

CONSOLIDATED **ANNUAL REPORT** **2021**



ŠKODA

| Škoda Transportation Group

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Introduction

DEAR COLLEAGUES AND BUSINESS PARTNERS,

2021 was a year which was once again marked by the covid-19 pandemic, but also one marked by the financial growth of our group. The covid-19 pandemic and related measures had a negative impact on the performance of certain contracts and the entire supply chain was disrupted significantly in the case of both domestic and in particular foreign suppliers, this having an impact on the technical and material preparation of projects. Available capacity in production, testing and homologation was reduced due to illness. Major travel restrictions and restrictions in other countries played a significant role in the case of foreign contracts. Due to the many restrictions imposed, the situation also affected our recruitment plans. However, despite all of this, we were able to achieve financial growth.

Looking back over the past year, I can say that I evaluate it in a very positive light from a commercial and product-related point of view. In 2021, we concluded new contracts worth almost CZK 22 billion, over 40% of which were won on export markets. Overall, we have increased our order backlog to a total of CZK 81 billion. Orders for new vehicles came in from both the Czech Republic and abroad. New single-decker RegioPanter trains were ordered by Czech Railways, the Slovak carrier ZSSK and Elron, a carrier from Estonia. We won another contract as part of a consortium with Siemens, in which we will produce 180 cutting-edge express carriages for Czech Railways to be used for international transport.

The tram system in Brno is being renovated. The city will be taking receipt of 40 new trams leading to significant modernisation of transport in the South Moravian capital. In February, we won a very unusual tender when three German cities jointly chose us to supply up to 45 new trams. Scandinavian cities are not lagging behind either. Due to its great previous experience with our trams, Helsinki has now ordered a total of 23 new vehicles. However, orders for wheeled vehicles were not far behind. Prague is planning modernisation and we have won an order for 14 new Škoda E'CITY electric buses from the local transport company. We have, for example, won trolleybus contracts in Pilsen and Budapest. We also had a successful year in sales of electrical equipment. The most interesting orders include equipment for the unmanned metro system in Korea or for use in the heart of locomotives which will run on the railways in Kazakhstan.

At the end of June, we presented our latest product, a double-decker push-pull train set, on the test track in Velim. This is a modern solution which is suitable for operation with various types of locomotives and speeds up traffic at terminals. A total of five of these trains were ordered by Czech Railways and all of them are now operating on regular lines in the Moravian-Silesian Region. Visitors were able to see the new Škoda E'CITY electric bus for the very first time at the CzechBus trade fair in Prague. At the close of the year, the first Varsovia metro train was rolled out onto the test track and began preparations for longer testing. We also celebrated a very important anniversary in September, this being 85 years since the start of trolleybus production. Over the years, more than 14,500 trolleybuses have left our plant.

During the course of 2021, we dedicated major efforts towards development of our battery-powered and hydrogen-powered vehicles. Digitalisation has also been one of our key themes. Our new trams in Pilsen are equipped with special sensors which monitor the track and potential obstacles. They then communicate via the 5G network with other devices in the traffic network and have therefore become part of the smart cities concept.

We support public life, helping people in the locations where we operate. We also devoted a great amount of effort and funding to the development of charity, sporting and other public activities. Examples include cooperation with the St. Zdislava Home for Mothers with Children in Need, support for the St. George Retirement Home and cooperation with Ovahep, an organisation which helps people with cancer. Our name has long been associated with the Škoda Sport Park and Škodaland sporting venues in Pilsen, and in particular with the Pilsen ice-hockey club HC Škoda Plzeň. We also support the HC Draci Pars Šumperk ice-hockey team in Šumperk and the FC Baník Ostrava football team in Ostrava. In addition to this, in September we organised the sixth Škoda FIT Half Marathon, an event which attracted more than 1,200 competitors in several categories.

Thank you all for the wonderful cooperation we enjoyed in 2021. I am glad that together we can continue to maintain the long tradition of our company, a tradition which stretches back more than 160 years, and in doing so, raise the profile of cutting-edge Czech engineering around the world.



Didier Pfleger

CEO and Chairman of the Board of Directors of the Škoda Transportation Group

ŠKODA TRANSPORTATION group

Selected indicators of the Škoda TRANSPORTATION Group

| in ths. CZK | Index | | |
|--|------------|------------|-----------------|
| | 2021 | 2020 | 2021 / 2020 (%) |
| Backlog* | 81 375 567 | 73 532 967 | 110,7% |
| Revenues | 15 501 008 | 11 025 923 | 140,6% |
| Adjusted EBITDA** | 1 059 752 | 381 002 | 278,1% |
| Net cash flows from operating activities | 3 187 096 | 645 296 | 493,9% |
| Investments in tangible fixed assets | 1 437 598 | 847 365 | 169,7% |
| Investments in intangible fixed assets | 541 264 | 565 665 | 95,7% |
| Net debt *** | 586 002 | 2 057 301 | 28,5% |
| Equity | 11 057 658 | 9 780 860 | 113,1% |

* The value of the order book includes the indexation defined in the contracts for the provision of full service. It 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 2021, the Group incurred research and development expenditures of TCZK 2 078 851 (2020 – TCZK 1 727 577). The most significant development projects in 2021 were the development of underground train units, push-pull double-deck rail vehicles, electrical units, low-floor trams and trolleybuses of various types.

The value of the Backlog increased by 10,7 % compared to the previous year, mainly due to the contracting of new orders in the area of suburban electrical units in 2021.

The Group's consolidated revenue in 2021 amounted to TCZK 15 501 008, i.e. a year-on-year increase of 40.6 %. Revenues from the sale of suburban units and locomotives, trams, trolleybuses and underground train units significantly increased, while revenues from the sale of modernization of rail vehicles decreased. As regards the split of revenues according to the registered office of the end customer, TCZK 9 094 735 were revenues generated in the Czech Republic, i.e. a year-on-year increase of 85.5 %, while TCZK 6 406 273 were revenues generated from other countries. Revenues realised in other countries (according to end customers) comprise most deliveries to customers in Finland, Latvia, Germany, Poland, Slovakia, Lithuania, Italy, Hungary, Russia, China and the USA.

EBITDA amounted to TCZK 1 059 752 and increased by 178.1 % year-on-year due to higher production utilization due to signed orders in 2019 and 2020. EBITDA in 2020 was significantly affected by extraordinary non-monetary effects in the amount of 1,166,200 TCZK, which consisted mainly of impairments for long - term intangible assets, receivables and inventories of materials. Adjusted EBITDA amounted to TCZK 381 002 in 2020.

Operating profit amounted to TCZK 516 925.

Profit before tax amounted to TCZK 278 808.

Total profit for the period amounted to TCZK 580 259 in 2021.

Consolidated entity

As at 31 December 2021, 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 | 100 | Control | Full |
| ŠKODA VAGONKA a.s. | 1. máje 3176/102 | | | |
| 258 70 637 | 703 00 Ostrava | 100 | Control | Full |
| ŠKODA PARS 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 Budapest | | | |
| | Hungary | 100 | Control | Full |

| Company name | Registered office | Ownership interest (in %) | Level of influence | Consolidation method |
|--|---|---------------------------|-----------------------|----------------------|
| Identification number | | | | |
| OOO Vagonmaš | 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 Transportation Balkan d.o.o | Aleja Milanović bb 34325 Lužnice Serbia | 100 | Control | Full |
| ŠKODA EKOVA a.s. 286 42 457 | Martinovská 3244/42 Martinov 723 00 Ostrava | 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 |

| Company name | Registered office | Ownership interest (in %) | Level of influence | Consolidation method |
|------------------------------|--|---------------------------|-----------------------|----------------------|
| Identification number | | | | |
| Zaporizkiy Elektrovoz | Vulicyja Zaliznichna 2 690 95 Zaporizha | 49 | Significant influence | Equity |

Description of changes in the consolidated entity in 2021

As of August 2, 2021, the Group acquired a 100 % interest in Ekova Electric a.s., which became part of the Škoda Transportation a.s. consolidation group. On August 11, 2021, Ekova Electric a.s. was renamed to Škoda Ekova a.s.

The acquisition of Škoda Ekova a.s. the technological center and production capacities of the Group have expanded. Within the Group, Škoda Ekova a.s. will focus on servicing, modernizing and repairing public transport vehicles, as well as producing new trams and other products for the Group's current and future customers.

On 1 January 2021, as a result of the merger, the subsidiary Škoda Rail s.r.o. was dissolved and its assets, rights and obligations, receivables, liabilities and employees were transferred to the subsidiary Škoda Digital s.r.o.

As of December 19, 2021, a subsidiary, Škoda Transportation Balkan d.o.o., was established in Serbia.

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 Skoda 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 2021, Renáta Kellnerová indirectly held a majority share in the voting rights of the Company.

Statutory bodies of the Company as at 31 December 2021

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

- **Stanislav Kuba** – 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 2021, revenues from own products and services amounted to TCZK 10 763 473, which is a year-on-year increase of 122.4 %. Sales were higher in the segment of suburban units and locomotives, trams, underground coaches and full-service. Domestic customers bought products amounting to TCZK 6 816 581. Exports totalled TCZK 3 946 892 and reported a year-on-year increase of 61.0 %.

The operating profit in 2021 totalled TCZK 99 748, which represents a significant year-on-year growth. Profit before tax totalled to TCZK -125 714. The profit for the accounting period totalled to TCZK 3 185.

Total assets of the company increased from TCZK 26 063 430 to TCZK 27 414 553, i.e. a year-on-year increase of 5.2 %. Tangible fixed assets increased from TCZK 2 010 237 in 2020 to TCZK 2 719 743 in 2021, mainly thanks to investments in buildings and equipment. There was a decrease in assets from the right to use (leasing of buildings) from TCZK 154 771 to TCZK 140 062. Further, shares in subsidiaries increased from TCZK 8 524 875 in 2020 to TCZK 8 828 899 in 2021 (acquisition of ŠKODA EKOVA). Inventories recorded a year-on-year increase from TCZK 3 957 414 in 2020 to TCZK 5 724 067 in 2021. Short-term trade receivables and other receivables incl. contract assets decreased from TCZK 8 349 543 in 2020 to TCZK 5 631 278 in 2021. The increase in inventories and tangible fixed assets reflects the increase in production utilization due to new orders signed in 2019 and 2020.

Total equity and liabilities increased from TCZK 26 063 430 to TCZK 27 414 553, i.e. a year-on-year increase by 5.2 %. Equity increased by TCZK 648 139 (mainly capital funds and derivatives). Short-term liabilities reported a major year-on-year increase from TCZK 12 362 009 in 2020 to TCZK 13 260 838 in 2021. This was mainly due to the increase of trade and other payables. Long-term liabilities year-on-year decreased by TCZK 195 846 (especially long - term loans and credits). As at year-end, provisions amounted to TCZK 475 821, representing mainly 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 36 181 219 |
| Supervisory board | CZK 10 000 |
| Audit committee: | CZK 0 |

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 2021, the outstanding principal amounted to CZK 1 050 000 000.

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 2021, the outstanding principal amounted to TCZK 247 756. 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 Skoda B.V. to the Company on 30 November 2017. The maturity of the loan is defined in the Loan Agreement as a business day that follows 3 months after the fulfillment of the distribution conditions in the Guarantee Facility Agreement. As at 31 December 2021, the interest rate was 8.5 % p.a. and the outstanding principal amounted to CZK 1 155 112 505.

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 ŠKODA PARS 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 2021, the outstanding principal amounted to CZK 1 570 000 000.

Labour relations

Given the complexity of the new projects, most attention was paid to 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 2021, the Company incurred research expenses of TCZK 1 646 660 (2020 – TCZK 1 314 502), of which TCZK 305 171 (2020 – TCZK 292 125) was capitalized in intangible assets.

Environment

Newly acquired technology concerned mainly machining, welding, manipulation technology and testing devices and have 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 2021 included paint shop extension, further building modifications and rails, laser, machine tools, models, forms and jigs and investments in the area of testing, painting and assembly, etc. In the area of intangible assets, ERP system, SW CATIA, Concerto and other SW licenses were purchased, and development costs were capitalised. The renewal of production technologies, purchases of SW and an update of the ERP system are being considered for the next period.

Acquisition of own shares

In 2021, the Company did not acquire any of its own shares.

Material litigations

Currently, the Group does not record any active or passive litigation with a significant impact on the Group.

Subsequent events

COVID-19

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 took a number of measures to contain the outbreak during the year.

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 and 2021, the Group achieved relatively stable sales. The unfavourable impact of the pandemic on the Group manifests itself in some business areas to a certain extent. 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.

Based on currently publicly available information, the Group's current KPI's 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 and 2021 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.

Conflict on Ukraine

On February 24, 2022, the Russian attack on Ukraine began an armed conflict, which is part of the Russian military intervention in Ukraine and the culmination of the Russian-Ukrainian crisis. The invasion led to anti-war protests in many countries around the world and the imposition of extensive international sanctions against Russia.

The Group has assessed the following possible effects of the conflict and the known sanctions against the Russian Federation and the risks of damage of investments in Ukraine and other countries concerned:

- a decrease in the value of financial or non-financial assets due to sanctions against the Russian Federation,
- risk of impairment of investments,
- interruption of supplier and customer relations or other disruption of business activities,
- disruption of current or future cash flows with an impact on the liquidity and financial position of the entity;
- breach of contractual obligations, impossibility of fulfilling contractual conditions or termination of business contracts, etc.,
- labour shortages,
- the impact on the stability of the consolidation group, given the fact that the Group's ownership structure also includes entities from the Russian Federation and Ukraine and entities whose beneficial owner is the person listed on the sanctions documents.

As at 31 December 2021, the Group reports of the total amount of trade and other receivables (including contract assets) 0.5% of receivables from companies in Russia and Ukraine, of the total amount of trade and other payables (including contract liabilities) 0.4% of liabilities to companies in Russia and Ukraine. 0.7% of the Group's non-current assets is located in Russia and Ukraine as at 31 December 2021. In 2021, 0.9% of the Group's total revenues were realized in Russia and Ukraine. 0.1% of the Transaction price allocated to the remaining performance reported by the Group as at 31 December 2021 relates to contracts with customers in Russia and Ukraine.

Although uncertainty regarding the further development of the conflict and its impact on the Group's operations remains, based on currently available information, the Group's management has assessed the above risks as irrelevant or with a minimal negative impact on the Group. The Group's assumption of a continuous duration is not called into question in connection with the conflict in Ukraine.

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 2021.

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. Also in 2021, the Company successfully completed recertification audits of all the above systems and thus ensured the validity of the certificates for the next three-year period. In the area of the environment, in 2021 the Company focused on calculating the carbon footprint and analyzing the possibilities of reducing it. The Company also monitors and analyses quality parameters of its products. The outcome is used to define individual objectives in the area of safety, 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 ŠKODA PARS 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 of the Company. 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 concentration 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 contracts 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 a 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 2021, the ratio of overdue receivables to trade receivables and other receivables (gross) was 1.7 %.

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 2021, the ratio of liquid assets, i.e. cash and cash equivalents to bank and non-bank loans was 29.2 %.

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 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. 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 2021, the Company was controlled by Renáta Kellnerová, with the controlling relationship based on the indirect ownership of 87.80 % of shares, with the voting rights of the Company's single shareholder (Skoda 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 2021 were as follows: 59 % the Czech Republic, 13 % Finland, 6 % Slovakia, 6 % Poland, 6 % Germany, 5 % Latvia and 1 % USA. The shares on the Group's other relevant markets did not exceed 1 % in 2021.

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 are in danger. This has also had a negative impact on the investments and projects of the Company and its Subsidiaries in Russia. In 2021, the Group's revenues from Russia amounted to CZK 87 458 000. The Company has no guarantee that the situation is not going to deteriorate further (e.g. 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 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 Jihomoravský kraj. 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 2021, 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.

The company plans to gradually increase turnover and achieve positive economic results in the coming years.

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

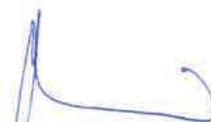
The consolidated annual report presents a true and fair view of the financial position, business activities and results of the operations of the Company and its consolidated group for the year ended 31 December 2021 and their prospects. No facts or disclosures which could alter the outcome of this report were omitted or misstated.

On 9 May 2022



Didier Pfleger

Chairman of the board of directors



Martin Oravec

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 2021 to 31 December 2021

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 2021

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 Regional 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 Decisive 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 Decisive 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 financial statements for the accounting period immediately preceding the accounting period for which the relationship report is prepared.

5. Report on relations between related parties

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

- 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.
- Purchase contract - traction equipment tram 39T Ostrava, 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.
- Purchase contract - traction equipment EMU 15Ev for ČD, 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.
- Purchase contract - traction equipment EMU 13Ev PuP, 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.
- Purchase contract - traction equipment EMU 18Ev and 19Ev JMK, 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.
- Purchase contract - traction equipment EMU 16Ev Latvia, 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.
- Purchase contract - traction equipment EMU 20Ev for ČD, 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.
- Purchase contract - traction equipment tram 41T Bonn, 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 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 (admendment No. 1 a 2), 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. máje 3176/102, Company ID: 258 70 637, the Settlement agreement - NIM Express, subject of settlement of disputed claims, 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 Settlement agreement – RTA tests, subject of settlement of disputed claims, 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.
- Purchase contract – passenger rail vehicles for ČD, 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 PARS 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 ŠKODA PARS 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 ŠKODA PARS 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 ŠKODA PARS 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 ŠKODA PARS 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 ŠKODA PARS 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 ŠKODA PARS a.s., with its registered office in the Czech Republic, Žerotínova 1833/56, 787 01 Šumperk, Company ID: 25860038, a Work contract – 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.
- 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, an Exchange contract - land, subject is a land exchange, 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, 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 Cooperation agreement – autonomous mobility, the subject is the creation of Living LAB, 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, Výpavová 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, Výpavová 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, Výpavová 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 TRANSTECH OY (formerly TRANSTECH OY), based in Finland, Oulu, 905 90, Elektriikkatie 2, Company ID: 1098257-0, an Agreement on the conversion of a part of the provided loan into a surcharge out of the share capital, the subject is a surcharge out of the share capital, concluded.
- 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 Skoda B.V., based in the Netherlands, Amsterdam, Strawinskylaan 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.
- With ŠKODA EKOVA a.s., with its registered office in the Czech Republic, Ostrava, 723 00, Martinovská 3244/42, Martinov, Company ID: 286 42 457, the Agreement on temporary assignment of employees, incl. Appendix No. 1, the subject is services, concluded.
- With ŠKODA EKOVA a.s., with its registered office in the Czech Republic, Ostrava, 723 00, Martinovská 3244/42, Martinov, Company ID: 286 42 457, the Framework Agreement on the Use of Software, the subject is SW use, concluded.

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, as amended

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 Decisive 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, as amended.

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.

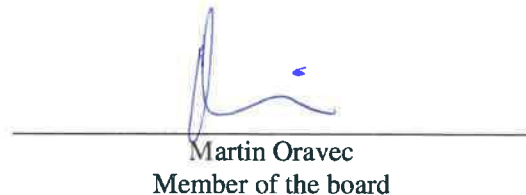
For the Company, its role vis-à-vis the controlling entity and entities controlled by the same controlling entity poses no risk and according to Sections 71 and 72 of Act No. 90/2012 Coll., on trading companies and cooperatives, as amended, it is therefore not necessary to state whether, in what manner 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 2022



Didier Pflieger
Chairman of the board



Martin Oravec
Member of the board

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

Controlling entity: Ing. Petr Kellner / Renáta Kellnerová, administrator of the estate

