 673
Trade payables and other financial liabilities	-1 860 855	--	--	-1 860 855
Bank loans	-476 498	--	--	-476 498
Non-bank loans and bonds	-3 915 837	--	--	-3 915 837
Lease liabilities	-147 483	--	--	-147 483
Derivatives (net)	--	3 151	246 017	249 168
Trading derivatives	--	3 151	--	3 151
Hedging derivatives	--	--	246 017	246 017

Risk management and financial instruments

The Group's principal financial instruments (excluding derivatives) comprise trade receivables, cash in hand and bank accounts, other long-term receivables, trade payables, bank loans, related-party loans, and leases. The main purpose of the aforementioned financial liabilities is to obtain funds for the Group's activities; financial assets arise during its ordinary activities.

The Group is primarily exposed to the following risks:

- credit risk;
- market risk, including currency risk and interest rate risk;
- and liquidity risk.

The Group's management is generally responsible for the design and monitoring of the financial risk management system. The development and estimates of the effects of individual risks are regularly assessed. The Group's overall risk management strategy focuses on the unpredictable nature of financial markets and endeavours to minimise any potential negative effects on the Group's financial results.

The Group concluded derivatives transactions (currency forwards and swaps and interest rate swaps) to hedge the currency and price risks that arise as a result of the Group's activities and its funding.

Capital management

The Group's aspiration is to maintain a strong capital foundation with the goal to sustain the trust of investors, creditors and markets and to support the future development of business operations.

Through the management of its capital and the optimisation of the debt to equity ratio the Group intends to ensure optimal conditions for each subsidiary's continuous business operations to maximise income. The Company and Group are bound by the fulfilment of capital requirements arising from the conditions of received bank loans and emitted bonds. In the current period, no financial contracts for any interest-bearing loans and borrowings were breached.

Concentration risk

Considering the parameters of the market in which the Group operates, the major part of the Group's revenues is generated from a limited number of specialised customers. The number of such customers in the market does not change from a long-term perspective. Moreover, it cannot be expected that the market will open to a significant number of new customers in the future. The loss of one or more existing customers may have a significant negative effect on the Group's results of operations.

The Group makes every effort to adapt its products to customers' needs, which is associated with a risk of additional costs incurred for proven products. There is also a risk of a lower credit status of customers who may decide to purchase a smaller number of products or cheaper products due to the lack of sufficient funds.

Customer credit risk

Credit risk results from the potential failure of debtors to fulfil their obligations when they fall due. The risk arises primarily from the inability or unwillingness of a debtor to pay off the Group's receivables, or loans provided by the Group. To prevent excessive uncollectible receivables, the top management team focuses on credit risks as part of

the effective management of the sales and related functions. The maximum credit risk exposure is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk exposure is primarily dependent on the individual characteristics of each customer. In general, however, credit risk is assessed based on the credit status of customers.

For new contracts and orders, the ability of the customer or counterparty to pay off their debt by the due date is assessed. Where necessary, future cash flows are secured, primarily by means of advances or bank guarantees. In specific cases, receivables insurance or letters of credit are used.

The credit limit of each customer is regularly monitored, and procedures are in place to prevent the exceeding of this limit. Extensions of these pre-defined limits are only granted after careful evaluation and formal approval from the Group's management.

In addition, receivables balances are monitored on a regular basis, to limit the Group's exposure to uncollectible receivables. When receivables become overdue, appropriate action is taken when necessary. Credit risk is further covered by the establishment of impairment losses, and the write-off of receivables.

The credit risk grade for individual trade receivables is determined taking into account the rating of the country in which the customer operates, the rating of the customer or its parent, if any, the analysis of overdue receivables and other information relevant to the Group's credit risk assessment available in connection with a specific customer and a specific financial asset. An increase in the risk of default is indicated in particular by the deterioration of ratings, the existence of overdue receivables, the worsening of communication with the customer, the customer's breach of a contract, and the customer's financial problems.

In 2020, the Group had three customers which accounted for more than 10% of the Group's trade receivables and other receivables (including the contract asset). In 2020, revenues to one these customers exceed 10% of the Group's total revenues. The Group's management has taken appropriate action to limit the concentration of risk to these parties by policies and procedures such as collateral agreements, careful evaluation of new agreements entered into and close monitoring of credit balances. Based on the evaluation of the risk associated with one of these customers, an impairment loss of TCZK 3 064 was recognised.

A substantial part of the credit risk is concentrated in the Czech Republic, Germany and Latvia, mainly in the manufacture, modernisation, and servicing of rail vehicles sector.

As regards the credit risk arising from the Group's other financial assets including cash and cash equivalents, credit risk results from the default of a counterparty, with the maximum exposure being equal to the carrying amount of these instruments. As at 31 December 2020 and 31 December 2019, other financial assets were not impaired.

Derivative-type financial assets are not assessed for credit risk as they are negotiated exclusively with financial institutions with a sufficiently high credit rating.

Impairment loss

The maximum credit risk and recognised impairment loss were as at the reporting date was as follows:

31/12/2020 TCZK	Note	Carrying amount (gross)	Impairment loss	Carrying amount
Non-current trade receivables*	21	64 824	--	64 824
Trade receivables**	23	2 574 109	-137 424	2 436 685
Contract assets	7	5 968 266	-3 064	5 965 202
Other financial assets**	21,23	370 385	-3 923	366 462
Derivatives - assets	31	387 126	--***	387 126
Cash and cash equivalents	24	678 200	--***	678 200
31/12/2019 TCZK	Note	Carrying amount (gross)	Impairment loss	Carrying amount
Non-current trade receivables*	21	200 624	-1 806	198 818
Trade receivables**	23	2 390 081	-42 914	2 347 167
Contract assets	7	5 236 730	-3 064	5 233 666
Other financial assets**	21,23	353 297	-9 677	343 620
Derivatives - assets	31	282 731	--***	282 731
Cash and cash equivalents	24	1 570 491	--***	1 570 491

* These balances are presented in Other non-current receivables

** These balances are presented in Trade and other receivables

*** The risk was assessed by the Group as low, the calculated risk of loss is insignificant and therefore was not recognised

The year-on-year change in the reported amount of impairment loss can be analysed as follows:

TCZK	Non-current trade receivables	Trade receivables	Contract asset	Other financial assets
1/1/2020	1 806	42 914	3 064	9 677
Newly recognised financial assets	--	7 606	--	--
Settlement of financial assets during the reporting period	--	-2 068	--	-5 752
Write-off of financial assets during the reporting period	-1 806	-9 218	--	--
Increase/decrease in credit risk of financial assets reported at the beginning of the reporting period	--	98 190	--	-2
31/12/2020	--	137 424	3 064	3 923

TCZK	Non-current trade receivables	Trade receivables	Contract asset	Other financial assets
1/1/2019	--	66 564	--	9 678
Newly recognised financial assets	--	7 872	--	--
Settlement of financial assets during the reporting period	--	-394	--	--
Write-off of financial assets during the reporting period	--	-14 210	--	-1
Increase/decrease in credit risk of financial assets reported at the beginning of the reporting period	1 806	-16 918	3 064	--
31/12/2019	1 806	42 914	3 064	9 677

The tables below provide information on the credit risk analysis as at 31 December 2020:

Credit risk grade	Non-current trade receivables – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	64 824	--*	--
Grade 2 <i>Medium risk</i>	--	--	--
Grade 3 <i>High risk</i> **	--	--	--
Total	64 824	--	

Credit risk grade	Trade receivables – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	2 273 246	-5 713	0,3
Grade 2 <i>Medium risk</i>	290 031	-121 842	42,0
Grade 3 <i>High risk</i> **	10 832	-9 869	91,1
Total	2 574 109	-137 424	

Credit risk grade	Contract asset – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	4 841 712	--*	--
Grade 2 <i>Medium risk</i>	1 126 555	-3 064	0,3
Grade 3 <i>High risk</i> **	--	--	--
Total	5 968 267	-3 064	

Credit risk grade	Other financial assets – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	366 226	--*	--
Grade 2 <i>Medium risk</i>	25	-25	100
Grade 3 <i>High risk</i> **	4 134	-3 898	94,3
Total	370 385	-3 923	

*The calculated credit risk is immaterial and therefore was not recognised.

**Credit impaired financial asset

The tables below provide information on the credit risk analysis as at 31 December 2019:

Credit risk grade	Non-current trade receivables – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	156 084	--*	--
Grade 2 <i>Medium risk</i>	44 540	-1 806	4,1
Grade 3 <i>High risk</i> **	--	--	--
Total	200 624	-1 806	

Credit risk grade	Trade receivables – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	1 664 094	1 421	0,1
Grade 2 <i>Medium risk</i>	707 656	23 162	3,3
Grade 3 <i>High risk</i> **	18 331	18 331	100,0
Total	2 390 081	42 914	

Credit risk grade	Contract asset – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	3 985 740	--*	--
Grade 2 <i>Medium risk</i>	1 250 990	-3 064	0,2
Grade 3 <i>High risk</i> **	--	--	--
Total	5 236 730	-3 064	

Credit risk grade	Other financial assets – Carrying amount (gross)	Recognised impairment loss	Weighted-average loss rate
	TCZK	TCZK	%
Grade 1 <i>Low risk</i>	343 620	--*	--
Grade 2 <i>Medium risk</i>	--	--	--
Grade 3 <i>High risk</i> **	9 677	-9 677	100,0
Total	353 297	-9 677	

*The calculated credit risk is immaterial and therefore was not recognised.

**Credit impaired financial asset

The tables below provide information on ageing structure of trade receivables as at 31 December 2020 and as at 31 December 2019:

31/12/2020	Carrying amount (gross)	Recognised impairment loss	Weighted- average loss rate
	TCZK	TCZK	%
Receivables not overdue	2 194 500	-12 502	0,6
Receivables less than 3 months overdue	52 017	-103	0,2
Receivables less than 6 months overdue	115 413	-33 226	28,8
Receivables less than 12 months overdue	82 488	-2 829	3,4
Receivables less than 36 months overdue	68 723	-49 269	71,7
Receivables more than 36 months overdue	49 923	-28 450	57,0
Receivables from debtors in bankruptcy	11 045	-11 045	100,0
Total	2 574 109	-137 424	

31/12/2019	Carrying amount (gross)	Recognised impairment loss	Weighted- average loss rate
	TCZK	TCZK	%
Receivables not overdue	1 999 123	-5 660	0,3
Receivables less than 3 months overdue	137 280	--	--
Receivables less than 6 months overdue	176 509	--	--
Receivables less than 12 months overdue	6 086	-2 182	35,9
Receivables less than 36 months overdue	50 112	-15 831	31,6
Receivables more than 36 months overdue	3 820	-3 690	96,6
Receivables from debtors in bankruptcy	17 151	-15 551	90,7
Total	2 390 081	-42 914	

Market risk

Market risk results from potential fluctuations in exchange and interest rates. The Group has implemented certain procedures and methods to monitor this risk.

Currency risk

The Group is exposed to significant risks resulting from foreign currency transactions. These risks arise from sales and purchases that the Group carries out in currencies other than its functional currency. The Group includes companies whose presentation currency differs from the Group's functional currency (mostly EUR, HUF and RUB). Approximately 56 % (2019 67%) of the Group's sales is denominated in currencies (predominantly in EUR) other than the Group's functional currency, while more than 54 % (2019 – 51%) of the expenses is denominated in the Group's functional currency.

The Group aims to eliminate most of its currency risk by using derivatives to hedge the Group's exposure to the volatility of exchange rates affecting expected future cash flows. For more information, see Note 31.

Financial assets and liabilities in original currency

31/12/2020 TCZK	CZK	EUR	USD	HUF	RUB	Other	Total
Financial assets							
Trade receivables and other financial assets	908 707	1 905 928	31 984	8 689	0	12 663	2 867 971
Cash and cash equivalents	559 455	106 589	718	4 003	4 540	2 895	678 200
Financial liabilities							
Trade payables and other financial liabilities	-1 266 718	-1 148 293	-13 091	-3 966	-2 512	-459	-2 435 039
Bank loans	-2 644 187	-1 937	--	--	--	--	-2 646 124
Non-bank loans and bonds	-1 686 671	--	--	--	--	--	-1 686 671
Lease liabilities	-277 655	-128 439	--	-815	--	--	-406 909
Derivatives (net)							
Trading derivatives	--	35 463	--	--	--	--	35 463
Hedging derivatives (net outflow)	81 533	205 834	--	--	--	--	287 367

31/12/2019 TCZK	CZK	EUR	USD	HUF	RUB	Other	Total
Financial assets							
Trade receivables and other financial assets	1 139 973	1 675 656	58 500	8 358	2 560	4 558	2 889 605
Cash and cash equivalents	1 007 283	141 659	2 106	3 491	413 888	2 064	1 570 491
Financial liabilities							
Trade payables and other financial liabilities	-810 653	-797 115	-16 261	-1 921	-227 176	-7 729	-1 860 855
Bank loans	-476 498	--	--	--	--	--	-476 498
Non-bank loans and bonds	-3 912 484	-3 353	--	--	--	--	-3 915 837
Lease liabilities	-66 752	-74 509	--	-986	-5 236	--	-147 483
Derivatives (net)							
Trading derivatives		3 151	--	--	--	--	3 151
Hedging derivatives (net outflow)	-24 702	279 563	--	--	-8 844	--	246 017

Sensitivity analysis – currency risk exposure

A reasonably possible strengthening (weakening) of the euro, US dollar or Hungarian forint against all other currencies as at 31 December 2020 and 31 December 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

The actual impact on the income statement of foreign exchange changes arising from a 10% appreciation (depreciation) of the Czech crown would be different from the calculation provided below as the Group mitigates its currency risk exposure by concluding currency derivatives contracts.

Exchange rate at 31 December 2020		10%	-10%
CZK/EUR	26.245	28.870	23.621
CZK/USD	21.387	23.526	19.248
CZK/HUF	0.072	0.079	0.065
CZK/RUB	0.287	0.316	0.258

Currency rate at 31 December 2019		10%	-10%
CZK/EUR	25.410	27.951	22.869
CZK/USD	22.621	24.883	20.359
CZK/HUF	0.077	0.085	0.069
CZK/RUB	0.363	0.400	0.327

Income statement		
	Weakening TCZK	Strengthening TCZK
31 December 2020		
EUR (10% movement)	76 931	-76 931
USD (10% movement)	1 961	-1 961
HUF (10% movement)	791	-791
RUB (10% movement)	203	-203
31 December 2019		
EUR (10% movement)	94 549	-94 549
USD (10% movement)	4 435	-4 435
HUF (10% movement)	894	-894
RUB (10% movement)	18 404	-18 404
Equity		
	Weakening TCZK	Strengthening TCZK
31 December 2020		
EUR (10% movement)	20 583	-20 583
RUB (10% movement)	--	--
31 December 2019		
EUR (10% movement)	27 956	-27 956
RUB (10% movement)	-884	884

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from financial instruments will fluctuate because of changes in interest rates. Interest rate risk management aims to reduce the risk arising from changes in interest rates of variable-rate financial liabilities by maintaining a suitable structure of financial liabilities. The Group is exposed to interest rate risk primarily in connection with loans received.

Interest rate sensitivity analysis

The Group is exposed to interest rate risk primarily due to financial liabilities arising from borrowings and non-current liabilities that bear interest at variable rates. The sensitivity analysis is based on the exposures as at the reporting date. In the coming period, the

Group assumes the possibility of a +/-10 basis point change in the interest rate swap yield curve. The Group is most sensitive to movements in the Czech crown yield curve. The following table shows the possible effect on profit or loss and equity before tax of the expected change in interest rates.

The actual impact on the income statement of interest rate changes by 10 basis points would be different from the calculation provided below as the Group mitigates its interest rate risk exposure by concluding interest rate swaps (see Note 31).

Interest rate change	2020		2019	
	Increase of 10 basis points	Decrease of 10 basis points	Increase of 10 basis points	Decrease of 10 basis points
Effect on profit or loss	-212	212	121	-121

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk exposure on a regular basis and assesses the maturity of financial investments and financial liabilities, and projected cash flows from its activities.

One of the principal liquidity management tools are advances received to cover the costs relating to the completion of contracts, the allocation of available funds to highly liquid bank instruments (term deposits and depository notes), and the conclusion of agreements with suppliers regarding reasonable maturity dates.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

31/12/2020	Contractual cash flows					
	Carrying amount	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Trade payables	-2 058 737	-2 058 737	-2 052 404	-4 297	-1 505	-531
Bank loans	-2 646 124	-2 646 124	-2 646 124	--	--	--
Non-bank loans and bonds	-1 686 671	-2 154 848	-3 618	-1 760	--	-2 149 470
Other current financial liabilities	-366 234	-366 234	-356 304	-4 647	-5 283	--
Lease liabilities	-406 909	-470 520	-146 736	-67 086	-159 341	-97 357
Other non-current financial liabilities	-10 068	-10 068	-678	-2 534	--	-6 856
Derivative financial assets/liabilities (net)						
Trading derivatives	35 463	37 441	36 277	--	1 164	--
Inflow		1 696 624	1 663 467	--	33 157	--
Outflow		-1 659 183	-1 627 190	--	-31 993	--
Hedging derivatives (net outflow)	287 367	359 373	208 577	40 513	110 283	--
Inflow		20 348 536	10 878 744	4 729 856	4 739 936	--
Outflow		-19 989 163	-10 670 167	-4 689 343	-4 629 653	--
Total	-6 851 913	-7 309 717	-4 961 010	-39 811	-54 682	-2 254 214

31/12/2019	Contractual cash flows					
	Carrying amount	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Trade payables	-1 627 292	-1 627 292	-1 328 539	-40 064	-258 095	-594
Bank loans	-476 498	-606 373	-237 040	-36 112	-73 754	-259 467
Non-bank loans and bonds	-3 915 837	-4 538 618	-2 383 832	-3 568	-1 748	-2 149 470
Other current financial liabilities	-232 828	-232 828	-232 828	--	--	--
Finance lease liabilities	-147 483	-161 450	-62 962	-32 802	-59 238	-6 448
Other non-current financial liabilities	-735	-735	-678	-57	--	--
Derivative financial assets/liabilities (net)						
Trading derivatives	3 151	5 045	2 863	--	2 182	--
Inflow		1 159 142	1 125 985	--	33 157	--
Outflow		-1 154 097	-1 123 122	--	-30 975	--
Hedging derivatives (net outflow)	246 017	577 693	241 989	161 828	192 776	-18 900
Inflow		16 921 377	9 665 502	3 871 203	3 384 672	--
Outflow		-16 343 684	-9 423 513	-3 709 375	-3 191 896	-18 900
Total	-6 151 505	-6 584 558	-4 001 027	49 225	-197 877	-2 434 879

The gross inflows/(outflows) disclosed in the above tables represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Revenue and expenses, and gains and losses in the income statement

2020		Financial instruments by category		
(expenses - / revenue +)	Note	Loans and receivables at amortised costs	Financial derivatives	Total
Interest income	12	25 295	--	25 295
Interest expense	12	-376 496	--	-376 496
Losses from derivative transactions	31	--	-365 076	-365 076
Gains from derivative transactions	31	--	256 064	256 064
Total		-351 201	-109 012	-460 213

2019		Financial instruments by category		
(expenses - / revenue +)	Note	Loans and receivables at amortised costs	Financial derivatives	Total
Interest income	12	26 867	--	26 867
Interest expense	12	-276 083	--	-276 083
Losses from derivative transactions	31	--	-379 292	-379 292
Gains from derivative transactions	31	--	561 547	561 547
Total		-249 216	182 255	-66 961

Fair value

The Group classifies fair value into three levels of input data based on an assessment of their availability, using the fair value hierarchy. The hierarchy of fair value has the following levels:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).
- Level 3 inputs: unobservable inputs for the asset or liability.