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|---|---------------------|-----------------------|---|-----------------|---------------------------------|
| AB 4 B.V. | 34186049 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | 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 a.s. |
| AB-X Projekt GmbH in liquidation | 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 23.3.2021 | PPF Capital Partners Fund B.V. |
| AF Airfueling s.r.o. | 02223953 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Prague Entertainment Group B.V. |
| Air Bank a.s. | 29045371 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Home Credit N.V. |
| Alcat S.r.l | 1982487 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Italia S.r.l |
| Anse Marcel Marina SAS | 484763594 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Saint Martin |
| ANTHEMONA LIMITED | HE 289 677 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Comcity Office Holding B.V. |
| Aqualodge | 823597950 | Martinique | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Argos Yachtcharter & Touristik GmbH | 9313 | Germany | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Lacani |
| Archipels croisières | 92125B | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Tahiti |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|-----------------------|---|------------------|---------------------------------|
| Art Office Gallery a.s. | 24209627 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Office Star Eight a.s. |
| Asake HW s.r.o. in liquidation (formerly eKasa s.r.o.) | 05089131 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s. |
| ASTAVEDO LIMITED | HE 316 792 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Home Credit Group B.V. |
| B2S Servisní, a.s. in liquidation | 19013825 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 29.1.2021 | PPF CYPRUS MANAGEMENT LIMITED |
| Bammer trade a.s. | 28522761 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Skoda B.V. |
| Bavella B.V. | 52522911 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| Beficery LTD | 417922 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | since 10.11.2021 | PPF Industrial Holding B.V. |
| Benxy s.r.o. | 03570967 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 1.12.2021 | Air Bank a.s. |
| Best Charter | 820563815 | Guadeloupe | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Bestsport holding a.s. | 06613161 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Prague Entertainment Group B.V. |
| Bestsport Services, a.s. in liquidation | 24215171 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF CYPRUS MANAGEMENT LIMITED |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|---|---------------------|--|--|------------------|---------------------------------|
| Bestsport, a.s. | 24214795 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | LINDUS SERVICES LIMITED |
| BLUE SEA HOLDING Sàrl | 0771845232 | Belgium | Entity controlled by the same controlling entity through ownership interest | since 29.7.2021 | Vox Ventures B.V. |
| Bolt Start Up Development a.s. | 04071336 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s. |
| BONAK a.s. | 05098815 | The 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. |
| Bravewave Limited | HE 416 017 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | since 10.11.2021 | PPF Industrial Holding B.V. |
| BTV Media Group EAD | 130081393 | Bulgaria | Entity controlled by the same controlling entity through ownership interest | | CME Bulgaria B.V. |
| 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 acting in conformity through ownership interest | | CW Investor S.à.r.l. |
| CEIL (Central Europe Industries) LTD | 275785 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | since 10.11.2021 | Bravewave limited, Beficery LTD |
| Central European Media Enterprises Ltd. | 19574 | Bermuda Islands | Entity controlled by the same controlling entity through ownership interest | until 24.6.2021 | TV Bidco B.V. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|-----------------------|---|-----------------|------------------------------|
| CETIN a.s. | 04084063 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | CETIN Group N.V. |
| CETIN Bulgaria EAD | 206149191 | Bulgaria | Entity controlled by the same controlling entity through ownership interest | | CETIN Group N.V. |
| CETIN d.o.o. Beograd - Novi Beograd | 21594105 | Serbia | Entity controlled by the same controlling entity through ownership interest | | CETIN Group N.V. |
| CETIN Finance B.V. | 66805589 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | CETIN a.s. |
| CETIN Group N.V. (formerly CETIN Group 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 | | TMT Hungary Infra B.V. |
| CETIN služby s.r.o. | 06095577 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | CETIN a.s. |
| CIAS HOLDING a.s. | 27399052 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Skoda B.V. |
| CITY TOWER Holding a.s. | 02650665 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 6.11.2021 | PPF Real Estate Holding B.V. |
| CME Bulgaria B.V. | 34385990 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | CME Media Enterprises B.V. |
| CME Investments B.V. | 33289326 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | CME Media Enterprises B.V. |
| CME Media Enterprises B.V. | 33246826 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | TV Bidco B.V. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|-------------------------------|---------------------|--|--|-----------------|---|
| CME Media Enterprises Limited | 49774 | Bermuda Islands | Entity controlled by the same controlling entity through ownership interest | until 29.1.2021 | 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 | | CME Media Enterprises B.V. |
| CME Programming B.V. | 33020125 | Netherlands | Entity controlled by the same controlling entity through ownership interest | until 11.3.2021 | CME Media Enterprises B.V. |
| CME Services s.r.o. | 29018412 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | CME Media Enterprises B.V. |
| CME Slovak Holdings B.V. | 34274606 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | 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. |
| Croatia Yacht Club d.o.o. | 100001999 | Croatia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Croisiere Cabine Antilles | 791273881 | Martinique | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Culture Trip (Israel) Ltd. | 515308609 | Israel | Entity controlled by the same controlling entity through ownership interest | | The Culture Trip Ltd |
| CW Investor S.á.r.l. | B211446 | Luxembourg | Entity controlled by the same controlling entity acting in conformity through ownership interest | | Westminster JV a.s. |
| Cytune Pharma SAS | 500998703 | France | Entity controlled by the same controlling entity through ownership interest | | Sotio Biotech B.V. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|---------------------------------|---------------------|------------------------------|--|-----------------|----------------------------|
| Czech Equestrian Team a.s. | 01952684 | The Czech Republic | Entity controlled by the same controlling entity acting in conformity through ownership interest | | SUNDOWN FARMS LIMITED |
| 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF a.s. |
| 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 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | TELISTAN LIMITED |
| DRAK INVESTMENT HOLDING LTD | 324472 | Antigua and Barbuda | Entity controlled by the same controlling entity through ownership interest | | GONDRA HOLDINGS LTD |
| Dream Yacht Americas, Inc. | D13776851 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Australia Pty Ltd | 138577634 | Australia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Bahamas Limited | 105631118 | Bahamas | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Americas, Inc. |
| Dream Yacht Belize Ltd | 239396 | Belize | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Caribbean | 478532559 | Martinique | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|-----------------------|---|-----------------|----------------------------|
| Dream Yacht Club DOO | 080648734 | Croatia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Nordic AB |
| Dream Yacht Finance France | 844801514 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Méditerranée |
| Dream Yacht Fleet | 844858043 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Finance France |
| Dream Yacht Grenadines Ltd | No.70 of 2015 | Mexico | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Group SA | BE0681876643 | Belgium | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | BLUE SEA HOLDING Sàrl |
| Dream Yacht Charter | C10039041 | Republic of Mauritius | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | DREAM YACHT GROUP SA |
| Dream Yacht Charter (Antigua) Limited | C138/13 | Antigua and Barbuda | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Charter Balearic, Sociedad Limitada | B57918252 | Spain | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Méditerranée |
| Dream Yacht Charter Grenada Limited | 112OF2013-7013 | Mexico | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Charter, SA DE CV (Dream Yacht Mexico) | DYC1408125Z0 | Mexico | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Americas, Inc. |
| Dream Yacht Italia S.r.l | 2113336 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Méditerranée |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--------------------------------|---------------------|------------------------------|---|-----------------|---------------------------------|
| Dream Yacht Malaysia | 793437U | Malaysia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Méditerranée | 494440712 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Nordic AB | 5564283728 | Sweden | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Méditerranée |
| Dream Yacht Nouvelle-Calédonie | 000963892 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Saint Martin | 812809143 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Seychelles Ltd | 8427841 | Seychelles | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Tahiti | 08179B | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Tortola INC. | 1463569 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Dream Yacht Travel | 477550313 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Lacani |
| Dream Yacht USVI LLC | DC0111468 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Duoland s.r.o. | 06179410 | The 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 |
|---|---------------------|------------------------|---|-----------------|------------------------------|
| DYC HELLAS M.C.P.Y. | EL99759440 | Greece | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Méditerranée |
| Eastern Properties B.V. | 58756566 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| Easy Sailing j.d.o.o za usluge, turistička agencija | 080883331 | Croatia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Croatia Yacht Club d.o.o. |
| Easy Sailing Single-Member Shipping Limited Liability Company | 004313901000 | Greece | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Méditerranée |
| Ecos Yachting | 080422270 | Croatia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| ELTHYSIA LIMITED | HE 290 356 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| Emeldi Technologies, s.r.o. | 25663232 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s. |
| EMPTYCO a.s. (formerly Telematika a.s.) | 05418046 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF a.s. |
| ENADOCO LIMITED | HE 316 486 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Home Credit Group B.V. |
| Erable 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 | | Chelton Properties Limited |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|------------------------------|---------------------|-----------------------------|---|-----------------|-------------------------------------|
| 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 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| Favour Ocean Limited | 1065678 | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | Home Credit N.V. |
| FELISTON ENTERPRISES LIMITED | HE 152674 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | until 14.8.2021 | SALEMONTO LIMITED |
| Filcommerce Holdings, Inc | CS 201 310 129 | Republic of the Philippines | Entity controlled by the same controlling entity through ownership interest | | HC Philippines Holding B.V. |
| FLOGESCO LIMITED | HE 172588 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Gilbey Holdings Limited |
| FO Management s.r.o. | 06754295 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF FO Management B.V. |
| FO servis s.r.o. | 08446407 | The 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. |
| Fórum Karlín a.s. | 08259551 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | since 9.7.2021 | Prague Entertainment Group B.V. |
| Forward leasing LLP | 190740032911 | Kazakhstan | Entity controlled by the same controlling entity through ownership interest | | Vsegda Da N.V., LLC Forward leasing |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|----------------------------|---|------|-------------------------------|
| FOSOL ENTERPRISES LIMITED | HE 372077 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | DEVEDIACO ENTERPRISES LIMITED |
| GABELLI CONSULTANCY LIMITED | HE 160 589 | Republic of 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 | The 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 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| GONDRA HOLDINGS LTD | 324452 | Antigua and Barbuda | Entity controlled by the same controlling entity through ownership interest | | Salonica Holding Limited |
| GRACESPRING LIMITED | HE 208 337 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| 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 | People's Republic of 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. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|---------------------------------------|---------------------|------------------------------|---|-----------------|--------------------------------|
| HC Consumer Finance Philippines, Inc | CS201301354 | Republic of the Philippines | Entity controlled by the same controlling entity through ownership interest | | HC Philippines Holding B.V. |
| HC Finance USA LLC | 7241255 | The United States of America | Entity controlled by the same controlling entity through ownership interest | | Home Credit US Holding, LLC |
| HC ITS s.r.o. in liquidation | 08803251 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 20.9.2021 | 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 | Republic of the Philippines | Entity controlled by the same controlling entity through ownership interest | | HC Philippines Holding B.V. |
| HCPH INSURANCE BROKERAGE, INC. | CS201812176 | Republic of the 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Home Credit International a.s. |
| Home Credit Asia Limited | 890063 | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | HC Asia B.V. |
| Home Credit Consumer Finance Co., Ltd | 91120116636067462H | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | Home Credit N.V. |
| Home Credit Group B.V. | 69638284 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | PPF Financial Holdings a.s. |
| Home Credit India B.V. | 52695255 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | HC Asia B.V. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|---|------------------------|------------------------------|---|------|--|
| HOME CREDIT INDIA FINANCE PRIVATE LIMITED | U65910HR1997PT C047448 | Republic of 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 | Republic of 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 | The 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 Slovakia, a.s. | 36234176 | Slovak Republic | Entity controlled by the same controlling entity through ownership interest | | Home Credit N.V. |
| Home Credit US Holding, LLC | 5467913 | The United States of America | Entity controlled by the same controlling entity through ownership interest | | Home Credit Group B.V. |
| Home Credit US, LLC | 5482663 | The United States of America | 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 | Republic of 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 |
|---|---------------------|------------------------|--|------|--|
| Horse Arena s.r.o. | 04479823 | The Czech Republic | Entity controlled by the same controlling entity acting in conformity through ownership interest | | SUNDOWN FARMS LIMITED |
| Chelton Properties Limited | 1441835 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | Renáta Kellnerová |
| INTENS Corporation s.r.o. | 28435575 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Bolt Start Up Development a.s. |
| ITIS Holding a.s. | 07961774 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF a.s. |
| Izotrem Investments Limited | HE 192753 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Gilbey Holdings Limited |
| JARVAN HOLDINGS LIMITED | HE 310 140 | Republic of 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. |
| Joint-Stock Company "Investments trust" | 1037739865052 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Trilogy Park Holding B.V. |
| Joint-Stock Company "Intrust NN" | 1065259035896 | Russian federation | 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 | | Skoda B.V. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|-----------------------------------|---------------------|--|---|-----------------|--|
| JONSA LIMITED | HE275110 | Republic of 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 | | PRO PLUS d.o.o. |
| Kateřinská Office Building s.r.o. | 03495663 | The 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 |
| Lacani | 799758412 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Group SA |
| Langen Property B.V. | 61012777 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | German Properties B.V. |
| Latesail Limited | 3783328 | United Kingdom of Great Britain and Northern Ireland | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Lacani |
| Letiště Praha Letňany, s.r.o. | 24678350 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Prague Entertainment Group B.V. |
| Letňany Air Land s.r.o. | 06138462 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Prague Entertainment Group B.V. |
| Letňany Air Logistics s.r.o. | 06138411 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Prague Entertainment Group B.V. |
| Letňany eGate s.r.o. | 06137628 | The 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Prague Entertainment Group B.V. |
| Limited Liability Company "Dream Yacht Montenegro" Llc KOTOR | 50961329 | Montenegro | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| LINDUS SERVICES LIMITED | HE 281 891 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Bestsport holding a.s. |
| LLC "Gorod Molodogo Pokolenija" | 1187746792914 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | JARVAN HOLDINGS LIMITED |
| LLC "KARTONTARA" | 1197746247247 | Russian federation | Entity controlled by the same controlling entity through ownership interest | until 31.8.2021 | JARVAN HOLDINGS LIMITED |
| LLC Alians R | 1086627000635 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | JONSA LIMITED |
| LLC Almondsey | 1127747228190 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V., LLC Charlie Com. |
| LLC BRAMA | 1107746950431 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | JARVAN HOLDINGS LIMITED |
| LLC Comcity Kotelnaya | 5157746112959 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Comcity Office Holding B.V. |
| LLC EASTERN PROPERTIES RUSSIA | 1137746929836 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Bavella B.V., GRANDVIEW RESOURCES CORP. |
| LLC ERKO | 1044702180863 | Russian federation | Entity controlled by the same controlling entity through ownership interest | until 28.12.2021 | LLC "Gorod Molodogo Pokolenija" |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--------------------------------|---------------------|-----------------------|---|-----------------|--|
| LLC Fantom | 1053001163302 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V. |
| LLC Financial Innovations | 1047796566223 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC Home Credit & Finance Bank |
| LLC Forward leasing | 1157746587943 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Vsegda Da N.V. |
| LLC Home Credit & Finance Bank | 1027700280937 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Home Credit N.V., Home Credit International a.s. |
| LLC Home Credit Insurance | 1027739236018 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Home Credit N.V. |
| LLC Charlie Com | 1137746330336 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o. |
| LLC In Vino | 1052309138628 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Gracespring Limited |
| LLC ISK Klokovo | 1127746186501 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | STEPHOLD LIMITED |
| LLC K-Development | 1077760004629 | Russian federation | Entity controlled by the same controlling entity through ownership interest | until 16.9.2021 | JARVAN HOLDINGS LIMITED |
| LLC KEPS | 1127746190604 | Russian federation | Entity controlled by the same controlling entity through ownership interest | until 5.7.2021 | PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V. |
| LLC Kvartal Togliatti | 1056320172567 | Russian federation | 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 LB Voronezh | 1133668033872 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC EASTERN PROPERTIES RUSSIA |
| LLC Logistics - A | 1115048002156 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | ELTHYSIA LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED |
| LLC Logistika - Ufa | 1150280069477 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o. |
| LLC MCC Kupi ne kopi | 1027700280640 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Home Credit N.V. |
| LLC My Gym | 5157746112915 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Comcity Office Holding B.V. |
| LLC Oil Investments | 1167746861677 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V. |
| LLC PPF Life Insurance | 1027739031099 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| LLC PPF Real Estate Russia | 1057749557568 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| LLC RAV Agro | 1073667022879 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Bavella B.V., Grandview Resources Corp. |
| LLC RAV Agro Pro | 1033600135557 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC RAV Agro, LLC RAV Molokoprodukt |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|-----------------------------|---------------------|-----------------------|--|----------------|---|
| LLC RAV Molokoproduct | 1083627001567 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC RAV Agro, Grandview Resources Corp., Bavella B.V. |
| LLC RAV Myasoproduct - Orel | 1135749001684 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC RAV Agro |
| LLC RAV Niva Orel | 1113668051090 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC RAV Agro |
| LLC Razvitie | 1155009002609 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | VELTHEMIA LIMITED |
| LLC Regional Real Estate | 1137746217950 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Limited |
| LLC ROKO | 5107746049329 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | JONSA LIMITED |
| LLC Sibelectroprivod | 1045400530922 | Russian federation | Entity controlled by the same controlling entity acting in conformity through ownership interest | | LOSITANTO LIMITED |
| LLC Skladi 104 | 5009049271 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | GABELLI CONSULTANCY LIMITED |
| LLC Skolkovo Gate | 1137746214979 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o. |
| LLC Sotio | 1117746901502 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Biotech B.V. |
| LLC Spectrum | 1097746356806 | Russian federation | Entity controlled by the same controlling entity through ownership interest | until 9.2.2021 | 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 Spetsializirovanniy zastroyshchik "Delta Com" | 1137746330358 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC Skolkovo Gate |
| LLC Stockmann StP Centre | 1057811023830 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC Oil Investments |
| LLC Strata | 7702765300 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | VELTHEMIA LIMITED |
| LLC Street Retail | 1207700449880 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o., PPF Cyprus RE Management Limited |
| LLC Torgoviy complex Lipetskiy | 1074823001593 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | JARVAN HOLDINGS LIMITED |
| LLC Trilogy | 1155027001030 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Trilogy Park Holding B.V. |
| LLC Trilogy Services | 1155027007398 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Trilogy Park Holding B.V. |
| LLC Urozhay | 1063627011910 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC Yug |
| LLC Vagonmash | 1117847029695 | Russian federation | Entity controlled by the same controlling entity acting in conformity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| LLC Vsegda Da | 5177746179705 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | Vsegda Da N.V., LLC Forward leasing |
| LLC Yug | 1083627001567 | Russian federation | Entity controlled by the same controlling entity through ownership interest | | LLC LB Voronezh |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|--|--|------------------|--------------------------------|
| LOSITANTO Ltd. | HE157131 | Republic of 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| Marina Zaton d.o.o. za nauticki turizam i usluge | 080861249 | Croatia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| MARKÍZA - SLOVAKIA, spol s r.o. | 31444873 | Slovak Republic | Entity controlled by the same controlling entity through ownership interest | | CME Slovak Holdings B.V. |
| MICROLIGHT TRADING LIMITED | HE 224 515 | Republic of 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 acting in conformity through ownership interest | | Seal House JV a.s. |
| Millennium Hotel Rotterdam B.V. (formerly PPF Beer IM Holdco B.V.) | 67331378 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| Millennium Tower (Rotterdam) B.V. | 56261330 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | Seven Assets Holding B.V. |
| Miridical Holding Limited | 425998 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | since 13.12.2021 | PPF a.s. |
| mluvii.com s.r.o. | 27405354 | The 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 a.s. |
|--|--------------------------------|----------------------------------|--|--------------------|-------------------------------------|
| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
| Monheim Property B.V. | 61012521 | Netherland s | Entity controlled by the same controlling entity through ownership interest | | German Properties B.V. |
| Monchyplein (Den Haag) B.V. | 58163603 | Netherland s | Entity controlled by the same controlling entity through ownership interest | | Seven Assets Holding B.V. |
| Montería, spol. s r.o. | 27901998 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF FO Management B.V. |
| Moranda, a.s. | 28171934 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| MP Holding 2 B.V. | 69457018 | Netherland s | Entity controlled by the same controlling entity through ownership interest | | DEVEDIACO ENTERPRISES LIMITED |
| Murcja sp. z o.o. | 0000905867 | Poland | Entity controlled by the same controlling entity through ownership interest | since 29.9.2021 | PPF Real Estate s.r.o. |
| My Air a.s. | 05479070 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Air Bank a.s. |
| Mystery Services s.r.o. | 24768103 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF a.s. |
| Naneva B.V. | 67400639 | Netherland s | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| Navigare Yachting AB | 5566862354 | Sweden | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |

| Navigare Yachting AS | 990383960 | Sweden | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
|--|---------------------|------------------------|--|----------------|-------------------------------------|
| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
| Navigare Yachting Bahamas, Ltd | 78803C | Bahamas | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| NAVIGARE YACHTING D.O.O. | 43630049107 | Croatia | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| Navigare Yachting Global Holding AB | 5569860496 | Sweden | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | BLUE SEA HOLDING S rl |
| Navigare Yachting Greece Single Member P.C. | 132130909000 | Greece | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| Navigare Yachting Holding AB | 5565747861 | Sweden | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Global Holding AB |
| Navigare Yachting Ltd | 1779855 | British Virgin Islands | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| Navigare Yachting Ltd under liquidation | EL999903510 | Greece | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| Navigare Yachting Operations Company Limited | 0835554001869 | Thailand | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |

| | | | | | |
|---|--------------|--------|--|----------------|---|
| Navigare Yachting Services Single Member P.C. | 131919703000 | Greece | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Greece Single Member P.C. |
|---|--------------|--------|--|----------------|---|

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|------------------------------|---------------------|------------------------------|--|--------------------|------------------------------|
| Navigare Yachting Seychelles | 8429665-1 | Seychelles | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| Navigare Yachting Spain S.L. | B16562860 | Spain | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| Navigare Yachting USA, Inc. | 371800516 | The United States of America | Entity controlled by the same controlling entity acting in conformity through ownership interest | since 5.7.2021 | Navigare Yachting Holding AB |
| Navtours INC | 1148230619 | Canada | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Charter |
| Navtours USA INC | F20000004093 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Navtours INC |
| NBWC Limited | 1024143 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | ESK Developments Limited |
| Net Gate s.r.o. | 24765651 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 26. 10. 2021 | PPF a.s. |
| O2 Business Services, a.s. | 50087487 | Slovak Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Slovakia, s.r.o. |
| O2 Czech Republic a.s. | 60193336 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Telco B.V. |

| O2 Family, s.r.o. | 24215554 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s. |
|---------------------------------|---------------------|-----------------------|---|-----------------|---|
| O2 Financial Services s.r.o. | 05423716 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s. |
| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
| O2 IT Services s.r.o. | 02819678 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s. |
| O2 Slovakia, 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s. |
| Oceane Yacht Charter LTD | 8419691 | Seychelles | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Seychelles Ltd |
| Office Star Eight a.s. | 27639177 | The 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| 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. |
| 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 RE MANAGEMENT LIMITED |
|-------------------------------|---------------------|--|---|----------------|---|
| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
| POLL,s.r.o. | 62967754 | The 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 | | PRO PLUS d.o.o. |
| POTLAK LIMITED | HE362788 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Renáta Kellnerová |
| PPF a.s. | 25099345 | The 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 | until 1.9.2021 | PPF Group N.V. |
| 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| PPF ADVISORY (RUSSIA) LIMITED | HE 276 979 | Republic of 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 | The 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 banka a.s. | 47116129 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Financial Holdings a.s. |
| PPF Biotech B.V. (formerly 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 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| PPF CYPRUS RE MANAGEMENT LIMITED | HE 251 908 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o. |
| PPF Financial Holdings a.s. (change of registered office, formerly PPF Financial Holding B.V.) | 10907718 | The Czech Republic | 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 | | PPF Group N.V. |
| PPF FO Management B.V. | 34186296 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | Renáta Kellnerová |
| PPF FrenchCo SAS | 888264744 | France | Entity controlled by the same controlling entity through ownership interest | | Skoda B.V. |
| PPF GATE a.s. | 27654524 | The 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 | | Renáta Kellnerová, PPF Holdings B.V. |
|---|---------------------|------------------------------|---|------|--|
| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
| 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 | | Renáta Kellnerová |
| PPF Industrial Holding B.V. | 71500219 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | PPF Group N.V. |
| PPF RE Consulting s.r.o. (formerly PPF Financial Consulting s.r.o.) | 24225657 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate 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. |
| PPF Real Estate I, Inc. | 7705173 | The United States of America | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o. |
| PPF REAL ESTATE LIMITED | HE 188 089 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| PPF Real Estate s.r.o. | 27638987 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V., PPF RE Consulting s.r.o. |
| PPF reality a.s. | 29030072 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o. |
| PPF SECRETARIAL LTD | HE 340708 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF CYPRUS MANAGEMENT LIMITED |

| PPF SERVICES LIMITED | HE 92432 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | until 26.7.2021 | PPF Group N.V. |
|---|---------------------|-----------------------|---|-----------------|----------------------------|
| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
| 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. | 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 | until 12.2.2021 | 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. |
| 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 | | CME Media Enterprises B.V. |
| PRO PLUS d.o.o. | 5895081000 | Slovenia | Entity controlled by the same controlling entity through ownership interest | | CME Media Enterprises B.V. |
| Pro TV S.R.L. | J40/24578/1992 | Romania | Entity controlled by the same controlling entity through ownership interest | | CME Media Enterprises B.V. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|---------------------------------|----------------------|-----------------------|---|----------------------------------|--|
| PT Home Credit Indonesia | 03.193.870.7-021.000 | Republic of Indonesia | Entity controlled by the same controlling entity through ownership interest | | Home Credit Indonesia B.V. |
| Public Picture & Marketing a.s. | 25667254 | The 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) |
| Raccom EAD | 200625769 | Bulgaria | Entity controlled by the same controlling entity through ownership interest | since 9.7.2021 until 1. 12. 2021 | Sofia Communications EAD |
| Radiocompany C.J. OOD | 131117650 | Bulgaria | Entity controlled by the same controlling entity through ownership interest | | 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 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Home Credit Group B.V. |
| REPIENO LIMITED | HE 282 866 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| RHASKOS FINANCE LIMITED | HE 316 591 | Republic of 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 |
|-----------------------------------|---------------------|----------------------------|--|--------------------|--|
| Roses Yachts S.L | B17778598 | Spain | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Drem Yacht Charter Balearic, Sociedad Limitada |
| Saint World Limited | 1065677 | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | Home Credit Group B.V. |
| SALEMONTO LIMITED | HE 161 006 | Republic of 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 | | Renáta Kellnerová |
| SATACOTO Ltd. | HE 155018 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Skoda 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 | | Renáta Kellnerová |
| SCT Cell Manufacturing s.r.o. | 14088266 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | since 22. 12. 2021 | PPF Biotech B.V. |
| SCTbio a.s. (formerly SOTIO a.s.) | 24662623 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | PPF Biotech B.V. |
| Seal House JV a.s. | 09170782 | The Czech Republic | Entity controlled by the same controlling entity acting in conformity through ownership interest | | PPF Real Estate s.r.o. |
| Selman Resources Limited | 1005589 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | SR Development Limited |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|----------------------------|---|-----------------|--------------------------------|
| SEPTUS HOLDING LIMITED | HE 316 585 | Republic of 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. |
| Shenzhen Home Credit Number One Consulting Co., Ltd. | 91440300664174257K | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | Home Credit Asia Limited |
| Shenzhen Home Credit Xinchu Consulting Co., Ltd. | 91440300796638527A | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | Favour Ocean Limited |
| SIGURNO LIMITED | HE 172539 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Gilbey Holdings Limited |
| Skoda B.V. (formerly PPF IndustryCo B.V., PPF Beer Topholdco B.V.) | 67420427 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | PPF Industrial Holding B.V. |
| SKODA Transportation Deutschland GmbH | HRD 208 725 | Germany | Entity controlled by the same controlling entity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| Skoda Transportation GmbH (formerly D - Toll Holding GmbH) | HRB 191929 B | Germany | Entity controlled by the same controlling entity through ownership interest | | Skoda B.V. |
| Smart home security s.r.o. | 06321399 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Bolt Start Up Development a.s. |
| SNC T 2008 | 513120949 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Dream Yacht Tahiti |
| Sofia Communications EAD | 130806190 | Bulgaria | Entity controlled by the same controlling entity through ownership interest | since 9.7.2021 | CETIN Bulgaria EAD |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|------------------------------|---|-------------------|----------------------------|
| SOTIO Biotech a.s. | 10900004 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | since 28. 5. 2021 | Sotio Biotech B.V. |
| SOTIO Biotech AG (formerly Cytune Pharma AG) | CHE-354.429.802 | Greece | Entity controlled by the same controlling entity through ownership interest | | Sotio Biotech B.V. |
| SOTIO Biotech B.V. (formerly Cytune Pharma B.V.) | 80316557 | Netherlands | Entity controlled by the same controlling entity through ownership interest | | PPF Biotech B.V. |
| SOTIO Biotech Inc. (formerly Sotio Biotech LLC) | EIN 35-2424961 | The United States of America | Entity controlled by the same controlling entity through ownership interest | | SOTIO Biotech a.s. |
| Sotio Medical Research (Beijing) Co. Ltd | 110000410283022 | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | SCTbio a.s. |
| SOTIO N.V. | 34302290 | Netherlands | Entity controlled by the same controlling entity through ownership interest | until 22.7.2021 | PPF Group N.V. |
| SOTIO Therapeutics AG | CHE-385.585.958 | Greece | Entity controlled by the same controlling entity through ownership interest | | SCTbio a.s. |
| SR Boats Limited | 2016073 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | SR Development Limited |
| SR Development Limited | 1968975 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | Chelton Properties Limited |
| SR-R Limited | 708998 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | SR Development Limited |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|-------------------------------------|---------------------|------------------------------|--|------------------|---|
| STEL-INVEST s.r.o. | 26238365 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 1.2.2021 | CETIN a.s. |
| Stellar Holding s.r.o. | 14005816 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | since 24.11.2021 | PPF Group N.V. |
| STEPHOLD LIMITED | HE 221 908 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate Holding B.V. |
| STINCTUM HOLDINGS LIMITED | HE 177 110 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | SALEMONTO LIMITED |
| Sun Belt Multi I, LLC | 20213849720 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 29.11.2021 | PPF Real Estate I, Inc. |
| Sun Belt Office I Interholdco, LLC | 20210215807 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 25.1.2021 | PPF Real Estate I, Inc. |
| Sun Belt Office I, LLC | 20210116384 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 14.1.2021 | Sun Belt Office I Interholdco, LLC |
| Sun Belt Office II Interholdco, LLC | 20213597548 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 25.10.2021 | PPF Real Estate I, Inc. |
| Sun Belt Office II, LLC | 20213597547 | The United States of America | Entity controlled by the same controlling entity through ownership interest | since 25.10.2021 | Sun Belt Office II Interholdco, LLC |
| SUNDOWN FARMS LIMITED | HE 310 721 | Republic of Cyprus | Entity controlled by the same controlling entity acting in conformity through ownership interest | | Vixon Resources Limited, Chelton Properties Limited |
| SYLANDER CAPITAL LIMITED | HE 316 597 | Republic of 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 |
|---|---------------------|-----------------------|---|------------------|---------------------------|
| Škoda a.s. | 14070421 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | since 16.12.2021 | Skoda B.V. |
| ŠKODA CITY SERVICE s.r.o. | 29119057 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| ŠKODA DIGITAL s.r.o. | 01731530 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| ŠKODA EKOVA a.s. | 28642457 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | since 2.8.2021 | ŠKODA TRANSPORTATION a.s. |
| ŠKODA ELECTRIC a.s. | 47718579 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| ŠKODA ICT s.r.o. | 27994902 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA INVESTMENT a.s. |
| ŠKODA INVESTMENT a.s. | 26502399 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Skoda B.V. |
| ŠKODA PARS a.s. (formerly Pars nova a.s.) | 25860038 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| ŠKODA POLSKA Sp.z o.o. | NIP 7010213385 | Poland | 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 RAIL s.r.o. | 05822149 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | until 1.1.2021 | ŠKODA TRANSPORTATION a.s. |
| ŠKODA SERVIS s.r.o. | 26351277 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA INVESTMENT a.s. |
| ŠKODA TRANSPORTATION a.s. | 62623753 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Skoda B.V. |
| Škoda Transportation Balkan d.o.o. | 21736473 | Serbia | Entity controlled by the same controlling entity through ownership interest | Since 19.11.2021 | ŠKODA TRANSPORTATION a.s. |
| 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| ŠKODA VAGONKA a.s. | 25870637 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | ŠKODA TRANSPORTATION a.s. |
| TALPA ESTERO LIMITED | HE 316 502 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | Home Credit Group B.V. |
| TANAINA HOLDINGS LIMITED | HE318483 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | TOLESTO LIMITED |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|---|---------------------|-----------------------|--|------------------|--|
| Tanemo a.s. | 9834273 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | since 18.1.2021 | PPF Group N.V. |
| Te Arearea | 07295C | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Archipels Croisières |
| 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 | until 26.7.2021 | CETIN Group N.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 | until 21.12.2021 | 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 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | PPF Real Estate s.r.o. |
| Temsa Deutschland GmbH | DE256871263 | Germany | Entity controlled by the same controlling entity acting in conformity through ownership interest | | Temsa Skoda Sabanci Ulaşım Araçları A.Ş. |
| TEMSA EGYPT for Bus Manufacturing & Engineering SAE | 3028 | Egypt | Entity controlled by the same controlling entity acting in conformity through ownership interest | | Temsa Skoda Sabanci Ulaşım Araçları A.Ş. |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|--|--|------|--|
| Temsa North America, INC. | 83-1118821 | The United States of America | Entity controlled by the same controlling entity acting in conformity through ownership interest | | Temsa Skoda Sabanci Ulaşım Araçları A.Ş. |
| Temsa Skoda Sabanci Ulaşım Araçları A.Ş. (formerly Temsa Ulaşım Araçları San.ve Tic. A.Ş.) | 8380046749 | Turkey | Entity controlled by the same controlling entity acting in conformity through ownership interest | | Skoda B.V. |
| Tesco Mobile ČR s.r.o. | 29147506 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Czech Republic a.s., Tesco Stores ČR a.s. |
| Tesco Mobile Slovakia, s.r.o. | 36863521 | Slovak Republic | Entity controlled by the same controlling entity through ownership interest | | O2 Slovakia, s. r. o. |
| TFR SAS | FR 27 878443936 | France | Entity controlled by the same controlling entity acting in conformity through ownership interest | | Temsa Skoda Sabanci Ulaşım Araçları A.Ş. |
| The Culture Trip (USA) Ltd. | 5908200 | The United States of America | Entity controlled by the same controlling entity through ownership interest | | 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 | | The Culture Trip Sárł. |
| The Culture Trip Sárł. | B220626 | Luxembourg | Entity controlled by the same controlling entity through ownership interest | | Vox Ventures B.V. |
| Tianjin Home Credit E-commerce Co., Ltd. | 91120116MA075WF70G | People's Republic of China | Entity controlled by the same controlling entity through ownership interest | | Shenzhen Home Credit Xinchı Consulting Co., Ltd. |
| TIMEWORTH HOLDINGS LTD. | HE 187 475 | Republic of Cyprus | 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 |
|---|---------------------|-----------------------|---|------|--|
| 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 | | CETIN Group N.V. |
| TOLESTO LIMITED | HE 322 834 | Republic of 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 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 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | CME Media Enterprises B.V. |
| Usconfin 1 DAC | 619282 | Martinique | Entity controlled by the same controlling entity through ownership interest | | PPF Financial Holdings a.s. |
| VELTHEMIA LIMITED | HE 282 891 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | REPIENO LIMITED |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|-------------------------------|---------------------|------------------------|--|-----------------|--|
| Velvon GmbH | HRB 239796 | Germany | Entity controlled by the same controlling entity through ownership interest | | AB-X Projekt GmbH |
| Vents de Mer | 432981934 | France | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Lacani |
| VGBC Limited | 700080 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | Chelton Properties Limited |
| VGMC Limited | 709492 | British Virgin Islands | Entity controlled by the same controlling entity through ownership interest | | ESK Developments Limited |
| Vixon Resources Limited | 144 18 84 | British Virgin Islands | Entity controlled by the same controlling entity acting in conformity 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. | 45274100 | The Czech Republic | Entity controlled by the same controlling entity through ownership interest | | Skoda B.V. |
| Wagnerford Holdings Limited | HE 210154 | Republic of Cyprus | Entity controlled by the same controlling entity through ownership interest | | MP Holding 2 B.V. |
| Wagnerford LLC | 5087746372819 | Russian federation | 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 | | Chelton Properties Limited |
| West Logistics Park LLC (WLP) | 35093235 | Ukraine | Entity controlled by the same controlling entity through ownership interest | | Izotrem Investments Limited |

| Company | Registration number | State of registration | Method and means of control | Note | Participation through |
|--|---------------------|-----------------------|--|-----------------|--|
| Westminster JV a.s. | 05714354 | The Czech Republic | Entity controlled by the same controlling entity acting in conformity 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. |
| Ziza d.o.o za trgovinu, ugostiteljstvo, turizam i promet | 060159616 | Croatia | Entity controlled by the same controlling entity through ownership interest | since 30.9.2021 | Marina Zaton d.o.o. za nauticki turizam i usluge |

ŠKODA TRANSPORTATION a.s.

Consolidated financial statements for 2021

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 2021 and 2020

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

| | Note | 2021 TCZK | 2020 TCZK |
|--|--------|--------------------|--------------------|
| I. Continuing operations | | | |
| Revenues from goods sold | 7 | 141 257 | 158 178 |
| Revenues from products and services | 7 | 15 056 788 | 10 680 441 |
| Other operating revenues | 7 | 302 963 | 187 304 |
| Total revenues | | 15 501 008 | 11 025 923 |
| Cost of goods sold | | -113 606 | -126 659 |
| Cost of sales | 8 | -10 493 056 | -7 144 035 |
| Personnel expenses | 9 | -3 816 169 | -3 183 253 |
| Depreciation and amortisation | 14, 15 | -542 827 | -530 978 |
| Impairment of non-current assets (increase - / decrease +) | 15 | -2 547 | -680 244 |
| Impairment of financial assets (increase - / decrease +) | | 14 498 | -86 680 |
| Other operating expenses | 10 | -627 301 | -798 895 |
| Other operating income | 11 | 599 661 | 205 868 |
| Total operating expenses | | -14 981 347 | -12 344 876 |
| Profit/loss on disposal of non-current assets | | -2 736 | 2 777 |
| Operating profit/loss | | 516 925 | -1 316 176 |
| Share of profit of associated companies | 17 | -12 486 | -8 659 |
| Profit on investments | 17 | 133 679 | 40 579 |
| Finance income | 12 | 32 115 | 58 377 |
| Finance expenses | 12 | -386 574 | -395 362 |
| Other finance income and expenses (expense - / income +) | 12 | -4 851 | -68 191 |
| Profit before tax | | 278 808 | -1 689 432 |
| Income tax | 13 | 301 451 | 268 643 |
| Profit from continuing operations | | 580 259 | -1 420 789 |
| II. Profit for the period | | | |
| Attributable to: | | | |
| - owners of the Parent company | | 580 259 | -1 422 623 |
| - non-controlling owners | 18 | -- | 1 834 |
| Total profit for the period | | 580 259 | -1 420 789 |

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

Consolidated statement of comprehensive income for 2021 and 2020

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

| | 2021 TCZK | 2020 TCZK |
|---|----------------|-------------------|
| Profit for the period | 580 259 | -1 420 789 |
| Other comprehensive income | 385 787 | -96 634 |
| <i>Items which will be reclassified into profit and loss</i> | | |
| Gain/(loss) on cash flow hedges | 459 428 | -53 935 |
| Foreign currency translation differences for foreign operations | 13 650 | -52 947 |
| Deferred tax on items of other comprehensive income | -87 291 | 10 248 |
| Total comprehensive income for the period | 966 046 | -1 517 423 |
| Attributable to owners of the Parent company | 966 046 | -1 506 144 |
| Attributable to non-controlling owners | -- | -11 279 |

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

Consolidated statement of financial position as at 31 December 2021 and 31 December 2020

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

| | Note | 31.12.2021 TCZK | 31.12.2020 TCZK |
|---|--------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 5 023 459 | 3 736 535 |
| Right-of-use asset | 16 | 345 152 | 396 027 |
| Investment property | | 11 819 | -- |
| Intangible assets | 14 | 2 637 532 | 2 609 739 |
| Assets under construction | 14, 15 | 1 021 914 | 555 375 |
| Goodwill | 14 | 4 113 099 | 4 113 099 |
| Investments in subsidiaries | | -- | -- |
| Investments in associates and joint ventures | 17 | 49 976 | 66 555 |
| Available-for-sale financial assets and long-term loans | | -- | -- |
| Deferred tax asset | 19 | 651 436 | 388 329 |
| Derivatives | 31 | 7 844 | 24 605 |
| Other non-current receivables | 21 | 336 083 | 315 713 |
| <i>Total non-current assets</i> | | 14 198 314 | 12 205 977 |
| Current assets | | | |
| Inventories | 22 | 5 132 186 | 3 684 892 |
| Trade and other receivables | 23 | 2 547 776 | 2 933 572 |
| Contract asset | 7 | 2 948 228 | 5 965 202 |
| Current income tax receivable | 20 | 20 628 | 22 240 |
| Financial assets held for trading | | -- | -- |
| Derivatives | 31 | 678 822 | 362 521 |
| Cash and cash equivalents | 24 | 2 002 675 | 678 200 |
| <i>Total current assets</i> | | 13 330 315 | 13 646 627 |
| Total assets | | 27 528 630 | 25 852 604 |

| | Note | 31.12.2021 TCZK | 31.12.2020 TCZK |
|--|------|--------------------|--------------------|
| EQUITY AND LIABILITIES | | | |
| Equity attributable to majority owners | | | |
| Registered capital | 25 | 3 150 000 | 3 150 000 |
| Capital contributions | 25 | 4 612 061 | 4 301 308 |
| Revaluation of assets | | -- | -- |
| Fair value changes relating to hedges | 25 | 620 034 | 247 897 |
| Foreign currency translation differences for foreign operations | 25 | -2 718 | -16 368 |
| Retained earnings | 25 | 2 678 281 | 2 098 023 |
| <i>Total equity attributable to owners of the Parent company</i> | | <i>11 057 658</i> | <i>9 780 860</i> |
| <i>Total equity attributable to non-controlling owners</i> | | <i>--</i> | <i>--</i> |
| Total equity | | 11 057 658 | 9 780 860 |
| Non-current liabilities | | | |
| Long-term loans, borrowings and securities | 30 | 1 721 476 | 1 683 122 |
| Non-current lease liabilities | 16 | 245 779 | 274 445 |
| Deferred tax liability | 19 | 61 685 | 90 819 |
| Liability arising from share-based payments | | -- | -- |
| Non-current provisions | 27 | 148 140 | 122 621 |
| Other non-current liabilities | 28 | 29 946 | 10 068 |
| Derivatives | 31 | 3 127 | 35 355 |
| <i>Total non-current liabilities</i> | | <i>2 210 153</i> | <i>2 216 430</i> |
| Current liabilities | | | |
| Trade and other payables | 29 | 4 746 776 | 3 265 437 |
| Contract liabilities | 7 | 5 570 619 | 6 587 619 |
| Current income tax liability | 20 | 22 739 | 28 268 |
| Short-term loans, borrowings and securities | 30 | 2 668 483 | 2 649 673 |
| Current lease liabilities | 16 | 65 331 | 132 464 |
| Current provisions | 27 | 1 129 831 | 1 162 912 |
| Derivatives | 31 | 57 040 | 28 941 |
| <i>Total current liabilities</i> | | <i>14 260 819</i> | <i>13 855 314</i> |
| Total liabilities | | 16 470 972 | 16 071 744 |
| Total equity and liabilities | | 27 528 630 | 25 852 604 |

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

Consolidated statement of changes in equity for 2021 and 2020

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 1.1.2020 | 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 |

| | 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 1.1.2021 | 3 150 000 | 4 301 308 | 231 529 | 2 098 023 | 9 780 860 | -- | 9 780 860 |
| Change in accounting methods | -- | -- | -- | -- | -- | -- | -- |
| Correction of prior period figures | -- | -- | -- | -- | -- | -- | -- |
| Adjusted balance | 3 150 000 | 4 301 308 | 231 529 | 2 098 023 | 9 780 860 | -- | 9 780 860 |
| Profit for 2021 | -- | -- | -- | 580 258 | 580 258 | -- | 580 258 |
| Components of other comprehensive income | -- | -- | 385 787 | -- | 385 787 | -- | 385 787 |
| Total comprehensive income for 2021 | -- | -- | 385 787 | 580 258 | 966 045 | -- | 966 045 |
| Transaction with owners | | | | | | | |
| Change in registered capital | -- | -- | -- | -- | -- | -- | -- |
| Dividends and other payments from equity | -- | -- | -- | -- | -- | -- | -- |
| Other contributions to equity | -- | 310 753 | -- | -- | 310 753 | -- | 310 753 |
| 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 | -- | -- | -- | -- | -- | -- | -- |
| Other transactions with non-controlling owners | -- | -- | -- | -- | -- | -- | -- |
| Closing balance at 31.12.2021 | 3 150 000 | 4 612 061 | 617 316 | 2 678 281 | 11 057 658 | -- | 11 057 658 |
| Note | 25 | 25 | 25 | 25 | | 18 | |

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

Consolidated statement of cash flow for 2021 and 2020

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

| | Note | 2021 TCZK | 2020 TCZK |
|---|--------|-------------------|-------------------|
| I. Cash flows from operating activities | | | |
| <i>Profit before tax</i> | | 278 808 | -1 689 432 |
| Adjustments for: | | | |
| - depreciation and amortisation | 14, 15 | 542 827 | 530 978 |
| - impairment of non-current assets | 15 | 2 547 | 680 244 |
| - profit/loss on disposal of non-current assets | | 2 736 | -2 775 |
| - impairment of current assets | | 64 616 | 247 048 |
| - unrealised foreign exchange differences | | 45 353 | -36 919 |
| - share of profit of associated companies | | 12 486 | 8 659 |
| - loan fees, interest expense and income | | 341 263 | 351 201 |
| - other non-cash transactions | | 152 328 | -122 115 |
| - change in provisions | | -10 129 | 170 040 |
| - gain/loss on sale of subsidiaries | | -133 679 | -40 579 |
| <i>Total adjustments</i> | | 1 020 348 | 1 785 782 |
| <i>Operating cash flows before changes in working capital</i> | | 1 299 156 | 96 350 |
| Change in inventories | | -1 481 475 | -1 046 170 |
| Change in trade and other receivables | | -283 610 | -2 275 140 |
| Change in trade and other payables | | 3 798 437 | 4 047 060 |
| <i>Cash flows from operating transactions</i> | | 3 332 508 | 822 100 |
| Interest received including sales discount | | 11 279 | 14 898 |
| Interest and bank fees paid | | -72 636 | -114 284 |
| Interest from lease paid | | -15 225 | -10 562 |
| Income tax paid | | -68 830 | -66 856 |
| <i>Net cash flows from operating activities</i> | | 3 187 096 | 645 296 |
| II. Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | -1 031 729 | -689 140 |
| Acquisition of intangible assets | | -708 075 | -561 791 |
| Acquisition of financial investments | | -240 796 | -- |
| Loans provided - utilisation | | -- | -43 038 |
| Proceeds from disposal of non-current assets other than financial investments | | 3 031 | 3 357 |
| Proceeds from disposal of financial investments | | -- | -28 866 |
| Dividends received | | 4 800 | -- |
| <i>Net cash flows from investing activities</i> | | -1 972 769 | -1 319 478 |

| | Note | 2021 TCZK | 2020 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 | | 2 636 244 | 2 383 442 |
| Issue of debt securities | | -- | -2 310 000 |
| Payments made from equity (except for dividends) | | -- | -- |
| Repayment of lease liabilities | | -121 890 | -70 192 |
| Bank loans and borrowings received - repayment | | -2 398 407 | -219 093 |
| Interest, loan fees and dividends paid (including withholding tax) | | -- | -- |
| Net cash flows from financing activities | | 115 947 | -215 843 |
| Net increase/decrease in cash and cash equivalents | 24 | 1 330 274 | -890 025 |
| Impact of currency conversion on cash and cash equivalents | | -5 799 | -2 266 |
| Cash and cash equivalents at the start of the period | | 678 200 | 1 570 491 |
| Cash and cash equivalents at the end of the period | 24 | 2 002 675 | 678 200 |

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

Contents of the notes to the consolidated financial statements

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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 2021 is Skoda 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 2021, Renáta Kellnerová 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 2021

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

JUDr. Stanislav Kuba
doc. Ing. Michal Korecký, Ph.D.
Ing. Antonín Roub

Changes in the Commercial Register

In 2021 the following changes were recorded in the Commercial Register:

- On 2 September 2021, the sole shareholder PPF IndustryCo B.V. was renamed to Skoda B.V., and this change was recorded in the Commercial Register.
- On 25 April, Ing. Ladislav Chvátal was removed as chairman of the supervisory board. This change was recorded in the Commercial Register on 12 August 2021.
- On 12 July, JUDr. Stanislav Kuba was elected as chairman of the supervisory board. This change was recorded in the Commercial Register on 12 August 2021.

The following changes were recorded in the Commercial Register by the date of preparation of the consolidated financial statement:

- On 13 February, Ing. Petr Brzezina was removed as chairman of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 14 February, Didier Pflieger was elected as chairman of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 31 January, Ing. Zdeněk Majer was removed as member of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 1 February, Mike Niebling was elected as member of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 28 February 2022 Ing. Jan Menclík was removed as member of the board of directors. This change was recorded in the Commercial Register on 25 March 2022.
- On 1 March 2022 Martin Oravec was elected as member of the board of directors. This change was recorded in the Commercial Register on 25 March 2022.
- On 7 March 2022 Ing. Antonín Roub was removed as member of the board of directors. This change was recorded in the Commercial Register on 25 March 2022.
- On 8 March 2022 Ing. Jan Zapletal was elected as member of the board of directors. This change was recorded in the Commercial Register on 25 March 2022.

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 2021 and of the results of its operations and cash flows for the year ended 31 December 2021. 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 9 May 2022.

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 2021. Standards effective from 1 January 2021 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 2021 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 16 – Property, Plant and Equipment - Proceeds before Intended Use
 - 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.
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
 - 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 8 – Definition of accounting estimates
 - 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 12 – Deferred Tax
 - 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 proportional part 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 and recalculated price per kilometre. | 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 and the price per kilometre adjusted for price indexation, which is determined according to the contract based on inflation and nominal wage development. |
| 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.

4. Consolidated group

The following companies were included in the consolidated group as at 31 December 2021:

| Company name Identification number | Registered office | Ownership interest (in %) | Level of influence | Consolidation method |
|--|---|---------------------------------|-----------------------|-------------------------|
| Parent company | | | | |
| ŠKODA TRANSPORTATION a.s. 626 23 753 | Emila Škody 2922/1 301 00 Plzeň, Jižní Předměstí | -- | -- | -- |
| Subsidiaries and joint ventures | | | | |
| ŠKODA ELECTRIC a.s. 477 18 579 | Průmyslová 610/2a 301 00 Plzeň - Doudlevice | 100 | Control | Full |
| ŠKODA VAGONKA a.s. 258 70 637 | 1. máje 3176/102 703 00 Ostrava | 100 | Control | Full |
| ŠKODA PARS a.s. 258 60 038 | Žerotínova 1833/56 787 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. 291 19 057 | Emila Škody 2922/1 301 00 Plzeň, Jižní Předměstí | 100 | Control | Full |
| POLL, s.r.o. 629 67 754 | Výpadevská 1676/4a 153 00 Praha 5 Radotín | 100 | Control | Full |
| ŠKODA TVC s.r.o. 252 47 964 | Tylova 1/57 301 28 Plzeň | 100 | Control | Full |
| Ganz-Skoda Electric Ltd. | Horváth utca 12-26 H-1027 Budapest Hungary | 100 | Control | Full |
| Škoda Transportation Balkan d.o.o. | Aleja Milanović bb 343 25 Lužnice Serbia | 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 EKOVA a.s. 286 42 457 | Martinovská 3244/42 Martinov 723 00 Ostrava | 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 2021

As of August 2, 2021, the Group acquired a 100% share in Ekova Electric a.s., which became a part of the consolidation group Škoda Transportation a.s.. On August 11, 2021, Ekova Electric a.s. was renamed to Škoda Ekova a.s..

Due to acquisitions of Škoda Ekova a.s. the technological center and production capacities of the Group have expanded. Within the Group, Škoda Ekova a.s. will focus on service, modernisation and repairs of public transport vehicles, as well as producing new trams and other products for the Group's current and future customers.

The following table shows the purchase price:

| | |
|--|----------------|
| Purchase price (paid) | 314 024 |
| Fair value of contingent consideration | 0 |
| Total purchase price | 314 024 |

The contingent consideration depends on the amount recovered related to the receivables from company Cegelec and is conditional on the future settlement of the Cegelec's receivables in the amount of at least MCZK 63.

Due to the development of the dispute and with regard to the initial phase of the court proceedings and its uncertain result, the value Cegelec's receivables in the consolidated financial statements as at 31 December 2021 is assessed at less than MCZK 63, so we consider the fair value of the contingent consideration at zero at 31 December 2021.

Impact of the acquisition of a share in Škoda Ekova a.s. The Group's assets and liabilities at the acquisition date are as follows:

| | Fair value at the acquisition date |
|--|---|
| Property, plant and equipment | 305 700 |
| Investment property | 11 819 |
| Right of use assets | 506 |
| Intangible assets | 1 038 |
| Assets under construction | 1 322 |
| Deferred tax asset | 15 007 |
| Inventories | 41 300 |
| Trade and other receivables | 51 317 |
| Derivatives | 6 |
| Cash and cash equivalents | 73 228 |
| Lease liabilities | -506 |
| Trade and other payables | -45 903 |
| Current provisions | -7 131 |
| Fair value of identifiable net assets | 447 703 |

Trade receivables include gross contractual amounts in the amount of TCZK 106 096, of which, according to estimates, TCZK 76 863 is doubtful (especially receivables from Cegelec).

The profit from the bargain purchase arising on this acquisition was recognized in the income statement on the line Profit on investments and was determined as follows:

| | |
|--|-----------------|
| Total purchase price | 314 024 |
| Fair value of identifiable net assets | 447 703 |
| Profit from a bargain purchase | 133 679 |
| Cash and cash equivalents acquired through acquisition | 73 228 |
| Net impact of the acquisition on cash flow | -240 796 |

The reason for the profit from the bargain purchase is mainly the ownership of specific assets of Škoda Ekova a.s., when there are only a limited number of companies interested in this type of assets on the market, including real estate intended for repair and modernization of tram vehicles.

In the period from 2 August 2021 to 31 December 2021, Škoda Ekova a.s. contributed to the Group's revenues in the amount of TCZK 50 974 and to the Group's profit in the amount of TCZK -14,805. If the acquisition took place on 1 January 2021, the Group's revenues would increase by TCZK 100 373. CZK and the Group's profit would decrease by TCZK 15 245.

In connection with this acquisition, the group incurred legal and other administrative costs in the amount of TCZK 2 635, which were reported on the line Consumption of materials and services - Other services.

On 1 January 2021, the subsidiary Škoda Rail s.r.o. was dissolved as a result of a merger process, and its assets, rights and obligations, receivables, payables and employees were transferred to Škoda Digital s.r.o.

On 19 December 2021, the 100% subsidiary Škoda Transportation Balkan d.o.o. was established in Serbia.

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.

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., ŠKODA PARS 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) ŠKODA PARS a.s.

ŠKODA PARS 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 2021 and 31 December 2020 (in TCZK).

| 2021 | ŠKODA TRANSPORTATION a.s.** | ŠKODA VAGONKA a.s.** | ŠKODA ELECTRIC a.s. | ŠKODA PARS a.s. | Škoda Transtech Oy* | Other segments** | Total segments | Eliminations | Consolidated total |
|--|-----------------------------------|----------------------------|---------------------------|-----------------------|---------------------------|---------------------|-------------------|--------------------|-----------------------|
| Revenues from external customers | 9 468 264 | 595 518 | 1 574 785 | 1 423 774 | 2 044 305 | 394 362 | 15 501 008 | -- | 15 501 008 |
| Inter-company revenues | 791 827 | 1 698 334 | 1 568 993 | 150 887 | 223 570 | 411 641 | 4 845 252 | -4 845 252 | -- |
| Total revenues | 10 260 091 | 2 293 852 | 3 143 778 | 1 574 661 | 2 267 875 | 806 003 | 20 346 260 | -4 845 252 | 15 501 008 |
| Cost of sales and cost of goods sold | -8 685 019 | -1 749 548 | -2 271 044 | -802 834 | -1 634 229 | -359 154 | -15 501 828 | 4 895 166 | -10 606 662 |
| Personnel expenses | -1 404 581 | -358 319 | -619 696 | -408 795 | -680 412 | -344 541 | -3 816 344 | 175 | -3 816 169 |
| Depreciation and amortisation | -244 463 | -119 454 | -34 682 | -41 121 | -62 536 | -44 190 | -546 446 | 3 619 | -542 827 |
| Impairment of non-current assets | -- | -- | -- | -2 075 | -- | 2 817 | 742 | -3 289 | -2 547 |
| Other operating expenses and revenues | 145 083 | 121 178 | -48 409 | -134 536 | -43 103 | -27 859 | 12 354 | -25 496 | -13 142 |
| Gains/losses from the disposal of non-current assets | -1 651 | -- | 677 | -209 | -- | 3 036 | 1 853 | -4 589 | -2 736 |
| Operating profit (loss) | 69 460 | 187 709 | 170 624 | 185 091 | -152 405 | 36 112 | 496 591 | 20 334 | 516 925 |
| Share of profit of associates | -12 486 | -- | -- | -- | -- | -- | -12 486 | -- | -12 486 |
| Gains/losses on investments | 17 293 | -- | -- | -- | -- | -- | 17 293 | 116 386 | 133 679 |
| Financial income | 112 055 | 1 379 | 37 527 | 13 583 | -- | 7 497 | 172 041 | -139 926 | 32 115 |
| Financial expenses | -347 118 | -77 373 | -21 683 | -10 612 | -47 036 | -15 946 | -519 768 | 133 194 | -386 574 |
| Other finance income and expenses | 247 | -- | -- | -- | -- | -5 098 | -4 851 | -- | -4 851 |
| Profit or loss before tax | -160 549 | 111 715 | 186 468 | 188 062 | -199 441 | 22 565 | 148 820 | 129 988 | 278 808 |
| Income tax | 131 259 | 186 351 | 532 | -37 865 | 22 799 | 2 643 | 305 719 | -4 268 | 301 451 |
| Profit after tax | -29 290 | 298 066 | 187 000 | 150 197 | -176 642 | 25 208 | 454 539 | 125 720 | 580 259 |
| Total assets | 27 474 964 | 3 651 194 | 3 608 118 | 1 775 157 | 2 124 291 | 1 490 220 | 40 123 944 | -12 595 314 | 27 528 630 |
| Acquisition of non-current assets*** | 1 111 852 | 423 516 | 103 249 | 97 663 | 164 343 | 75 639 | 1 976 262 | 2 600 | 1 978 862 |

*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.

| 2020 | ŠKODA TRANSPORTATION a.s.** | ŠKODA VAGONKA a.s.** | ŠKODA ELECTRIC a.s. | ŠKODA PARS 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.