In the reporting periods ending 31 December 2020 and 2019, no transfers were made between Level 1 and Level 2 carried at fair value and no transfers were made to or from Level 3.

The fair value of financial derivatives is based on the valuation techniques used by the banks for which the derivatives are negotiated (discounted cash flow model using market rates).

The carrying amount of financial assets and financial liabilities that are not measured at fair value is an approximation of their fair value, as financial assets and liabilities primarily consist of short-term trade receivables and payables, cash and loans bearing variable interest rates.

The fair value of long-term receivables was calculated by discounting the contractual cash flows using the current yield curve. Fair value falls to Level 3 due to the use of

inputs that cannot be directly derived from data obtained in an active market, such as own credit risk.

		Fair value		
31/12/2020	Carrying amount as at 31 December 2020	Level 1	Level 2	Level 3
Financial assets				
Non-current receivables	315 713	--	--	315 713
Derivatives	387 126	--	387 126	--
Financial liabilities				
Bank loans	-2 646 124	--	--	-2 646 124
Non-bank loans	-1 686 671	--	--	-1 686 671
Bonds	--	--	--	--
Other non-current liabilities	-10 068	--	--	-10 068
Derivatives	-64 296	--	-64 296	--
Total	-3 704 320	--	322 830	-4 027 150

		Fair value		
31/12/2019	Carrying amount as at 31 December 2019	Level 1	Level 2	Level 3
Financial assets				
Non-current receivables	481 393	--	--	481 393
Derivatives	282 731	--	282 731	--
Financial liabilities				
Bank loans	-476 498	--	--	-476 498
Non-bank loans	-1 572 941	--	--	-1 572 941
Bonds	-2 342 896	-2 373 333	--	--
Other non-current liabilities	-735	--	--	-735
Derivatives	-33 563	--	-33 563	--
Total	-3 662 509	-2 373 333	249 168	-1 568 781

The Group does not report financial instruments presented in current trade receivables and other assets and current trade and other payables at fair value where their carrying amount approximates their fair value.

33. Transactions with related parties

Related parties also include key management personnel. The remuneration of these individuals is disclosed in Note 9. In addition, these individuals are provided with standard benefits such as company cars and mobile phones.

The following related-party balances are included in the advance payments for inventories, receivables, liabilities, advances received, and loans and borrowings described in Notes 21, 23, 28, 29 and 30:

Receivables			Payables		
2020	Trade receivables	Other receivables	Trade payables	Non-current loans and borrowings	Other payables
Parent company	--	--	--	1 681 373	--
Associated companies and Joint ventures	12 190	--	35	--	--
Other companies in PPF Group	1 990	3	113 871	2 373 531	--
Total	14 180	3	113 906	4 054 904	--

Receivables			Payables		
2019	Trade receivables	Other receivables	Trade payables	Non-current loans and borrowings	Other payables
Parent company	--	--	--	1 564 269	--
Associated companies and Joint ventures	3 684	4 595	--	--	--
Other companies in PPF Group	452	--	106 406	201 754	--
Total	4 136	4 595	106 406	1 766 023	--

The expenses and revenues generated vis-à-vis related parties were as follows:

Revenues						Expenses		
2020	Revenues from own products	Revenues from services	Revenues from the sale of materials	Interest income	Other operating revenues	Materials and consumables	Purchased services	Interest expense
Parent company	--	--	--	--	--	--	--	117 104
Associated companies and joint ventures	52 631	1 014	467	--	--	198	362	--
Other companies in PPF Group	1 030	867	325	15	8 167	7 683	236 495*	32 670
Total	53 661	1 881	792	15	8 167	7 881	236 857	149 774

* The amount does not include purchased services in the amount of TCZ 234 709, which were further re-invoiced and were not reported as expenses.

2019	Revenues					Expenses		
	Revenues from own products	Revenues from services	Revenues from the sale of materials	Interest income	Other operating revenues	Materials and consumables	Purchased services	Interest expense
Parent company	--	--	--	--	--	--	--	111 212
Associated companies and joint ventures	35 894	535	399	--	--	--	13	--
Other companies in PPF Group	1 288	3 653	91	381	2 446	1 798	221 611*	1 754
Total	37 182	4 188	490	381	2 446	1 798	221 624	112 966

* The amount does not include purchased services in the amount of TCZK 230 696, which were further re-invoiced and were not reported as expenses.

Related party transactions were carried out in line with the arm's length principle.

34. Contingencies and commitments

As at 31 December 2020, the Group reported contingencies and commitments relating to planned capital expenditures of TCZK 891 320 (2019 – TCZK 75 364), of which TCZK 450 152 (2019 – TCZK 27 154) related to the reconstruction of buildings, TCZK 350 160 (2019 – TCZK 24 649) to machinery, TCZK 10 245 (2019 – TCZK 4 063) to cars, and TCZK 80 763 (2019 – TCZK 19 498) to other planned capital expenditures.

Bank guarantees

Under applicable contractual provisions, Group companies must provide bank guarantees to its clients to guarantee the quality of their performance, warranty coverage and advances paid. In addition, bid bonds are being issued.

Bank guarantees received	Effective less than 1 year	Effective more than 1 year	Total at 31/12/2020	Total at 31/12/2019
Total in TEUR	242 435	71 289	313 724	308 738
Total in TCZK	538 106	6 512 506	7 050 612	1 610 690
Total in TPLN	--	53 784	53 784	15 000
Total in TUSD	--	--	--	--
Total in TBGN	16 054	--	16 054	2
Total in TRON	--	--	--	--
Total in TRUB	--	--	--	1 265 967

35. Litigations

Currently, the Group is not involved in any active litigation proceedings.

36. Environmental liabilities

Pars nova a.s.

The objective of the Company is to be environmentally friendly and to reduce any potential negative effects. The Company created a provision for environmental risks in the total amount of TCZK 45 876 (2019 – TCZK 45 155). The provision has been created to cover possible future expenses following from the environmental audit carried out by the company. At present, the final amount of future costs cannot be reliably determined. Consequently, the provision was set by Company management based on an estimate of future costs while considering all potential risks.

The Group is not aware of any information indicating the existence of uncovered environmental liabilities that would have an additional impact on the Group's financial statements for 2020 and 2019.

37. Development costs

In 2020, the Group's development costs totalled TCZK 1 727 577 (2019 – TCZK 1 166 030). The major development projects in 2020 were the development of double-deckers push-pull trainsets, EMU units, locomotives and low-floor trams and trolleybuses of various types.

From the above amount, the development costs of TCZK 497 045 for 2020 (2019 – TCZK 277 749) were capitalised in intangible assets. Other development costs are recognised in the income statement.

38. Government grants

The Group received the following government grants in 2020-2019:

	2020	2019
Capitalised grants	12 325	34 032
Grants recognised in profit or loss	11 092	41 527
Total	23 417	75 559

39. Significant events and material subsequent events

On 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic.

Responding to the potentially serious threat COVID-19 presents to public health, Czech governmental authorities implemented numerous measures to contain the outbreak during the year.

The wider economic impacts of these events include:

- disruptions to business and economic activities in the Czech Republic with a subsequent impact on both upstream and downstream supply chains;
- significant disruptions to business activities in specific sectors, both within the Czech Republic and in markets with a high dependence on foreign supply chains, as well as export-oriented businesses with a high reliance on foreign markets. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector;
- a significant decrease in demand for non-essential goods and services;
- an increase in economic uncertainty, reflected in more variable asset prices and currency exchange rates.

The Group operates in a sector that has so far not been directly affected in a significant manner by the outbreak of COVID-19. During 2020, the Group achieved relatively stable sales. The unfavourable impact of the pandemic on the Group manifests itself to a certain extent in some business areas. Restrictions on travel in particular have caused issues in the business relations area, in implementing contracts for foreign customers and purchases from foreign suppliers. However, these events have not had a substantial effect on the Group's business.

The Group's management regularly monitors the possible development of the pandemic and its expected effect on the Group and the economic environment the Group operates in, including measures already introduced by the Czech government and the governments of other countries where the Group's major business partners and customers reside.

During the year, the Group's management introduced a number of measures to ensure its uninterrupted operation and to preserve the Group's liquidity, notably including:

- work-from-home programme for employees, provided their job roles and technical equipment allow it;
- introducing regime measures in individual locations (shifts, restricting the contact of work teams, preventative measures, etc.);
- minimisation of external visitors to a necessary minimum;
- minimisation of business trips and personal meetings on the Group's premises, making use of electronic means – teleconferences, video conferences, Skype, MS TEAMS, etc.;
- increased focus on basic hygiene, including the use of disinfectants;
- obligation to wear respiratory protection – scarves, shawls, masks, respirators, etc.;
- taking the temperature of all persons entering the Group's premises;
- obligation of employees to report risky contacts;
- obligation of employees to be tested regularly;

- setting up rules for COVID-19 incidence in the Group;
- publishing current preventative measures aimed at containing the outbreak on the Group's intranet;
- announcing to customers the occurrence of a force majeure event and monitoring business transactions from the perspective of the event's possible effects.

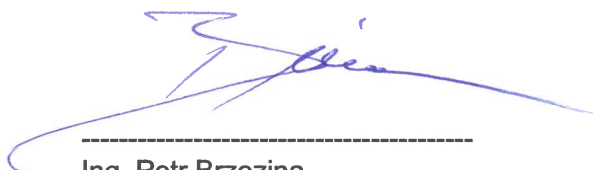
Based on currently publicly available information, the Group's current KPIs and in view of the adopted measures, the Group's management does not anticipate a direct immediate and significant adverse impact of the COVID-19 outbreak on the Group, its operations and financial position in 2020 in the following period. However, it cannot be precluded in the current situation that a further negative development of the pandemic and the associated impact on the economic environment the Group operates in will have an adverse effect on the Group, its financial position, and operating results in the medium and longer term.

As of 1 January 2021, as a result of the merger process, the subsidiary Škoda Rail s. r.o., in which the Group held a 100% stake, ceased to exist and its assets, rights and obligations, receivables, liabilities and employees were transferred to Škoda Digital s.r.o., in which the Group holds a 100% interest.

On 7 July 2020, the Group signed an agreement to purchase a 100% stake in Ekova Electric, with the share expected to be transferred to the Group on 1 July 2021.

As at the date of preparation of the consolidated financial statements, the Group's management is not aware of any other significant subsequent events that would affect the financial statements as at 31 December 2020.

Approved on 30 April 2021



Ing. Petr Brzezina
Chairman of the board of directors



Ing. Jan Menclík
Member of the board of directors



KPMG Česká republika Audit, s.r.o.

Pobřežní 1a
186 00 Praha 8
Czech Republic
+420 222 123 111
www.kpmg.cz

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
ŠKODA TRANSPORTATION a.s.**

Opinion

We have audited the accompanying consolidated financial statements of ŠKODA TRANSPORTATION 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 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 and 4 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 2020, 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 separate 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 separate 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 separate and the consolidated financial statements is, in all material respects, consistent with the separate 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 Company'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 scepticism 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.




Statutory Auditor Responsible for the Engagement

Karel Růžička is the statutory auditor responsible for the audit of the consolidated financial statements of ŠKODA TRANSPORTATION a.s. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague
30 April 2021


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


Karel Růžička
Partner
Registration number 1895

ŠKODA TRANSPORTATION a.s.

Separate financial statements for 2020

in accordance with International Financial Reporting Standards (IFRS)
as adopted by the European Union (EU)

Translation note

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

Separate income statement for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Note	2020 TCZK	2019 TCZK
I. Continuing operations			
Revenues from goods sold			--
Revenues from products and services	4	4 839 939	3 292 826
Other operating revenues	4	112 870	141 911
Total revenues		4 952 809	3 434 737
Cost of goods sold		--	--
Change in inventory of own production (increase - / decrease +)		41 226	29 016
Own work capitalised (increase - / decrease +)		8 805	61 847
Cost of sales	5	-3 853 820	-2 714 282
Personnel expenses	6	-1 115 551	-940 780
Depreciation and amortisation	14, 15	-331 346	-268 108
Impairment of non-current assets (increase - / decrease +)	15	-488 003	--
Impairment of receivables (increase - / decrease +)		-42 496	-7 562
Other operating expenses	7	-420 172	-446 968
Other operating income	8	164 775	427 160
Total operating expenses		-6 036 582	-3 859 677
Profit/loss on disposal of non-current assets		1 535	42
Operating profit/loss		- 1 082 238	-424 898
Loss on investments	9	-33 367	21 720
Finance income	10	88 389	65 035
Finance expenses	11, 16	-238 978	-253 464
Other finance income and expenses		-63 194	30 099
Profit before tax		-1 329 388	-561 508
Income tax	12	325 609	104 210
Profit from continuing operations		-1 003 779	-457 298
II. Profit for the period			
		-1 003 779	-457 298

The notes form an integral part of the consolidated financial statements.

Separate statement of comprehensive income for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Note	2020 TCZK	2019 TCZK
Profit for the period		-1 003 779	-457 298
Other comprehensive income		-36 233	206 652
<i>Items which will be reclassified into profit and loss</i>			
Gain/(loss) on cash flow hedges		-44 732	255 019
Deferred tax on items of other comprehensive income	12	8 499	-48 367
<i>Items which will not be reclassified into profit and loss</i>			
		--	--
Total comprehensive income for the period		-1 040 012	-250 646

The notes form an integral part of the consolidated financial statements.

Separate statement of financial position as at 31 December 2020, 31 December 2019 and 1 January 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Note	31/12/2020 TCZK	31/12/2019 TCZK adjusted	1/1/2019 TCZK adjusted
ASSETS				
Non-current assets				
Property, plant and equipment	15	2 010 237	2 063 791	1 898 327
Right-of-use asset	16	154 771	64 637	--
Investment property		--	--	--
Intangible assets	14	1 738 839	2 086 014	1 919 317
Assets under construction	14, 15	171 712	41 916	4 815
Goodwill		--	--	--
Investments in subsidiaries	17	8 524 875	8 540 843	8 699 613
Investments in associates and joint ventures	18	81 471	18 427	16 606
Deferred tax asset	12	171 858	--	--
Derivatives	29, 3x)	23 117	51 929	143 402
Other non-current receivables	21	34 538	287 118	281 061
<i>Total non-current assets</i>		<i>12 911 418</i>	<i>13 154 675</i>	<i>12 963 141</i>
Current assets				
Inventories	19	3 957 414	2 175 103	1 698 127
Trade and other receivables	20	4 517 980	3 728 017	3 015 624
Contract asset	4	3 831 563	3 237 271	2 676 142
Current income tax receivable		19 804	108	60 715
Derivatives	29, 3x)	359 466	211 530	62 278
Cash and cash equivalents	22	465 785	933 437	1 237 562
<i>Total current assets</i>		<i>13 152 012</i>	<i>10 285 466</i>	<i>8 750 448</i>
Total assets		26 063 430	23 440 141	21 713 589

	Note	31/12/2020 TCZK	31/12/2019 TCZK adjusted	1/1/2019 TCZK adjusted
Equity attributable to majority owners				
Registered capital		3 150 000	3 150 000	3 150 000
Capital contributions		4 227 673	4 227 673	4 225 338
Revaluation of assets		--	--	--
Fair value changes relating to hedges and foreign currency translation		272 931	309 164	102 512
Retained earnings		4 178 624	5 182 403	5 613 736
Total equity	23	11 829 228	12 869 240	13 091 586
Non-current liabilities				
Long-term loans, borrowings and securities	27	1 681 373	1 564 269	3 555 035
Non-current finance lease liabilities	16	140 797	49 093	--
Deferred tax liability	12	--	162 251	187 558
Non-current provisions	28	38 840	26 830	18 173
Other non-current liabilities	26, 3x)	5 180	57	30 265
Derivatives	29, 3x)	6 003	17	2 083
Total non-current liabilities		1 872 193	1 802 517	3 793 114
Current liabilities				
Trade and other payables	25, 3x)	2 021 075	1 253 492	1 222 638
Contract liability	3x)	6 621 248	3 775 944	2 647 558
Current income tax liability		--	--	--
Short-term loans, borrowings and securities	27	3 037 970	3 091 874	235 714
Current finance lease liabilities	18	16 775	17 039	--
Current provisions	28	642 354	621 191	660 145
Derivatives	29, 3x)	22 587	8 844	62 834
Total current liabilities		12 362 009	8 768 384	4 828 889
Total liabilities		14 234 202	10 570 901	8 622 003
Total equity and liabilities		26 063 430	23 440 141	21 713 589

The notes form an integral part of the consolidated financial statements.

Separate statement of cash flow for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Note	2020 TCZK	2019 TCZK
I. Cash flows from operating activities			
<i>Profit before tax</i>		-1 329 388	-561 508
Adjustments for:			
- depreciation and amortisation	14, 15	331 346	268 108
- impairment of non-current assets	15, 16	488 003	--
- profit/loss on disposal of non-current assets		-1 535	-42
- impairment of current assets		118 873	1 304
- gain on investments		-4 928	-21 720
- share of profit of associated companies		--	--
- loan fees, interest expense and income		258 166	186 905
- other non-cash transactions		-132 026	147 404
- change in provisions		58 070	-39 591
- share-based payment transactions		--	--
- profit from discontinued operations		-55 882	--
<i>Total adjustments</i>		1 060 087	542 368
<i>Operating cash flows before changes in working capital</i>		-269 301	-19 140
Change in inventories		-1 858 688	-470 718
Change in trade and other receivables		-2 658 712	-863 256
Change in trade and other payables		4 136 140	1 675 043
<i>Cash flows from operating transactions</i>		-650 561	321 929
Interest received including sales discount		37 507	42 321
Interest and bank fees paid		-99 640	-78 802
Income tax paid		-3 785	-3 267
Payments from capital contributions covering operating expenditure		-19 696	60 315
<i>Net cash flows from operating activities</i>		-736 175	342 496
II. Cash flows from investing activities			
Acquisition of property, plant and equipment		-139 639	-58 370
Acquisition of intangible assets		-341 699	-306 732
Acquisition of financial investments		-3 582	-11 250
Loans provided - utilisation		-3 201 098	-1 087 204
Proceeds from disposal of non-current assets other than financial investments		2 090	8 185
Proceeds from disposal of financial investments		20 996	--
Loans provided - repayment		3 978 784	46 793
Interest received		--	--
Dividends received		4 928	17 125
<i>Net cash flows from investing activities</i>		320 780	-1 391 453

III. Cash flows from financing activities

Proceeds from contributions made to registered capital	--	--
Proceeds from equity contributions made outside of registered capital	--	--
Bank loans and borrowings received - utilisation	3 024 315	946 315
Issue of debt securities	--	--
Payments made from equity (except for dividends)	--	--
Repayment of debt securities	-2 310 000	--
Repayment of lease liabilities	-20 257	-15 636
Bank loans and borrowings received - repayment	-746 315	-200 058
Interest, loan fees and dividends paid (including withholding tax)	--	--
Net cash flows from financing activities	-52 257	730 621
Net increase/decrease in cash and cash equivalents	-467 652	-318 336
Cash and cash equivalents at the start of the period	933 437	1 251 773
Cash and cash equivalents at the end of the period	465 785	933 437

The notes form an integral part of the consolidated financial statements.