The table below summarises information about the structure of property, plant and equipment and intangible assets as at 31 December 2021 and 31 December 2020 according to the registered office of a company owning the relevant assets (in TCZK).

| Country | 2021 | 2020 |
|----------------|-------------------|-------------------|
| Czech Republic | 11 904 976 | 10 209 187 |
| Finland | 887 348 | 794 212 |
| Hungary | 4 477 | 3 340 |
| Germany | 101 | 133 |
| Ukraine | 10 921 | 7 876 |
| Russia | -- | -- |
| Total | 12 807 823 | 11 014 748 |

7. Revenues, Contract balances

Revenues of the Group from contracts with customers:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Rolling stock modernisation | 106 589 | 159 589 |
| Comprehensive repairs | 62 513 | 104 272 |
| Trams | 2 534 603 | 1 549 592 |
| Locomotives and suburban units | 6 559 843 | 4 188 484 |
| Electrical equipment | 144 919 | 229 277 |
| Trolley buses | 1 053 763 | 1 043 638 |
| Traction motors | 289 755 | 204 110 |
| Metro | 710 931 | 141 606 |
| Components and specific spare parts | 585 415 | 424 499 |
| Full maintenance | 1 107 864 | 942 344 |
| Other regular services | 687 | 13 |
| Revenues from performance obligations satisfied over time | 13 156 882 | 8 987 424 |
| Spare parts | 134 428 | 172 966 |
| Working | 65 384 | 58 376 |
| Car repairs | 1 193 047 | 1 027 836 |
| Servicing and maintenance | 129 890 | 161 775 |
| Other | 518 414 | 430 242 |
| Revenues from performance obligations satisfied at a point in time | 2 041 163 | 1 851 195 |
| Total | 15 198 045 | 10 838 619 |

In 2021 and 2020, the Group did not recognise any revenues following from performance obligations satisfied (or partially satisfied) in previous periods.

Other operating revenues:

| | 2021 | 2020 |
|-----------------------------------|----------------|----------------|
| Revenues from sale of inventories | 162 940 | 109 351 |
| Revenues from sale of waste | 45 060 | 23 423 |
| Contractual fines | 5 657 | 4 140 |
| Subsidies received | 791 | 288 |
| Other revenues | 88 515 | 50 102 |
| Total | 302 963 | 187 304 |

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

| Country | 2021 | 2020 |
|---|-------------------|-------------------|
| Czech Republic | 7 221 582 | 3 218 142 |
| China | 18 369 | 92 677 |
| Finland | 1 980 726 | 1 884 711 |
| Italy | 30 003 | 47 158 |
| Latvia | 644 980 | 120 021 |
| Hungary | 34 750 | 26 382 |
| Germany | 800 821 | 292 648 |
| Poland | 936 313 | 465 557 |
| Romania | -- | -- |
| Russia | 87 821 | 46 250 |
| Slovakia | 936 039 | 2 485 427 |
| Turkey | -- | -- |
| USA | 120 588 | 47 430 |
| Other | 344 890 | 261 020 |
| Revenues from performance obligations satisfied over time | 13 156 882 | 8 987 423 |
| Czech Republic | 1 737 262 | 1 574 676 |
| China | 652 | -- |
| Finland | 38 787 | 68 889 |
| Italy | 2 742 | 1 019 |
| Lithuania | 36 987 | 34 762 |
| Latvia | 3 158 | 1 708 |
| Hungary | 19 138 | 36 150 |
| Germany | 36 095 | 45 892 |
| Poland | 34 057 | 26 060 |
| Russia | -363 | 134 |
| Slovakia | 60 607 | 46 340 |
| Turkey | -- | 9 |
| USA | 5 213 | 2 471 |
| Other | 66 828 | 13 086 |
| Revenues from performance obligations satisfied at a point in time | 2 041 163 | 1 851 196 |
| Czech Republic | 135 891 | 111 041 |
| China | 77 | 3 318 |
| Finland | 20 735 | 11 794 |
| Italy | -- | 207 |
| Latvia | 54 447 | 14 778 |
| Hungary | 2 003 | -- |
| Germany | 54 548 | 21 395 |
| Poland | 29 539 | 3 332 |
| Russia | -- | 338 |
| Slovakia | 7 | 698 |
| Turkey | -- | 9 753 |
| USA | 3 984 | 1 624 |
| Other | 1 732 | 9 026 |
| Other operating revenues | 302 963 | 187 304 |
| Total | 15 501 008 | 11 025 923 |

Revenues from two 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

| | 31/12/2021 | 31/12/2020 |
|--|------------------|------------------|
| Trade receivables (gross)* | 1 967 269 | 2 329 194 |
| Trade receivables - impairment losses | -124 140 | -136 153 |
| Trade receivables (net) | 1 843 129 | 2 193 041 |
| Contract assets (gross) | 2 949 687 | 5 968 266 |
| Contract assets - impairment losses | -1 458 | -3 064 |
| Contract assets (net) | 2 948 229 | 5 965 202 |
| Contract liabilities | 5 592 492 | 6 587 619 |
| Retention recognised as a trade receivable | 262 606 | 226 164 |
| Retention recognised as a liability | 22 517 | 5 180 |

*Trade receivables related to contracts with customers except retention

| Cash flow of contract assets | | | | | |
|------------------------------|-----------|----------------------|------------------------|------------------------|----------------------|
| 31/12/2021 | Total | Due within 1 year | Due in 1 to 2 years | Due in 2 to 5 years | More than 5 years |
| Contract assets | 2 948 229 | 2 838 865 | 109 142 | 222 | -- |

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

TCZK 3 734 006 (2020 - TCZK 1 332 451) recognised in the contract liability as at 31 December 2020 was recognised as a revenue in 2021. Partial invoicing and advances received in respect of which no revenue was recognised in 2021 is TCZK 2 738 879 (2020 - TCZK 3 639 231).

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

| 31/12/2021 | Total | Up to 1 year | 1 to 2 years | 2 to 5 years | More than 5 years |
|--|-------------|-----------------|--------------|--------------|----------------------|
| Transaction price allocated to the remaining performance | 81 179 558* | 19 421 647 | 21 017 325 | 20 085 736 | 20 654 850 |

*The amount includes the expected variable consideration in the amount of TCZK 27 037 037, which takes into account the contractual price indexation in the amount of T CZK 7 753 230 determined on the basis of the expected inflation rate (consumer price index in range 0,6-11,0%), industrial producer price index (in range 0,7-13,8%) and nominal wage development (in range 0,7-12,37%).

| 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 | 73 532 967* | 13 533 324 | 20 359 956 | 19 000 664 | 20 639 023 |

*The amount includes the expected variable consideration in the amount of TCZK 22 690 254, which takes into account the contractual price indexation in the amount of T CZK 4 815 198 determined on the basis of the expected inflation rate (consumer price index in range 2,0-2,5%), industrial producer price index (1,27%) and nominal wage development (in range 4,30-5,39%).

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

| | 2021 | 2020 |
|--|--------------------|-------------------|
| Materials | -7 335 102 | -5 024 748 |
| Energy | -216 929 | -188 925 |
| <i>Materials and consumables total</i> | <i>-7 552 031</i> | <i>-5 213 673</i> |
| Repairs and maintenance | -269 696 | -199 941 |
| Marketing services | -50 137 | -26 653 |
| Purchased services for projects | -1 274 261 | -686 992 |
| Rent | -185 528 | -97 208 |
| External employees | -483 522 | -328 650 |
| Other services | -677 881 | -590 918 |
| <i>Purchased services total</i> | <i>-2 941 025</i> | <i>-1 930 362</i> |
| Total | -10 493 056 | -7 144 035 |

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

9. Personnel expenses

| | 2021 | 2020 |
|--------------------------|-------------------|--------------------|
| Key management personnel | -161 376 | -154 504 |
| Other employees | -3 654 793 | - 3 028 749 |
| Total | -3 816 169 | - 3 183 253 |

The average number of full-time equivalent employees in 2021 was 5 227 (2020 – 4 383)

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

| | 2021 | 2020 |
|--|-----------------|-----------------|
| Allowances for inventories (- expense / + revenue) | -79 114 | -160 368 |
| Change in provisions (- expense / + income) | 10 129 | -160 850 |
| Materials sold | -129 310 | -91 378 |
| Taxes and charges | -123 114 | -71 732 |
| Write-off and sale of receivables | -16 719 | -6 392 |
| Fines and penalties | -78 323 | -14 896 |
| Insurance expenses | -38 296 | -32 569 |
| Losses from derivative transactions | -874 | -95 705 |
| Foreign exchange losses from operations | -67 002 | -- |
| Other operating expenses (-) | -104 678 | -165 005 |
| Total | -627 301 | -798 895 |

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

| | 2021 | 2020 |
|--|----------------|----------------|
| Gains from derivatives transactions | 450 700 | 54 875 |
| Foreign exchange gains from operations | -- | 81 305 |
| Other operating income | 148 961 | 69 688 |
| Total | 599 661 | 205 868 |

Gains of derivative transactions relating to hedging of cash flows from projects is included in Other operating income. Other operating income in 2021 includes income from the assignment of receivables.

12. Net finance income and expense

| | 2021 | 2020 |
|---|-----------------|-----------------|
| Income from financial assets | 8 | 10 |
| Interest income | 11 279 | 14 898 |
| Financing component (IFRS 15) | 2 118 | 10 397 |
| Foreign exchange gains on financial assets | 17 657 | 30 598 |
| Other finance income | 1 053 | 2 474 |
| Finance income | 32 115 | 58 377 |
| Interest expense on the lease liability | -15 225 | -10 562 |
| Interest expense (except lease) | -202 716 | -198 176 |
| Financing component (IFRS 15) | -136 719 | -167 758 |
| Foreign exchange losses on financial assets | -30 262 | -18 092 |
| Other finance expense | -1 652 | -774 |
| Finance expenses | -386 574 | -395 362 |
| Gains/losses on trading derivatives | -4 849 | -68 182 |
| Other finance income and expenses | -2 | -9 |
| Other finance income and expenses | -4 851 | -68 191 |
| Net finance income/expense | -359 310 | -405 176 |

Interest expense of TCZK 202 716 (2020 – TCZK 198 176) primarily include interest on a loan received from the parent company and interest on bank loans received.

In 2021 and 2020, no interest expense was capitalised.

13. Income tax

Income tax is recognised in the income statement as follows:

| | 2021 | 2020 |
|---------------------|----------------|----------------|
| Current income tax | -64 913 | -67 106 |
| Deferred income tax | 366 364 | 335 749 |
| Total | 301 451 | 268 643 |

Current income tax comprises the tax estimate for 2021 of TCZK -71 585 (2020 – TCZK 64 246) and an adjustment to the tax estimate for the prior period of TCZK 6 672 (2020 – TCZK 2 860).

Effective tax rate

| | 2021 | % | 2020 | % |
|---|----------------|-------------|----------------|------------|
| Profit before tax | 278 808 | | -1 689 432 | |
| Corporate income tax at applicable tax rate | -52 974 | 19% | 320 992 | 19% |
| Impact of conversion from foreign company tax rates | 2 884 | | 3 033 | |
| Deduction for research and development | 142 944 | | 110 006 | |
| Non-tax deductible items | 20 435 | | -8 384 | |
| Adjustment to prior year's income tax | 18 348 | | -27 827 | |
| Unrecognised deferred tax asset | 187 124 | | -50 585 | |
| Utilised prior period tax losses | 472 | | 219 | |
| Derecognition of deferred tax assets from unused tax losses | -- | | -51 244 | |
| Other effects | -17 782 | | -27 567 | |
| Total | 301 451 | 108% | 268 643 | 16% |

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 |
|------------------------------|----------------|------------------------------|--------------------------------|---|-------------------------|------------------|-------------------|
| 1/1/2020 | 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 |

| | Software | Intellectual property rights | Research and development costs | Intangible assets under construction and advances | Other intangible assets | Goodwill | Total |
|-------------------|----------------|------------------------------|--------------------------------|---|-------------------------|------------------|-------------------|
| 1/1/2021 | 249 378 | 1 567 191 | 2 638 559 | 66 383 | 494 314 | 7 574 216 | 12 590 041 |
| Additions | 35 172 | -- | 89 230 | 416 862 | -- | -- | 541 264 |
| Disposals | -681 | -- | -- | -54 | -110 | -- | -845 |
| Transfers | 31 751 | -- | -11 890 | -19 861 | -- | -- | -- |
| FX differences | -3 136 | -1 196 | -26 775 | -1 | -- | -- | -31 108 |
| Acquisition Ekova | 969 | -- | -- | 69 | -- | -- | 1 038 |
| 31/12/2021 | 313 453 | 1 565 995 | 2 689 124 | 463 398 | 494 204 | 7 574 216 | 13 100 390 |

Intangible assets – accumulated amortisation

| | Software | Intellectual property rights | Research and development costs | Intangible assets under construction and advances | Other intangible assets | Goodwill | Total |
|---------------------|-----------------|------------------------------|--------------------------------|---|-------------------------|-----------------|-------------------|
| 1/1/2020 | -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 | -941 729 | -- | -486 375 | -106 935 | -1 765 760 |

| | Software | Intellectual property rights | Research and development costs | Intangible assets under construction and advances | Other intangible assets | Goodwill | Total |
|---------------------|-----------------|------------------------------|--------------------------------|---|-------------------------|-----------------|-------------------|
| 1/1/2021 | -169 577 | -61 144 | -941 729 | -- | -486 375 | -106 935 | -1 765 760 |
| Annual amortisation | -33 674 | -1 498 | -61 397 | -- | -2 | -- | -96 571 |
| Disposals | 363 | -- | -- | -- | 110 | -- | 473 |
| FX differences | 3 259 | 1 155 | 6 145 | -- | -- | -- | 10 557 |
| 31/12/2021 | -199 629 | -61 487 | -996 983 | -- | -486 267 | -106 935 | -1 851 301 |

Intangible assets – impairment losses

| | Software | Intellectual property rights | Research and development costs | Intangible assets under construction and advances | Other intangible assets | Goodwill | Total |
|-------------------|-----------|------------------------------|--------------------------------|---|-------------------------|-------------------|-------------------|
| 1/1/2020 | -- | -- | -- | -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 |

| | Software | Intellectual property rights | Research and development costs | Intangible assets under construction and advances | Other intangible assets | Goodwill | Total |
|-------------------|-----------|------------------------------|--------------------------------|---|-------------------------|-------------------|-------------------|
| 1/1/2021 | -- | -- | -680 878 | -2 859 | -- | -3 354 182 | -4 037 919 |
| Additions | -- | -- | -- | -- | -- | -- | -- |
| 31/12/2021 | -- | -- | -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 |
|-------------------|----------------|------------------------------|--------------------------------|---|-------------------------|------------------|------------------|
| 31/12/2020 | 79 801 | 1 506 047 | 1 015 952 | 63 524 | 7 939 | 4 113 099 | 6 786 362 |
| 31/12/2021 | 113 824 | 1 504 508 | 1 011 263 | 460 539 | 7 937 | 4 113 099 | 7 211 170 |

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 (2020 – 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 2021, development costs of TCZK 1 011 263 (2020 – TCZK 1 015 952) include mainly technical documentation attributable to the construction of a specific type of product. Of total additions in 2021, TCZK 242 842 was produced internally and the remaining portion of TCZK 240 772 was purchased from external suppliers (additions in the amount of TCZK 394,384 are reported under Intangible assets in progress).

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 | 2021 | 2020 |
|---------------------------|------------------|------------------|
| ŠKODA ELECTRIC a.s. | 1 691 181 | 1 691 181 |
| ŠKODA VAGONKA a.s. | 1 287 137 | 1 287 137 |
| ŠKODA PARS 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 |
| Škoda Digital s.r.o. | 40 | 40 |
| Total | 4 113 099 | 4 113 099 |

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, using the discounted cash flow model. 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 2020 and 2021, 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 5.01% or EBIT decreased by 57.64% or the growth indicator decreased by 15.05%, the value of goodwill would further decrease.

According to the sensitivity test of the goodwill allocated to ŠKODA PARS a.s., if the discount rate increased by 0.10% or EBIT decreased by 0.72% or the growth indicator decreased by 0.13%, 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 7.98% or EBIT decreased by 39.4% or the growth indicator decreased by 15.16%, 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 7.38 % (2020 – 7.54%), except for Škoda TVC where a post-tax discount rate of 8.58 % was used (a higher risk as it is rather a small company).

The testing was carried out based on available plans for 2022 – 2026 (or 2021 – 2025 in 2020). 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 7.38 % (2020 - 7.54%).

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 |
|------------------------------|----------------|------------------|-------------------------|---------------|---------------------------|------------------|
| 1/1/2020 | 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 |

| | Land | Buildings | Machinery and equipment | Other assets | Assets under construction | Total |
|-------------------|----------------|------------------|-------------------------|---------------|---------------------------|------------------|
| 1/1/2021 | 382 279 | 3 259 285 | 3 784 209 | 97 699 | 492 028 | 8 015 500 |
| Additions | 3 056 | 392 461 | 643 873 | 2 639 | 395 569 | 1 437 598 |
| Disposals | -- | -2 668 | -78 256 | -980 | -381 | -82 285 |
| Transfers | -- | 83 363 | 242 864 | -- | -326 227 | -- |
| FX differences | -398 | -5 939 | -32 465 | -24 | -936 | -39 762 |
| Acquisitions | 27 570 | 234 801 | 43 329 | -- | 1 322 | 307 022 |
| 31/12/2021 | 412 507 | 3 961 303 | 4 603 554 | 99 334 | 561 375 | 9 638 073 |

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

| | 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 |

| | Land | Buildings | Machinery and equipment | Other assets | Assets under construction | Total |
|---------------------|------------|-----------------|-------------------------|----------------|---------------------------|-------------------|
| 1/1/2021 | -57 | -833 121 | -2 851 755 | -87 469 | -- | -3 772 402 |
| Annual Depreciation | -- | -84 701 | -281 178 | -2 569 | -- | -368 448 |
| Disposals | -- | 866 | 73 206 | 928 | -- | 75 000 |
| Transfers | -- | -- | -- | -- | -- | -- |
| FX differences | -- | 2 613 | 27 254 | 3 | -- | 29 870 |
| 31/12/2021 | -57 | -914 343 | -3 032 473 | -89 107 | -- | -4 035 980 |

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

| | 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 |

| | Land | Buildings | Machinery and equipment | Other assets | Assets under construction | Total |
|-------------------|-----------|---------------|-------------------------|--------------|---------------------------|----------------|
| 1/1/2021 | -- | -5 302 | -9 233 | -- | -177 | -14 712 |
| Additions | -- | -768 | -2 039 | -- | -- | -2 807 |
| Disposals | -- | -- | 83 | -- | 177 | 260 |
| Transfers | -- | -- | -- | -- | -- | -- |
| 31/12/2021 | -- | -6 070 | -11 189 | -- | -- | -17 259 |

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

| | Land | Buildings | Machinery and equipment | Other assets | Assets under construction | Total |
|-------------------|----------------|------------------|-------------------------|---------------|---------------------------|------------------|
| 31/12/2020 | 382 222 | 2 420 862 | 923 221 | 10 230 | 491 851 | 4 228 386 |
| 31/12/2021 | 412 450 | 3 040 890 | 1 559 892 | 10 227 | 561 375 | 5 584 834 |

Major additions to property, plant and equipment in 2021 were the extension of the paint shop, construction modifications of the testing room and acquisition of lasers and machine tools.

As at 31 December 2021, the cumulative impairment loss on property, plant and equipment was TCZK 17 259 (2020 – TCZK 14 712).

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.

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 |
|---|------|----------------|-------------------------|--------------|----------------|
| 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 |

| | Land | Buildings | Machinery and equipment | Other assets | Total |
|---|------|----------------|-------------------------|--------------|----------------|
| 1/1/2021 | -- | 512 954 | 16 947 | -- | 529 901 |
| Additions | -- | 6 337 | 1 641 | -- | 7 978 |
| Disposals | -- | -10 778 | -53 | -- | -10 831 |
| Adjustment for remeasurement of the lease liability | -- | 22 574 | 492 | -- | 23 066 |
| FX differences | -- | -6 633 | -895 | -- | -7 528 |
| 31/12/2021 | -- | 524 454 | 18 132 | -- | 542 586 |

Right-of-use asset – accumulated depreciation

| | 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 |

| | Land | Buildings | Machinery and equipment | Other assets | Total |
|---------------------|-----------|-----------------|-------------------------|--------------|-----------------|
| 1/1/2021 | -- | -126 779 | -7 095 | -- | -133 874 |
| Annual Depreciation | -- | -73 594 | -4 215 | -- | -77 809 |
| Disposals | -- | 10 778 | 53 | -- | 10 831 |
| FX differences | -- | 2 916 | 502 | -- | 3 418 |
| 31/12/2021 | -- | -186 679 | -10 755 | -- | -197 434 |

Right-of-use asset – impairment losses

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

| | Land | Buildings | Machinery and equipment | Other assets | Total |
|-------------------|-----------|-----------|-------------------------|--------------|-----------|
| 1/1/2021 | -- | -- | -- | -- | -- |
| 31/12/2021 | -- | -- | -- | -- | -- |

Right-of-use asset – net book value

| | Land | Buildings | Machinery and equipment | Other assets | Total |
|-------------------|-----------|----------------|-------------------------|--------------|----------------|
| 31/12/2020 | -- | 386 175 | 9 852 | -- | 396 027 |
| 31/12/2021 | -- | 337 775 | 7 377 | -- | 345 152 |

Present value of lease liability

| | 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 |

| | Land | Buildings | Machinery and equipment | Other assets | Total |
|--|-----------|----------------|-------------------------|--------------|----------------|
| 1/1/2021 | -- | 395 764 | 11 145 | -- | 406 909 |
| Newly recognised lease liability | -- | 6 337 | 1 641 | -- | 7 978 |
| Interest expense of the lease liability | -- | 14 740 | 430 | -- | 15 170 |
| Cash payments - principal portion of the lease liability (a) | -- | -118 695 | -3 194 | -- | -121 889 |
| Cash payments - interest portion of the lease liability (b) | -- | -14 740 | -430 | -- | -15 170 |
| Remeasurement of the lease liability | -- | 22 574 | 492 | -- | 23 066 |
| Disposals (termination of the lease) | -- | -- | -- | -- | -- |
| FX differences | -- | -4 365 | -589 | -- | -4 954 |
| 31/12/2021 | -- | 301 615 | 9 495 | -- | 311 110 |
| Liability due within 1 year | -- | 61 170 | 4 161 | -- | 65 331 |
| in 1 to 5 years | -- | 166 480 | 5 334 | -- | 171 814 |
| in more than 5 years | -- | 73 965 | -- | -- | 73 965 |

Expenses related to short-term leases were reported as Material and consumables of TCZK 42 543 (c) (2020 – TCZK 22 550). Expenses related to the leasing of low-value assets were reported as Material and consumables of TCZK 4 998 (d) (2020 - TCZK 5 091). The total cash flow (a + b + c + d) related to leases in 2021 was TCZK 184 600 (2020 – TCZK 108 395).

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 2021.

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 | 2021 | 2020 |
|--|---------------|---------------|
| Interest in associate | 13 089 | 16 931 |
| Interest in joint ventures | 36 887 | 49 624 |
| Balance as at 31 December | 49 976 | 66 555 |

| Group's share of profit in equity-accounted investees | 2021 | 2020 |
|---|----------------|---------------|
| Group's share of profit in associate | 958 | 5 001 |
| Group's share of profit in joint ventures | -13 444 | -13 660 |
| Balance as at 31 December | -12 486 | -8 659 |

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. The share was paid in 2020.

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. The liability was paid in 2021.