Separate statement of changes in equity for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Registered capital	Capital contributions	Fair value changes relating to hedges and foreign currency translation	Retained earnings	Total equity
Opening balance at 1.1.2019	3 150 000	4 225 338	102 512	5 613 736	13 091 586
Change in accounting methods	--	3 199	--	25 101	28 300
Correction of prior period figures	--	--	--	--	--
Adjusted balance	3 150 000	4 228 537	102 512	5 638 837	13 119 886
Profit for 2019	--	--	--	-457 298	-457 298
Components of other comprehensive income	--	--	206 652	--	206 652
Total comprehensive income for 2019	--	--	206 652	-457 298	-250 646
Transaction with owners					
Change in registered capital	--	--	--	--	--
Dividends and other payments from equity	--	--	--	--	--
Other contributions to equity	--	--	--	--	--
Other equity transactions					
Distribution of equity to non-owners	--	-864	--	864	--
Transfer from other components of equity to retained earnings	--	--	--	--	--
Transfer of retained earnings to other components of equity	--	--	--	--	--
Closing balance at 31.12.2019	3 150 000	4 227 673	309 164	5 182 403	12 869 240

Separate statement of changes in equity for 2020 and 2019

in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

	Registered capital	Capital contributions	Fair value changes relating to hedges and foreign currency translation	Retained earnings	Total equity
Opening balance at 1.1.2020	3 150 000	4 227 673	309 164	5 182 403	12 869 240
Correction of prior period figures	--	--	--	--	--
Adjusted balance	3 150 000	4 227 673	309 164	5 182 403	12 869 240
Profit for 2020	--	--	--	-1 003 779	-1 003 779
Components of other comprehensive income	--	--	-36 233	--	-36 233
Total comprehensive income for 2020	--	--	-36 233	-1 003 779	-1 040 012
Transaction with owners	--	--	--	--	--
Change in registered capital	--	--	--	--	--
Dividends and other payments from equity	--	--	--	--	--
Other contributions to equity	--	--	--	--	--
Other equity transactions	--	--	--	--	--
Distribution of equity to non-owners - utilisation of social fund	--	--	--	--	--
Transfer from other components of equity to retained earnings	--	--	--	--	--
Transfer of retained earnings to other components of equity - contribution to social fund	--	--	--	--	--
Closing balance at 31.12.2020	3 150 000	4 227 673	272 931	4 178 624	11 829 228

The notes form an integral part of the consolidated financial statements.

Contents of the notes to the separate financial statements:

1.	Description and principal activities.....	10
2.	Basis of preparation of the separate financial statements	11
3.	Significant accounting policies applied by the Company	13
4.	Revenues and Contract balances	30
5.	Cost of sales	32
6.	Personnel expenses	32
7.	Other operating expenses	33
8.	Other operating income	33
9.	Gains/losses from investments	33
10.	Financial income	34
11.	Financial expenses	34
12.	Income tax.....	34
13.	Current income tax liabilities	36
14.	Intangible assets	37
15.	Property, plant and equipment	39
16.	Leases.....	40
17.	Ownership interests in subsidiaries	42
18.	Ownership interests in associates and joint ventures	45
19.	Inventories.....	48
20.	Trade receivables and other assets	48
21.	Other non-current receivables and loans	49
22.	Cash and cash equivalents	49
23.	Equity	49
24.	Earnings/(Losses) per share	50
25.	Trade payables and other payables.....	50
26.	Other non-current liabilities	51
27.	Loans, borrowings and securities	52
28.	Provisions.....	54
29.	Derivatives	55
30.	Financial instruments	58
31.	Transactions with related parties	71
32.	Development costs	73
33.	Environmental liabilities.....	73
34.	Bank guarantees.....	73
35.	Government grants.....	74
36.	Significant litigations.....	74
37.	Reconciliation of profit or loss recognised in IFRS financial statements and profit or loss unaffected by IFRS	74
38.	Annual report.....	75
39.	Material subsequent events.....	75

1. Description and principal activities

Establishment and description of the Company

ŠKODA TRANSPORTATION a.s. ("the Company") was established as a limited liability company on 23 February 1995 and was recorded in the Commercial Register kept by the Court in Pilsen on 1 March 1995.

The principal activities of the Company are the production, development, assembly, refurbishment and repair of transportation equipment; repair of other means of transportation and industrial machines, testing of rolling stock for railway, tram and trolley bus lines; technical examination and testing of specific technical equipment; metalworking, locksmithing and tool-making; production, installation and repair of electrical machinery and equipment, electronic and communication equipment; repair of road motor vehicles; production, trade and services not specified in Appendices 1 to 3 of the Trade Licence Act; accounting advisory services, bookkeeping services, and keeping of tax records.

Ownership structure

The sole shareholder of the Company as at 31 December 2020 is PPF IndustryCo B.V. The sole shareholder holds one registered ordinary share in book-entry form in the nominal value of TCZK 3 134 100 and one registered ordinary share in book-entry form in the nominal value of TCZK 15 900.

As at 31 December 2020, Petr Kellner indirectly held a majority share in the voting rights of the Company.

Registered office

ŠKODA TRANSPORTATION a.s.
Emila Škody 2922/1
301 00 Plzeň, Jižní Předměstí
Czech Republic

The Company's identification number is 626 23 753.

Members of the board of directors and supervisory board as at 31 December 2020

Members of the board of directors

Ing. Petr Brzezina (chairman)
Ing. Tomáš Ignačák, MBA
Ing. Jan Menclík
Ing. Zdeněk Majer
Ing. Zdeněk Sváta

Members of the supervisory board

Ing. Ladislav Chvátal
doc. Ing. Michal Korecký, Ph.D.
Ing. Antonín Roub

Changes in the Commercial Register

In 2020, the following changes were recorded in the Commercial Register:

- On 2 September 2020, the sole shareholder PPF Beer Topholdco B.V. was renamed to PPF IndustryCo B.V., and this change was recorded in the Commercial Register.

Organisational structure

The Company is divided into the following business units:

- Czech Republic, Slovakia, Poland, America
- Western Europe
- Commonwealth of Independent States (Russia, Ukraine)
- Balkans, Middle East
- Diesel Locomotives.

Additional organisational units of the Company include: procurement; quality; finance; maintenance; full maintenance (fullservis) – Prague; human resources; execution; engineering; planning; logistics; research and development; technology and production; strategy, communication and marketing; legal issues, investments and property administration; business development, IT services and digitalisation.

2. Basis of preparation of the separate financial statements

Statement of compliance

These separate financial statements (“the Financial Statements” or “the Non-Consolidated Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and provide a true and fair view of the Company’s financial position as at 31 December 2020 and of its financial performance and cash flows for the year ended 31 December 2020. The separate financial statements have been prepared on a going concern basis.

Except for the statement of cash flows, the Financial Statements have been prepared on the accrual basis of accounting.

These separate Financial Statements have been approved for issue by the board of directors of ŠKODA TRANSPORTATION a.s. on 30 April 2021.

These are the separate Financial Statements (within the meaning of IAS 27) of the Company that has an ownership interest in a subsidiary. The IFRS consolidated financial statements have been prepared on the level of ŠKODA TRANSPORTATION a.s. The IFRS consolidated financial statements of ŠKODA TRANSPORTATION a.s. are available at ŠKODA TRANSPORTATION a.s.’s registered office.

In preparing these separate financial statements, the Company used new or amended standards and interpretations that are to be applied for accounting periods beginning on 1 January 2020. The standards effective from 1 January 2020 did not have a significant impact on the Company.

New standards and interpretations not applied

The following new standards and amendments to standards were not yet effective for the year ended 31 December 2020 and were not applied in preparing these separate financial statements:

- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture
 - The Company's management expects that the amendments, when initially applied, might have a material impact on the Company's separate financial statements as the Company has ownership interest in associates. However, the quantitative impact of the adoption of the amendments can only be assessed in the year of the initial application of the amendments, as this will depend on the transfer of assets or businesses to the associate that take place during that reporting period.
- IFRS 17 and amendments to IFRS 17 - Insurance Contracts
 - The Company's management expects that the new standard, when initially applied, will not have a material impact on the Company's separate financial statements because the Company does not operate in the insurance industry.
- Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 a IFRS 16 – Interest Rate Benchmark Reform – Phase 2
 - The Company's management expects that the amendments, when initially applied, will not have a material impact on the Company's separate financial statements.
- Amendments to IAS 37 – Onerous contracts - the cost of fulfilling the contract
 - The Company's management expects that the amendments, when initially applied, will not have a material impact on the Company's separate financial statements.
- Amendments to IFRS 3 – Conceptual framework
 - The Company's management expects that the amendments, when initially applied, will not have a material impact on the Company's separate financial statements.
- Amendments to IAS 1 – Classification of liabilities to current and non-current
 - The Company's management expects that the amendments, when initially applied, will not have a material impact on the Company's separate financial statements.
- Annual revision of IFRS standards 2018 - 2020
 - The Company's management expects that the revision, when initially applied, will not have a material impact on the Company's separate financial statements.

Basis of measurement

Except for financial derivatives measured at fair value, these separate financial statements have been prepared on the historical cost basis.

These separate financial statements are presented in Czech crowns, with all financial information rounded to the nearest thousand.

Estimates and assumptions

In preparing the separate financial statements, the Company's management uses estimates and makes assumptions that, as at the date of preparation of the separate financial statements, affect the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on experience and various other factors that are deemed appropriate under the conditions based on which estimates of the carrying amounts of assets and liabilities are applied and that are not readily available from other sources. Actual results may vary from the estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, providing that the revision affects only that period, or in the revision period and future periods, providing that the revision affects both the current and future periods.

Information about areas of significant uncertainty regarding estimates and critical judgements in applying accounting policies that most significantly affect the amounts recognised in the Financial Statements is primarily described in the following notes:

- Note 4 – Revenues and contract balances
- Note 12 – Deferred tax
- Note 14 – Intangible assets
- Note 15 – Property, plant and equipment and non-current assets under construction
- Note 17 – Investments in subsidiaries
- Note 19 – Inventories
- Note 20 – Trade receivables and other assets
- Note 21 – Other non-current receivables and loans
- Note 28 – Provisions
- Note 29 – Derivatives

Impairment testing in respect of accounts specified in Notes 14, 15, 17 and 19 is contingent upon key assumptions regarding recoverable amounts (including the recovery of development costs).

3. Significant accounting policies applied by the Company

a) Property, plant and equipment

Assets owned by the Company

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The cost of internally produced assets includes the cost of

materials and direct labour, including an estimate of the costs of dismantling and removing the asset and restoring the site and an allocation of production overheads.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the asset's estimated useful life. Land is not depreciated. The depreciation period of items of plant and equipment is as follows:

Assets	Method	Period
Buildings and structures	Straight-line	20 - 50 years
Machinery and equipment	Straight-line	4 - 15 years
Vehicles	Straight-line	4 - 10 years
Low value non-current assets	Straight-line	2 years
Fixtures	Straight-line	over the project duration

The depreciation of items of plant and equipment starts in the period when they are ready for use, i.e. from the following month in which they are brought to the location and condition enabling their use as intended by the Company's management. Depreciation is provided over an asset's estimated useful life, considering its residual value. Components of items of plant and equipment that are significant to the item as a whole are depreciated separately in accordance with their estimated useful lives.

Items of property, plant and equipment under construction comprise buildings and equipment under construction and are stated at cost, which includes the cost of constructing the asset, and other direct expenses. Items of property, plant and equipment under construction are not depreciated until they are fit for their intended use.

As at the date of preparation of the Financial Statements, the Company reviews the method and period of depreciation of the individual groups of assets and makes possible adjustments.

Gain or loss on the sale or disposal of an asset is determined as the difference between the income from the sale and the net book value of the respective asset. The difference is recognised in the income statement.

Subsequent expenditure

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits associated with the item of property, plant and equipment will flow to the Company and the cost can be measured reliably. All other costs are expensed as incurred.

b) Intangible assets

Intangible assets, except for trademarks, are measured at cost less accumulated amortisation and impairment losses. Intangible assets with definite useful lives are amortised over their estimated useful lives, starting from the following month when they are ready for use, i.e. when they are in a location and in a condition required for their use as intended by management.

Trademarks are considered assets with unlimited useful lives that are stated at cost and are not amortised.

The amortisation period for intangible assets owned by the Company ranges from 3 to 10 years, with assets being amortised on a straight-line basis. The appropriateness of the amortisation periods and rates used is reviewed on a regular basis (at least at the end of each accounting period), with any changes in amortisation being applied in subsequent periods. Intangible assets are amortised over the following periods:

Assets	Method	Period
Software	Straight-line	3 years
Development costs	Straight-line	4 - 10 years
Development – specific projects	Output-based	over the duration of the project

Subsequent expenditure

Subsequent costs relating to a capitalised intangible asset are capitalised only if they increase the future economic benefits generated by the asset to which they relate. All other costs are recognised in profit or loss as incurred.

c) Leases

Leased assets

As of 1 January 2019, the Company adopted the new standard IFRS 16 regulating the presentation of assets, which are used under a lease contract (rental).

Standard IFRS 16 Leases replaces IAS 17 Leases and related interpretations. The standard abolishes the current dual accounting model for lessees and instead requires companies to report most leases in the balance sheet according to one model, eliminating the difference between operating and financial leasing.

Lease definition

Under IFRS 16, a contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The identified asset is a specific asset that is physically separable, and the supplier does not have a substantial right to replace it with another asset. The right to control the use of the identified asset is transferred to the Company if the Company has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Group as a lessee - significant accounting policies

As a lessee, the Company is required to recognise in the statement of financial position the lease asset as 'a right-of-use asset', representing its right to use the leased underlying asset, and as a lease liability, representing its obligation to pay lease payments.

At the commencement date, the right-of-use asset is measured at cost and subsequently at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of the lease liability (cost model). The right-of-use asset is depreciated on a straight-line basis over the term of the lease or, if shorter, the useful life of the asset.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If the rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

The Company used its judgment in determining the lease term for lease contracts that include a renewal option, early termination or are concluded for an indefinite period. The lease term represents the non-cancellable period for which the Company has the right to use an underlying asset, that includes periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

For a contract that is or contains a lease, the Company shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined based on the price the lessor or a similar supplier would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company shall estimate the stand-alone price, maximising the use of observable information.

For contracts that contains non-leasing components, the Company individually assesses the materiality and separability of those components. If the non-leasing components appear to be immaterial and at the same time their price is not separately stated in the contract, they will be part of the right-of-use asset measurement. Otherwise they are recognised in costs.

The Company uses a reporting exemption and elected not to apply the requirements of IFRS 16 for short-term leases (the non-cancellable lease term is up to 12 months inclusive) and leases for which the underlying asset is of low value (TUSD 5 per individual separable asset). Lease payments associated with these contracts are recognised as expenses (services) on a straight-line basis over the term of the contract.

Leases of underlying assets with low value are mainly leases of low value IT equipment.

In compliance with IFRS 16, the Company does not recognise the leases of intangible assets as a lease under IFRS 16.

The Company as a lessor

The Company is not the lessor in respect of leases that meet the definition of a lease.

The Company recognises lease payments from operating leases as income on a straight-line basis or using another systematic basis.

The Company does not sublease any leased assets to others.

d) Long-term investments

Long-term investments comprise equity investments and are stated at cost, which includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges. If a particular ownership interest has been impaired, an impairment loss is recognised.

e) Inventories

Inventory is stated at the lower of cost and net realisable value. The cost of inventory includes expenses incurred in connection with the acquisition of the inventory, in particular freight costs and insurance premiums, as well as direct materials and, where appropriate, an allocation of wages and manufacturing overheads incurred in bringing the inventories to their current location and condition. Net realisable value is the estimated selling price reduced by estimated completion and selling costs.

Raw materials inventory is stated at cost, which includes the purchase price of the inventory and related customs duties and in-transit storage and freight costs incurred in delivering the inventory to the manufacturing facility.

The cost of materials is determined using the weighted average method.

Work in progress and finished goods inventories are stated at internal cost, which includes direct production costs and, where relevant, an allocation of indirect production costs.

f) Receivables and payables

Trade receivables and other assets are stated at amortised cost.

Trade payables and other liabilities are stated at nominal value.

Receivables and payables that are expected to be realised in the Company's normal operating cycle are classified as current. Other receivables and payables are classified as non-current. The Company's normal operating cycle is the period between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Contract assets

Receivables from a contract asset represent the Company's title to consideration in exchange for goods or services (according to the contracts with customers) which the Company transferred to the customer and which include:

- a) costs incurred plus recognised profits, less
- b) the sum of recognised losses and progress billings, including the offset advances received

for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings and advances received from customers.

The contract asset becomes a receivable once the Company's unconditional right to consideration is acquired.

Contract liability

The contract liability represents a liability of the entity to transfer goods or services to the customer for which the entity received a consideration from the customer. The consideration received relates to advances received or to ongoing invoicing in the event of contracts with customers the revenues from which are recognised over time. Contract liabilities are recognised as revenue at the moment the performance obligation is fulfilled (or partially fulfilled).

g) Cash and cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

h) Equity

Registered capital

The Company's registered capital comprises the sole shareholder's fully paid-up contribution and is stated at nominal value in accordance with the Company's articles of association and its entry in the Commercial Register.

Capital contributions

Capital contributions comprise contributions made outside of registered capital as well as the allocation and distribution of funds to/from the social fund.

Fair value changes in respect of hedging

Fair value changes in respect of hedging comprise changes in the fair value of hedging derivatives and related deferred tax.

Retained earnings

Retained earnings include amounts arising from profit distribution/loss settlement, retained profits and the net profit/loss for the current period.

i) Employee benefits

Defined contribution plans

The government of the Czech Republic is responsible for providing employees with a basic retirement pension scheme. The Company pays regular contributions to the state budget for the basic pension scheme. These contributions are derived from the amount of wages and salaries paid and are recognised as expenses when the wage liability originates.

Other non-current employee benefits

These comprise future bonuses to which employees are entitled in connection with reaching a certain age or a certain number of years of service. These benefits are discounted to present value. The discount rate is the yield on government bonds whose maturity approximates the

maturity of obligations arising from employee benefits. Year-on-year changes are recognised in the income statement.

j) Provisions

Provisions are recognised in the statement of financial position when, as a result of a past event, the Company has a legal or constructive obligation and an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is significant, the expected future cash flows are discounted at a rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Provision for warranty repairs

A provision for warranty repairs is recognised when a product or service is delivered to the customer. The provision is calculated based on historical data and an individual assessment of potential future expenses, while considering additional circumstances known as at the date of preparation of the separate financial statements.

Provision for onerous contracts

A provision for onerous contracts is recognised when the total expected income from a contract is lower than the total estimated costs of the contract.