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. | 2021 | 2020 |
|---|---------------|---------------|
| Percentage ownership interest | 32% | 32% |
| Non-current assets | 6 915 | 9 478 |
| Current assets | 111 603 | 124 408 |
| Non-current liabilities | 34 000 | 34 000 |
| Current liabilities | 42 967 | 46 331 |
| Net assets (100%) | 41 551 | 53 555 |
| Group's share of net assets (32%) | 13 296 | 17 138 |
| Effect of acquisition and differences in accounting policies | -213 | -207 |
| Carrying amount of interest in joint venture | 13 083 | 16 931 |
| Revenues | 312 200 | 424 063 |
| Profit+/-Loss - from continuing activities (100%) | 3 022 | 15 785 |
| Correction of prior year income | -532 | -- |
| Total comprehensive income (100%) | 2 490 | 15 785 |
| Total comprehensive income (32 %) | 797 | 5 051 |
| Group's share in profit and total comprehensive income | 797 | 5 051 |
| Group's share in the decrease in funds from profit (32%) | -65 | -50 |
| Group's share in the increase in retained earnings from unpaid dividends (32%) | 225 | -- |
| Group's share in profit after adjustment for the decrease in funds from profit | 957 | 5 001 |
| Dividends received by the Group | 4 800 | -- |

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 | 2021 | 2020 |
|---|----------------|----------------|
| Percentage ownership interest | 50% | 50% |
| Non-current assets | 36 328 | 3 295 |
| Current assets | 30 510 | 83 842 |
| Non-current liabilities | 103 270 | 86 096 |
| Current liabilities | 2 004 | 8 237 |
| Net assets (100%) | -38 436 | -7 196 |
| Group's share of net assets (50%) | -19 218 | -3 598 |
| Effect of acquisition and differences in accounting policies | -- | -- |
| Carrying amount of interest in joint venture | -19 218 | -3 598 |
| Revenues | 1 127 | 697 |
| Profit+/Loss - from continuing activities (100%) | -31 429 | -11 314 |
| Total comprehensive income (100%) | -31 429 | -11 314 |
| Total comprehensive income (50 %) | -15 714 | -5 657 |
| Group's share in profit and total comprehensive income | -15 714 | -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 | 2021 | 2020 |
|---|---------------|------------------|
| Percentage ownership interest | 50% | 50% |
| Non-current assets | 11 110 | 9 488 |
| Current assets | 86 605 | 80 646 |
| Non-current liabilities | 4 175 | 5 919 |
| Current liabilities | 7 834 | 4 274 |
| Net assets (100%) | 85 706 | 79 941 |
| Group's share of net assets (50%) | 42 854 | 39 971 |
| Effect of acquisition and differences in accounting policies* | 4 643 | 4 643 |
| Contribution made outside the share capital | 8 608 | 8 608 |
| Carrying amount of interest in joint venture | 56 105 | 53 222 |
| Revenues | 39 385 | 3 597** |
| Profit+/Loss - from continuing activities (100%) | 4 541 | -16 006** |
| Total comprehensive income (100%) | 4 541 | -16 006** |
| Total comprehensive income (50 %) | 2 271 | -8 003** |
| Group's share in profit and total comprehensive income | 2 271 | -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.

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

| Company | 2021 | 2020 |
|---------------|-----------|--------------|
| OOO Vagonmash | -- | 1 834* |
| Total | -- | 1 834 |

* 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) or 9% (Hungary) was used to calculate deferred tax in 2021 and 2020.

| | 31/12/2021 | 31/12/2020 |
|------------------------|----------------|----------------|
| Deferred tax asset | 651 436 | 388 329 |
| Deferred tax liability | -61 685 | -90 819 |
| Total | 589 751 | 297 510 |

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

| | 31/12/2021 | 31/12/2020 | Year on year change 2021/2020 |
|---|----------------|----------------|-------------------------------------|
| Non-current assets (incl. Leasing) | -386 839 | -323 139 | -63 700 |
| Receivables | 31 965 | 25 202 | 6 763 |
| Contracts with customers | 47 568 | 413 990 | -366 422 |
| Inventories | 116 837 | 97 902 | 18 935 |
| Provisions | 215 635 | 216 780 | -1 145 |
| Unutilised tax losses | 400 162 | 222 884 | 177 278 |
| Unutilised research and development deduction | 189 281 | 82 914 | 106 367 |
| Employee benefits | 13 984 | 12 472 | 1 512 |
| Unpaid contractual penalties | 33 954 | 8 391 | 25 563 |
| Derivatives | -23 263 | -19 007 | -4 256 |
| Deconsolidation of Vagonmash | -- | -6 543 | 6 543 |
| Acquisition Ekova | 12 994 | -- | 12 994 |
| Other | 82 913 | 36 897 | 46 016 |
| Total (asset+/- liability-) | 735 191 | 768 743 | -33 552 |
| Adjustment by deferred tax asset unutilised for uncertainty reasons | -- | -413 085 | 413 085 |
| Total after correction (asset+/- liability-) | 735 191 | 355 658 | 379 533 |
| Deferred tax on revaluation of derivatives recorded in other comprehensive income | -145 440 | -58 148 | -87 292 |
| Total (asset+/- liability-) | 589 751 | 297 510 | 292 241 |

*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 acquisition of Ekova.

A deferred tax asset was not recognised as at 31 December 2021 and 2020 in relation to tax losses of TCZK 1 675 617 (2020: TCZK 867 400), 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.

| 31/12/2021 | Year of expiration of tax loss | Tax loss amount | Income tax rate |
|-------------------------|-----------------------------------|--------------------|--------------------|
| Year of tax loss origin | | | |
| 2014 | 2024 | 48 249 | 20% |
| 2015 | 2025 | 230 752 | 20% |
| 2018 | 2028 | 118 919 | 20% |
| 2019 | 2024 | 35 569 | 19% |
| 2019 | 2029 | 62 851 | 20% |
| 2021 | 2026 | 1 070 787 | 19% |
| 2021 | 2031 | 108 490 | 20% |
| Celkem | | 1 675 617 | |

| 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 | |

20. Income tax receivables and payables

The balance sheet item 'Income tax (receivable)' of TCZK 20 628 (2020 – TCZK 22 240) comprises corporate income tax prepayments reduced by estimated income tax.

The balance sheet item 'Income tax (payable)' of TCZK 22 739 (2020 – TCZK 28 268) comprises estimated corporate income tax reduced by income tax prepayments.

21. Other non-current receivables

| | 31/12/2021 | 31/12/2020 |
|--|----------------|----------------|
| Non-current trade receivables | 51 076 | 64 824 |
| Non-current advances paid | -- | -- |
| Other non-current receivables and loans | 285 007 | 250 889 |
| Total other non-current receivables and loans (gross) | 336 083 | 315 713 |
| Impairment losses | -- | -- |
| Total other non-current receivables and loans (net) | 336 083 | 315 713 |

Ageing structure of non-current receivables

| | 31/12/2021 | 31/12/2020 |
|--|----------------|----------------|
| Non-current receivables due within 2 years | 89 482 | 51 088 |
| Non-current receivables due in 2 to 5 years | 73 414 | 87 354 |
| Non-current receivables due in more than 5 years | 173 187 | 177 271 |
| Total other non-current receivables and loans (gross) | 336 083 | 315 713 |
| Impairment losses | -- | -- |
| Total other non-current receivables and loans (net) | 336 083 | 315 713 |

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

| | 31/12/2021 | 31/12/2020 |
|----------------------------------|------------------|------------------|
| Materials | 4 317 928 | 3 557 881 |
| Work-in-progress | 989 471 | 339 775 |
| Finished goods | 68 682 | 110 347 |
| Goods for resale | 31 618 | 33 931 |
| Advance payments for inventories | 356 057 | 199 047 |
| Total inventories (gross) | 5 763 756 | 4 240 981 |
| Materials | -398 267 | -319 327 |
| Work-in-progress | -184 945 | -207 461 |
| Finished goods | -32 960 | -13 135 |
| Goods for resale | -15 317 | -16 085 |
| Advance payments for inventories | -81 | -81 |
| Allowances | -631 570 | -556 089 |
| Materials | 3 919 661 | 3 238 554 |
| Work-in-progress | 804 526 | 132 314 |
| Finished goods | 35 722 | 97 212 |
| Goods for resale | 16 301 | 17 846 |
| Advance payments for inventories | 355 976 | 198 966 |
| Total inventories (net) | 5 132 186 | 3 684 892 |

Based on an analysis of turnover and usability of inventories, as at 31 December 2021 the Group reduced the carrying amount of inventories to their net realisable value by recognising an impairment loss of TCZK 631 570 (2020 – TCZK 556 089).

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

| | 31/12/2021 | 31/12/2020 |
|----------------------------------|------------------|------------------|
| Trade receivables | 2 275 070 | 2 574 109 |
| Estimated receivables | 91 790 | 22 406 |
| Operating advances paid | 78 644 | 195 601 |
| Accrued revenues | 21 644 | 7 086 |
| Other receivables | 10 843 | 90 005 |
| Receivables from the state | 5 948 | 81 644 |
| Prepaid expenses | 192 230 | 104 068 |
| Total receivables (gross) | 2 676 169 | 3 074 919 |
| Impairment losses | -128 393 | -141 347 |
| Total receivables (net) | 2 547 776 | 2 933 572 |

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

24. Cash and cash equivalents

| | 31/12/2021 | 31/12/2020 |
|--------------------------|------------------|----------------|
| Cash | 1 955 | 1 285 |
| Bank accounts | 2 000 576 | 676 762 |
| Short-term time deposits | 144 | 153 |
| Total | 2 002 675 | 678 200 |

The Group has restricted cash of TCZK 14 277 (2020 - TCZK 16 199) 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 2021, the costs connected with investing activities were increased by TCZK 239 058 in relation with the settlement of the liabilities from 2021.

25. Equity

Registered capital

The Company's registered capital as at 31 December 2021 amounted to TCZK 3 150 000 (2020 – 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 2021 amounted to TCZK 4 612 061 (2020 – TCZK 4 301 308)

In 2021, the company Škoda B.V. made an contribution outside the registered capital in the amount of TCZK 310 753, that represent capitalisation of the shareholder loan.

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 2021 amounted to TCZK 620 034 (2020 – TCZK 247 897).

| | 31/12/2021 | 31/12/2020 | Year on year change 2021/2020 |
|--|----------------|----------------|-------------------------------------|
| Change in fair value in respect of cash flow hedges (before tax) | 765 473 | 306 045 | 459 428 |
| Deferred tax | -145 439 | -58 148 | -87 291 |
| Total | 620 034 | 247 897 | 372 137 |

The impact of realised derivatives whose value was reported in other comprehensive income in the previous period, amounted to TCZK 40 297 on the results of 2021.

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 2021, the balance of foreign exchange differences from the translation of activities carried out abroad amounted to TCZK -2 718 (2020 – TCZK -16 368).

Retained earnings

The Group's consolidated retained earnings as at 31 December 2021 were TCZK 2 678 281 (2020 – TCZK 2 098 023).

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 2021 were TCZK 4 181 809 (2020 – TCZK 4 178 624).

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 2021 was TCZK 577 329 (2020- TCZK -1 415 441); the proportion of the share with the nominal value of TCZK 15 900 was TCZK 2 929 (2020 – TCZK -7 181).

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

27. Provisions

| | 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 |

| | 1/1/2021 | Additions | Use | Release | FX difference | Akvizice Ekova | 31/12/2021 |
|------------------------------------|------------------|----------------|-----------------|-----------------|----------------|----------------|------------------|
| Provision for warranties | 536 022 | 461 496 | -292 707 | -7 126 | -4 011 | 5 362 | 699 036 |
| Provision for litigations | 27 036 | 1 310 | -199 | -- | -- | 358 | 28 505 |
| Provision for environmental damage | 45 876 | 17 553 | -- | -- | -- | -- | 63 429 |
| Provision for fines and penalties | 165 862 | 19 954 | -9 889 | -10 771 | -1 843 | 165 | 163 478 |
| Provision for benefits | 65 643 | 9 027 | -1 071 | -- | -- | -- | 73 599 |
| Provision for onerous projects | 270 513 | 74 300 | -230 586 | -- | -4 661 | -- | 109 566 |
| Other provisions | 174 581 | 119 875 | -36 569 | -116 672 | -2 103 | 1 246 | 140 358 |
| Total | 1 285 533 | 703 515 | -571 021 | -134 569 | -12 618 | 7 131 | 1 277 971 |
| Current portion of provisions | 1 162 912 | | | | | | 1 129 831 |
| Non-current portion of provisions | 122 621 | | | | | | 148 140 |

Provision for warranties

Warranty provisions are attributable to deliveries to customers carried out as at 31 December 2021 and 31 December 2020, 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 2021, the Group discounted the calculated provision to the present value using a rate of 5,2 %, 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.

28. Other non-current liabilities

| | 31/12/2021 | 31/12/2020 |
|-------------------------------|---------------|---------------|
| Other non-current liabilities | 29 946 | 10 068 |
| Total | 29 946 | 10 068 |

29. Trade payables and other payables

| | 31/12/2021 | 31/12/2020 |
|-----------------------------|------------------|------------------|
| Trade payables | 3 046 220 | 2 058 737 |
| Advances received | 30 806 | 10 382 |
| Payables to employees | 373 436 | 338 431 |
| Payables to the state | 282 891 | 158 288 |
| Social security liabilities | 119 830 | 101 144 |
| Deferred income | 340 983 | 232 221 |
| Accrued expenses | 18 081 | 17 298 |
| Estimated payables | 502 806 | 329 949 |
| Other payables | 9 850 | 18 987 |
| Total | 4 724 903 | 3 265 437 |

As at 31 December 2021, overdue payables amounted to TCZK 261 360 (2020 – TCZK 212 622).

30. Loans, borrowings and securities

The balance of loans and borrowings as at 31 December 2021

| Non-bank loans | Balance as at 1/1/2021 | Drawing | Current year Interest | Payments-principal / capitalization | Payments – interest / capitalization | Balance as at 31/12/2021 | Current portion | Non-current portion | Interest rate as at 31/12/2021 | Due date | Type of security |
|----------------------|------------------------|---------|-----------------------|-------------------------------------|--------------------------------------|--------------------------|-----------------|---------------------|--------------------------------|-----------------|---|
| Loan from Skoda B.V. | 1 681 373 | -- | 115 273 | -200 000 ² | -110 753 ² | 1 485 893 | -- | 1 485 893 | 8.5% | -- ¹ | No security (subordinated to the bank loan) |
| Investment loan S. | 1 937 | -- | 16 | -1 567 | -16 | 370 | 370 | -- | 1.38% | 17.3.2022 | Pledge over assets acquired through these loans |
| Investment loan T. | 3 361 | -- | 53 | -2 003 | -53 | 1 358 | 1 358 | -- | 2.15% | 24.8.2022 | Pledge over assets acquired through these loans |
| Total | 1 686 671 | | 115 342 | -203 570 | -110 822 | 1 487 621 | 1 728 | 1 485 893 | | | |

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 Capitalized as a surcharge outside the share capital

| Bank loans | Balance as at 1/1/2021 | Drawing | Current year Interest | Payments-principal | Payments - interest | Balance as at 31/12/2021 | Current portion | Non-current portion | Interest rate as at 31/12/2021 | Due date | Type of security |
|-----------------------------|------------------------|------------------|-----------------------|--------------------|---------------------|--------------------------|------------------|---------------------|--------------------------------|-------------------------|---|
| Short-term bank loan | 802 312 | 1 050 000 | 21 684 | -800 000 | -13 412 | 1 060 584 | 1 060 584 | -- | 5.39% ¹ | 11.01.2022 ⁴ | No security |
| Overdraft facility | 3 020 | 5 244 | -- | -3 020 | -- | 5 244 | 5 244 | -- | 3.54% ² | -- | No security |
| Overdraft facility | 10 422 | -- | -- | -10 422 | -- | -- | -- | -- | -- | -- | No security |
| Short - term revolving loan | -- | 11 000 | 9 | -- | -- | 11 009 | 11 009 | -- | 4.74% ³ | -- | No security |
| Bank loan B. | 259 151 | -- | 8 173 | -11 395 | -8 173 | 247 756 | 12 173 | 235 583 | 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 | 1 571 219 | 1 570 000 | 47 177 | -1 570 000 | -40 651 | 1 577 745 | 1 577 745 | -- | 4.74% | 20.01.2022 ⁴ | No security |
| Total | 2 646 124 | 2 636 244 | 77 043 | -2 394 837 | -62 236 | 2 902 338 | 2 666 755 | 235 583 | | | |

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

² Credit facility TCZK 10 000

³ Credit facility TCZK 30 000

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 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 Skoda 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.

31. Derivatives

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

a) Hedging derivatives

| Forwards | Transacted in 2022 | Transacted in subsequent periods | Fair value as at 31/12/2021 | |
|------------------------|----------------------------------|-------------------------------------|--------------------------------|----------------|
| | | | Receivable | Liability |
| | original currency (thousands) | original currency (thousands) | TCZK | TCZK |
| Forwards – sale of EUR | 68 978 | 115 181 | 167 108 | -14 269 |
| Forwards – sale of PLN | 341 697 | 406 017 | 284 491 | -- |
| Total | | | 451 599 | -14 269 |
| Average hedged rate | | | | |
| CZK/EUR | 26,84 | 26,82 | | |
| CZK/PLN | 5.82 | 5.82 | | |

| 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 | | |

| Swaps | Transacted in 2022 | Transacted in subsequent periods | Fair value as at 31/12/2021 | |
|---------------------|----------------------------------|-------------------------------------|--------------------------------|----------------|
| | | | Receivable | Liability |
| | original currency (thousands) | original currency (thousands) | TCZK | TCZK |
| Swap – sale of EUR | 115 700 | 128 099 | 103 576 | -45 293 |
| Swap – sale of PLN | -- | 139 800 | 39 594 | -- |
| Total | | | 143 170 | -45 293 |
| Average hedged rate | | | | |
| CZK/EUR | 26.84 | 26.82 | | |
| CZK/PLN | -- | 5.71 | | |

| Swaps | Transacted in 2022 | Transacted in subsequent periods | Fair value as at 31/12/2021 | |
|------------------------------|-----------------------|-------------------------------------|--------------------------------|-------------|
| | | | Receivable | Liability |
| | | | TCZK | TCZK |
| Interest rate swaps | n/a | n/a | 11 527 | -- |
| Total | | | 11 527 | |
| Average hedged interest rate | | | | 2.515 |

| 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 |

b) Trading derivatives

| Swaps | Transacted in 2022 | Transacted in subsequent periods | Fair value as at 31/12/2021 | |
|------------------------|--|--|--------------------------------|-------------|
| | | | Receivable | Liability |
| | original currency (thousands) | original currency (thousands) | TCZK | TCZK |
| Swap – sale of EUR | 141 800 | -- | 80 370 | -- |
| Swap – purchase of PLN | 8 000 | -- | -- | -605 |
| Total | | | 80 370 | -605 |

| 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 |
| Swap – sale of PLN | -- | -- | -- | -- |
| Total | | | 38 164 | -2 701 |

In accordance with the accounting policies described in Note 3, the change in the fair value of hedging derivatives and trading derivatives of TCZK 459 428 (2020 – TCZK 53 935), reduced by deferred tax, is recorded in other comprehensive income.

As at 31 December 2021, the Group had a liability of TCZK 60 167 (2020 – TCZK 64 296) arising from the revaluation of hedging derivatives and derivatives held for trading, and a receivable of TCZK 686 666 (2020 – TCZK 387 126) 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 3 127 (2020 – TCZK 35 355) under Derivatives – non-current portion, the current portion of the liability of TCZK 57 040 (2020 – TCZK 28 941) under Derivatives – current portion; the non-current portion of the receivable of TCZK 7 844 (2020 – TCZK 24 605) under Derivatives – non-current portion, and the current portion of the receivable of TCZK 678 822 (2020 – TCZK 362 521) under Derivatives – current portion.

Depending on the classification of the respective derivative transaction (hedging or trading), gains and losses on derivatives settled in 2021 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 2021 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 2022 or later. The carrying amounts of these expired derivatives are recorded in equity under Fair value changes relating to hedges of TCZK 97 878 (2020: TCZK 135 415).

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 2021 and 2020 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 | | | | |
|---|--------------------------|--|---|------------------|
| 31/12/2021 TCZK | at amortised costs | at fair value through profit or loss | at fair value through other comprehensive income | Total |
| Financial assets | 4 609 712 | -- | -- | 4 609 712 |
| Trade receivables and other financial assets | 2 607 037 | -- | -- | 2 607 037 |
| Cash and cash equivalents | 2 002 675 | -- | -- | 2 002 675 |
| Financial liabilities | 8 307 972 | -- | -- | 8 307 972 |
| Trade payables and other financial liabilities | -3 606 903 | -- | -- | -3 606 903 |
| Bank loans | -2 902 338 | -- | -- | -2 902 338 |
| Non-bank loans and bonds | -1 487 621 | -- | -- | -1 487 621 |
| Lease liabilities | -311 110 | -- | -- | -311 110 |
| Derivatives (net) | -- | 79 765 | 546 734 | 626 499 |
| Trading derivatives | -- | 79 765 | -- | 79 765 |
| Hedging derivatives | -- | -- | 546 734 | 546 734 |

| 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 |

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 2021, 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 2021, 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.

A substantial part of the credit risk is concentrated in the Czech Republic and Germany, 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 2021 and 31 December 2020, 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:

| 31/12/2021 TCZK | Note | Carrying amount (gross) | Impairment loss | Carrying amount |
|--------------------------------|-------|-------------------------------|-----------------|--------------------|
| Non-current trade receivables* | 21 | 51 076 | -- | 51 076 |
| Trade receivables** | 23 | 2 275 070 | -124 471 | 2 150 599 |
| Contract assets | 7 | 2 949 687 | -1 458 | 2 948 229 |
| Other financial assets** | 21,23 | 409 284 | -3 922 | 405 362 |
| Derivatives - assets | 31 | 686 666 | -- | 686 666 |
| Cash and cash equivalents | 24 | 2 002 675 | -- | 2 002 675 |
| 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 |

* 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 |
|--|-------------------------------------|----------------------|-------------------|------------------------------|
| 1/1/2021 | -- | 137 424 | 3 064 | 3 923 |
| Newly recognised financial assets | -- | 7 715 | 1 458 | -- |
| Settlement of financial assets during the reporting period | -- | -10 432 | -- | -- |
| Write-off of financial assets during the reporting period | -- | -9 878 | -- | -- |
| Increase/decrease in credit risk of financial assets reported at the beginning of the reporting period | -- | -358 | -3 064 | -1 |
| 31/12/2021 | -- | 124 471 | 1 458 | 3 922 |

| 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 |

The tables below provide information on the credit risk analysis as at 31 December 2021:

| 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> | 51 076 | --* | -- |
| Grade 2 <i>Medium risk</i> | -- | -- | -- |
| Grade 3 <i>High risk</i> ** | -- | -- | -- |
| Total | 51 076 | -- | -- |

| Credit risk grade | Trade receivables – Carrying amount (gross) | Recognised impairment loss | Weighted-average loss rate |
|-----------------------------|---|----------------------------|----------------------------|
| | TCZK | TCZK | % |
| Grade 1 <i>Low risk</i> | 1 884 547 | -7 397 | 0.4 |
| Grade 2 <i>Medium risk</i> | 365 169 | -112 923 | 30.9 |
| Grade 3 <i>High risk</i> ** | 25 354 | -4 151 | 16.4 |
| Total | 2 275 070 | -124 471 | |

| Credit risk grade | Contract asset – Carrying amount (gross) | Recognised impairment loss | Weighted-average loss rate |
|-----------------------------|--|----------------------------|----------------------------|
| | TCZK | TCZK | % |
| Grade 1 <i>Low risk</i> | 2 949 687 | -1 458 | 0.0 |
| Grade 2 <i>Medium risk</i> | -- | -- | -- |
| Grade 3 <i>High risk</i> ** | -- | -- | -- |
| Total | 2 949 687 | -1 458 | |

| Credit risk grade | Other financial assets – Carrying amount (gross) | Recognised impairment loss | Weighted-average loss rate |
|-----------------------------|--|----------------------------|----------------------------|
| | TCZK | TCZK | % |
| Grade 1 <i>Low risk</i> | 405 362 | --* | -- |
| Grade 2 <i>Medium risk</i> | 24 | -24 | 100.0 |
| Grade 3 <i>High risk</i> ** | 3 898 | -3 898 | 100.0 |
| Total | 409 284 | -3 922 | |

*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 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 | 100.0 |
| 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 ageing structure of trade receivables as at 31 December 2021 and as at 31 December 2020:

| 31/12/2021 | Carrying amount (gross) | Recognised impairment loss | Weighted- average loss rate |
|---|----------------------------|----------------------------------|-----------------------------------|
| | TCZK | TCZK | % |
| Receivables not overdue | 2 063 370 | -71 021 | 3.4 |
| Receivables less than 3 months overdue | 60 591 | -- | -- |
| Receivables less than 6 months overdue | 19 560 | -1 771 | 9.1 |
| Receivables less than 12 months overdue | 4 687 | -556 | 11.9 |
| Receivables less than 36 months overdue | 101 882 | -26 430 | 25.9 |
| Receivables more than 36 months overdue | 21 776 | -21 489 | 98.7 |
| Receivables from debtors in bankruptcy | 3 204 | -3 204 | 100.0 |
| Total | 2 275 070 | -124 471 | |

| 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 | |

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 41 % (2020 56%) of the Group's sales is denominated in currencies (predominantly in EUR) other than the Group's functional currency, while more than 51 % (2020 – 54%) 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

| 31/12/2021 TCZK | CZK | EUR | USD | HUF | RUB | Other | Total |
|--|------------|------------|--------|--------|--------|---------|------------|
| Financial assets | | | | | | | |
| Trade receivables and other financial assets | 1 113 277 | 1 375 609 | 53 505 | 5 975 | 51 623 | 7 048 | 2 607 037 |
| Cash and cash equivalents | 1 572 670 | 405 727 | 798 | 5 135 | 1 017 | 17 328 | 2 002 675 |
| Financial liabilities | | | | | | | |
| Trade payables and other financial liabilities | -2 148 314 | -1 424 199 | -76 | -4 011 | -- | -30 303 | -3 606 903 |
| Bank loans | -2 902 338 | -- | -- | -- | -- | -- | -2 902 338 |
| Non-bank loans and bonds | -1 487 251 | -370 | -- | -- | -- | -- | -1 487 621 |
| Lease liabilities | -219 836 | -90 622 | -- | -652 | -- | -- | -311 110 |
| Derivatives (net) | | | | | | | |
| Trading derivatives | -- | 56 727 | -- | -- | -- | -605 | 56 122 |
| Hedging derivatives (net outflow) | 11 527 | 234 765 | -- | -- | -- | 324 085 | 570 377 |

| 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 | -2 646 124 | -- | -- | -- | -- | -- | -2 646 124 |
| Non-bank loans and bonds | -1 684 737 | -1 937 | -- | -- | -- | -- | -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 |