Provision for litigations

A provision for litigations is created in the amount of expected future performance based on a legal analysis prepared for the Company's management, if a future outflow of resources is probable and the value of the liability can be reliably estimated.

k) Revenue recognition

The Company applies a five-step model to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) the Company transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised over time or at the point in time when control of the products, goods or services is transferred to the customer.

The impact of the application of the new standard IFRS 15 Revenue from Contracts with Customers is described in Note y) Application of new accounting standards. In accordance with IFRS 15, the Company recognises revenues from customer contracts for which it is probable that the Company will collect consideration and from which no unilateral enforceable right to terminate a contract without compensating the other party (or parties) follows, as specified below:

Type of product/service	Character of performance	Revenue recognition
Trams, locomotives and suburban units, and metro	The Company supplies its customers with highly specific assets, adjusted according to the requirements of the customers, which are thus not easily interchangeable with other assets. The option of an alternative use of these assets is limited by the actual possibility to gain another customer who would like to purchase a finished asset while keeping its parameters, without significant additional adjustments and without a requirement on a significant reduction of the selling price. Billing and payment terms and conditions are determined for each contract on an individual basis. A contract may include advances paid by the customer before the start of the project or during the project. Advances received are secured by bank guarantees.	Revenues are recognised over time, and the input method is used to measure progress. This method better demonstrates the stage of completion than the output method due to the long-term nature of the production of these products (the production of one unit usually takes more than 6 months).
Full maintenance and other regular services	A regular service where the customer gradually receives and consumes the benefits from the performance of the contract. Billing and payment terms are determined for each contract on an individual basis. The transaction price for full maintenance includes a variable consideration which depends on the number of passed kilometres of the vehicle subject to the maintenance.	Revenues are recognised over time, and the output method is used to measure progress according to the extent of the provided performance. Recognised revenues include a variable consideration which corresponds to the actual number of passed kilometres for the reported period.
Rolling stock modernisation	Modernisation represents an improvement to the asset which is under the customer's control over the period of the modernisation. The invoice is issued after having handed over the modernised vehicle or its part to the customer and the terms of payment are set individually for each individual contract.	Revenues are recognised over time, and the output method is used to measure progress (regarding the short time necessary for the modernisation of one unit the input methods enables a trustworthy presentation of the progress in satisfaction of a performance obligation. In specific cases, where the output method does not enable a true presentation of the extent of the realised performance, the input method is used.
Spare parts	The customer gains control over the asset at the moment of delivery. The invoice is issued as at the date of delivery of the asset. Terms of payment are determined for each contract on an individual basis.	Revenues are recognised at a point in time at the moment of delivery to the customer.
Repairs, workings, service, and other one-off services	These services are one-off services and the customer receives their benefits after their completion. An invoice is issued after having handed over the provided service to the customer, and the terms of payment are set individually for each individual contract.	Revenues are recognised at a point in time at the moment of delivery of the performance to the customer.

For contracts not meeting the above criteria, the Company recognises the revenue only at the moment of having met all obligations following from the contract (complete delivery of the goods or services) and having obtained a non-refundable consideration from the customer.

Two or more contracts concluded simultaneously or almost simultaneously with the same customer (or related parties of this customer) as a package with a single business goal, where the amount of consideration to be paid under one contract depends on the price or performance of the other contract, or where goods and services promised in these contracts represent a single liability, are reported as a single contract.

The transaction price under the contract is allocated to each distinct performance following from the contract (expected by the customer). These are supplies from which the customer has a separate benefit and that are handed over to the customer separately. In the event of a change in the transaction price, the amounts allocated in connection with a change in the price to the fulfilled performance obligation are recognised as revenues or as a reduction in revenues in the period in which the transaction price changes.

If the consideration promised in the contract includes a variable amount, the amount of the consideration to which the Company will be entitled in exchange for the transfer of the promised goods or services to the customer must be estimated. Variable consideration includes discounts, deductions, refunds, loans, price concessions, incentives, performance bonuses, fines or other similar items. Therefore, the penalty invoiced by the customer under the asset delivery contract is reflected as a reduction in the transaction price under the contract.

For the contracts where the period (or, if appropriate, the average period for contracts with performance over time) between the handover of the product to the customer and the payment for the performance provided by the customer exceeds one year, the transaction price is adjusted by the financing component if significant. The assessment of the financing component is not relevant for the retention specified in the contract and not understood as a postponed payment, as its payment is conditional on the review of fulfilment of the terms and conditions of the contract on side of the customer.

The Company recognises the revenues from the performance obligation fulfilled over time only when it can reliably measure its progress towards the entire fulfilment of the performance obligation. In the event of the input method, the stage of completion is determined as the proportion between the recognised costs as at the date of preparation of the Financial Statements and the estimated total contract costs. In the early phases of the contract duration when the Company is not able to adequately measure the result of the performance obligation, the Company recognises revenues only in the extent of the actually incurred costs up to the moment when it can adequately measure the result of the performance obligation.

Costs are recognised to the income statement in the period in which they are incurred. When the estimated total costs are higher than the total contract revenue, the estimated total loss is recognised in the income statement immediately, and a corresponding provision is recorded.

The Company recognises as an asset incremental costs incurred in connection with acquiring a customer contract if it expects to gain these expenses back. Incremental costs incurred in connection with acquiring a contract are expenses incurred in connection with acquiring a customer contract that would not be incurred if the Company did not acquire the contract (e.g. a sale commission). The costs incurred in connection with acquiring a contract which would be incurred irrespective of the manner of acquiring the contract are recognised as incurred.

1) Research and development

Research costs are incurred for the purpose of acquiring new technical knowledge which may lead to improved products or processes in the future but for which economic viability has not

been established. Research costs are charged to the income statement in the period in which they are incurred.

Costs related to development during which results are transformed into a plan or design of substantially improved products and processes are capitalised if the product or process is technically feasible and economically viable and the Company has sufficient funds to complete the development. Capitalised development costs include the cost of direct materials, direct labour, and an allocation of overhead costs. Other development costs are recognised in the income statement as incurred. Capitalised development costs are depreciated on a straight-line basis over their estimated useful lives.

m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset whose intended use or sale is preceded by long-term preparation are capitalised as part of the cost of that asset until the asset is ready for its intended use or sale. All other borrowing costs are expensed as incurred.

n) Government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are offset against the acquisition or production costs of the respective assets and reduce future depreciations accordingly. Grants awarded for purposes not related to non-current assets (grants related to income) are reported in the income statement under the same functional area as the corresponding expenses. They are recognised as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Government grants for future expenses are recorded as deferred income.

o) Finance income and expenses

Finance income and finance expenses primarily include interest income, interest expense on borrowings, and foreign exchange gains and losses, and impairment losses on investments.

Interest relating to a finance lease is recognised in the income statement using the effective interest method.

p) Other finance income and expenses

Other finance income and expenses primarily comprise gains and losses arising from changes in the fair value of hedging derivatives that are recognised in the income statement.

q) Income tax

Income tax for the period comprises current tax and the change in deferred tax. Income tax is recognised in the income statement except for the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is based on profit before tax for the accounting period, adjusted for non-deductible and non-taxable items, using income tax rates effective in that accounting period.

At the end of each accounting period, a deferred tax asset/liability is calculated based on all temporary differences between the carrying and tax value of assets and liabilities, tax losses carried forward and unused tax credits, using the income tax rate effective for the period in which these differences are to be reversed.

A deferred tax asset is recognised only to the extent deemed utilisable with respect to expected taxable profits. If uncertainty exists as to the utilisation of a deferred tax asset, the deferred tax asset is recognised only up to the amount of the respective deferred tax liability.

r) Foreign currency translation

Translation of foreign currency transactions

In preparing the separate financial statements, transactions denominated in currencies other than the functional currency (foreign currencies) are translated at the exchange rate effective as at the transaction date. As at the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the official exchange rate effective as at that date. Gains and losses arising from changes in foreign exchange rates after the transaction date are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the exchange rate effective as at the date their fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in foreign currencies are not translated.

s) Impairment of assets

Non-financial assets

As at the date of preparation of the separate financial statements, the Company reviews the carrying amounts of its assets, other than inventories and deferred tax assets, to assess whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and the amount of the impairment loss, if any, is determined. If the recoverable amount of an individual asset cannot be estimated, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that are not depreciated are tested for impairment on an annual basis.

If the estimated recoverable amount of an asset (or cash-generating unit) is lower than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised in expenses.

If an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to a new estimate of the asset's recoverable amount, but only to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior accounting periods. A reversal of an impairment loss is recognised in income.

t) Financial instruments

Financial assets

Under IFRS 9, an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

In accordance with IFRS 9, financial assets are generally classified based on the entity's business model for managing the financial assets and at the same time based on the contractual cash flow characteristics of the financial asset.

Embedded derivatives in a contract the host of which is an asset within the scope of IFRS 9 shall not be separated from the host contract. The entire contract is treated as a single unit for the purpose of classification and measurement.

Financial assets shall be measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss and that are not held for trading to present subsequent changes in fair value in other comprehensive income. This election is made for each investment individually.

All other financial assets not measured at amortised cost or fair value at FVOCI are measured at FVTPL.

Apart from trade receivables that do not have a significant financing component, financial assets are initially measured at fair value (except for the category of financial assets at FVTPL) adjusted by the transaction costs directly related to the acquisition of the financial asset.

Financial liabilities

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

Financial liabilities are classified as measured at FVTPL if they are held for sale, derivative financial instruments or if they are designated as FVTPL as at the date of initial recognition. These financial liabilities are measured at fair value and gains or losses, including interest expense, are recognised in profit or loss, except for the changes in fair value as a result of a change in the Company's credit risk which are recognised in other comprehensive income.

Other financial liabilities are recognised at the accepted consideration net of transaction costs as at the acquisition date. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method and any difference between the revenues net of transaction costs and the amortised cost is reported in profit or loss for the relevant period.

Financial liabilities are classified as current liabilities if the Company does not have unconditional right to repay them in more than 12 months after the reporting date.

Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash are measured at cost in the balance sheet and subsequently remeasured at amortised cost, net of impairment, under the IFRS 9 model. For purposes of the cash flow statement, they are defined to comprise cash, cash equivalents and restricted cash, cash in hand, cash at the bank, short-term deposits and liquid financial investments with a three-month or shorter maturity and are net of negative balances of overdraft facilities. Bank overdraft facility balances are reported in the short-term loans and borrowings item in the balance sheet.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when 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 entity neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

A financial asset is written off if the Company believes that a part or the whole value of the financial asset will not be repaid, i.e. at the moment when the Company has exhausted the options of enforcing the asset. In such case the accounting written off does not represent extinguishment of the legal claim and therefore does not prevent possible collection of a written off financial asset in future. The costs incurred in connection with written off assets are recognised in impairment of financial and contractual assets in the income statement.

A financial liability is derecognised when the contractual obligations are paid or cancelled in full or have expired in full. A possible difference between the net book value and the amount paid to settle the liability is recognised in the income statement for the relevant period.

Mutual offset of financial instruments

Financial assets and liabilities are mutually offset, and the net amount is recognised in the balance sheet if the Company has a legally enforceable right to offset the acknowledged amounts and an intention to realise a settlement in the net amount or to realise the receivable and to settle the liability at the same time. The legally enforceable right cannot depend on future events and must be enforceable in the ordinary course of business also in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Impairment of financial assets

For trade receivables and contractual assets, the Company recognises an impairment for the expected credit loss over the period if the credit risk associated with the financial instrument has increased significantly since the initial recognition. A significant increase in credit risk is assessed on an individual basis.

The Company recognises an impairment amount for expected credit losses on an individual basis based on all available information about past events, current conditions, forecasts of future economic conditions and the results of negotiations with the customer relating to the individual financial asset.

u) Derivatives

Hedging derivatives

The Company has decided to apply an exemption from IFRS 9 for hedge accounting and to continue accounting in accordance with IAS 39.

Hedging derivatives comprise those derivatives to whom the hedge accounting model is applied and that meet all of the following conditions:

- At the inception of the hedge, there is formal designation of the hedged items, the hedging instruments, the risks being hedged, and how the effectiveness of the hedge will be calculated and documented.
- The hedge is highly effective (i.e. ranging from 80% to 125%).
- The effectiveness of the hedge can be reliably measured and is assessed on an ongoing basis.

Derivatives that do not meet all of the above conditions for hedging derivatives are classified as trading derivatives.

If a derivative is used to hedge the risk of change in cash flows from assets, liabilities or enforceable contractual relationships or forecast transactions, the change in the hedging derivative's fair value attributable to the effective portion of the hedge is recognised in equity as 'Fair value changes relating to hedges and foreign currency translation' in the statement of other comprehensive income. The ineffective portion of the hedge is recognised in the income statement.

Financial derivatives are initially recognised at cost and subsequently measured at fair value as at the reporting date. The Company only uses financial derivatives to hedge future cash

flows. Changes in the fair value of hedging derivatives are recognised in other comprehensive income.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If a forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Derivatives held for trading

Financial derivatives held for trading are recognised at fair value, with gains (losses) arising from changes in their fair values included in profit or loss.

v) Fair value

Fair value is defined as an amount for which an instrument could be exchanged between knowledgeable and willing parties, in an arm's length transaction other than a forced or liquidation sale. Fair values are, as appropriate, obtained by reference to listed market prices, discounted cash flow models and other valuation models.

The following methods and assumptions are used in estimating the fair values of individual classes of financial instruments:

Cash and cash equivalents, short-term investments

The carrying amount of cash and other short-term financial assets approximates their fair value as these financial instruments have relatively short maturity periods.

Receivables and payables

The carrying amount of current receivables and payables approximates their fair value as these financial instruments have short maturity periods.

Fair value hierarchy

Assets and liabilities recognised at fair value in the statement of financial position and items which are not recognised at fair value but for which information is available are classified into three levels of input data based on an assessment of their availability, using the fair value hierarchy:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the entity as at the date of measurement.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

The level in the hierarchy applicable to a fair value assessment based upon a combination of observable and unobservable inputs is determined by the lowest level of input that is significant to the fair value measurement in its entirety.

w) Subsequent events

The effect of events occurring between the balance sheet date and the date of preparation of the separate financial statements is reflected in the Financial Statements if such events provide additional information about conditions that existed as at the balance sheet date.

Where material events occurring between the balance sheet date and the date of preparation of the separate financial statements are indicative of conditions that arose after the balance sheet date, the effects of such events are described in the notes to the separate financial statements but not recognised in the Financial Statements.

x) Adjustment of the presentation of comparative period

During 2020, the Company identified a misclassification of contract liabilities and derivatives in prior year's financial statements, as certain contract liabilities and derivatives that were expected to be settled within the Company's normal operating cycle were presented as non-current. These contract liabilities and derivatives should have been classified as current in prior year's financial statements. In 2020, these contract liabilities and derivatives were reclassified to current liabilities and current derivatives. The comparative information as at 31 December 2019 and 1 January 2019 has been re-presented.

In addition, in 2020 the Company decided to split the line "Trade and other payables" in the statement of financial position and present contract liabilities on a separate line. The comparative information as at 31 December 2019 and 1 January 2019 has been re-presented.

The following table summarises the impact of the presentation changes on the statement of financial position:

	31/12/2019 previously presented	Reclassification	31/12/2019* re-presented
Non-current assets			
Derivatives	79 377	-27 448	51 929
Current assets			
Derivatives	184 082	27 448	211 530
Non-current liabilities			
Other non-current liabilities	2 262 966	-2 262 909	57
Derivatives	17	--	17
Current liabilities			
Trade and other payables	2 766 527	-1 513 035	1 253 492
Contract liabilities	--	3 775 944	3 775 944
Derivatives	8 844	--	8 844

* Values after reclassification, as presented in these notes in comparatives as at 31 December 2019

	1/1/2019 previously presented	Reclassification	1/1/2019* re-presented
Non-current assets			
Derivatives	143 402	--	143 402
Current assets			
Derivatives	62 278	--	62 278
Non-current liabilities			
Other non-current liabilities	1 936 674	-1 906 409	30 265
Derivatives	54 582	-52 499	2 083
Current liabilities			
Trade and other payables	1 963 787	-741 149	1 222 638
Contract liabilities	--	2 647 558	2 647 558
Derivatives	10 335	52 499	62 834

4. Revenues and Contract balances

Revenues from contracts with customers

	2020	2019
Trams	403 382	901 747
Locomotives and suburban units	3 068 969	935 208
Metro	66 108	304 220
Full maintenance	815 876	821 137
Revenues from performance obligations satisfied over time	4 354 335	2 962 312
Spare parts	12 020	12 128
Other	473 584	318 386
Revenues from performance obligations satisfied at a point in time	485 604	330 514
Total	4 839 939	3 292 826

In 2019 and 2020, the Company did not recognise any revenues following from performance obligations satisfied (or partially satisfied) in previous periods.

Revenues as divided according to the registered offices of the customers

	2020	2019
Czech Republic	1 925 974	1 216 503
Finland	181 469	--
Latvia	12 788	122 344
Germany	42 002	652 433
Russia	1 991	304 220
Slovakia	2 107 308	641 056
Other	82 803	25 756
Revenues from performance obligations satisfied over time	4 354 335	2 962 312
Czech Republic	462 725	279 085
Finland	4 388	26 914
Hungary	1 677	1 279
Germany	4 539	594
Poland	1 546	9 566
Russia	10 487	7 175
Other	242	5 901
Revenues from performance obligations satisfied at a point in time	485 604	330 514
Total	4 839 939	3 292 826

Other operating revenues

	2020	2019
Revenues from sale of inventories	97 226	70 685
Revenues from sale of waste	4 235	3 051
Contractual penalties	2 151	59 372
Other revenues	9 258	8 803
Total	112 870	141 911

Revenues from three customers represent more than 10% of the Company's total revenues (in particular in the Full maintenance and Locomotives and suburban units).

Contractual balances

	31/12/2020	31/12/2019
Trade receivables (gross)*	1 925 105	1 012 767
Trade receivables - impairment losses	-63 220	-14 972
Trade receivables (net)	1 861 885	997 795
Contract assets (gross)	3 834 627	3 240 335
Contract assets - impairment losses	- 3 064	-3 064
Contract assets (net)	3 831 563	3 237 271
Contract liabilities	6 621 248	3 775 944
Retention recognised as a trade receivable	195 878	191 997
Retention recognised as a liability	5 180	57

*Trade receivables related to contracts with customers except retention

Cash flow of contract assets

Cash flow of contract assets					
31/12/2020	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	More than 5 years
Contract assets	3 831 563	3 736 578	94 985	--	--

The methodology for determining impairment losses on trade receivables and contractual assets is described in Note 30.

TCZK 737 677 (2019 – TCZK 668 210) recognised in the contract liability as at 31 December 2019 was recognised as revenue in 2020. The amount of partial invoicing and advances received in respect of which no revenue was recognised in 2020 is TCZK 3 582 981 (2019 – TCZK 1 796 596).

Contract assets primarily relate to the Company's title to consideration for already completed performance connected with revenues recognised over time where progress is measured using the input method and which were not invoiced as at 31 December 2020. Contract liabilities represent advances received from customers in relation to the construction of products and the provision of services while the revenues are recognised on an over-time basis.

Expected recognition of revenue from outstanding performance obligations

31/12/2020	Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Transaction price allocated to the remaining performance obligations	61 068 982	12 862 786	17 078 222	17 273 909	13 854 065

31/12/2019	Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Transaction price allocated to the remaining performance obligations	51 802 315	4 552 527	9 964 341	22 121 566	15 163 881

In accordance with IFRS 15, the Company does not disclose information about the transaction price allocated to the remaining performance obligations in respect of performance obligations satisfied at a point in time that are part of a contract that has an original expected duration of one year or less.

Contracts with customers in the Company did not lead to the recognition of material incremental costs of obtaining the contract.

5. Cost of sales

	2020	2019
Materials	-2 696 100	-1 641 845
Energy	-80 442	-80 723
Materials and consumables total	-2 776 542	-1 722 568
Repairs and maintenance	-90 034	-73 292
Marketing services	-18 705	-23 014
Purchased services for projects	-575 878	-515 332
Rent	-57 529	-59 566
External employees	-101 864	-126 035
Other services	-178 279	-150 876
IT services	-54 989	-43 599
Services purchased total	-1 077 278	-991 714
Total	-3 853 820	-2 714 282

Other services primarily include the cost of other advisory and legal services.

6. Personnel expenses

	2020	2019
Key management personnel	-123 126	-112 456
Other employees	-992 425	-828 324
Total	-1 115 551	-940 780

Key management personnel includes the directors of individual units and members of the board of directors and the supervisory board. The Company does not participate in any pension plans.

The average number of full-time equivalent employees for the year 2020 was 1 643 (2019 – 1 410).

7. Other operating expenses

	2020	2019
Allowances for inventories (- expense / + income)	-76 377	6 258
Change in provisions (- expense / + income)	-58 070	39 591
Materials sold	-65 399	-51 943
Taxes and charges	-51 346	-25 001
Write-off and sale of receivables	-3 620	-5 253
Fines and penalties	-1 666	-56 246
Insurance expenses	-19 353	-14 152
Losses from derivative transactions	-48 241	-25 336
Foreign exchange losses (+) on operation activities	--	-233 899
Other operating expenses	-96 100	-80 987
Total	-420 172	-446 968

The cost of derivative transactions related to hedging cash flows from projects is included in Other operating expenses.

Foreign exchange losses arising from project-related receivables and payables are recognised in Other operating expenses.

8. Other operating income

	2020	2019
Gains (+) from derivatives transactions	31 228	124 113
Foreign exchange gains (+) on operation activities	55 963	234 894
Other operating income	77 584	68 153
Total	164 775	427 160

The Company recognises offsets from foreign exchange gains and losses.

Other operating income primarily includes fees for trademark use and penalties charged to suppliers.

Gains from derivative transactions related to hedging cash flows from projects are included in Other operating income.

Foreign exchange gains from project-related receivables and payables are recognised in Other operating revenues.

9. Gains/losses from investments

In 2020, gains and losses from investments were generated by dividends from subsidiaries of TCZK 4 928, a loss from the deconsolidation of the subsidiary Vagonmash of TCZK 92 731 and profit from the revaluation of the joint venture Vagonmash of TCZK 54 436. In 2019,

investment gains consisted only of dividends from subsidiaries and joint ventures and associates.

10. Financial income

	2020	2019 adjusted
Interest income	61 756	52 987
Financing component (IFRS 15) – interest income	6 573	6 488
Foreign exchange gains from financial assets	20 060	5 560
Total	88 389	65 035

In 2020, the structure of the above table was adjusted. To maintain the comparability of data, the Company also adjusted the data for 2019.

11. Financial expenses

	2020	2019 adjusted
Impairment loss from financial assets	94 178	--
Interest expense (excl. leases)	-194 020	-193 614
Foreign exchange losses from financial assets	-3 785	-3 267
Financing component (IFRS 15) – interest expense	-128 690	-49 499
Interest expense on the lease liability	-6 661	-7 084
Total	-238 978	-253 464

In 2020, the structure of the above table was adjusted. To maintain the comparability of data, the Company also adjusted the data for 2019.

Interest expense of TCZK -194 020 (2019 – TCZK -193 614) primarily includes interest on a loan received from the parent company PPF IndustryCo B.V., interest on bank loans received, and interest on bonds.

In 2020 and 2019, no interest expense was capitalised.

12. Income tax

Income tax is recognised in the income statement as follows:

	2020	2019
Current tax	--	--
Deferred tax	325 609	104 210
Total (income + / expense -)	325 609	104 210

The Company recognised tax losses in 2020 and 2019, and therefore did not account for a tax estimate. The adjustment to the tax estimate for the prior period was TCZK 0 (2019 - TCZK 0).

A portion of the change in deferred tax of TCZK 325 609 (2019 - TCZK 104 210) was recognised in the income statement; the remaining portion of TCZK 8 499 (2019 - TCZK -48 367) relating to items remeasured in other comprehensive income was recorded directly in other comprehensive income.

Effective tax rate				
	2020	%	2019	%
Profit/loss before tax	-1 329 388		-561 508	
Corporate income tax at applicable rate	252 584	19 %	106 687	19 %
Adjustment to income tax for prior years	--		--	
Deduction for research and development	82 914		--	
Tax exempt income (dividends received)	--		--	
Non-tax deductible expenses (impairment loss on investments)	-27 123		-8 489	
Tax credit relating to investment incentives	--		--	
Other effects	17 234		6 012	
Income tax	325 609	-24,5 %	104 210	-18,6 %

Deferred tax liability

In accordance with the accounting policy described in Note 3 (q), deferred tax was calculated using the tax rates expected to be effective for the period in which the tax liability/asset is utilised.

Deferred tax is calculated based on all temporary differences between the carrying and tax value of individual items presented in the statement of financial position. A deferred tax asset (if any) is recognised to the extent that the Company's management believes it will be utilised in future years. Based on an analysis of the expected utilisation of the deferred tax asset/liability, a rate of 19% was used to calculate deferred tax in 2020 (2019 - 19%).

Deferred tax recognised in the separate financial statements relates to the following items:

	31/12/2020	31/12/2019 adjusted	Year on year change 2020/2019
Non-current assets (incl. Leases)	-181 349	-272 527	91 178
Receivables	12 010	4 616	7 394
Construction contracts	-6 057	-5 131	-926
Inventories	23 742	9 230	14 512
Provisions	132 579	122 894	9 685
Unutilised tax losses	179 791	87 911	91 880
Unpaid contractual penalties	-4 191	-4 370	179
Other	79 354	-32 353	111 707
Total (asset+/ liability-)	235 879	-89 731	325 609
Deferred tax on revaluation of derivatives recorded in other comprehensive income	-64 021	-72 520	8 499
Total (asset+/ liability-)	171 858	-162 251	334 109

In 2020, the structure of the above table was adjusted. To maintain the comparability of data, the Company also adjusted the data for 2019.

The deferred tax does not include a tax receivable from a deduction for research and development of TCZK 218 446.

13. Current income tax liabilities

The balance sheet item Income tax (liability) totals TCZK 0 for 2020 (2019 - a liability of TCZK 0).

14. Intangible assets

	Development	Software	Intellectual property rights	Other intangible assets	Intangible assets under construction and advances	Total
Acquisition cost						
Balance as at 1/1/2020	1 486 550	108 283	1 024 057	342 290	23 435	2 984 615
Additions	292 125	27 430	--	--	25 364	344 919
Disposals	--	--	--	--	--	--
Transfers	--	--	--	--	--	--
Balance as at 31/12/2020	1 778 675	135 713	1 024 057	342 290	48 799	3 329 534
Accumulated amortisation and impairment losses						
Balance as at 1/1/2020	-654 449	-64 260	-37 195	-119 262	--	-875 166
Annual amortisation	-106 088	-23 020	-1 498	-48 121	--	-178 727
Disposals	--	--	--	--	--	--
Transfers	--	--	--	--	--	--
Impairment loss	-488 003	--	--	--	--	-488 003
Balance as at 31/12/2020	-1 248 540	-87 280	-38 693	-167 383	--	-1 541 896
Net book value 1/1/2020	832 101	44 023	986 862	223 028	23 435	2 109 449
Net book value 31/12/2020	530 135	48 433	985 364	174 907	48 799	1 787 638

	Development	Software	Intellectual property rights	Other intangible assets	Intangible assets under construction and advances	Total
Acquisition cost						
Balance as at 1/1/2019	1 232 622	83 520	1 024 057	342 290	35	2 682 524
Effect of MOVO merger	--	98	--	--	--	98
Additions	253 928	25 110	--	--	23 400	302 438
Disposals	--	-445	--	--	--	-445
Transfers	--	--	--	--	--	--
Balance as at 31/12/2019	1 486 550	108 283	1 024 057	342 290	23 435	2 984 615
Accumulated amortisation and impairment losses						
Balance as at 1/1/2019	-609 715	-46 619	-35 697	-71 141	--	-763 172
Effect of MOVO merger	--	-98	--	--	--	-98
Annual amortisation	-44 734	-17 779	-1 498	-48 121	--	-112 132
Disposals	--	236	--	--	--	236
Transfers	--	--	--	--	--	--
Impairment loss	--	--	--	--	--	--
Balance as at 31/12/2019	-654 449	-64 260	-37 195	-119 262	--	-875 166
Net book value 1/1/2019	622 907	36 901	988 360	271 149	35	1 919 352
Net book value 31/12/2019	832 101	44 023	986 862	223 028	23 435	2 109 449

Amortisation

The amortisation of patents and development costs is allocated to the cost of inventory and is recognised in the cost of sales as inventory is sold; the amortisation of customer relationships is included in the cost of sales.

Intellectual property rights

Intellectual property rights include the ŠKODA trademarks, costing TCZK 982 368 (2019 - TCZK 982 368). The trademark is not amortised because it has an indefinite useful life but is tested for impairment annually.

Development costs

As at 31 December 2020, development costs of TCZK 530 135 (2019 - TCZK 832 101) include mainly technical documentation attributable to the construction of a specific type of product.

Of total additions in 2020, TCZK 145 040 was produced internally, and the remaining portion of TCZK 147 084 was purchased from external suppliers. The capitalisation of development costs relating to internally produced development results is recorded in reduction in costs incurred in connection with capitalised assets.

The Company created an impairment loss of TCZK 488 003 on intangible assets for the development of a stainless steel tram platform and a locomotive platform. This is a temporary decrease in value over the medium term due to the negative impact of the coronavirus pandemic on the relevant markets.

Impairment testing

Indefinite-lived intangible assets are tested for impairment at least annually, and whenever circumstances such as significant declines in expected sales, earnings or cash flows indicate that likely that indefinite-lived intangible assets might be impaired. The Company selected the fourth quarter to perform the annual impairment assessment of indefinite-lived intangible assets.

During the fourth quarter of fiscal year 2020, indefinite-lived intangible assets were tested for impairment using the discounted cash flow model. The Company did not identify any impairment.

The post-tax discount rate is also a key estimate in the discounted cash flow model and is based on a representative weighted average cost of capital. The post-tax discount rate used to calculate the recoverable amount in fiscal year 2020 was 7.54 % (2019 8.28 %).

The testing was carried out based on plans reviewed for 2021 - 2025 (or if appropriate for 2020 - 2024 in 2019) while using a growth rate of 2 %.

15. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Assets under construction	Other assets	Total
Acquisition cost						
Balance as at 1/1/2020	250 385	1 916 456	1 737 824	18 481	--	3 923 146
Additions	--	25 922	51 322	105 244	--	182 488
Disposals	--	--	-17 481	--	--	-17 481
Transfers	--	--	812	-812	--	0
Balance as at 31/12/2020	250 385	1 942 378	1 772 477	122 913	--	4 088 153
Accumulated amortisation and impairment losses						
Balance as at 1/1/2020	--	-435 830	-1 405 043	--	--	-1 840 873
Annual depreciation	--	-38 013	-93 043	--	--	-131 056
Disposals	--	--	16 927	--	--	16 927
Transfers	--	--	--	--	--	--
Impairment loss	--	--	--	--	--	--
Balance as at 31/12/2020	--	-473 843	-1 481 159	--	--	-1 955 002
Net book value 1/1/2020	250 385	1 480 626	332 780	18 481	--	2 082 272
Net book value 31/12/2020	250 385	1 468 535	291 317	122 913	--	2 133 150

	Land	Buildings	Machinery and equipment	Assets under construction	Other assets	Total
Acquisition cost						
Balance as at 1/1/2019	176 182	1 683 005	1 551 421	4 780	--	3 415 388
The effect of MOVO merger	74 203	225 386	121 355	--	523	421 467
Additions	--	8 065	84 551	18 092	--	110 708
Disposals	--	--	-24 417	--	--	-24 417
Transfers	--	--	4 914	-4 391	-523	--
Balance as at 31/12/2019	250 385	1 916 456	1 737 824	18 481	--	3 923 146
Accumulated amortisation and impairment losses						
Balance as at 1/1/2019	--	-291 894	-1 220 386	--	--	-1 512 280
The effect of MOVO merger	--	-106 223	-99 487	--	-523	-206 233
Annual depreciation	--	-37 713	-101 133	--	--	-138 846
Disposals	--	--	16 486	--	--	16 486
Transfers	--	--	-523	--	523	--
Impairment loss	--	--	--	--	--	--
Balance as at 31/12/2019	--	-435 830	-1 405 043	--	--	-1 840 873
Net book value 1/1/2019	176 182	1 391 111	331 034	4 780	--	1 903 107
Net book value 31/12/2019	250 385	1 480 626	332 780	18 481	--	2 082 272

A part of the Company's business establishment has been pledged upon its entry into the register of pledges.

16. Leases

The Company leases non-residential premises (offices, production halls).

Leasing contracts are negotiated individually and contain a wide range of different terms and conditions. Contracts may include options to extend the lease term and payments may be adjusted according to the development of the consumer price index.

Right-of-use assets from the lease of non-residential premises are depreciated over a period of 2 to 8 years.

Leased assets are not subject to collateral for loan drawing purposes.

Right-of-use assets – cost

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2020	--	81 767	--	--	81 767
Additions	--	11 005	--	--	11 005
Disposals	--	--	--	--	--
Adjustment for the remeasurement of the lease obligation	--	100 692	--	--	100 692
Exchange rate conversions	--	--	--	--	--
31/12/2020	--	193 464	--	--	193 464

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2019	--	--	--	--	--
Transition to IFRS 16 as of 1/1/2019	--	54 424	--	--	54 424
Additions	--	16 616	--	--	16 616
Disposals	--	--	--	--	--
Adjustment for the remeasurement of the lease obligation	--	10 727	--	--	10 727
Exchange rate conversions	--	--	--	--	--
31/12/2019	--	81 767	--	--	81 767

Right-of-use assets – accumulated depreciation

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2020	--	17 130	--	--	17 130
Annual amortisation	--	-21 563	--	--	-21 563
Disposals	--	--	--	--	--
Exchange rate conversions	--	--	--	--	--
31/12/2020	--	-38 693	--	--	-38 693

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2019	--	--	--	--	--
Annual amortisation	--	-17 130	--	--	-17 130
Disposals	--	--	--	--	--
Exchange rate conversions	--	--	--	--	--
31/12/2019	--	-17 130	--	--	-17 130

Right-of-use assets – impairment losses

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2020	--	--	--	--	--
Additions	--	--	--	--	--
Disposals	--	--	--	--	--
31/12/2020	--	--	--	--	--

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2019	--	--	--	--	--
Additions	--	--	--	--	--
Disposals	--	--	--	--	--
31/12/2019	--	--	--	--	--

Right-of-use assets – net book value

	Land	Buildings	Machinery and equipment	Assets under construction	Total
31/12/2019	--	64 637	--	--	64 637
31/12/2020	--	154 771	--	--	154 771

	Land	Buildings	Machinery and equipment	Assets under construction	Total
31/12/2018	--	--	--	--	--
31/12/2019	--	64 637	--	--	64 637

Present value of the lease obligation

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2020	--	66 132	--	--	66 132
Recognised lease liabilities	--	11 005	--	--	11 005
Interest expense on lease liabilities	--	3 785	--	--	3 785
Lease payments - principal repayments (a)	--	- 20 257	--	--	- 20 257
Lease payments - interest paid (b)	--	-3 785	--	--	-3 785
Revaluation of lease liabilities	--	100 692	--	--	100 692
Losses (end of lease)	--	--	--	--	--
Exchange rate conversions	--	--	--	--	--
31/12/2020	--	157 572	--	--	157 572
Liability due					
up to 1 year	--	16 775	--	--	16 775
more than 1 year and less than 5 years	--	66 268	--	--	66 268
in more than 5 years	--	74 529	--	--	74 529

	Land	Buildings	Machinery and equipment	Assets under construction	Total
1/1/2019		54 424	--	--	54 424
Transition to IFRS 16 as of 1 January 2019	--	--	--	--	--
Recognised lease liabilities	--	16 616	--	--	16 616
Interest expense on lease liabilities	--	3 267	--	--	3 267
Lease payments - principal repayments (a)	--	-15 636	--	--	-15 636
Lease payments - interest paid (b)	--	-3 267	--	--	-3 267
Revaluation of lease liabilities	--	10 728	--	--	10 728
Losses (end of lease)	--	--	--	--	--
Exchange rate conversions	--	--	--	--	--
31/12/2019	--	66 132	--	--	66 132
Liability due					
up to 1 year	--	17 039	--	--	17 039
more than 1 year and less than 5 years	--	41 766	--	--	41 766
in more than 5 years	--	7 327	--	--	7 327

The Company is not exposed to any significant future cash outflows from contracts for which no lease was commenced at the balance sheet date nor from the residual value guarantees on lease options not included in the measurement of lease liabilities as at 31 December 2020.

An analysis of the currency risk and the maturity of the lease payables is presented in Note 30.

17. Ownership interests in subsidiaries

2019	Ownership	Acquisition cost	Adjustment	Net book value
ŠKODA ELECTRIC a.s.	100%	2 358 986	--	2 358 986
ŠKODA VAGONKA a.s.	100%	7 608 000	-3 933 221	3 674 779
Pars nova a.s.	100%	1 761 270	--	1 761 270
Ganz-Skoda Electric Ltd.	100%	140 030	-76 149	63 881
ŠKODA TVC s.r.o.	100%	100 000	--	100 000
POLL, s.r.o.	100%	32 138	--	32 138
SKODA POLSKA Sp.z o.o.	100%	32	--	32
ŠKODA CITY SERVICE s.r.o.	100%	123 250	--	123 250
SKODA TRANSPORTATION Deutschland GmbH	100%	682	--	682
ŠKODA DIGITAL s.r.o.	100%	240	--	240
ŠKODA TRANSTECH Oy	100%	401 551	--	401 551
Škoda Transportation USA, LLC	100%	0	--	0
ŠKODA RAIL s.r.o.	100%	3 700	--	3 700
SKODA TRANSPORTATION UKRAINE LLC	100%	4 366	--	4 366
Total		12 534 245	-4 009 370	8 524 875

The ownership interest of ŠKODA TRANSPORTATION a.s. in ŠKODA CITY SERVICE s.r.o. is pledged in favour of Československá obchodní banka, a.s. to secure the receivables of Československá obchodní banka, a.s. arising from a loan agreement and from other financial

documents as defined in the aforementioned loan agreement, concluded on 11 October 2013 between Československá obchodní banka, a.s., Bammer trade a.s. and ŠKODA CITY SERVICE s.r.o.