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 2021 and 31 December 2020 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 2021 | | 10% | -10% |
|-----------------------------------|--------|--------|--------|
| CZK/EUR | 24.860 | 27.346 | 22.374 |
| CZK/USD | 21.951 | 24.146 | 19.756 |
| CZK/HUF | 0.067 | 0.074 | 0.061 |
| CZK/RUB | 0.291 | 0.321 | 0.262 |

| Currency 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 |

| Income statement | | |
|-------------------------|-------------------|-----------------------|
| | Weakening TCZK | Strengthening TCZK |
| 31 December 2021 | | |
| EUR (10% movement) | 32 287 | -32 287 |
| USD (10% movement) | 5 423 | -5 423 |
| HUF (10% movement) | 645 | -645 |
| RUB (10% movement) | 5 264 | -5 264 |
| 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 |
| Equity | | |
| | Weakening TCZK | Strengthening TCZK |
| 31 December 2021 | | |
| EUR (10% movement) | 23 477 | -23 477 |
| RUB (10% movement) | -- | -- |
| 31 December 2020 | | |
| EUR (10% movement) | 20 583 | -20 583 |
| RUB (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 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 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 | 2021 | | 2020 | |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 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 | -116 | 116 | -212 | 212 |

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:

| Contractual cash flows | | | | | | |
|--|-------------------|--------------------|-------------------|---------------------|---------------------|-------------------|
| 31/12/2021 | 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 | -3 046 220 | -3 046 220 | -3 023 722 | -71 | -7 172 | -15 255 |
| Bank loans | -2 902 338 | -3 007 726 | -2 679 423 | -24 804 | -74 140 | -229 359 |
| Non-bank loans and bonds | -1 487 621 | -1 985 373 | -1 740 | -- | -- | -1 983 633 |
| Other current financial liabilities | -530 737 | -530 737 | -528 269 | -2 468 | -- | -- |
| Lease liabilities | -311 110 | -363 528 | -77 585 | -69 610 | -127 018 | -89 315 |
| Other non-current financial liabilities | -29 946 | -29 946 | -6 751 | -678 | -6 574 | -15 943 |
| Derivative financial assets/liabilities (net) | | | | | | |
| Trading derivatives | 79 765 | -103 449 | -103 449 | -- | -- | -- |
| Inflow | | -3 671 861 | -3 671 861 | -- | -- | -- |
| Outflow | | 3 568 412 | 3 568 412 | -- | -- | -- |
| Hedging derivatives (net outflow) | 546 735 | -1 142 920 | -429 973 | -513 631 | -184 657 | -14 659 |
| Inflow | | -16 640 374 | -6 876 019 | -6 977 045 | -2 745 443 | -41 867 |
| Outflow | | 15 497 454 | 6 446 046 | 6 463 414 | 2 560 786 | 27 208 |
| Total | -7 681 472 | -10 209 899 | -6 850 912 | -611 262 | -399 561 | -2 348 164 |

| Contractual cash flows | | | | | | |
|--|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|
| 31/12/2020 | 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 | -- |
| Finance 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 |

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

| 2021 | | Financial instruments by category | | |
|-------------------------------------|------|--|-----------------------|----------------|
| (expenses - / revenue +) | Note | Loans and receivables at amortised costs | Financial derivatives | Total |
| Interest income | 12 | 13 397 | -- | 13 397 |
| Interest expense | 12 | -354 660 | -- | -354 660 |
| Losses from derivative transactions | 31 | -- | -6 066 | -6 066 |
| Gains from derivative transactions | 31 | -- | 451 069 | 451 069 |
| Total | | -341 263 | 445 003 | 103 740 |

| 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 |

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 2021 and 2020, 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 | | |
|-------------------------------|--|------------|----------------|-------------------|
| 31/12/2021 | Carrying amount as at 31 December 2021 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | |
| Non-current receivables | 336 083 | -- | -- | 336 083 |
| Derivatives | 686 666 | -- | 686 666 | -- |
| Financial liabilities | | | | |
| Bank loans | -2 902 338 | -- | -- | -2 902 338 |
| Non-bank loans | -1 487 621 | -- | -- | -1 487 621 |
| Other non-current liabilities | -29 946 | -- | -- | -29 946 |
| Derivatives | -60 167 | -- | -60 167 | -- |
| Total | -3 457 323 | -- | 626 499 | -4 083 822 |

| | | 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 |
| Other non-current liabilities | -10 068 | -- | -- | -10 068 |
| Derivatives | -64 296 | -- | -64 296 | -- |
| Total | -3 704 320 | -- | 322 830 | -4 027 150 |

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 | | |
|---|-------------------|-------------------|----------------|----------------------------------|----------------|
| 2021 | Trade receivables | Other receivables | Trade payables | Non-current loans and borrowings | Other payables |
| Parent company | -- | -- | -- | 1 485 893 | -- |
| Associated companies and Joint ventures | 10 141 | 43 721 | 1 522 | -- | 15 985 |
| Other companies in PPF Group | 2 033 | 1 449 | 179 220 | 2 638 329 | 106 |
| Total | 12 174 | 45 170 | 180 742 | 4 124 222 | 16 091 |

| 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 | -- |

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

| Revenues | | | | | | Expenses | | |
|---|----------------------------|------------------------|-------------------------------------|-----------------|--------------------------|---------------------------|--------------------|------------------|
| 2021 | 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 | -- | -- | -- | -- | -- | -- | -- | 115 273 |
| Associated companies and joint ventures | 28 878 | 22 360 | 1 053 | 5 459 | -- | 398 | 7 344 | -- |
| Other companies in PPF Group | 634 | 1 114 | 24 | -- | 4 006 | 96 022 | 292 761* | 68 861 |
| Total | 29 512 | 23 474 | 1 077 | 5 459 | 4 006 | 96 420 | 300 105 | 184 134 |

* The amount does not include purchased services in the amount of TCZ 236 249, which were further re-invoiced and were not reported as expenses.

| 2020 | 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 | -- | -- | -- | -- | -- | -- | -- | 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.

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

34. Contingencies and commitments

As at 31 December 2021, the Group reported contingencies and commitments relating to planned capital expenditures of TCZK 501 468 (2020 – TCZK 891 320), of which TCZK 157 386 (2020 – TCZK 450 152) related to the reconstruction of buildings, TCZK 302 705 (2020 – TCZK 350 160) to machinery, TCZK 16 070 (2020 – TCZK 10 245) to cars, and TCZK 25 307 (2020 – TCZK 80 763) 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 31/12/2021 | Total at 31/12/2020 |
|--------------------------|----------------------------|----------------------------|---------------------|---------------------|
| Total in TEUR | 76 602 | 251 650 | 328 252 | 313 724 |
| Total in TCZK | 535 134 | 9 018 942 | 9 544 076 | 7 050 612 |
| Total in TPLN | -- | 161 353 | 161 353 | 53 784 |
| Total in TBGN | -- | 373 | 373 | 16 054 |

35. Litigations

Currently, the Group is not involved in any active or passive litigation proceedings with material impact on the Group.

36. Environmental liabilities

ŠKODA PARS 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 63 429 (2020 – TCZK 45 876). 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 2021 and 2020.

37. Development costs

In 2021, the Group's development costs totalled TCZK 2 078 851 (2020 – TCZK 1 727 577). 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 483 614 for 2021 (2020 – TCZK 497 045) 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 2021-2020:

| | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Capitalised grants | 8 634 | 12 325 |
| Grants recognised in profit or loss | 34 374 | 11 092 |
| Total | 43 008 | 23 417 |

39. Significant events and material subsequent events

COVID-19

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 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 and 2021, 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 in 2020 and 2021.

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.

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 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.

Conflict on Ukraine

On February 24, 2022, the Russian attack on Ukraine began an armed conflict, which is part of the Russian military intervention in Ukraine and the culmination of the Russian-Ukrainian crisis. The invasion led to anti-war protests in many countries around the world and the imposition of extensive international sanctions against Russia.

The Group has assessed the following possible effects of the conflict and the known sanctions against the Russian Federation and the risks of damage of investments in Ukraine and other countries concerned:

- a decrease in the value of financial or non-financial assets due to sanctions against the Russian Federation,
- risk of impairment of investments,
- interruption of supplier and customer relations or other disruption of business activities,
- disruption of current or future cash flows with an impact on the liquidity and financial position of the entity;
- breach of contractual obligations, impossibility of fulfilling contractual conditions or termination of business contracts, etc.,
- labour shortages,


- the impact on the stability of the consolidation group, given the fact that the Group's ownership structure also includes entities from the Russian Federation and Ukraine and entities whose beneficial owner is the person listed on the sanctions documents.

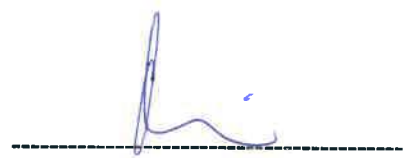
As at 31 December 2021, the Group reports of the total amount of trade and other receivables (including contract assets) 0.5% of receivables from companies in Russia and Ukraine, of the total amount of trade and other payables (including contract liabilities) 0.4% of liabilities to companies in Russia and Ukraine. 0.7% of the Group's non-current assets is located in Russia and Ukraine as at 31 December 2021. In 2021, 0.9% of the Group's total revenues were realized in Russia and Ukraine. 0.1% of the Transaction price allocated to the remaining performance reported by the Group as at 31 December 2021 relates to contracts with customers in Russia and Ukraine.

Although uncertainty regarding the further development of the conflict and its impact on the Group's operations remains, based on currently available information, the Group's management has assessed the above risks as irrelevant or with a minimal negative impact on the Group. The Group's assumption of a continuous duration is not called into question in connection with the conflict in Ukraine.

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 2021.

Approved on 9 May 2022



Didier Pfleger
Chairman of the board of directors

Ing. Martin Oravec
Member of the board of directors



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

**Independent Auditor's Report to the Shareholder of
ŠKODA TRANSPORTATION a.s.**

Opinion

We have audited the accompanying consolidated financial statements 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 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow 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 2021, 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 Group's financial reporting process.



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

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

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

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

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



Statutory Auditor Responsible for the Engagement

Martin Kocík is the statutory auditor responsible for the audit of the consolidated financial statements of ŠKODA TRANSPORTATION a.s. as at 31 December 2021, based on which this independent auditor's report has been prepared.

Prague
9 May 2022

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

M. Kocík
Martin Kocík
Partner
Registration number 2335

ŠKODA TRANSPORTATION a.s.

Separate financial statements for 2021

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 2021 and 2020

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

| | Note | 2021 TCZK | 2020 TCZK |
|---|--------|--------------------|--------------------|
| I. Continuing operations | | | |
| Revenues from goods sold | | | -- |
| Revenues from products and services | 4 | 10 763 473 | 4 839 939 |
| Other operating revenues | 4 | 188 939 | 112 870 |
| Total revenues | | 10 952 412 | 4 952 809 |
| Cost of goods sold | | -- | -- |
| Change in inventory of own production (increase - / decrease +) | | 145 085 | 41 226 |
| Own work capitalised (increase - / decrease +) | | 3 715 | 8 805 |
| Cost of sales | 5 | -9 598 825 | -3 853 820 |
| Personnel expenses | 6 | -1 404 581 | -1 115 551 |
| Depreciation and amortisation | 14, 15 | -286 279 | -331 346 |
| Impairment of non-current assets (increase - / decrease +) | 15 | -- | -488 003 |
| Impairment of receivables (increase - / decrease +) | | -5 076 | -42 496 |
| Other operating expenses | 7 | -229 400 | -420 172 |
| Other operating income | 8 | 525 234 | 164 775 |
| Total operating expenses | | -10 850 127 | -6 036 582 |
| Profit/loss on disposal of non-current assets | | -2 537 | 1 535 |
| Operating profit/loss | | 99 748 | - 1 082 238 |
| Gain/Loss on investments | 9 | 13 448 | -33 367 |
| Finance income | 10 | 112 072 | 88 389 |
| Finance expenses | 11, 16 | -351 229 | -238 978 |
| Other finance income and expenses | | 247 | -63 194 |
| Profit before tax | | -125 714 | -1 329 388 |
| Income tax | 12 | 128 899 | 325 609 |
| Profit from continuing operations | | 3 185 | -1 003 779 |
| II. Profit for the period | | | |
| | | 3 185 | -1 003 779 |

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

Separate statement of comprehensive income for 2021 and 2020

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

| | Note | 2021 TCZK | 2020 TCZK |
|--|------|----------------|-------------------|
| Profit for the period | | 3 185 | -1 003 779 |
| Other comprehensive income | | 334 201 | -36 233 |
| <i>Items which will be reclassified into profit and loss</i> | | | |
| Gain/(loss) on cash flow hedges | | 412 594 | -44 732 |
| Deferred tax on items of other comprehensive income | 12 | -78 393 | 8 499 |
| <i>Items which will not be reclassified into profit and loss</i> | | | |
| | | -- | -- |
| Total comprehensive income for the period | | 337 386 | -1 040 012 |

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

Separate statement of financial position as at 31 December 2021, 31 December 2020

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

| | Note | 31/12/2021 TCZK | 31/12/2020 TCZK |
|--|---------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 2 719 743 | 2 010 237 |
| Right-of-use asset | 16 | 140 062 | 154 771 |
| Investment property | | | -- |
| Intangible assets | 14 | 1 670 822 | 1 738 839 |
| Assets under construction | 14, 15 | 372 587 | 171 712 |
| Goodwill | | -- | -- |
| Investments in subsidiaries | 17 | 8 828 899 | 8 524 875 |
| Investments in associates and joint ventures | 18 | 81 471 | 81 471 |
| Deferred tax asset | 12 | 222 365 | 171 858 |
| Derivatives | 29, 3u) | -- | 23 117 |
| Other non-current receivables and loans | 21 | 84 338 | 34 538 |
| <i>Total non-current assets</i> | | <i>14 120 287</i> | <i>12 911 418</i> |
| Current assets | | | |
| Inventories | 19 | 5 724 067 | 3 957 414 |
| Trade and other receivables | 20 | 4 093 212 | 4 517 980 |
| Contract asset | 4 | 1 538 066 | 3 831 563 |
| Current income tax receivable | | 12 203 | 19 804 |
| Derivatives | 29, 3u) | 655 693 | 359 466 |
| Cash and cash equivalents | 22 | 1 271 025 | 465 785 |
| <i>Total current assets</i> | | <i>13 294 266</i> | <i>13 152 012</i> |
| Total assets | | 27 414 533 | 26 063 430 |

| | Note | 31/12/2021 TCZK | 31/12/2020 TCZK |
|--|-----------|--------------------|--------------------|
| Equity attributable to majority owners | | | |
| Registered capital | | 3 150 000 | 3 150 000 |
| Capital contributions | | 4 538 426 | 4 227 673 |
| Revaluation of assets | | -- | -- |
| Fair value changes relating to hedges and foreign currency translation | | 607 132 | 272 931 |
| Retained earnings | | 4 181 809 | 4 178 624 |
| Total equity | 23 | 12 477 367 | 11 829 228 |
| Non-current liabilities | | | |
| Long-term loans, borrowings and securities | 27 | 1 485 893 | 1 681 373 |
| Non-current finance lease liabilities | 16 | 124 899 | 140 797 |
| Deferred tax liability | 12 | -- | -- |
| Non-current provisions | 28 | 39 911 | 38 840 |
| Other non-current liabilities | 26, 4 | 22 517 | 5 180 |
| Derivatives | 29, 3u) | 3 127 | 6 003 |
| Total non-current liabilities | | 1 676 347 | 1 872 193 |
| Current liabilities | | | |
| Trade and other payables | 25 | 4 368 892 | 2 021 075 |
| Contract liability | 4 | 5 518 066 | 6 621 248 |
| Current income tax liability | | -- | -- |
| Short-term loans, borrowings and securities | 27 | 2 860 437 | 3 037 970 |
| Current finance lease liabilities | 16 | 20 494 | 16 775 |
| Current provisions | 28 | 435 910 | 642 354 |
| Derivatives | 29, 3u) | 57 040 | 22 587 |
| Total current liabilities | | 13 260 839 | 12 362 009 |
| Total liabilities | | 14 937 186 | 14 234 202 |
| Total equity and liabilities | | 27 414 553 | 26 063 430 |

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

Separate statement of cash flow for 2021 and 2020

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

| | Note | 2021 TCZK | 2020 TCZK |
|---|--------|-------------------|-----------------|
| I. Cash flows from operating activities | | | |
| <i>Profit before tax</i> | | -125 714 | -1 329 388 |
| Adjustments for: | | | |
| - depreciation and amortisation | 14, 15 | 286 279 | 331 346 |
| - impairment of non-current assets | 14, 15 | -- | 488 003 |
| - profit/loss on disposal of non-current assets | | 2 537 | -1 535 |
| - impairment of current assets | | 16 741 | 118 873 |
| - dividends | | -13 448 | -4 928 |
| - share of profit of associated companies | | -- | -- |
| - loan fees, interest expense and income | | 114 365 | 258 166 |
| - other non-cash transactions | | 172 184 | -132 026 |
| - change in provisions | | -206 497 | 58 070 |
| - share-based payment transactions | | -- | -- |
| - profit from discontinued operations | | -- | -55 882 |
| <i>Total adjustments</i> | | 372 161 | 1 060 087 |
| <i>Operating cash flows before changes in working capital</i> | | 246 447 | -269 301 |
| Change in inventories | | -1 778 318 | -1 858 688 |
| Change in trade and other receivables | | 2 663 389 | -2 658 712 |
| Change in trade and other payables | | 1 103 668 | 4 136 140 |
| <i>Cash flows from operating transactions</i> | | 2 235 186 | -650 561 |
| Interest received including sales discount | | 556 | 37 507 |
| Interest and bank fees paid | | -- | -99 640 |
| Income tax paid | | -7 250 | -3 785 |
| Payments from capital contributions covering operating expenditure | | 7 601 | -19 696 |
| <i>Net cash flows from operating activities</i> | | 2 236 093 | -736 175 |
| II. Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | -283 826 | -139 639 |
| Acquisition of intangible assets | | -519 657 | -341 699 |
| Acquisition of financial investments | | -314 024 | -3 582 |
| Loans provided - utilisation | | -- | -3 201 098 |
| Proceeds from disposal of non-current assets other than financial investments | | 4 378 | 2 090 |
| Proceeds from disposal of financial investments | | 10 000 | 20 996 |
| Loans provided - repayment | | -- | 3 978 784 |
| Interest received | | -- | -- |
| Dividends received | | 13 448 | 4 928 |
| <i>Net cash flows from investing activities</i> | | -1 089 681 | 320 780 |

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 | 2 701 461 | 3 024 315 |
| Issue of debt securities | -- | -- |
| Payments made from equity (except for dividends) | -- | -- |
| Repayment of debt securities | -- | -2 310 000 |
| Repayment of lease liabilities | -18 318 | -20 257 |
| Bank loans and borrowings received - repayment | -3 024 315 | -746 315 |
| Interest, loan fees and dividends paid (including withholding tax) | -- | -- |

| | | |
|---|-----------------|----------------|
| Net cash flows from financing activities | -341 172 | -52 257 |
|---|-----------------|----------------|

| | | |
|---|------------------|-----------------|
| Net increase/decrease in cash and cash equivalents | 805 240 | -467 652 |
| Cash and cash equivalents at the start of the period | 465 785 | 933 437 |
| Cash and cash equivalents at the end of the period | 1 271 025 | 465 785 |

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

Separate statement of changes in equity for 2021 and 2020

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 |

Separate statement of changes in equity for 2021 and 2020

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 1/1/2021 | 3 150 000 | 4 227 673 | 272 931 | 4 178 624 | 11 829 228 |
| Correction of prior period figures | -- | -- | -- | -- | -- |
| Adjusted balance | 3 150 000 | 4 227 673 | 272 931 | 4 178 624 | 11 829 228 |
| Profit for 2021 | -- | -- | -- | 3 185 | 3 185 |
| Components of other comprehensive income | -- | -- | 334 201 | -- | 334 201 |
| Total comprehensive income for 2021 | -- | -- | 334 201 | 3 185 | 337 386 |
| Transaction with owners | | | | | |
| Change in registered capital | -- | -- | -- | -- | -- |
| Dividends and other payments from equity | -- | -- | -- | -- | -- |
| Other contributions to equity | -- | 310 753 | -- | -- | 310 753 |
| 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 31/12/2021 | 3 150 000 | 4 538 426 | 607 132 | 4 181 809 | 12 477 367 |

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

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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 2021 is Skoda 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 2021, Renáta Kellnerová 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 2021

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

JUDr. Stanislav Kuba
doc. Ing. Michal Korecký, Ph.D.
Ing. Antonín Roub

Changes in the Commercial Register

In 2021, the following changes were recorded in the Commercial Register:

- On 2 September 2021, the sole shareholder PPF IndustryCo B.V. was renamed to Skoda B.V., and this change was recorded in the Commercial Register.
- On 25 April, Ing. Ladislav Chvátal was removed as chairman of the supervisory board. This change was recorded in the Commercial Register on 12 August 2021.
- On 12 July, JUDr. Stanislav Kuba was elected as chairman of the supervisory board. This change was recorded in the Commercial Register on 12 August 2021.

The following changes were recorded in the Commercial Register by the date of preparation of the separate financial statement:

- On 13 February 2022, Ing. Petr Brzezina was removed as chairman of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 14 February 2022, Didier Pflieger was elected as chairman of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 31 January 2022, Ing. Zdeněk Majer was removed as member of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 1 February 2022, Mike Niebling was elected as member of the board of directors. This change was recorded in the Commercial Register on 21 February 2022.
- On 28. February 2022 Ing. Jan Menclík was removed as a member of the board of directors. This change was recorded in the Commercial Register on 25. March 2022.
- On 1 March 2022, Martin Oravec was elected as member of the board of directors. This change was recorded in the Commercial Register on 25 March 2022.
- On 7 March 2022 Ing. Antonín Roub was removed as a member of the supervisory board. This change was recorded in the Commercial Register on 25. March 2022.
- On 8 March 2022 Ing. Jan Zapletal was elected as a member of the supervisory board. This change was recorded in the Commercial Register on 25. March 2022.

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 2021 and of its financial performance and cash flows for the year ended 31 December 2021. 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 9 May 2022.

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 2021. The standards effective from 1 January 2021 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 2021 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 16 – Property, Plant and Equipment - Proceeds before Intended Use
 - 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.
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
 - 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 8 – Definition of accounting estimates
 - 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 12 – Deferred Tax
 - 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 | 2-3 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 and recalculated price per kilometre. | 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 and the price per kilometre adjusted for price indexation, which is determined according to the contract based on inflation and nominal wage development. |
| 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.

4. Revenues and Contract balances

Revenues from contracts with customers

| | 2021 | 2020 |
|---|-------------------|------------------|
| Trams | 1 782 778 | 403 382 |
| Locomotives and suburban units | 6 693 174 | 3 068 969 |
| Metro | 783 978 | 66 108 |
| Full maintenance | 943 028 | 815 876 |
| Revenues from performance obligations satisfied over time | 10 202 958 | 4 354 335 |
| Spare parts | 29 619 | 12 020 |
| Other | 530 896 | 473 584 |
| Revenues from performance obligations satisfied at a point in time | 560 896 | 485 604 |
| Total | 10 763 473 | 4 839 939 |

In 2020 and 2021, 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

| | 2021 | 2020 |
|---|-------------------|------------------|
| Czech Republic | 6 282 451 | 1 925 974 |
| Finland | 404 895 | 181 469 |
| Latvia | 71 689 | 12 788 |
| Germany | 1 298 826 | 42 002 |
| Poland | 783 978 | 64 117 |
| Russia | 21 719 | 1 991 |
| Slovakia | 1 291 650 | 2 107 308 |
| Other | 47 750 | 18 686 |
| Revenues from performance obligations satisfied over time | 10 202 958 | 4 354 335 |
| Czech Republic | 534 130 | 462 725 |
| Finland | 1 790 | 4 388 |
| Hungary | 15 302 | 1 677 |
| Germany | 5 222 | 4 539 |
| Poland | 354 | 1 546 |
| Russia | -- | 10 487 |
| Other | 3 717 | 242 |
| Revenues from performance obligations satisfied at a point in time | 560 515 | 485 604 |
| Total | 10 763 473 | 4 839 939 |

Other operating revenues

| | 2021 | 2020 |
|-----------------------------------|----------------|----------------|
| Revenues from sale of inventories | 149 501 | 97 226 |
| Revenues from sale of waste | 6 278 | 4 235 |
| Contractual penalties | 5 988 | 2 151 |
| Other revenues | 27 172 | 9 258 |
| Total | 188 939 | 112 870 |

Revenues from four customers represent more than 10% of the Company's total revenues (in particular in the Full maintenance and Locomotives and suburban units).

Contractual balances

| | 31/12/2021 | 31/12/2020 |
|--|------------------|------------------|
| Trade receivables (gross)* | 1 156 758 | 1 925 105 |
| Trade receivables - impairment losses | -71 360 | -63 220 |
| Trade receivables (net) | 1 085 398 | 1 861 885 |
| Contract assets (gross) | 1 538 066 | 3 834 627 |
| Contract assets - impairment losses | -- | - 3 064 |
| Contract assets (net) | 1 538 066 | 3 831 563 |
| Contract liabilities | 5 518 066 | 6 621 248 |
| Retention recognised as a trade receivable | 244 245 | 195 878 |
| Retention recognised as a liability | 22 517 | 5 180 |

*Trade receivables related to contracts with customers except retention

Cash flow of contract assets

| Cash flow of contract assets | | | | | |
|------------------------------|-----------|-------------------|---------------------|---------------------|-------------------|
| 31/12/2021 | Total | Due within 1 year | Due in 1 to 2 years | Due in 2 to 5 years | More than 5 years |
| Contract assets | 1 538 066 | 1 527 505 | 10 561 | -- | -- |

The methodology for determining impairment losses on trade receivables and contractual assets is described in Note 30.

TCZK 3 318 119 (2020 – TCZK 737 677) recognised in the contract liability as at 31 December 2020 was recognised as revenue in 2021. The amount of partial invoicing and advances received in respect of which no revenue was recognised in 2021 is TCZK 2 214 937 (2020 – TCZK 3 582 981).