In 2015, the Group's higher level of integration caused a partial change in the intra-Group strategy. Apart from repairs, trolley buses, drives and engines, the sales agency will be concentrated at the parent company. Accordingly, the existing plans of ŠKODA VAGONKA a.s. were reviewed. Based on the test for impairment of the financial investment using the model of discounted cash flows, as at 31 December 2015, the investment in ŠKODA VAGONKA a.s. was impaired by TCZK 3 488 891. As at 31 December 2016, the investment was impaired by TCZK 444 330. Based on the test results for 2017 - 2019, no need to further impair the value of the ownership interest in ŠKODA VAGONKA a.s. was identified.

At the end of 2019, the Company recognised a cumulated impairment loss of TCZK 3 933 221 in respect of the ownership interest in ŠKODA VAGONKA a.s.

Pursuant to the sensitivity analysis of the impairment test in respect of the ownership interest in ŠKODA VAGONKA a.s., the value of the ownership interest would further impair if the discount rate increased by 0.66 % or if EBIT decreased by 14.8 % or if the growth factor decreased by 0.85 %.

Under the sensitivity analysis of the impairment test in respect of the ownership interest in Pars nova a.s., the recoverable amount would equal to the carrying amount in the event of an increase in the discount rate by 1.12 %, or a decrease in EBIT by 6.87 %, or a decrease in the growth factor by 1.7 %.

Under the sensitivity analysis of the impairment test in respect of the ownership interest in ŠKODA ELECTRIC a.s., the recoverable amount would equal to the carrying amount in the event of an increase in the discount rate by 9.3 %, or a decrease in EBIT by 41.2 %, or a decrease in the growth factor by 25.9 %.

In respect of the other equity investments, the Company did not identify any triggers for impairment testing.

On 7 August 2020, the Company transferred a 1% stake in OOO Vagonmash to Sinara-Transportnye Mashiny. On this date, the Company lost its controlling interest and OOO Vagonmash continues to be reported as a joint venture.

2019	Ownership	Acquisition cost	Adjustment	Net book value
ŠKODA ELECTRIC a.s.	100%	2 358 986	--	2 358 986
ŠKODA VAGONKA a.s.	100%	7 608 000	-3 933 221	3 674 779
Pars nova a.s.	100%	1 761 270	--	1 761 270
Ganz-Skoda Electric Ltd.	100%	140 030	-76 149	63 881
ŠKODA TVC s.r.o.	100%	100 000	--	100 000
POLL, s.r.o.	100%	32 138	--	32 138
SKODA POLSKA Sp.z o.o.	100%	32	--	32
OOO Vagonmash	51%	94 179	-94 179	0
ŠKODA CITY SERVICE s.r.o.	100%	133 250	--	133 250
SKODA TRANSPORTATION Deutschland GmbH	100%	682	--	682
ŠKODA DIGITAL s.r.o.	100%	240	--	240
ŠKODA TRANSTECH Oy	100%	401 551	--	401 551
Škoda Transportation USA, LLC	100%	--	--	--
ŠKODA RAIL s.r.o.	100%	13 250	--	13 250
SKODA TRANSPORTATION UKRAINE LLC	100%	784	--	784
Total		12 644 392	-4 103 549	8 540 843

The registered offices of the above companies are as follows:

ŠKODA ELECTRIC a.s.
Průmyslová 610/2a
301 00 Plzeň
Czech Republic

ŠKODA VAGONKA a.s.
1. máje 3176/102
703 00 Ostrava
Czech Republic

Pars nova a.s.
Žerotínova 1833/56
787 01 Šumperk
Czech Republic

ŠKODA TVC s.r.o.
Tylova 1/57
301 28 Plzeň
Czech Republic

ŠKODA CITY SERVICE s.r.o.
Emila Škody 2922/1
301 00 Plzeň, Jižní Předměstí
Czech Republic

Ganz-Skoda Electric Ltd.
Horváth utca 12-26
H-1027 Budapest
Hungary

ŠKODA POLSKA Sp. z o. o.
Złota 59
00-120 Warszawa
Poland

ŠKODA DIGITAL s.r.o.
Moravská 797/85
700 30 Ostrava, Hrabůvka
Czech Republic

SKODA TRANSPORTATION Deutschland GmbH
Leopoldstraße 244
80807 Munich
Germany

POLL, s.r.o.
Výplová 1676/4a
153 00 Praha 5, Radotín
Czech Republic

Skoda Transportation USA, LLC
Orange Street
19801 Wilmington
USA

ŠKODA TRANSTECH Oy
Elektroniikkatie 2
905 90 Oulu
Finland

ŠKODA RAIL s.r.o.
Emila Škody 2922/1
301 00 Plzeň
Czech Republic

SKODA TRANSPORTATION
UKRAINE LCC
Naberezna St 26B
490 00 Dnipro
Ukraine

18. Ownership interests in associates and joint ventures

PRAGOIMEX a.s. and Zaporizkiy Elektrovoz are associated companies in which the Company participates. In 2015, the Company acquired a 49% interest in Zaporizkiy Elektrovoz. The investment's value is insignificant for the Company.

On 17 December 2019, the Company co-founded the joint venture Sinara - Škoda (a 50% share) with focus on the production of metro cars, trams, and trolleybuses. The acquisition price of the share is TCZK 1 821. As at 31 December 2019, the share had not been paid.

On 7 August 2020, the Company lost its controlling interest in the subsidiary OOO Vagonmash through the transfer of a 1% stake in this company and started to report it as a joint venture. In an expert valuation, the fair value of this joint venture was determined to be TRUB 180 180 (TCZK 54 436). As at 31 December 2020, the Company recognised a liability of TCZK 8 608 due to an unpaid contribution made outside the share capital in OOO Vagonmash.

PRAGOIMEX a.s.

The following table summarises the financial information of PRAGOIMEX a.s.

The table also reconciles the summarised financial information to the carrying amount of the Company's interest in the associate.

PRAGOIMEX a.s. prepares statements according to Czech accounting standards. Due to the insignificance of adjustments under IFRS, these statements have not been adjusted.

PRAGOIMEX a.s.	2020	2019
Percentage ownership interest	32%	32 %
Non-current assets	9 478	9 158
Current assets	124 408	127 724
Non-current liabilities	34 000	34 200
Current liabilities	46 331	64 755
Net assets (100%)	53 555	37 927
Company's share of net assets (32%)	17 138	12 137
Revenues	424 063	221 866
Profit+/Loss - from continuing activities (100%)	15 785	-9 818
Correction of prior year income	--	-2 700
Total comprehensive income (100%)	15 785	-12 518
Total comprehensive income (32 %)	5 051	-4 006
Company's share in profit and total comprehensive income	5 051	-4 006
Company's share in the decrease in funds from profit (32%)	-50	-399
Company's share in profit after adjustment for the decrease in funds from profit	5 001	-4 405

OOO Sinara-Škoda

The following table summarises the financial information of OOO Sinara-Škoda. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in the joint venture.

OOO Sinara Škoda prepares statements according to Russian accounting standards. Due to the insignificance of adjustments under IFRS, these statements have not been adjusted.

OOO Sinara-Škoda	2020
Percentage ownership interest	50%
Non-current assets	3 295
Current assets	83 842
Non-current liabilities	86 096
Current liabilities	8 237
Net assets (100%)	-7 196
Company's share of net assets (50%)	-3 598
Carrying amount of interest in joint venture	-3 598
Revenues	697
Profit+/Loss - from continuing activities (100%)	-11 314
Total comprehensive income (100%)	-11 314
Total comprehensive income (50 %)	-5 657
Company's share in profit and total comprehensive income	-5 657

OOO Vagonmash

The following table summarises the financial information of OOO Vagonmash. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in the joint venture.

OOO Vagonmash prepares statements according to Russian accounting standards. Due to the insignificance of adjustments under IFRS, these statements have not been adjusted.

OOO Vagonmash	2020
Percentage ownership interest	50%
Non-current assets	9 488
Current assets	80 646
Non-current liabilities	5 919
Current liabilities	4 274
Net assets (100%)	79 941
Company's share of net assets (50%)	39 971
Effect of acquisition and differences in accounting policies*	4 643
Contribution made outside the share capital	8 608
Carrying amount of interest in joint venture	53 222
Revenues	3 597**
Profit+/Loss - from continuing activities (100%)	-16 006**
Total comprehensive income (100%)	-16 006**
Total comprehensive income (50 %)	-8 003**
Company's share in profit and total comprehensive income	-8 003**

* The amount represents the difference between the fair value of the interest in the joint venture and the net asset value of OOO Vagonmash at the date of initial recognition of the interest in the joint venture.

** The value for period from 7/8/2020 to 31/12/2020

The registered offices of the associated companies are as follows:

PRAGOIMEX a.s.
Pod náspem 795/12
190 00 Praha 9, Libeň
Czech Republic

TOV "ZAPORIZKIY ELEKTROVOZ"
LLC UKRAINIAN-CZECH PLANT
Vulicya Zaliznichna 2
69095 Zaporiz'ka obl., Zaporizha
Ukraine

OOO Sinara – Škoda
Naberezhnaya
Obvodnogo Kanala 138
190 020 Sankt-Peterburg
Russian Federation

OOO Vagonmash
Leninskij prospekt 160
196 247 Sankt-Peterburg
Russian Federation

19. Inventories

	31/12/2020	31/12/2019
Materials	1 678 260	870 254
Work-in-progress	528 474	397 184
Intermediate products	38 601	84 468
Finished goods	4 686	9 482
Advance payments for inventories	1 832 348	862 293
Total inventories (gross)	4 082 369	2 223 681
Materials	-67 943	-48 578
Work-in-progress	-57 012	--
Intermediate products	--	--
Allowances	-124 955	-48 578
Materials	1 610 317	821 676
Work-in-progress	471 462	397 184
Intermediate products	38 601	84 468
Finished goods	4 686	9 482
Advance payments for inventories	1 832 348	862 293
Total inventories (net)	3 957 414	2 175 103

Based on an analysis of turnover and usability of inventories, as at 31 December 2020, the Company reduced the carrying amount of inventories to their net realisable value by recognising an impairment loss of TCZK -124 955 (2019 - TCZK -48 578).

The change in inventory impairment losses is included in other operating expenses.

Acquisition costs of materials recognised as an expense in the income statement are included in Materials and consumables (Note 5).

20. Trade receivables and other assets

	31/12/2020	31/12/2019
Trade receivables	2 120 983	1 030 185
Estimated receivables	37 254	3 972
Operating advances paid	198 209	48 697
Receivables from the state	63 295	55 843
Prepaid expenses	42 135	16 743
Other receivables	2 123 222	2 595 393
Total (gross)	4 585 098	3 750 833
Impairment losses	-67 118	-22 816
Total (net)	4 517 980	3 728 017

The credit and currency risks arising from trade receivables and other assets are described in Note 30.

Other receivables comprise balances of loans provided to subsidiaries.

21. Other non-current receivables and loans

	31/12/2020	31/12/2019
Non-current receivables and loans due within 2 years	--	138 919
Non-current receivables and loans due in 2 to 5 years	34 538	28 313
Non-current receivables and loans due in more than 5 years	--	119 886
Total	34 538	287 118

Other non-current receivables and loans comprise the long-term retention of TCZK 34 538 (net, 2019 TCZK 172 773).

22. Cash and cash equivalents

	31/12/2020	31/12/2019
Cash in hand	350	398
Bank accounts	465 435	933 039
Short-term time deposits	--	--
Valuables	--	--
Total	465 785	933 437

The Company has no restricted cash.

Significant investment and financial activities without impact on cash

As at 31 December 2020, the value of outstanding liabilities relating to investment activities was TCZK 594 626.

23. Equity

Registered capital

The Company's registered capital as at 31 December 2020 amounted to TCZK 3 150 000 (2019 TCZK 3 150 000). The sole shareholder holds one registered ordinary share in book-entry form in the nominal value of TCZK 3 134 100 and one registered ordinary share in book-entry form in the nominal value of TCZK 15 900. Each TCZK 100 of the nominal value of the shares constitutes one voting right that can be exercised at a general meeting.

Capital contributions

Other capital contributions as at 31 December 2020 amounted to TCZK 4 227 673 (2019 TCZK 4 227 673).

Fair value changes in respect of cash flow hedges

The fair value change in respect of cash flow hedges (including deferred tax impact) as at 31 December 2020 totals TCZK 272 931 (2019 TCZK 309 164), resulting from changes in the fair value of derivatives that meet the hedge accounting requirements.

The impact of realised derivatives whose value was reported in other comprehensive income in the previous period amounted to TCZK 24 494 in 2020.

The change in the fair value of cash flow hedges represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedging transactions that were not realised at the balance sheet date.

Retained earnings

Retained earnings as at 31 December 2020 were TCZK 4 178 624 (2018 TCZK 5 182 403).

24. Earnings/(Losses) per share

As described in Note 1, the Company has two shares of a different nominal value. The voting rights and shares in profit correspond to the proportion of each share in the registered capital. Due to the significant disproportion in the share of individual stocks on profit, the calculation of the share in profit is performed for each share separately. The share of the stock with the nominal value of TCZK 3 134 100 in the Company's loss for 2020 was TCZK -998 712, whereas the share of the stock with the nominal value of TCZK 15 900 was TCZK -5 067.

25. Trade payables and other payables

	31/12/2020	31/12/2019 adjusted
Trade payables	1 400 399	954 057
Payables to employees	122 535	77 430
Payables to the state	12 227	9 294
Social security liabilities	36 029	27 356
Deferred income	194 920	77 875
Accrued expenses	--	2 200
Estimated payables	240 717	100 380
Other payables	14 248	4 900
Total	2 021 075	1 253 492

In 2020, the structure of the above table was adjusted. To maintain the comparability of data, the Company also adjusted the data for 2019.

Ageing structure of trade payables

	31/12/2020	31/12/2019
Payables not overdue	1 245 056	479 959
Payables up to 6 months overdue	143 824	79 673
Payables up to 12 months overdue	6 040	99 080
Payables up to 36 months overdue	4 224	39 485
Payables more than 36 months overdue	1 255	255 860
Trade payables	1 400 399	954 057

26. Other non-current liabilities

	31/12/2020	31/12/2019 adjusted
Other non-current liabilities	5 180	57
Total	5 180	57

In 2020, the structure of the above table was adjusted. To maintain the comparability of data, the Company also adjusted the data for 2019.

27. Loans, borrowings and securities

Loans and borrowings as at 31 December 2020

Bank loans	Current portion	Non-current portion	Total	Interest rate	Due date	Credit facility	Not drawn from the credit facility	Type of security
Short term bank loan	802 312	--	802 312	3,65 % ¹	--	3 500 000	2 700 000	no security
Short term bank loan COVID	720 152	--	720 152	1,90 % ²	28.1.2021	720 000	0	no security, financial guarantee from EGAP
Overdraft facility	--	--	--	-- ³	--	100 000	100 000	
Total	1 522 464	--	1 522 464 ⁴	--	--	4 320 000	2 800 000	--

Non-bank loans	Current portion	Non-current portion	Total	Interest rate	Due date	Credit facility	Not drawn from the credit facility	Type of security
Loan from PPF Beer Topholdco B.V.	--	1 681 373	1 681 373	8,50 %	-- ⁵	1 355 113	--	no security subordinated to the bank loan)
Intra-division loans SVAG (EUR)	237 473	--	237 473	3,50 %	4.1.2021			no security
Intra-division loans SELC (CZK)	629 370	--	629 370	3,77 %	4.1.2021	3 000 000 ⁶	1 484 494	no security
Intra-division loans SELC (EUR)	412 049	--	412 049	3,50 %	4.1.2021			no security
Intra-division loans PARS (CZK)	236 614	--	236 614	3,77 %	4.1.2021			no security
Total	1 515 506 ⁷	1 681 373	3 196 879 ⁸	--	--	4 355 113	1 484 494	--

The bonds were paid on the due date. The payment was ensured by a combination of own resources and a bank loan. Short-term loans were repaid on their due date, and at the same time new short-term loans were drawn within the same credit line.

¹ Interest rate: 3,3% p.a. + PRIBOR

² Interest rate: 1,6% p.a. + PRIBOR

³ Loan not drawn - Interest rate: 1,6% p.a. + PRIBOR

⁴ The amount is reported including accrued interest.

⁵ The due date is defined in the subordination agreement as the moment of full unconditional and final repayment of the Pari-passu debt.

⁶ The credit facility of the intra-division loan for ŠKODA TRANSPORTATION a.s. is (TCZK) 3 000 000 to be drawn in CZK and EUR

⁷ The amount is reported including accrued interest.

⁸ The amount is reported including accrued interest.

Loans and borrowings as at 31 December 2019

Bank loans	Current portion	Non-current portion	Total	Interest rate	Due date	Credit facility	Not drawn from the credit facility	Type of security
Short term bank loan	201 754	--	201 754	5,54% ⁹	5.8.2020	3 500 000	3 298 246	no security
Total	201 754	--	201 754	--	--	3 500 000	3 298 246	--

Non-bank loans	Current portion	Non-current portion	Total	Interest rate	Due date	Credit facility	Not drawn from the credit facility	Type of security
Loan from PPF Beer Topholdco B.V.	--	1 564 269	1 564 269 ¹⁰	8,50%	-- ¹¹	1 355 113	--	no security subordinated to the bank loan)
Intra-division loans (EUR)	547 224	--	547 224	1,38%	6.1.2020	2 000 000 ¹²	1 453 499	no security
Bonds ¹³	2 342 896	--	2 342 896	3,00%	26.6.2020 ¹⁴	2 342 896	--	Joint and several liability of all debtors ²
Total	2 890 120	1 564 269	4 454 389	--	--	5 698 009	1 453 499	--

⁹ Interest rate: 3.3 % p.a. + PRIBOR

¹⁰ The amount is reported including accrued interest.

¹¹ The due date is defined in the Subordination agreement as the moment of full unconditional and final repayment of the Pari-passu debt

¹² The credit facility of the intra-division loan for ŠKODA TRANSPORTATION a.s. is (TCZK) 2 000 000 to be drawn in CZK and EUR

¹³ On 26 June 2015 the Company issued bonds with a total nominal value of TCZK 2 310 000 at an issue rate of 99.13 % of the nominal value. The bonds have a maturity of five years and a fixed-rate coupon of 3% p.a. paid annually. The issue of bonds is listed on the Regulated market of the Prague Stock Exchange.

¹⁴ The payment of the bonds will be ensured by a combination of own resources and a bank loan.

Other guarantees provided within the Group - guarantor's statements

In favour of/ name of the entity	Guarantee amount	Type of guarantee	Purpose of guarantee	Valid until
Sberbank CZ, a.s.	EUR 144	provision of bank guarantee limit	ŠKODA ELECTRIC a.s.	30/6/2023

28. Provisions

	1/1/2020 adjusted	Additions	Utilisation	Release	31/12/2020
Provision for warranties	148 786	134 838	89 734	--	193 890
Provision for litigations	25 726	1 310	--	--	27 036
Provision for fines and penalties	2 745	--	--	1 907	838
Provision for employee benefits	28 128	12 103	--	--	40 231
Provision for onerous projects	232 500	180 011	106 790	--	305 721
Other provisions	210 136	--	59 658	37 000	113 478
Total	648 021	328 262	256 182	38 907	681 194
Current portion of provisions	621 191	--	--	--	642 354
Non-current portion of provisions	26 830	--	--	--	38 840
Total	648 021				681 194

In 2020, the structure of the above table was adjusted. To maintain the comparability of data, the Company also adjusted the data for 2019.

	1/1/2019 adjusted	MOVO merger effect	Additions adjusted	Utilisation adjusted	Release	31/12/2019 adjusted
Provision for warranties	220 703		19 827	91 744	--	148 786
Provision for litigations	24 416		1 310	--	--	25 726
Provision for fines and penalties	1 907		838	--	--	2 745
Provision for employee benefits	19 743		8 657	--	272	28 128
Provision for onerous projects	239 122		59 352	65 974	--	232 500
Other provisions	172 427	909	89 020	49 090	3 130	210 136
Total	678 318	909	179 004	206 808	3 402	648 021
Current portion of provisions	660 145	909	--	--	--	621 191
Non-current portion of provisions	18 173		--	--	--	26 830
Total	678 318	909				648 021

In 2020, the structure of the above table was adjusted. To maintain the comparability of data, the Company also adjusted the data for 2019.

Provision for warranties

Warranty provisions are attributable to deliveries to customers carried out as at 31 December 2020 and 31 December 2019, which are covered by warranty obligations. The provision is calculated based on historical data and an individual assessment of potential future expenses, while considering additional circumstances known as at the date of preparing the separate financial statements.

Provision for employee benefits

The Company provides its employees with cash payments on the occasion of significant anniversaries or a certain length of service. The Company establishes a provision for these employee benefits. As at 31 December 2020, the Company discounted the provision to its present value using a rate of 3.6 %. The Company also considered the expected employee turnover rate. Due to insignificance, any other information is not disclosed.

Provision for onerous projects

The Company recognised a provision for projects in which based on current forecasts the Company will realise a loss. The value of the provision for onerous contracts arises from the calculation of business cases in accordance with IFRS 15.

Other provisions

Other provisions include, among others, the provisions for bonuses to employees and the Company's management.

29. Derivatives

As at the reporting date, the Company held the following derivatives:

a) Hedging derivatives

Forwards	Transacted in 2021	Transacted in subsequent periods	Fair value as at 31/12/2020	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Forwards – sale of EUR	77 975	115 430	71 052	--
Forwards – sale of RUB	--	--	--	--
Forwards – sale of PLN	139 800	747 714	107 777	--
Total			178 829	
Average hedged rate				
CZK/EUR	26.595	27.021	--	--
CZK/RUB	--	--	--	--
CZK/PLN	6.111	5.823	--	--

Forwards	Transacted in 2020	Transacted in subsequent periods	Fair value as at 31/12/2019	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Forwards – sale of EUR	93 710	193 405	153 191	--
Forwards – sale of RUB	815 000	--	--	-8 844
Total			153 191	-8 844
Average hedged rate				
CZK/EUR	26.5153	26.8491		
CZK/RUB	0.3514	--		

Swaps	Transacted in 2021	Transacted in subsequent periods	Fair value as at 31/12/2020	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	285 944	84 570	156 128	-25 889
Swap – sale of PLN	99 159	0	9 462	--
Total			165 590	-25 889
Average hedged rate				
CZK/EUR	26.709	26.750	--	--
CZK/PLN	5.838	--	--	--

Swaps	Transacted in 2020	Transacted in subsequent periods	Fair value as at 31/12/2019	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	244 352	57 944	107 100	--
Total			107 100	--
Average hedged rate				
CZK/EUR	25.9621	26.4382		

b) Trading derivatives

Swaps	Transacted in 2021	Transacted in subsequent periods	Fair value as at 31/12/2020	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	62 000	1 219	38 165	-2 701
Total			38 165	-2 701

Swaps	Transacted in 2020	Transacted in subsequent periods	Fair value as at 31/12/2019	
			Receivable	Liability
	original currency (thousands)	original currency (thousands)	TCZK	TCZK
Swap – sale of EUR	44 200	1 219	3 168	-17
Total			3 168	-17

In accordance with the accounting policies described in Note 3, the change in the fair value of hedging derivatives of TCZK -44 732 (2019 - TCZK – 255 019), reduced by deferred tax, is recorded in other comprehensive income.

As at 31 December 2020, the Company had a liability of TCZK 28 590 (2019 - TCZK 8 861) arising from the revaluation of hedging derivatives and derivatives held for trading, and a receivable of TCZK 382 583 (2019 - TCZK 263 459) arising from the revaluation of hedging derivatives and derivatives held for trading which are presented, depending on the due date of the derivative, as follows: the non-current portion of the liability of TCZK 6 003 (2019 - TCZK 17) under 'Hedging derivatives – non-current portion', the current portion of the liability of TCZK 22 587 (2019 - TCZK 8 844) under 'Hedging derivatives – current portion'; the non-current portion of the receivable of TCZK 23 117 (2019 - TCZK 51 929) under 'Hedging derivatives – non-current portion', and the current portion of the receivable of TCZK 359 466 (2019 - TCZK 211 530) under 'Hedging derivatives – current portion'.

Depending on the classification of the respective derivative transaction (hedging or trading), gains and losses from derivatives settled in 2020 are recognised under Other operating expenses (see Note 7), Other operating revenues (see Note 8), Financial income (see Note 10) or Financial expenses (see Note 11).

Part of the hedging derivatives with maturity up to 31 December 2020 could not be settled due to a delay in expected income secured by the derivatives against currency risk. Therefore, the underlying swaps were negotiated with a settlement date of 2021 or later. The carrying amounts of these expired derivatives are recorded in equity under Fair value changes relating to hedges of TCZK 272 931 (2019 - TCZK 309 164).

To maximise the effectiveness of its derivatives, the Company adheres to the principle that the terms and conditions of a derivative instrument must correspond to the conditions of the hedged item.

Contracts with customers are naturally hedged by receiving advances in a currency corresponding to the currency agreed in the respective contract.

Within hedge accounting, the Company monitors the long-term effectiveness of the hedging. Given the fact that the most important parameters of the hedging instrument and the hedged item are the same (the nominal values of the derivative and the hedged cash flows, the same transaction currency, etc.), there are no sources of inefficiency other than the counterparty credit risk under hedge accounting. The hedging ratio is 1:1. The hedge ineffectiveness was insignificant in 2020 and 2019 and was not accounted for.

Derivatives that are expected to be realised in the Company's normal operating cycle are classified as current. Other derivatives are classified as non-current.

Financial assets and liabilities measured at fair value have been assigned to Level 2 as defined by IFRS.

30. Financial instruments

Financial instruments				
31/12/2020 TCZK	at amortised costs	at fair value through profit or loss	at fair value through other comprehensive income	Total
Financial assets	4 714 664	--	--	4 714 664
Trade receivables and other financial assets	4 248 879	--	--	4 248 879
Cash and cash equivalents	465 785	--	--	465 785
Financial liabilities	-4 850 906	--	--	-4 850 906
Trade payables and other financial liabilities	-1 655 364	--	--	-1 655 364
Bank loans	-1 522 464	--	--	-1 522 464
Non-bank loans and bonds	-1 515 506	--	--	-1 515 506
Lease liabilities	-157 572	--	--	-157 572
Derivatives (net)	--	35 463	318 530	353 993
Trading derivatives	--	35 463	--	35 463
Hedging derivatives	--	--	318 530	318 530

Financial instruments				
31/12/2019 TCZK	at amortised costs	at fair value through profit or loss	at fair value through other comprehensive income	Total
Financial assets	4 827 289	--	--	4 827 289
Trade receivables and other financial assets	3 893 852	--	--	3 893 852
Cash and cash equivalents	933 437	--	--	933 437
Financial liabilities	-5 783 812	--	--	-5 783 812
Trade payables and other financial liabilities	-1 061 537	--	--	-1 061 537
Bank loans	-201 754	--	--	-201 754
Non-bank loans and bonds	-4 454 389	--	--	-4 454 389
Lease liabilities	-66 132	--	--	-66 132
Derivatives (net)	--	3 151	251 447	254 598
Trading derivatives	--	3 151	--	3 151
Hedging derivatives	--	--	251 447	251 447

Risk management and financial instruments

The Company's principal financial instruments (excluding derivatives) comprise trade receivables, cash-in-hand and bank accounts, other long-term receivables, trade payables, bank loans, related-party loans, and leases. The main purpose of the financial liabilities is to obtain funds for the Company's activities; the Company's financial assets arise during its ordinary activities.

The Company is primarily exposed to the following risks:

- credit risk
- market risk, including currency risk and interest rate risk

- liquidity risk.

The Company's management is generally responsible for the design and monitoring of the financial risk management system. The development and estimates of the effects of individual risks are regularly assessed. The Company's overall risk management strategy focuses on the unpredictable nature of financial markets and endeavours to minimise any potential negative effects on the Company's financial results.

The Company concludes derivative transactions (forwards and swaps) to hedge the currency and interest rate risks that arise as a result of the Company's activities and its funding.

Capital management

The Company's aspiration is to maintain a strong capital foundation with the goal to sustain the trust of investors, creditors and markets and to support the future development of business operations.

Through the management of its capital and the optimisation of the debt to equity ratio the Company intends to ensure optimal conditions for its continuous business operations and to maximise income. The Company is bound to the fulfilment of capital requirements arising from the conditions of received bank loans and issued bonds. In the current period, no financial conditions for any interest-bearing loans and borrowings were breached.

Concentration risk

Considering the parameters of the market in which the Company operates, the major part of the Company's revenues is generated from a limited number of specialised customers. The number of such customers in the market does not change from a long-term perspective. Moreover, it cannot be expected that the market will open to a significant number of new customers in the future. The loss of one or more existing customers may have a significant negative effect on the Company's results of operations.

The Company makes every effort to adapt its products to customers' needs, which is associated with a risk of additional costs incurred for proven products. There is also a risk of a lower credit status of customers who may decide to purchase a smaller number of products or cheaper products due to the lack of sufficient funds.

Credit risk relating to customers

Credit risk results from the potential failure of debtors to fulfil their obligations when they fall due. The risk arises primarily from the potential inability or unwillingness of a debtor to pay off the Company's receivables, or loans provided by the Company. To prevent excessive uncollectible receivables, the top management team focuses on credit risks as part of the effective management of the sales and related functions. The maximum credit risk exposure is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk exposure is primarily dependent on the individual characteristics of each customer. In general, however, credit risk is assessed based on the credit status of customers.

For new contracts and orders, the ability of the customer or counterparty to pay off their debt by the due date is assessed. Where necessary, future cash flows are secured, primarily by

means of advances or bank guarantees. In specific cases, insurance of receivables or letters of credit are used.

The credit limit of each customer is regularly monitored, and procedures are in place to prevent the exceeding of this limit. These pre-defined limits may only be increased after careful evaluation and formal approval by the Company's management.

In addition, balances of receivables are monitored on a regular basis, and the Company's exposure to uncollectible receivables is thus not significant. Credit risk is further covered by the establishment of impairment losses of receivables.

The level of risk for individual trade receivables has been determined taking into account the rating of the country in which the customer operates, the customer or its parent, if any, an analysis of overdue receivables, and other information relevant to the credit risk assessment relevant to the Company, available in connection with a specific customer and a specific financial asset. An increase in the risk of default is indicated in particular by the deterioration of ratings, the existence of overdue receivables, the worsening of communication with the customer, the customer's breach of a contract, and the customer's financial problems.

In 2020, the Company had three customers (see table below) which individually accounted for more than 10 % of the Company's trade receivables (including contract asset). In 2020, revenues from one of these customers exceeded 10 % of the Company's total revenues. The Company's management has taken appropriate action to limit the concentration of risk to these parties by policies and procedures such as collateral agreements, careful evaluation of new agreements entered into and close monitoring of credit balances. Based on the evaluation of the risk associated with one of these customers, an impairment loss of TCZK 3 064 was recognised.

TCZK 31/12/2020	Carrying amount (gross)	Total impairment losses	Carrying amount (net)	Revenues for the year
Customer A	1 502 724	--	1 502 724	-44 969
Customer B	1 252 540	3 064	1 249 476	12 788
Customer C	1 897 323	--	1 897 323	2 107 308

As regards the credit risk arising from the Company's other financial assets, which include cash and cash equivalents and loans, credit risk results from the default of a counterparty, with the maximum exposure being equal to the carrying amount of these instruments. As at 31 December 2020 and 31 December 2019, other financial assets were not impaired.

Derivative-type financial assets are not assessed for credit risk as they are negotiated exclusively with financial institutions with a sufficiently high credit rating.

Impairment

The maximum exposure to credit risk and the reported impairment loss at the balance sheet date were as follows:

	Note	Carrying amount (gross)	Total impairment losses	Carrying amount (net)
TCZK 31/12/2020				
Long-term trade receivables*	21	34 538	--	34 538
Trade receivables**	20	2 120 983	-63 220	2 057 763
Contracts with customers - Contract asset	20	3 834 627	-3 064	3 831 563
Other financial assets	20,21	2 160 476	-3 898	2 156 578
Hedging derivatives - assets	29	382 583	--	382 583
Cash and cash equivalents	22	465 785	--	465 785
Total		8 998 992	-70 182	8 928 810

	Note	Carrying amount (gross)	Total impairment losses	Carrying amount (net)
TCZK 31/12/2019				
Long-term trade receivables*	21	174 579	-1 806	172 773
Trade receivables**	20	1 030 185	-13 166	1 017 019
Contracts with customers - Contract asset	20	3 240 335	-3 064	3 237 271
Other financial assets	20,21	2 713 710	-9 650	2 704 060
Hedging derivatives - assets	29	263 459	--	263 459
Cash and cash equivalents	22	933 437	--	933 437
Total		8 355 705	-27 686	8 328 019

* These balances are presented as Other long-term receivables.

** These balances are presented as Trade receivables and other assets.

The year-to-year change in the reported amount of impairment loss can be analysed as follows:

TCZK	Non-current trade receivables	Trade receivables	Other financial assets	Contract asset
1/1/2020	1 806	13 166	9 650	3 064
Newly recognised financial assets	--	--	--	--
Settlement of financial assets during the reporting period	--	--	-5 752	--
Write-off of financial assets during the reporting period	-1 806	--	--	--
Increase/decrease in credit risk of financial assets reported at the beginning of the reporting period	--	50 054	--	--
31/12/2020	0	63 220	3 898	3 064

TCZK	Non-current trade receivables	Trade receivables	Other financial assets	Contract asset
1/1/2019	0	10 029	9 650	0
Effect of the MOVO merger	--	445	--	--
New recognised financial assets	--	--	--	--
Settlement of financial assets during the reporting period	--	--	--	--
Write-off of financial assets during the reporting period	--	-4 757	--	--
Increase/decrease in credit risk of financial assets reported at the beginning of the reporting period	1 806	7 449	--	3 064
31/12/2019	1 806	13 166	9 650	3 064

The following table provides information on the credit risk analysis of trade receivables as at 31/12/2020:

Risk Grades	Non-current trade receivables – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	34 538	--*	--
Grade 2 Medium risk	--	--	--
Grade 3 High risk**	--	--	--
Total	34 538	--	--

Risk Grades	Trade receivables – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	1 933 714	--*	--
Grade 2 Medium risk	166 408	-57 503	34.6
Grade 3 High risk**	20 861	-5 717	27.4
Total	2 120 983	-63 220	--

Risk Grades	Contract asset – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	2 698 877	--*	--
Grade 2 Medium risk	1 135 750	-3 064	0.3
Grade 3 High risk**	--	--	--
Total	3 834 627	-3 064	--

Risk Grades	Other financial assets – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	2 156 578	--*	--
Grade 2 Medium risk	--	--	--
Grade 3 High risk**	3 898	-3 898	100
Total	2 160 476	-3 898	--

* The calculated risk of loss is immaterial and has therefore not been recognised.

** Credit impaired financial asset

The following table provides information on the credit risk analysis of trade receivables as at 31/12/2019

Risk Grades	Non-current trade receivables – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	136 332	--*	--
Grade 2 Medium risk	38 247	-1 806	4.7
Grade 3 High risk**	--	--	--
Total	174 579	-1 806	

Risk Grades	Trade receivables – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	815 862	--*	--
Grade 2 Medium risk	193 731	-7 449	3.8
Grade 3 High risk**	20 592	-5 717	27.8
Total	1 030 185	-13 166	

Risk Grades	Contract asset – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	2 034 093	--*	--
Grade 2 Medium risk	1 206 242	-3 064	0.2
Grade 3 High risk**	--	--	--
Total	3 240 335	-3 064	

Risk Grades	Other financial assets – carrying amount (gross)	Total impairment losses	Weighted average loss rate
	TCZK	TCZK	%
Grade 1 Low risk	2 704 060	--*	--
Grade 2 Medium risk	--	--	--
Grade 3 High risk**	9 650	-9 650	100
Total	2 713 710	-9 650	

* The calculated risk of loss is immaterial and has therefore not been recognised.

** Credit impaired financial asset

The tables below provide information on ageing structure of trade receivables as at 31 December 2020 and as at 31 December 2019:

31/12/2020	Carrying amount (gross)	Recognised impairment loss	Weighted- average loss rate
	TCZK	TCZK	%
Receivables not overdue	1 553 618	-12 502	0.8
Receivables less than 3 months overdue	33 779	--	--
Receivables less than 6 months overdue	6 783	--	--
Receivables less than 12 months overdue	51 694	--	--
Receivables less than 36 months overdue	187 657	-45 018	24.0
Receivables more than 36 months overdue	287 452	-5 700	2.0
Total	2 120 983	-63 220	

31/12/2019	Carrying amount (gross)	Recognised impairment loss	Weighted- average loss rate
	TCZK	TCZK	%
Receivables not overdue	260 525	-5 660	2.2
Receivables less than 3 months overdue	99 296	--	--
Receivables less than 6 months overdue	24 137	--	--
Receivables less than 12 months overdue	80 768	-1 806	2.2
Receivables less than 36 months overdue	1 795	--	--
Receivables more than 36 months overdue	563 664	-5 700	1.0
Total	1 030 185	-13 166	

Market risk

Market risk results from potential changes in the value of assets and liabilities due to fluctuations in exchange rates. The Company has implemented certain procedures and methods to monitor this risk.

Currency risk

The Company is exposed to significant risks resulting from foreign currency transactions. These risks arise from sales and purchases that the Company carries out in currencies other than its functional currency. Approximately 51 % (2019 52 %) of the Company's sales is denominated in currencies (predominantly in EUR) other than the Company's functional currency, while 71 % (2019 70 %) of the expenses is denominated in the Company's functional currency.

The Company aims to eliminate most of its currency risk by using derivatives to hedge the Company's exposure to the volatility of exchange rates affecting expected future cash flows. For more information, see Note 29.