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 2021. 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

| 31/12/2021 | 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 | 72 764 152* | 16 618 717 | 19 969 059 | 17 426 593 | 18 749 783 |

*The amount includes the expected variable consideration in the amount of TCZK 24 074 454, which takes into account the contractual price indexation in the amount of T CZK 7 112 421 determined on the basis of the expected inflation rate (consumer price index), industrial producer price index and nominal wage development. The expected inflation rate, the industrial producer price index and the development of nominal wages are derived from the PPF bank's forecast for 2022-2026, since 2027, annual inflation of 2% (corresponding to the CNB's inflation target), an industrial producer price index of 1.27% and nominal wage growth in the range of 4.30-4.97% have been considered.

| 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 | 65 884 180* | 12 884 836 | 17 124 665 | 17 562 536 | 18 312 143 |

*The amount includes the expected variable consideration in the amount of TCZK 22 690 254, which takes into account the contractual price indexation in the amount of T CZK 4 815 198 determined on the basis of the expected inflation rate (consumer price index), industrial producer price index and nominal wage development. The expected inflation rate, the industrial producer price index and the development of nominal wages are derived from the PPF bank's forecast for 2022-2026, since 2027, annual inflation of 2% (corresponding to the CNB's inflation target), an industrial producer price index of 1.27% and nominal wage growth in the range of 4.30-4.97% have been considered.

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

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Materials | -7 702 594 | -2 696 100 |
| Energy | -90 808 | -80 442 |
| Materials and consumables total | -7 793 402 | -2 776 542 |
| Repairs and maintenance | -110 794 | -90 034 |
| Marketing services | -35 685 | -18 705 |
| Purchased services for projects | -1 056 490 | -575 878 |
| Rent | -138 508 | -57 529 |
| External employees | -150 712 | -101 864 |
| Other services | -245 449 | -178 279 |
| IT services | -67 785 | -54 989 |
| Services purchased total | -1 805 423 | -1 077 278 |
| Total | -9 598 825 | -3 853 820 |

Other services primarily include the cost of other advisory and legal services.

6. Personnel expenses

| | 2021 | 2020 |
|--------------------------|-------------------|-------------------|
| Key management personnel | -117 957 | -123 126 |
| Other employees | -1 286 624 | -992 425 |
| Total | -1 404 581 | -1 115 551 |

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 2021 was 1 981 (2020 – 1 643).

7. Other operating expenses

| | 2021 | 2020 |
|---|-----------------|-----------------|
| Allowances for inventories (- expense / + income) | -11 665 | -76 377 |
| Change in provisions (- expense / + income) | 206 497 | -58 070 |
| Materials sold | -99 854 | -65 399 |
| Taxes and charges | -104 378 | -51 346 |
| Write-off and sale of receivables | -7 184 | -3 620 |
| Fines and penalties | -1 630 | -1 666 |
| Insurance expenses | -23 179 | -19 353 |
| Losses from derivative transactions | -874 | -48 241 |
| Foreign exchange losses (+) on operation activities | -104 761 | -- |
| Other operating expenses | -82 372 | -96 100 |
| Total | -229 400 | -420 172 |

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

| | 2021 | 2020 |
|--|----------------|----------------|
| Gains (+) from derivatives transactions | 428 218 | 31 228 |
| Foreign exchange gains (+) on operation activities | -- | 55 963 |
| Other operating income | 97 016 | 77 584 |
| Total | 525 234 | 164 775 |

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 2021, gains from investments were generated by dividends from subsidiaries and associates of TCZK 13 448. In 2020, investment gains and losses consisted of dividends from subsidiaries in amount of TCZK 4 928, a loss from the deconsolidation of the subsidiary Vagonmash and profit from the revaluation of the joint venture Vagonmash in amount of TCZK 54 436.

10. Financial income

| | 2021 | 2020 |
|---|----------------|---------------|
| Interest income | 97 626 | 61 756 |
| Financing component (IFRS 15) – interest income | 2 135 | 6 573 |
| Foreign exchange gains from financial assets | 12 311 | 20 060 |
| Total | 112 072 | 88 389 |

11. Financial expenses

| | 2021 | 2020 |
|--|-----------------|-----------------|
| Impairment loss from financial assets | -- | 94 178 |
| Interest expense (excl. leases) | -204 741 | -194 020 |
| Foreign exchange losses from financial assets | -7 250 | -3 785 |
| Financing component (IFRS 15) – interest expense | -117 610 | -128 690 |
| Interest expense on the lease liability | -21 629 | -6 661 |
| Total | -351 229 | -238 978 |

Interest expense of TCZK -204 741 (2020 – TCZK -194 020) primarily includes interest on a loan received from the parent company Skoda B.V., interest on bank loans received.

In 2021 and 2020, no interest expense was capitalised.

12. Income tax

Income tax is recognised in the income statement as follows:

| | 2021 | 2020 |
|-------------------------------------|----------------|----------------|
| Current tax | -- | -- |
| Deferred tax | 128 899 | 325 609 |
| Total (income + / expense -) | 128 899 | 325 609 |

The Company recognised tax losses in 2021 and 2020, and therefore did not account for a tax estimate. The adjustment to the tax estimate for the prior period was TCZK 0 (2020 - TCZK 0).

A portion of the change in deferred tax of TCZK 128 899 (2020 - TCZK 325 609) was recognised in the income statement; the remaining portion of TCZK -78 393 (2020 - TCZK 8 499) relating to items remeasured in other comprehensive income was recorded directly in other comprehensive income.

| Effective tax rate | | | | |
|--|----------------|-----------------|----------------|----------------|
| | 2021 | % | 2020 | % |
| Profit/loss before tax | -125 714 | | -1 329 388 | |
| Corporate income tax at applicable rate | 23 886 | 19 % | 252 584 | 19 % |
| Adjustment to income tax for prior years | 10 207 | | -- | |
| Deduction for research and development | 106 368 | | 82 914 | |
| Tax exempt income (dividends received) | -- | | -- | |
| Non-tax deductible expenses (impairment loss on investments) | -9 260 | | -27 123 | |
| Tax credit relating to investment incentives | -- | | -- | |
| Other effects | -2 302 | | 17 234 | |
| Income tax | 128 899 | -102,5 % | 325 609 | -24,5 % |

Deferred tax liability and deferred tax asset

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 (2020 - 19%).

Deferred tax recognised in the separate financial statements relates to the following items:

| | 31/12/2021 | 31/12/2020 | Year on year change 2021/2020 |
|---|----------------|----------------|----------------------------------|
| Non-current assets (incl. Leases) | -238 922 | -181 349 | -57 573 |
| Receivables | 12 974 | 12 010 | 964 |
| Construction contracts | 18 251 | -6 057 | 24 308 |
| Inventories | 25 958 | 23 742 | 2 216 |
| Provisions | 101 823 | 132 579 | -30 756 |
| Unutilised tax losses | 240 281 | 179 791 | 60 490 |
| Unpaid contractual penalties | 19 595 | -4 191 | 23 786 |
| Deduction for Research and Development | 189 281 | 82 914 | 106 367 |
| Other | -4 462 | -3 560 | -902 |
| Total (asset+/- liability-) | 364 779 | 235 879 | 128 900 |
| Deferred tax on revaluation of derivatives recorded in other comprehensive income | -142 414 | -64 021 | -78 393 |
| Total (asset+/- liability-) | 222 365 | 171 858 | 50 507 |

The deferred tax does not include a tax receivable from a deduction for research and development of TCZK 324 870 (2020 – TCZK 218 446).

13. Current income tax liabilities

The balance sheet item Income tax (liability) totals TCZK 0 for 2021 (2020 – 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 1/1/2021 | 1 778 675 | 135 713 | 1 024 057 | 342 290 | 48 799 | 3 329 534 |
| Additions | -- | 25 791 | -- | -- | 325 935 | 351 726 |
| Disposals | -- | -382 | -- | -- | -- | -382 |
| Transfers | -- | 22 705 | -- | -- | -22 705 | -- |
| Balance as at 31/12/2021 | 1 778 675 | 183 827 | 1 024 057 | 342 290 | 352 029 | 3 680 878 |
| Accumulated amortisation and impairment losses | | | | | | |
| Balance as at 1/1/2021 | -1 248 540 | -87 280 | -38 693 | -167 383 | -- | -1 541 896 |
| Annual amortisation | -45 774 | -20 802 | -1 498 | -48 121 | -- | -116 195 |
| Disposals | -- | 64 | -- | -- | -- | 64 |
| Transfers | -- | -- | -- | -- | -- | -- |
| Impairment loss | -- | -- | -- | -- | -- | -- |
| Balance as at 31/12/2021 | -1 294 314 | -108 018 | -40 191 | -215 504 | -- | -1 658 027 |
| Net book value 1/1/2021 | 530 135 | 48 433 | 985 364 | 174 907 | 48 799 | 1 787 638 |
| Net book value 31/12/2021 | 484 361 | 75 809 | 983 866 | 126 786 | 352 029 | 2 022 851 |

| | 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 |

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 (2020 - 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 2021, development costs of TCZK 484 361 (2020 - TCZK 530 135) include mainly technical documentation attributable to the construction of a specific type of product.

Of total additions of intangible assets under construction in 2021, the development of TCZK 153 022 was produced internally, and the remaining portion of TCZK 152 149 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.

In 2020 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 2021, 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 2021 was 7.38 % (2020 7.54 %).

The testing was carried out based on plans reviewed for 2022 - 2026 (or if appropriate for 2021 - 2025 in 2020) 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 1/1/2021 | 250 385 | 1 942 378 | 1 772 477 | 122 913 | -- | 4 088 153 |
| Additions | 2 600 | 343 647 | 416 736 | -- | -- | 762 983 |
| Disposals | -1 714 | -863 | -35 846 | -- | -- | -38 423 |
| Transfers | -- | 66 161 | 36 194 | -102 355 | -- | -- |
| Balance as at 31/12/2021 | 251 271 | 2 351 323 | 2 189 561 | 20 558 | -- | 4 812 713 |
| Accumulated amortisation and impairment losses | | | | | | |
| Balance as at 1/1/2021 | -- | -473 843 | -1 481 159 | -- | -- | -1 955 002 |
| Annual depreciation | -- | -41 437 | -107 799 | -- | -- | -149 236 |
| Disposals | -- | 863 | 30 964 | -- | -- | 31 827 |
| Transfers | -- | -- | -- | -- | -- | -- |
| Impairment loss | -- | -- | -- | -- | -- | -- |
| Balance as at 31/12/2021 | -- | -514 417 | -1 557 994 | -- | -- | -2 072 411 |
| Net book value 1/1/2021 | 250 385 | 1 468 535 | 291 317 | 122 913 | -- | 2 133 150 |
| Net book value 31/12/2021 | 251 271 | 1 836 906 | 631 566 | 20 558 | -- | 2 740 301 |

| | 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 |

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 |
|--|-----------|----------------|-------------------------|---------------------------|----------------|
| 1/1/2021 | -- | 193 464 | -- | -- | 193 464 |
| Additions | -- | 5 611 | -- | -- | 5 611 |
| Disposals | -- | -- | -- | -- | -- |
| Adjustment for the remeasurement of the lease obligation | -- | 528 | -- | -- | 528 |
| Exchange rate conversions | -- | -- | -- | -- | -- |
| 31/12/2021 | -- | 199 603 | -- | -- | 199 603 |

| | 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 |

Right-of-use assets – accumulated depreciation

| | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|---------------------------|------|----------------|-------------------------|---------------------------|----------------|
| 1/1/2021 | -- | -38 693 | -- | -- | -38 693 |
| Annual amortisation | -- | -20 848 | -- | -- | -20 848 |
| Disposals | -- | -- | -- | -- | -- |
| Exchange rate conversions | -- | -- | -- | -- | -- |
| 31/12/2021 | -- | -59 541 | -- | -- | -59 541 |

| | 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 |

Right-of-use assets – impairment losses

| | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|-------------------|------|-----------|-------------------------|---------------------------|-------|
| 1/1/2021 | -- | -- | -- | -- | -- |
| Additions | -- | -- | -- | -- | -- |
| Disposals | -- | -- | -- | -- | -- |
| 31/12/2021 | -- | -- | -- | -- | -- |

| | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|-------------------|------|-----------|-------------------------|---------------------------|-------|
| 1/1/2020 | -- | -- | -- | -- | -- |
| Additions | -- | -- | -- | -- | -- |
| Disposals | -- | -- | -- | -- | -- |
| 31/12/2020 | -- | -- | -- | -- | -- |

Right-of-use assets – net book value

| | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|------------|------|-----------|-------------------------|---------------------------|---------|
| 31/12/2020 | -- | 154 771 | -- | -- | 154 771 |
| 31/12/2021 | -- | 140 062 | -- | -- | 140 062 |

| | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|------------|------|-----------|-------------------------|---------------------------|---------|
| 31/12/2019 | -- | 64 637 | -- | -- | 64 637 |
| 31/12/2020 | -- | 154 771 | -- | -- | 154 771 |

Present value of the lease obligation

| | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|---|------|-----------|-------------------------|---------------------------|---------|
| 1/1/2021 | -- | 157 572 | -- | -- | 157 572 |
| Recognised lease liabilities | -- | 5 611 | -- | -- | 5 611 |
| Interest expense on lease liabilities | -- | 7 250 | -- | -- | 7 250 |
| Lease payments - principal repayments (a) | -- | -18 318 | -- | -- | -18 318 |
| Lease payments - interest paid (b) | -- | -7 250 | -- | -- | -7 250 |
| Revaluation of lease liabilities | -- | 528 | -- | -- | 528 |
| Losses (end of lease) | -- | -- | -- | -- | -- |
| Exchange rate conversions | -- | -- | -- | -- | -- |
| 31/12/2021 | -- | 145 393 | -- | -- | 145 393 |
| Liability due | | | | | |
| up to 1 year | -- | 20 494 | -- | -- | 20 494 |
| more than 1 year and less than 5 years | -- | 58 391 | -- | -- | 58 391 |
| in more than 5 years | -- | 66 508 | -- | -- | 66 508 |

| | 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 |

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 2021.

An analysis of the currency risk and the maturity of the lease payables is presented in Note 30.

17. Ownership interests in subsidiaries

| 2021 | Ownership | Acquisition cost | Adjustment | Net book value |
|---------------------------------------|-----------|-------------------|-------------------|------------------|
| ŠKODA ELECTRIC a.s. | 100% | 2 538 986 | -- | 2 538 986 |
| ŠKODA VAGONKA a.s. | 100% | 7 608 000 | -3 933 221 | 3 674 779 |
| ŠKODA PARS 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 |
| ŠKODA POLSKA Sp.z o.o. | 100% | 32 | -- | 32 |
| ŠKODA CITY SERVICE s.r.o. | 100% | 113 250 | -- | 113 250 |
| ŠKODA TRANSTECH Oy | 100% | 401 551 | -- | 401 551 |
| SKODA TRANSPORTATION Deutschland GmbH | 100% | 682 | -- | 682 |
| ŠKODA DIGITAL s.r.o. | 100% | 3 940 | -- | 3 940 |
| Škoda Transportation Balkan d.o.o. | 100% | -- | -- | -- |
| Škoda Transportation USA, LLC | 100% | -- | -- | -- |
| ŠKODA RAIL s.r.o. | 0% | -- | -- | -- |
| SKODA TRANSPORTATION UKRAINE LLC | 100% | 4 366 | -- | 4 366 |
| ŠKODA EKOVA | 100% | 314 024 | -- | 314 024 |
| Total | | 12 838 269 | -4 009 370 | 8 828 899 |

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 - 2021, no need to further impair the value of the ownership interest in ŠKODA VAGONKA a.s. was identified.

At the end of 2021, 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 0.1 % or if EBIT decreased by 2.0 % or if the growth factor decreased by 0.14 %.

Under the sensitivity analysis of the impairment test in respect of the ownership interest in ŠKODA PARS a.s., the recoverable amount would equal to the carrying amount in the event of an increase in the discount rate by 0.98 %, or a decrease in EBIT by 6.29 %, or a decrease in the growth factor by 1.28 %.

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 10.14 %, or a decrease in EBIT by 43.8 %, or a decrease in the growth factor by 21.5 %.

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.

As of August 2, 2021, the Company acquired a 100% stake in Ekova Electric a.s., which became a subsidiary on that date. On August 11, 2021, Ekova Electric a.s. was renamed to ŠKODA EKOVA a.s..

The purchase price of ŠKODA EKOVA a.s. was TCZK 314 024 and the fair value of the contingent consideration was TCZK 0. The contingent consideration depends on the amount recovered related to the receivable from Cegelec and is conditional on the future settlement of Cegelec's receivables in the amount of at least CZK 63 million.

Due to the development of the dispute and with regard to the initial phase of the court proceedings and its uncertain outcome, we value Cegelec's receivables in the individual financial statements as at 31 December 2021 at less than CZK 63 million, so we consider the fair value of the contingent consideration at zero at 31 December 2021.

| 2020 | 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 |
| ŠKODA PARS 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 |
| ŠKODA 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 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

ŠKODA PARS 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,
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.
Výpadohá 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

Škoda Transportation Balkan d.o.o.
34325 Lužnice
Kragujevac
Serbia

ŠKODA EKOVA a.s.
Martinovská 3244/42
723 00 Ostrava, Martinov
Czech Republic

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. The share was paid in 2020.

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. The liability was paid in 2021.

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. | 2021 | 2020 |
|---|---------------|---------------|
| Percentage ownership interest | 32% | 32 % |
| Non-current assets | 6 915 | 9 478 |
| Current assets | 111 603 | 124 408 |
| Non-current liabilities | 34 000 | 34 000 |
| Current liabilities | 42 967 | 46 331 |
| Net assets (100%) | 41 551 | 53 555 |
| Company's share of net assets (32%) | 13 296 | 17 138 |
| Revenues | 312 200 | 424 063 |
| Profit+/-Loss - from continuing activities (100%) | 3 022 | 15 785 |
| Correction of prior year income | -532 | -- |
| Total comprehensive income (100%) | 2 490 | 15 785 |
| Total comprehensive income (32 %) | 797 | 5 051 |
| Company's share in profit and total comprehensive income | 797 | 5 051 |
| Company's share in the decrease in funds from profit (32%) | -65 | -50 |
| Company's share in profit after adjustment for the decrease in funds from profit | 957 | 5 001 |

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 | 2021 | 2020 |
|---|----------------|----------------|
| Percentage ownership interest | 50% | 50% |
| Non-current assets | 36 328 | 3 295 |
| Current assets | 30 510 | 83 842 |
| Non-current liabilities | 103 270 | 86 096 |
| Current liabilities | 2 004 | 8 237 |
| Net assets (100%) | -38 436 | -7 196 |
| Company's share of net assets (50%) | -19 218 | -3 598 |
| Carrying amount of interest in joint venture | -19 218 | -3 598 |
| Revenues | 1 127 | 697 |
| Profit+/-Loss - from continuing activities (100%) | -31 429 | -11 314 |
| Total comprehensive income (100%) | -31 429 | -11 314 |
| Total comprehensive income (50 %) | -15 714 | -5 657 |
| Company's share in profit and total comprehensive income | -15 714 | -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 | 2021 | 2020 |
|---|---------------|------------------|
| Percentage ownership interest | 50% | 50% |
| Non-current assets | 11 110 | 9 488 |
| Current assets | 86 605 | 80 646 |
| Non-current liabilities | 4 175 | 5 919 |
| Current liabilities | 7 834 | 4 274 |
| Net assets (100%) | 85 706 | 79 941 |
| Company's share of net assets (50%) | 42 854 | 39 971 |
| Effect of acquisition and differences in accounting policies* | 4 643 | 4 643 |
| Contribution made outside the share capital | 8 608 | 8 608 |
| Carrying amount of interest in joint venture | 56 105 | 53 222 |
| Revenues | 39 385 | 3 597** |
| Profit+/Loss - from continuing activities (100%) | 4 541 | -16 006** |
| Total comprehensive income (100%) | 4 541 | -16 006** |
| Total comprehensive income (50 %) | 2 271 | -8 003** |
| Company's share in profit and total comprehensive income | 2 271 | -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

| | 31/12/2021 | 31/12/2020 |
|----------------------------------|------------------|------------------|
| Materials | 2 627 193 | 1 678 260 |
| Work-in-progress | 627 175 | 528 474 |
| Intermediate products | 45 799 | 38 601 |
| Finished goods | 4 471 | 4 686 |
| Advance payments for inventories | 2 556 049 | 1 832 348 |
| Total inventories (gross) | 5 860 687 | 4 082 369 |
| Materials | -79 608 | -67 943 |
| Work-in-progress | -57 012 | -57 012 |
| Intermediate products | -- | -- |
| Allowances | -136 620 | -124 955 |
| Materials | 2 547 585 | 1 610 317 |
| Work-in-progress | 570 163 | 471 462 |
| Intermediate products | 45 799 | 38 601 |
| Finished goods | 4 471 | 4 686 |
| Advance payments for inventories | 2 556 049 | 1 832 348 |
| Total inventories (net) | 5 724 067 | 3 957 414 |

Based on an analysis of turnover and usability of inventories, as at 31 December 2021, the Company reduced the carrying amount of inventories to their net realisable value by recognising an impairment loss of TCZK -136 620 (2020 - TCZK -124 955).

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 Cost of sales (Note 5).

20. Trade receivables and other assets

| | 31/12/2021 | 31/12/2020 |
|----------------------------|------------------|------------------|
| Trade receivables | 1 401 003 | 2 120 983 |
| Estimated receivables | 116 777 | 37 254 |
| Operating advances paid | 83 001 | 198 209 |
| Receivables from the state | -- | 63 295 |
| Prepaid expenses | 149 558 | 42 135 |
| Other receivables | 2 418 131 | 2 123 222 |
| Total (gross) | 4 168 470 | 4 585 098 |
| Impairment losses | -75 258 | -67 118 |
| Total (net) | 4 093 212 | 4 517 980 |

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

| | 31/12/2021 | 31/12/2020 |
|--|---------------|---------------|
| Non-current receivables and loans due within 2 years | 32 715 | -- |
| Non-current receivables and loans due in 2 to 5 years | -- | 34 538 |
| Non-current receivables and loans due in more than 5 years | 51 623 | -- |
| Total | 84 338 | 34 538 |

Other non-current receivables and loans comprise the long-term retention of TCZK 32 715 (net, 2020 TCZK 34 538) and long-term loan from OOO Sinara-Skoda of TCZK 51 623.

22. Cash and cash equivalents

| | 31/12/2021 | 31/12/2020 |
|--------------------------|------------------|----------------|
| Cash in hand | 608 | 350 |
| Bank accounts | 1 270 417 | 465 435 |
| Short-term time deposits | -- | -- |
| Valuables | -- | -- |
| Total | 1 271 025 | 465 785 |

The Company has no restricted cash.

Significant investment and financial activities without impact on cash

As at 31 December 2021, the value of outstanding liabilities relating to investment activities was TCZK 100 535.

23. Equity

Registered capital

The Company's registered capital as at 31 December 2021 amounted to TCZK 3 150 000 (2020 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 2021 amounted to TCZK 4 538 426 (2020 TCZK 4 227 673).

In 2021, Škoda B.V made an contribution outside the registered capital in amount of TCZK 310 753, which represents capitalisation of shareholder loan.

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 2021 totals TCZK 607 132 (2020 TCZK 272 931), 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 32 461 in 2021.

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 2021 were TCZK 4 181 809 (2020 TCZK 4 178 624).

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 2021 was TCZK 3 169, whereas the share of the stock with the nominal value of TCZK 15 900 was TCZK 16.

25. Trade payables and other payables

| | 31/12/2021 | 31/12/2020 |
|-----------------------------|------------------|------------------|
| Trade payables | 3 375 537 | 1 400 399 |
| Payables to employees | 145 350 | 122 535 |
| Payables to the state | 49 560 | 12 227 |
| Social security liabilities | 43 539 | 36 029 |
| Deferred income | 292 452 | 194 920 |
| Accrued expenses | -- | -- |
| Estimated payables | 458 188 | 240 717 |
| Other payables | 4 266 | 14 248 |
| Total | 4 368 892 | 2 021 075 |

Ageing structure of trade payables

| | 31/12/2021 | 31/12/2020 |
|--------------------------------------|------------------|------------------|
| Payables not overdue | 3 108 506 | 1 245 056 |
| Payables up to 6 months overdue | 262 932 | 143 824 |
| Payables up to 12 months overdue | 671 | 6 040 |
| Payables up to 36 months overdue | 1 708 | 4 224 |
| Payables more than 36 months overdue | 1 720 | 1 255 |
| Trade payables | 3 375 537 | 1 400 399 |

26. Other non-current liabilities

| | 31/12/2021 | 31/12/2020 |
|-------------------------------|---------------|--------------|
| Other non-current liabilities | 22 517 | 5 180 |
| Total | 22 517 | 5 180 |

27. Loans, borrowings and securities

Loans and borrowings as at 31 December 2021

| 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 | 1 060 584 | - | 1 060 584 | 5,39 % ¹ | -- | 3 500 000 | 2 450 000 | no security |
| Short term bank loan COVID | 721 138 | - | 721 138 | 4,74 % ² | 20.1.2022 | 720 000 | -- | no security, financial guarantee from EGAP |
| Total | 1 781 722 | -- | 1 781 722 ³ | -- | -- | 4 220 000 | 2 450 000 | -- |

| 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 Skoda B.V. | -- | 1 485 893 | 1 485 893 | 8,50 % | -- ⁴ | 1 155 113 | -- | no security (subordinated to the bank loan) |
| Intra-division loans PARS (CZK) | 256 958 | -- | 256 958 | 7,28 % | 3.1.2022 | | | no security |
| Intra-division loans SELC (CZK) | 690 000 | -- | 690 000 | 7,28 % | 3.1.2022 | 3 000 000 ⁵ | 1 938 242 | no security |
| Intra-division loans SELC (EUR) | 131 758 | -- | 131 758 | 3,50 % | 3.1.2022 | | | no security |
| Total | 1 078 716 | 1 485 893 | 2 564 609 ⁶ | -- | -- | 4 155 113 | 1 938 242 | -- |

¹ Interest rate: 3,3% p.a. + PRIBOR

² Interest rate: 1,6% p.a. + PRIBOR

³ The amount is including accrued interest reported.

⁴ The due date is defined in the subordination agreement as the moment of full unconditional and final repayment of the Pari-passu debt.

⁵ 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

⁶ The amount is reported including accrued interest.