Balances of financial assets and liabilities denominated in foreign currency

31/12/2020 in thousands	CZK	EUR	USD	HUF	RUB	Other	Total
Financial assets							
Trade receivables and other financial assets	1 208 812	3 023 945	6 162	3	--	9 957	4 248 879
Cash and cash equivalents	451 205	9 306	150	--	4 540	584	465 785
Financial liabilities							
Trade payables and other financial liabilities	-878 899	-776 465	--	--	--	--	-1 655 364
Bank loans	-1 522 464	--	--	--	--	--	-1 522 464
Non-bank loans and bonds	-865 984	-649 522	--	--	--	--	-1 515 506
Lease payables	-157 572	--	--	--	--	--	-157 572
Derivatives							
Derivatives for trading	--	35 463	--	--	--	--	35 463
Hedging derivatives (net outflow)	--	201 294	--	--	--	117 236	318 530

31/12/2019 in thousands	CZK	EUR	USD	HUF	RUB	Other	Total
Financial assets							
Trade receivables and other financial assets	1 964 144	1 910 616	6 162	3	8 445	4 482	3 893 852
Cash and cash equivalents	758 217	10 645	137	--	163 046	1 392	933 437
Financial liabilities							
Trade payables and other financial liabilities	-501 135	-555 066	-1 370	--	-3 962	-4	-1 061 537
Bank loans	-201 754	--	--	--	--	--	-201 754
Non-bank loans and bonds	-3 907 165	-547 224	--	--	--	--	-4 454 389
Lease payables	-34 936	-31 196	--	--	--	--	-66 132
Derivatives							
Derivatives for trading		3 151	--	--	--	--	3 151
Hedging derivatives (net outflow)	--	260 291	--	--	-8 844	--	251 447

Sensitivity analysis – currency risk exposure

A reasonably possible strengthening (weakening) of the euro, US dollar or Hungarian forint against all other currencies as at 31 December 2020 and 31 December 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, especially interest rates, remain constant and ignores any impact of forecast sales and purchases.

The actual impact of foreign exchange changes arising from a 10% appreciation (depreciation) of the Czech crown on the income statement would be different from the calculation provided below as the Company mitigates its currency risk exposure by concluding currency derivatives contracts.

	Exchange rate at 31 December 2020	10%	-10%
CZK/EUR	26.245	28.870	23.621
CZK/USD	21.387	23.526	19.248
CZK/HUF	0.072	0.079	0.065
CZK/RUB	0.287	0.316	0.258

	Exchange rate at 31 December 2019	10%	-10%
CZK/EUR	25.410	27.951	22.869
CZK/USD	22.621	24.883	20.359
CZK/HUF	0.077	0.085	0.069
CZK/RUB	0.363	0.400	0.327

Income statement		
	Weakening TCZK	Strengthening TCZK
31 December 2020		
EUR (10% movement)	164 273	-164 273
USD (10% movement)	631	-631
RUB (10% movement)	454	-454
31 December 2019		
EUR (10% movement)	305 790	-305 790
USD (10% movement)	767	-767
RUB (10% movement)	17 545	-17 545
Income statement		
	Weakening TCZK	Strengthening TCZK
31 December 2020		
EUR (10% movement)	20 129	-20 129
RUB (10% movement)	--	--
PLN (10% movement)	11 724	-11 724
31 December 2019		
EUR (10% movement)	26 029	-26 029
RUB (10% movement)	-884	884
PLN (10% movement)	--	--

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from financial instruments will fluctuate because of changes in interest rates. Interest rate risk management aims to eliminate the risk arising from changes in interest rates of variable-rate financial liabilities by maintaining a suitable structure of financial liabilities. The Company is exposed to interest rate risk primarily in connection with bank loans.

Sensitivity analysis – changes in interest rates

The Company is exposed to interest rate risk primarily due to financial liabilities arising from borrowings and non-current liabilities that bear interest at variable rates. The sensitivity analysis is based on the exposures as at the reporting date. In the coming period, the Company assumes the possibility of a +/-10 basis point change in the yield curve. The Company is most sensitive to movements in the Czech crown yield curve. The following table shows the possible effect on profit or loss before tax of the expected change in interest rates.

Interest rate change	2020 Increase of 10 basis points	2020 Decrease of 10 basis points	2019 Increase of 10 basis points	2019 Decrease of 10 basis points
Effect on the income statement	-212	212	121	-121

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk exposure on a regular basis and assesses the maturity of financial investments and financial liabilities, and projected cash flows from its activities.

One of the principal liquidity management tools are advances received to cover the costs relating to the completion of contracts, the allocation of available funds to highly liquid bank instruments (term deposits and depository notes), and the conclusion of agreements with suppliers regarding reasonable maturity dates.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

31/12/2020	Contractual cash flows					
	Carrying amount	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	Due in more than 5 years
Non-derivative financial liabilities						
Trade payables	1 400 399	1 400 399	1 394 921	4 224	1 254	--
Bank loans	1 522 464	1 522 464	1 522 464	--	--	--
Non-bank loans and bonds	3 196 879	3 664 976	1 515 506	--	--	2 149 470
Current financial liabilities	14 248	14 248	14 248	--	--	--
Finance lease payables	157 572	203 101	23 872	23 872	62 731	92 986
Other non-current liabilities	5 180	5 180	--	2 534	--	2 646
Derivative financial liabilities (fixed term contracts used for hedging) – net						
Derivatives for trading	-35 463	-37 441	-36 277	--	-1 164	--
Inflow (-)		-1 696 624	-1 663 467	--	-33 157	--
Outflow (+)		1 659 183	1 627 190	--	31 993	--
Hedging derivatives (net outflow)	-318 530	-401 369	- 218 041	-73 045	-110 283	--
Inflow (-)		-20 879 726	-11 144 304	-4 995 486	-4 739 936	--
Outflow (+)		20 478 357	10 926 263	4 922 441	4 629 653	--
Total	5 942 749	6 375 345	4 216 862	-42 415	-39 379	2 240 277

31/12/2019	Contractual cash flows					
	Carrying amount	Total	Due within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	Due in more than 5 years
Non-derivative financial liabilities						
Trade payables	954 057	954 057	656 977	39 466	257 614	--
Bank loans	201 754	208 433	208 433			
Non-bank loans and bonds	4 454 389	5 076 957	2 927 487	--	--	2 149 470
Current financial liabilities	107 480	107 480	107 480	--	--	--
Finance lease payables	66 132	74 787	19 876	12 036	35 306	7 569
Other non-current liabilities	57	57	--	57	--	--
Derivative financial liabilities (fixed term contracts used for hedging) – net						
Derivatives for trading	-3 151	-5 045	-2 863	--	-2 182	--
Inflow (-)		-1 159 142	-1 125 985	--	-33 157	--
Outflow (+)		1 154 097	1 123 122	--	30 975	--
Hedging derivatives (net outflow)	-251 446	-566 742	-228 835	-151 941	-185 966	--
Inflow (-)		-15 839 708	-9 115 022	-3 605 643	-3 119 042	--
Outflow (+)		15 272 966	8 886 188	3 453 702	2 933 076	--
Total	5 529 272	5 849 984	3 688 555	-100 382	104 772	2 157 039

The gross inflows/(outflows) disclosed in the above tables represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and not usually closed out before contractual maturity. The disclosure shows the net cash flow amounts for derivatives that are net cash-settled and the gross cash inflow and outflow amounts for derivatives that have a simultaneous gross cash settlement.

Income and expenses and gains and losses in the income statement

2020 (expenses - / revenue +)	Note	Financial instruments by category		
		Loans and advances	Financial derivatives	Total
Interest income	10	-68 329	--	-68 329
Interest expense	11	325 638	--	325 638
Losses from derivative transactions	7	--	312 615	312 615
Gains from derivative transactions	8	--	-232 417	-232 417
		257 309	80 198	337 507
2019 (expenses - / revenue +)	Note	Financial instruments by category		
		Loans and advances	Financial derivatives	Total
Interest income	10	-59 475	--	-59 475
Interest expense	11	246 380	--	246 380
Losses from derivative transactions	7	--	25 336	25 336
Gains from derivative transactions	8	--	-124 113	-124 113
		186 905	-98 777	88 128

Fair value

The Company performed a classification into three levels of input data based on an assessment of their availability, using the fair value hierarchy:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).
- Level 3 inputs: unobservable inputs for the asset or liability.

In the reporting periods ending 31 December 2020 and 2019, no transfers were made between Level 1 and Level 2 carried at fair value and no transfers were made to or from Level 3.

The fair value of financial derivatives is based on the valuation techniques used by the banks for which the derivatives are negotiated (discounted cash flow model using market rates).

The carrying amount of financial assets and financial liabilities not measured at fair value is an approximation of their fair value, as financial assets and liabilities primarily consist of short-term trade receivables and payables, cash and loans bearing variable interest rates.

The fair value of long-term receivables was calculated by discounting the contractual cash flows using the current yield curve. Fair value falls to Level 3 due to the use of inputs that cannot be directly derived from data obtained in an active market, such as own credit risk.

31/12/2020	Carrying amount as at 31 December 2020	Fair value		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Non-current receivables	34 538	--	--	34 538
Derivatives	382 583	--	382 583	--
<u>Financial liabilities</u>				
Bank loans	-1 522 464	--	--	-1 522 464
Non-bank loans	-1 681 373	--	--	-1 681 373
Bonds	--	--	--	--
Other non-current liabilities	-5 180	--	--	-5 180
Derivatives	-28 590	--	-28 590	--
Total	-2 820 486	--	353 993	-3 174 479

31/12/2019	Carrying amount as at 31 December 2019	Fair value		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Non-current receivables	287 118	--	--	287 118
Derivatives	263 459	--	263 459	--
<u>Financial liabilities</u>				
Bank loans	-201 754	--	--	-201 754
Non-bank loans	-1 564 269	--	--	-1 564 269
Bonds	-2 342 896	-2 373 333	--	--
Other non-current liabilities	-2 262 966	--	--	-2 262 966
Derivatives	-8 861	--	-8 861	--
Total	-5 830 169	-2 373 333	254 598	-3 741 871

The Company does not disclose the fair values of financial instruments presented in short-term trade receivables and other assets and short-term trade payables and other liabilities, as their carrying amount approximates their fair value.

31. Transactions with related parties

Related parties also include key management personnel. The remuneration of these individuals is disclosed in Note 6. In addition, these individuals are provided with standard benefits such as company cars and mobile phones.

The following related-party balances, expenses incurred, and revenues generated in connection with related-party transactions in 2020 and 2019 are included in the advance payments for inventories, receivables, liabilities, advances received, and loans and borrowings described in Notes 19, 20, 21, 26 and 27.

Related party transactions primarily comprise services received or rendered as part of projects and financing received or provided.

2020	Receivables		Liabilities		
	Trade receivables	Other receivables	Trade payables	Non-current and current loans and borrowings	Other payables
Parent company	--	--	--	1 681 373	--
Subsidiaries	522 597	3 742 752	205 164	1 515 506	170 297
Associated companies and Joint ventures	2 665	--	35	--	--
Other companies in PPF group	1 574	210	27 560	1 522 464	3 720
Total	526 836	3 742 962	232 759	4 719 343	174 017

2019	Receivables		Liabilities		
	Trade receivables	Other receivables	Trade payables	Non-current and current loans and borrowings	Other payables
Parent company	--	--	--	1 564 269	--
Subsidiaries	764 525	3 468 814	124 244	547 224	149 583
Associated companies and Joint ventures	--	4 595	--	--	--
Other companies in PPF group	342	--	22 846	201 754	--
Total	764 867	3 473 409	147 090	2 313 247	149 583

Costs and revenues realised with related parties were as follows:

2020	Revenues					Expenses			
	Revenues from own products	Revenues from services	Revenues from the sale of materials	Interest income	Other revenues	Materials and consumables	Purchased services	Interest expense	Other expense
Parent company	--	--	--	--	--	--	--	117 104	--
Subsidiaries	185 619	173 337	9 465	54 666	56 918	13 828	170 266	17 312	375
Associated companies and joint ventures	--	--	21	--	--	--	361	--	1
Other companies in PPF group	--	645	325	--	2 337	3 961	121 548	17 106	44 608
Total	185 619	173 982	9 811	54 666	59 255	17 789	292 175	151 522	44 984

2019	Revenues					Expenses			
	Revenues from own products	Revenues from services	Revenues from the sale of materials	Interest income	Other revenues	Materials and consumables	Purchased services	Interest expense	Other expense
Parent company	--	--	--	--	--	--	--	111 212	--
Subsidiaries	527 016	290 241	17 138	51 831	121 193	25 390	140 173	952	3 692
Associated companies and joint ventures	--	--	--	--	9 190	--	--	--	--
Other companies in PPF group	--	2 086	88	381	2 226	632	99 828	1 754	45 616
Total	527 016	292 327	17 226	52 212	132 609	26 022	240 001	113 918	49 308

Related party transactions were carried out in line with the arm's length principle.

The table does not include receivables, liabilities, expenses and revenues relating to the revenue from contracts with customers under IFRS 15.

32. Development costs

In 2020, the Company incurred development costs of TCZK 1 314 502 (2019 TCZK 926 063), from which TCZK 292 125 (2019 – TCZK 253 928) was capitalised in intangible assets (see Note 14).

33. Environmental liabilities

The Company's management is not aware of any existing environmental risks associated with the Company's activities. As a result, the Company did not establish a provision for potential environmental risks.

34. Bank guarantees

Under applicable contractual provisions, the Company must provide clients with a performance bond, a warranty, and an advance payment guarantee. In addition, bid bonds are issued.

The Company uses the following bank guarantees:

- BB (bid bond)
- APG (advance payment guarantee)
- PB (performance bond)

Bank guarantees received	Valid for up to 1 year	Valid for more than 1 year	Total at 31/12/2019	Total at 31/12/2018
Total in TEUR	118 219	36 425	154 644	153 078
Total in TPLN	--	53 784	53 784	15 000
Total in TCZK	393 544	6 495 577	6 889 121	1 478 005

35. Government grants

The Company received the following government grants in 2020 - 2019:

	2020	2019
Grants recognised in profit or loss	8 131	7 024
Investment subsidies	--	22 681
Total	8 131	29 705

36. Significant litigations

Currently, the Company is not involved in any active litigation proceedings.

37. Reconciliation of profit or loss recognised in IFRS financial statements and profit or loss unaffected by IFRS

The profit or loss unaffected by IFRS is the result of operations as defined by Czech Accounting Standards and not affected by IFRS.

	2020	2019
Profit or loss recognised in the IFRS non-consolidated financial statements	-1 003 779	-457 298
IFRS 15 Revenue from contracts with customers	121 416	143 508
Deferred tax (-) expense / (+) income	-113 576	12 133
Provision for employee benefits (-) additions / (+) release	12 102	8 385
Effect of derivatives recognised in income statement	47 409	-123 667
Discounting of non-current receivables	-676 396	-6 381
Interest on bonds	763	1 285
Provision for onerous projects	147 824	-37 906
Foreign exchange gain/loss from derivatives	518 746	42 974
Other	425 905	44 374
Profit or loss unaffected by IFRS	-519 586	-372 593

38. Annual report

The Company has not prepared an annual report as at 31 December 2020 as the respective information is included in its consolidated annual report.

39. Material subsequent events

On 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic. Responding to the potentially serious threat COVID-19 presents to public health, Czech governmental authorities implemented numerous measures to contain the outbreak during the year.

The wider economic impacts of these events include:

- disruptions to business and economic activities in the Czech Republic with a subsequent impact on both upstream and downstream supply chains;
- significant disruptions to business activities in specific sectors, both within the Czech Republic and in markets with a high dependence on foreign supply chains, as well as export-oriented businesses with a high reliance on foreign markets. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector;
- a significant decrease in demand for non-essential goods and services;
- an increase in economic uncertainty, reflected in more variable asset prices and currency exchange rates.

The Company operates in a sector that has so far not been directly affected in a significant manner by the outbreak of COVID-19. During 2020, the Company achieved relatively stable sales. The unfavourable impact of the pandemic on the Company manifests itself to a certain extent in some business areas. Restrictions on travel in particular have caused issues in the business relations area, in implementing contracts for foreign customers and purchases from foreign suppliers. However, these events have not had a substantial effect on the Company's business.

The Company's management regularly monitors the possible development of the pandemic and its expected effect on the Company and the economic environment the Company operates in, including measures already introduced by the Czech government and the governments of other countries where the Company's major business partners and customers reside.

During the year, the Company's management introduced a number of measures to ensure its uninterrupted operation and to preserve the Company's liquidity, notably including:

- work-from-home programme for employees, provided their job roles and technical equipment allow it;
- introducing regime measures in individual locations (shifts, restricting the contact of work teams, preventative measures, etc.);
- minimisation of external visitors to a necessary minimum;
- minimisation of business trips and personal meetings on the Company's premises, making use of electronic means – teleconferences, video conferences, Skype, MS TEAMS, etc.;
- increased focus on basic hygiene, including the use of disinfectants;
- obligation to wear respiratory protection – scarves, shawls, masks, respirators, etc.;
- taking the temperature of all persons entering the Company's premises;

- obligation of employees to report risky contacts;
- obligation of employees to be tested regularly;
- setting up rules for COVID-19 incidence in the Company;
- publishing current preventative measures aimed at containing the outbreak on the Company's intranet;
- announcing to customers the occurrence of a force majeure event and monitoring business transactions from the perspective of the event's possible effects.

Based on currently publicly available information, the Company's current KPIs and in view of the adopted measures, the Company's management does not anticipate a direct immediate and significant adverse impact of the COVID-19 outbreak on the Company, its operations and financial position in 2020 in the following period. However, it cannot be precluded in the current situation that a further negative development of the pandemic and the associated impact on the economic environment the Company operates in will have an adverse effect on the Company, its financial position, and operating results in the medium and longer term.

As of 1 January 2021, as a result of the merger process, the subsidiary Škoda Rail s.r.o. in which the Company held a 100% stake, ceased to exist and its assets, rights and obligations, receivables, liabilities and employees were transferred to Škoda Digital s.r.o. in which the Company holds a 100% interest.

On 7 July 2020, the Company signed an agreement to purchase a 100% stake in Ekova Electric, with the share expected to be transferred to the Company on 1 July 2021.

As at the date of preparation of the separate financial statements, the Company's management is not aware of any other significant subsequent events that would affect the Financial Statements as at 31 December 2020.

Approved on 30 April 2021



Ing. Petr Brzezina

Chairman of the board of directors



Ing. Jan Menclík

Member of the board of directors



KPMG Česká republika Audit, s.r.o.

Pobřežní 1a
186 00 Praha 8
Czech Republic
+420 222 123 111
www.kpmg.cz

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
ŠKODA TRANSPORTATION a.s.**

Opinion

We have audited the accompanying separate financial statements of ŠKODA TRANSPORTATION a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2020, the separate income statement, the separate statement of comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and notes to the separate 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 separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2020, 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.



Other Information

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

As described in Note 38 to the financial statements, ŠKODA TRANSPORTATION a.s. has not prepared an annual report as at 31 December 2020, as the respective information is included in its consolidated annual report. Consequently, this auditor's report does not include our statement on the other information.

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

Karel Růžička is the statutory auditor responsible for the audit of the financial statements of ŠKODA TRANSPORTATION a.s. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague
30 April 2021

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

Karel Růžička
Karel Růžička
Partner
Registration number 1895