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 % ⁷ | - | 3 500 000 | 2 700 000 | no security |
| Short term bank loan COVID | 720 152 | - | 720 152 | 1,90 % ⁸ | 28.1.2021 | 720 000 | -- | no security, financial guarantee from EGAP |
| Overdraft facility | -- | - | -- | -- ⁹ | -- | 100 000 | 100 000 | |
| Total | 1 522 464 | -- | 1 522 464 ¹⁰ | -- | -- | 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 Skoda B.V. | -- | 1 681 373 | 1 681 373 | 8,50 % | -- ¹¹ | 1 355 113 | -- | no security subordinated to the bank loan) |
| Intra-division loan SVAG (EUR) | 237 473 | -- | 237 473 | 3,50 % | 4.1.2021 | | | no security |
| Intra-division loan SELC (CZK) | 629 370 | -- | 629 370 | 3,77 % | 4.1.2021 | 3 000 000 ¹² | 1 484 494 | no security |
| Intra-division loan SELC (EUR) | 412 049 | -- | 412 049 | 3,50 % | 4.1.2021 | | | no security |
| Intra-division loan PARS (CZK) | 236 614 | -- | 236 614 | 3,77 % | 4.1.2021 | | | no security |
| Total | 1 515 506 ¹³ | 1 681 373 | 3 196 879 ¹⁴ | -- | -- | 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.

⁷ Interest rate: 3.3 % p.a. + PRIBOR

⁸ Interest rate: 1,6% p.a. + PRIBOR

⁹ Loan not drawn - Interest rate: 1,6% p.a. + PRIBOR

¹⁰ The amount is including accrued interest reported.

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) 3 000 000 to be drawn in CZK and EUR

¹³ The amount is reported including accrued interest.

¹⁴ The amount is reported including accrued interest.

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 |
|-------------------------------------|---------------------|--------------------------------------|--------------------------|-------------|
| Kiepe Electric GmbH | TEUR 144 | provision of bank guarantee limit | ŠKODA ELECTRIC a.s. | 30/6/2023 |
| Dopravní podnik Ostrava a.s. | TCZK 4 000 | provision of bank guarantee limit | Ganz-Skoda Electric Ltd. | 20/1/2022 |

28. Provisions

| | 1/1/2021 | Additions | Utilisation | Release | 31/12/2021 |
|-----------------------------------|----------------|----------------|----------------|---------------|----------------|
| Provision for warranties | 193 890 | 175 324 | 113 379 | -- | 255 836 |
| Provision for litigations | 27 036 | 1 310 | -- | -- | 28 346 |
| Provision for fines and penalties | 838 | -- | -- | -- | 838 |
| Provision for employee benefits | 40 231 | 1 124 | -- | -- | 41 355 |
| Provision for onerous projects | 305 721 | 85 024 | 287 060 | -- | 103 685 |
| Other provisions | 113 478 | -- | -- | 67 717 | 45 761 |
| Total | 681 194 | 703 008 | 840 664 | 67 717 | 475 821 |
| Current portion of provisions | 642 354 | -- | -- | -- | 435 910 |
| Non-current portion of provisions | 38 840 | -- | -- | -- | 39 911 |
| Total | 681 194 | -- | -- | -- | 475 821 |

| | 1/1/2020 | 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 |

Provision for warranties

Warranty provisions are attributable to deliveries to customers carried out as at 31 December 2021 and 31 December 2020, 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 2021, the Company discounted the provision to its present value using a rate of 5.2 %. 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 2022 | Transacted in subsequent periods | Fair value as at 31/12/2021 | |
|------------------------|-------------------------------|----------------------------------|-----------------------------|----------------|
| | | | Receivable | Liability |
| | original currency (thousands) | original currency (thousands) | TCZK | TCZK |
| Forwards – sale of EUR | 58 060 | 108 291 | 133 393 | -14 269 |
| Forwards – sale of PLN | 341 697 | 406 017 | 284 491 | -- |
| Total | | | 432 153 | -14 269 |
| Average hedged rate | | | | |
| CZK/EUR | 26.89 | 26.83 | -- | -- |
| CZK/PLN | 5.82 | 5.82 | -- | -- |

| 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 PLN | 139 800 | 747 714 | 107 777 | -- |
| Total | | | 178 829 | -- |
| Average hedged rate | | | | |
| CZK/EUR | 26.59 | 27.02 | -- | -- |
| CZK/PLN | 6.11 | 5.82 | -- | -- |

| Swaps | Transacted in 2022 | Transacted in subsequent periods | Fair value as at 31/12/2021 | |
|---------------------|--------------------------|----------------------------------|-----------------------------|----------------|
| | | | Receivable | Liability |
| | original currency (TCZK) | original currency (TCZK) | TCZK | TCZK |
| Swap – sale of EUR | 115 700 | 128 099 | 103 576 | -45 292 |
| Swap – sale of PLN | -- | 139 800 | 39 594 | -- |
| Total | | | 143 170 | -45 292 |
| Average hedged rate | | | | |
| CZK/EUR | 26.14 | 26.80 | -- | -- |
| CZK/PLN | 0.00 | 5.71 | -- | -- |

| Swaps | Transacted in 2021 | Transacted in subsequent periods | Fair value as at 31/12/2020 | |
|---------------------|--------------------------|----------------------------------|-----------------------------|----------------|
| | | | Receivable | Liability |
| | original currency (TCZK) | original currency (TCZK) | 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 | 26.70 | 26.75 | -- | -- |
| CZK/PLN | 5.83 | -- | -- | -- |

b) Trading derivatives

| Swaps | Transacted in 2022 | Transacted in subsequent periods | Fair value as at 31/12/2021 | |
|---------------------|--------------------------|----------------------------------|-----------------------------|-------------|
| | | | Receivable | Liability |
| | original currency (TCZK) | original currency (TCZK) | TCZK | TCZK |
| Swap – sale of EUR | 141 800 | -- | 80 370 | -- |
| Swap – purchase PLN | 8 000 | -- | -- | -606 |
| Total | | | 80 370 | -606 |

| Swaps | Transacted in 2021 | Transacted in subsequent periods | Fair value as at 31/12/2020 | |
|---------------------|--------------------------|----------------------------------|-----------------------------|---------------|
| | | | Receivable | Liability |
| | original currency (TCZK) | original currency (TCZK) | TCZK | TCZK |
| Swap – sale of EUR | 62 000 | 1 219 | 38 165 | -2 701 |
| Swap – purchase PLN | -- | -- | -- | -- |
| Total | | | 38 165 | -2 701 |

In accordance with the accounting policies described in Note 3, the change in the fair value of hedging derivatives of TCZK 412 594 (2020 - TCZK -44 732), reduced by deferred tax, is recorded in other comprehensive income.

As at 31 December 2021, the Company had a liability of TCZK 60 167 (2020 - TCZK 28 590) arising from the revaluation of hedging derivatives and derivatives held for trading, and a receivable of TCZK 655 693 (2020 - TCZK 382 583) 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 3 127 (2020 - TCZK 6 003) under 'Hedging derivatives – non-current portion', the current portion of the liability of TCZK 57 040 (2020 - TCZK 22 587) under 'Hedging derivatives – current portion'; the non-current portion of the receivable of TCZK 0 (2020 - TCZK 23 117) under 'Hedging derivatives – non-current portion', and the current portion of the receivable of TCZK 655 693 (2020 - TCZK 359 466) under 'Hedging derivatives – current portion'.

Depending on the classification of the respective derivative transaction (hedging or trading), gains and losses from derivatives settled in 2021 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 2021 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 2022 or later. The carrying amounts of these expired derivatives are recorded in equity under Fair value changes relating to hedges of TCZK 607 132 (2020 - TCZK 272 931).

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 2021 and 2020 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

| 31/12/2021 TCZK | Financial instruments | | | |
|--|--------------------------|--|---|-------------------|
| | at amortised costs | at fair value through profit or loss | at fair value through other comprehensive income | Total |
| Financial assets | 5 216 016 | -- | -- | 5 216 016 |
| Trade receivables and other financial assets | 3 944 991 | -- | -- | 3 944 991 |
| Cash and cash equivalents | 1 271 025 | -- | -- | 1 271 025 |
| Financial liabilities | -6 843 821 | -- | -- | -6 843 821 |
| Trade payables and other financial liabilities | -3 837 991 | -- | -- | -3 837 991 |
| Bank loans | -1 781 721 | -- | -- | -1 781 721 |
| Non-bank loans and bonds | -1 078 716 | -- | -- | -1 078 716 |
| Lease liabilities | -145 393 | -- | -- | -145 393 |
| Derivatives (net) | -- | 79 765 | 515 761 | 595 526 |
| Trading derivatives | -- | 79 765 | -- | 79 765 |
| Hedging derivatives | -- | -- | 515 761 | 515 761 |

| 31/12/2020 TCZK | Financial instruments | | | |
|--|--------------------------|--|---|-------------------|
| | 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 |

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 2021, 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 2021, 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.

| TCZK 31/12/2021 | Carrying amount (gross) | Total impairment losses | Carrying amount (net) | Revenues for the year |
|-----------------|----------------------------|-------------------------------|-----------------------------|--------------------------|
| Customer A | 801 911 | -- | 801 911 | 740 024 |
| Customer B | 719 224 | -- | 719 224 | 2 713 730 |
| Customer C | 650 738 | -- | 650 738 | 824 960 |

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 2021 and 31 December 2020, 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:

| TCZK 31/12/2021 | Note | Carrying amount (gross) | Total losses | impairment | Carrying amount (net) |
|--|-------|----------------------------|-----------------|----------------|--------------------------|
| Long-term trade receivables* | 21 | 32 715 | | -- | 32 715 |
| Trade receivables** | 20 | 1 401 003 | | -71 360 | 1 329 643 |
| Contracts with customers - Contract asset | 4 | 1 538 066 | | -- | 1 538 066 |
| Other financial assets | 20,21 | 2 586 531 | | -3 898 | 2 582 633 |
| Hedging derivatives - assets | 29 | 655 693 | | -- | 655 693 |
| Cash and cash equivalents | 22 | 1 271 025 | | -- | 1 271 025 |
| Total | | 7 485 033 | | -75 258 | 7 409 775 |

| TCZK 31/12/2020 | Note | Carrying amount (gross) | Total losses | impairment | Carrying amount (net) |
|--|-------|----------------------------|-----------------|----------------|--------------------------|
| 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 | 4 | 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 |

* 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 |
|--|-------------------------------|-------------------|------------------------|----------------|
| 1/1/2021 | 0 | 63 220 | 3 898 | 3 064 |
| Newly recognised financial assets | -- | -- | -- | -- |
| Settlement of financial assets during the reporting period | -- | -- | -- | -- |
| Write-off of financial assets during the reporting period | -- | -- | -- | -- |
| Increase/decrease in credit risk of financial assets reported at the beginning of the reporting period | -- | 8 140 | -- | -3 064 |
| 31/12/2021 | -- | 71 360 | -- | -- |

| TCZK | Non-current trade receivables | Trade receivables | Other financial assets | Contract asset |
|--|-------------------------------|-------------------|------------------------|----------------|
| 1/1/2020 | 1 806 | 13 166 | 9 650 | 3 064 |
| New 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 |

The following table provides information on the credit risk analysis of trade receivables as at 31/12/2021:

| Risk Grades | Non-current trade receivables – carrying amount (gross) | Total impairment losses | Weighted average loss rate |
|---------------------|---|-------------------------|----------------------------|
| | TCZK | TCZK | % |
| Grade 1 Low risk | 32 715 | -- | -- |
| Grade 2 Medium risk | -- | -- | -- |
| Grade 3 High risk** | -- | -- | -- |
| Total | 32 715 | -- | -- |

| Risk Grades | Trade receivables – carrying amount (gross) | Total impairment losses | Weighted average loss rate |
|---------------------|---|-------------------------|----------------------------|
| | TCZK | TCZK | % |
| Grade 1 Low risk | 1 085 223 | -- | -- |
| Grade 2 Medium risk | 294 414 | -65 643 | 22,3 |
| Grade 3 High risk** | 21 366 | -5 717 | 26,8 |
| Total | 1 401 003 | -71 360 | -- |

| Risk Grades | Contract asset – carrying amount (gross) | Total impairment losses | Weighted average loss rate |
|---------------------|---|-------------------------------|----------------------------------|
| | TCZK | TCZK | % |
| Grade 1 Low risk | 1 538 066 | -- | -- |
| Grade 2 Medium risk | -- | -- | -- |
| Grade 3 High risk** | -- | -- | -- |
| Total | 1 538 066 | -- | -- |

| Risk Grades | Other financial assets – carrying amount (gross) | Total impairment losses | Weighted average loss rate |
|---------------------|---|-------------------------------|----------------------------------|
| | TCZK | TCZK | % |
| Grade 1 Low risk | 2 582 633 | -- | -- |
| Grade 2 Medium risk | -- | -- | -- |
| Grade 3 High risk** | 3 898 | -3 898 | 100 |
| Total | 2 586 531 | -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 31/12/2020

| 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 tables below provide information on ageing structure of trade receivables as at 31 December 2021 and as at 31 December 2020:

| 31/12/2021 | Carrying amount (gross) | Recognised impairment loss | Weighted- average loss rate |
|---|----------------------------|----------------------------------|-----------------------------------|
| | TCZK | TCZK | % |
| Receivables not overdue | 1 330 868 | -65 660 | 4.9 |
| Receivables less than 3 months overdue | 45 023 | -- | -- |
| Receivables less than 6 months overdue | 692 | -- | -- |
| Receivables less than 12 months overdue | 503 | -- | -- |
| Receivables less than 36 months overdue | 732 | -- | -- |
| Receivables more than 36 months overdue | 23 185 | -5 700 | 24.6 |
| Total | 1 401 003 | -71 360 | -- |

| 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 | |

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 36 % (2020 51 %) of the Company's sales is denominated in currencies (predominantly in EUR) other than the Company's functional currency, while 73 % (2020 71 %) 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

| 31/12/2021 in thousands | CZK | EUR | USD | HUF | RUB | Other | Total |
|--|------------|-----------|-----|-----|--------|---------|-------------------|
| Financial assets | | | | | | | |
| Trade receivables and other financial assets | 1 067 177 | 2 825 442 | -- | -- | 51 974 | 398 | 3 944 991 |
| Cash and cash equivalents | 1 245 543 | 21 391 | 237 | -- | 1 017 | 2 837 | 1 271 025 |
| Financial liabilities | | | | | | | |
| Trade payables and other financial liabilities | -2 843 943 | -964 304 | -- | -- | -60 | -29 684 | -3 837 991 |
| Bank loans | -1 781 721 | -- | -- | -- | -- | -- | -1 781 721 |
| Non-bank loans and bonds | -2 432 851 | -131 758 | -- | -- | -- | -- | -2 564 609 |
| Lease payables | -116 457 | -28 936 | -- | -- | -- | -- | -145 393 |
| Derivatives | | | | | | | |
| Derivatives for trading | -- | 80 370 | -- | -- | -- | -605 | 79 765 |
| Hedging derivatives (net outflow) | -- | 191 676 | -- | -- | -- | 324 085 | 515 761 |

| 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 |

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 2021 and 31 December 2020 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 2021 | 10% | -10% |
|---------|--------------------------------------|--------|--------|
| CZK/EUR | 24.860 | 27.346 | 22.374 |
| CZK/USD | 21.951 | 24.146 | 19.756 |
| CZK/HUF | 0.067 | 0.074 | 0.061 |
| CZK/RUB | 0.291 | 0.321 | 0.262 |

| | 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 |

| Income statement | | |
|-------------------------|-------------------|-----------------------|
| | Weakening TCZK | Strengthening TCZK |
| 31 December 2021 | | |
| EUR (10% movement) | 177 856 | -177 856 |
| USD (10% movement) | -2 543 | 2 543 |
| RUB (10% movement) | 5 293 | -5 293 |
| 31 December 2020 | | |
| EUR (10% movement) | 164 273 | -164 273 |
| USD (10% movement) | 631 | -631 |
| RUB (10% movement) | 454 | -454 |
| Equity | | |
| | Weakening TCZK | Strengthening TCZK |
| 31 December 2021 | | |
| EUR (10% movement) | 19 168 | -19 168 |
| PLN (10% movement) | 32 409 | -32 409 |
| 31 December 2020 | | |
| EUR (10% movement) | 20 129 | -20 129 |
| PLN (10% movement) | 11 724 | -11 724 |

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 | -116 | 116 | -212 | 212 |

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:

| Contractual cash flows | | | | | | |
|---|------------------|------------------|-------------------|---------------------|---------------------|--------------------------|
| 31/12/2021 | 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 | 3 375 537 | 3 375 537 | 3 372 083 | 3 454 | -- | -- |
| Bank loans | 1 781 721 | 1 781 721 | 1 781 721 | -- | -- | -- |
| Non-bank loans and bonds | 2 564 609 | 3 062 349 | 1 078 716 | -- | -- | 1 983 633 |
| Current financial liabilities | 4 266 | 4 266 | 4 266 | -- | -- | -- |
| Finance lease payables | 145 393 | 184 031 | 26 928 | 25 331 | 50 116 | 81 656 |
| Other non-current liabilities | 22 517 | 22 517 | -- | -- | 6 574 | 15 943 |
| Derivative financial liabilities (fixed term contracts used for hedging) – net | | | | | | |
| Derivatives for trading | 79 765 | -103 449 | -103 449 | -- | -- | -- |
| Inflow (-) | -- | -3 671 861 | -3 671 861 | -- | -- | -- |
| Outflow (+) | -- | 3 568 412 | 3 568 412 | -- | -- | -- |
| Hedging derivatives (net outflow) | 515 761 | -1 080 180 | -407 496 | -497 623 | -175 061 | -- |
| Inflow (-) | -- | -16 076 183 | -6 575 067 | -6 783 080 | -2 718 036 | -- |
| Outflow (+) | -- | 14 996 003 | 6 167 571 | 6 285 457 | 2 542 975 | -- |
| Total | 8 489 569 | 7 246 792 | 5 752 769 | -468 838 | -118 371 | 2 081 232 |

| Contractual cash flows | | | | | | |
|---|------------------|------------------|-------------------|---------------------|---------------------|--------------------------|
| 31/12/2020 | 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 |

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

| 2021 (expenses - / revenue +) | Note | Financial instruments by category | | |
|-------------------------------------|------|-----------------------------------|-----------------------|-----------------|
| | | Loans and advances | Financial derivatives | Total |
| Interest income | 10 | -99 761 | -- | -99 761 |
| Interest expense | 11 | 328 841 | -- | 328 841 |
| Losses from derivative transactions | 7 | -- | 874 | 874 |
| Gains from derivative transactions | 8 | -- | -428 467 | -428 467 |
| | | 229 080 | -427 593 | -198 513 |

| 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 |

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 2021 and 2020, 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.

| 31/12/2021 | Carrying amount as at 31 December 2021 | Fair value | | |
|-------------------------------|---|------------|----------------|-------------------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | |
| Non-current receivables | 32 715 | -- | -- | 32 715 |
| Derivatives | 655 693 | | 655 693 | |
| Financial liabilities | | | | |
| Bank loans | -1 781 721 | -- | -- | -1 781 721 |
| Non-bank loans | -2 564 609 | -- | -- | -2 564 609 |
| Bonds | -- | -- | -- | -- |
| Other non-current liabilities | -22 517 | -- | -- | -22 517 |
| Derivatives | -60 167 | | -60 167 | |
| Total | -3 740 606 | -- | 595 526 | -4 336 132 |

| 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 |

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 2021 and 2020 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.

| Receivables | | | Liabilities | | |
|---|-------------------|-------------------|------------------|--|----------------|
| 2021 | Trade receivables | Other receivables | Trade payables | Non-current and current loans and borrowings | Other payables |
| Parent company | -- | -- | -- | 1 485 893 | -- |
| Subsidiaries | 172 856 | 2 456 337 | 1 503 036 | 1 078 716 | 480 303 |
| Associated companies and Joint ventures | 2 201 | 51 623 | 793 | -- | 16 713 |
| Other companies in PPF group | 1 052 | 339 | 36 021 | -- | 2 470 |
| Total | 176 109 | 2 508 299 | 1 539 850 | 2 564 609 | 499 486 |

| Receivables | | | Liabilities | | |
|---|-------------------|-------------------|----------------|--|----------------|
| 2020 | 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 |

Costs and revenues realised with related parties were as follows:

| Revenues | | | | | | Expenses | | | |
|---|----------------------------|-------------------------|--------------------------------------|-----------------|-----------------|---------------------------|--------------------|------------------|----------------|
| 2021 | Revenues from own products | Revenue s from services | Revenue s from the sale of materials | Interest income | Other revenues | Materials and consumables | Purchased services | Interest expense | Other expense |
| Parent company | -- | -- | -- | -- | -- | -- | -- | -115 273 | -- |
| Subsidiaries | 417 531 | 138 744 | 11 966 | 91 558 | -166 041 | -2 348 134 | -265 841 | -41 800 | -7 835 |
| Associated companies and joint ventures | -363 | -- | 933 | 5 459 | -- | -391 | -7 320 | -- | -25 |
| Other companies in PPF group | -- | 22 239 | 24 | -- | 7 724 | -3 687 | -147 029 | -38 326 | -48 713 |
| Total | 417 168 | 160 983 | 12 923 | 97 017 | -158 317 | -2 352 212 | -420 190 | -195 399 | -56 573 |

| 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 |

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 2021, the Company incurred development costs of TCZK 1 646 660 (2020 TCZK 1 314 502), from which TCZK 305 171 (2020 – TCZK 292 125) 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 31/12/2021 | Total at 31/12/2020 |
|--------------------------|------------------------|----------------------------|---------------------|---------------------|
| Total in TEUR | 13 223 | 167 161 | 180 384 | 154 644 |
| Total in TPLN | -- | 161 353 | 161 353 | 53 784 |
| Total in TCZK | 457 899 | 9 001 036 | 9 458 935 | 6 889 121 |

35. Government grants

The Company received the following government grants in 2021 - 2020:

| | 2021 | 2020 |
|-------------------------------------|---------------|--------------|
| Grants recognised in profit or loss | 29 592 | 8 131 |
| Investment subsidies | -- | -- |
| Total | 29 592 | 8 131 |

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.

| | 2021 | 2020 |
|---|---------------|-----------------|
| Profit or loss recognised in the IFRS non-consolidated financial statements | 3 185 | -1 003 779 |
| IFRS 15 Revenue from contracts with customers | -339 017 | 121 416 |
| Deferred tax (-) expense / (+) income | -22 110 | -113 576 |
| Provision for employee benefits (-) additions / (+) release | 1 124 | 12 102 |
| Effect of derivatives recognised in income statement | -7 098 | 47 409 |
| Discounting of non-current receivables | -- | -676 396 |
| Interest on bonds | -- | 763 |
| Provision for onerous projects | 286 204 | 147 824 |
| Foreign exchange gain/loss from derivatives | 205 609 | 518 746 |
| Other | -30 454 | 425 905 |
| Profit or loss unaffected by IFRS | 97 443 | -519 586 |

38. Annual report

The Company has not prepared an annual report as at 31 December 2021 as the respective information is included in its consolidated annual report.

39. Material subsequent events

COVID-19

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 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 and 2021, 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.

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 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.

Conflict on Ukraine

On February 24, 2022, the Russian attack on Ukraine began an armed conflict, which is part of the Russian military intervention in Ukraine and the culmination of the Russian-Ukrainian crisis. The invasion led to anti-war protests in many countries around the world and the imposition of extensive international sanctions against Russia.

The Company has assessed the following possible effects of the conflict and the known sanctions against the Russian Federation and the risks of damage of investments in Ukraine and other countries concerned:

- a decrease in the value of financial or non-financial assets due to sanctions against the Russian Federation,
- risk of impairment of investments,
- interruption of supplier and customer relations or other disruption of business activities,
- disruption of current or future cash flows with an impact on the liquidity and financial position of the entity;
- breach of contractual obligations, impossibility of fulfilling contractual conditions or termination of business contracts, etc.,
- labour shortages.

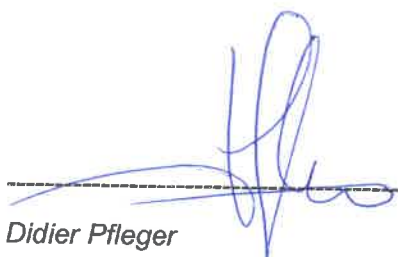
As at 31 December 2021, the Company reports of the total amount of trade and other receivables (including contract assets) 0.48% of receivables from companies in Russia and Ukraine, of the total amount of trade and other payables (including contract liabilities) 0.20% of liabilities to companies in Russia and Ukraine. 0.86% of the Company's non-current assets

is located in Russia and Ukraine as at 31 December 2021. In 2021, 0.21% of the Company's total revenues were realized in Russia and Ukraine. 0.11% of the Transaction price allocated to the remaining performance reported by the Company as at 31 December 2021 relates to contracts with customers in Russia and Ukraine.

Although uncertainty regarding the further development of the conflict and its impact on the Company's operations remains, based on currently available information, the Company's management has assessed the above risks as irrelevant or with a minimal negative impact on the Company. The Company's assumption of a continuous duration is not called into question in connection with the conflict in Ukraine.

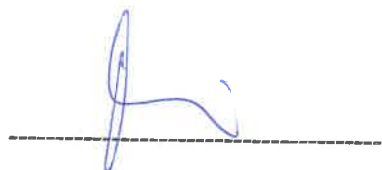
As at the date of preparation of the separate financial statements, the Company's management is not aware of any other significant subsequent events that would affect the Financial Statements as at 31 December 2021.

Approved on 9 May 2022



Didier Pfleger

Chairman of the board of directors



Ing. Martin Oravec

Member of the board of directors



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

**Independent Auditor's Report to the Shareholder of
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 2021 and the separate income statement, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flow 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 2021, 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 Separate 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 separate financial statements, ŠKODA TRANSPORTATION a.s. has not prepared an annual report as at 31 December 2021, 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 Separate Financial Statements

The statutory body is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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

Martin Kocík is the statutory auditor responsible for the audit of the separate financial statements of ŠKODA TRANSPORTATION a.s. as at 31 December 2021 based on which this independent auditor's report has been prepared.

Prague
9 May 2022

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

M. Kocík
Martin Kocík
Partner
Registration number 2335