

Prague Stock Exchange (Burza cenných papírů Praha, a.s.)

Consolidated
Annual Report 2022

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Company profile

The Prague Stock Exchange (Burza cenných papírů Praha, a.s.; PSE) is the largest and oldest securities market organiser in the Czech Republic.

Significance for investors

On the stock exchange, investors may purchase and sell securities at any time to generate profit. And why do investors choose the Prague Stock Exchange? Because of high dividends and knowledge of local companies, for example.

Significance for companies

An initial public offering provides companies with sufficient capital to be used to finance investments and research or, for example, penetrate other markets. The PSE offers several markets suitable for different types of companies – from the elite Prime Market for large companies to START Market for smaller and innovative companies.

By law, PSE is a joint stock company. Its largest shareholder is Wiener Börse AG, with a 99.543% interest. Trading is conducted via licensed traders, who are also members of the exchange. The results of stock exchange trades and other data are published on www.pse.cz and further communicated via information agencies and the media.

PSE and its subsidiaries form the PX group. Apart from PSE, the most important member of the group is the Central Securities Depository Prague (CSD Prague). CSD Prague, which has a dominant position in the field of settling securities trades on the Czech capital market, maintains a central register of dematerialised securities issued in the Czech Republic, and allocates legal entity identifiers (LEIs) to legal entities and international securities identification numbers (ISINs) to investment instruments.

History

Efforts to create a stock exchange date back to the reign of the Empress Maria Theresa, but success was not achieved until 1871. The interwar period became the era of the greatest boom, the Prague exchange even surpassed the Vienna exchange in importance. This period of prosperity was, however, interrupted by the arrival of World War II, bringing an end to trading at the Prague exchange for more than 60 years. Not until after the fall of Communism was it possible to follow up on the exchange's heritage of success and prosperity. With the first trades made on the floor of the renewed exchange on 6 April 1993, the Prague Stock Exchange began to write its modern history.

The PX group closely cooperates with POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE), one third of which is owned by the stock exchange. PXE is a trading platform for electricity and natural gas trading; as a member of the EEX Group, it develops products and services in the Central and Southeastern Europe. PXE also offers end customers to purchase electricity and natural gas.

PSE continues to cooperate closely with Vienna Stock Exchange (Wiener Börse AG) which is the majority owner of PSE.

Report of the Exchange Chamber on business activities and the state of assets

Introduction

In many respects, the year 2022 was a very successful year for the PX Group, not only from the financial point of view. But first, I have to go back to the beginning of the year and a huge tragedy represented by Russian aggression in Ukraine. Immediately after the start of the war, the Stock Exchange took the free Ukraine's side without hesitation and sent all the proceeds from trading on the very day Ukraine was invaded to the account of the Ukrainian embassy.

Of course, the war in Ukraine brought turbulence to the market and the volume of trades substantially increased. The volume increased by 18.29% year-on-year with a total value of CZK 166.172 billion, which is the highest value in the last six years.

The START Market experienced another successful year, perhaps the most successful one in its short history, in terms of benefits for regional economy. Five new companies – the first Slovak company Gevorkyan, M&T kliky, Coloseum Holding, Bezvavlasý and Hardwario – entered the START Market. Through the START Market, the companies raised from investors a new capital totalling over CZK 1 billion. WOOD SPAC issue was admitted to the Standard Market, being the first ever SPAC-type issue in Central Europe. As to price development, the market reflected energy crisis and investors' concerns about future developments, and the PX-TR index lost 9.07%.

In mid-March 2022, the Central Securities Depository succeeded in implementing the connection to the foreign depository Euroclear Bank (Belgium); consequently it has become eligible for performing the euro-denominated credit operations in the Eurosystem. After Denmark, the Czech Republic is just the second country outside the euro area that has achieved this status. Accordingly, the Czech Republic can now issue government bonds, registered with a Czech depository, in euros. The Czech government bonds become completely competitive with bonds issued in the euro area countries.

The major complications associated with war in Ukraine were naturally seen on the power exchange PXE. Market liquidity has fallen dramatically and it is very uncertain when trading volumes will return to usual levels.

Petr Kobic, Chief Executive Officer and Chairman of the Exchange Chamber of the Prague Stock Exchange
David Kučera, Member of the Exchange Chamber of the Prague Stock Exchange

Key data

	2017	2018	2019	2020	2021	2022
Number of exchange days	250	249	250	250	251	252
SHARES						
Total trading volume (BCZK)	138.78	142.55	108.78	125.31	140.48	166.17
Average daily volume (MCZK)	555.13	572.49	435.12	501.23	559.66	659.41
Market capitalisation (BCZK)	1,252.58	21,261.96	22,054.22	13,502.7	15,659.2	16,585.2
Number of issues (year-end)	23	53	54	55	55	59
PX Index	1,078.16	986.56	1,115.63	1,027.14	1,426.03	1,201.73
PX-TR Index	1,830.91	1,766.18	2,109.39	2,004.54	2,915.25	2,650.72
PX-TRnet Index	-	-	1,753.63	1,655.76	2,384.78	2,137.94
PX-GLOB Index	1,449.97	1,342.44	1,498.28	1,407.57	1,904.32	1,602.83
BONDS						
Total trading volume (BCZK)	6.21	9.27	11.92	8.64	7.75	6.96
Number of issues (year-end)	116	112	118	105	110	110
STRUCTURED PRODUCTS						
Total trading volume (MCZK)	227.31	132.39	195.46	481.98	350.90	416.76
Number of issues (year-end)	61	72	84	73	91	95
INVESTMENT SHARES AND INVESTMENT FUND'S UNITS						
Total trading volume (MCZK)	87.28	42.86	33.76	16.55	6,155.00	7,332.06
Number of issues (year-end)	32	38	36	32	36	34

Non-consolidated financial performance (according to CAS)

In the current period of 2022, the Prague Stock Exchange (PSE) achieved revenues from its own services in the amount of CZK 290,343 thousand (2021: CZK 260,138 thousand). Their structure is as follows:

(in TCZK)	2022	2021
Stock exchange fees	48,627	45,732
Services relating to settlement of securities	52,984	41,721
Stock exchange information	44,141	44,575
Services for Centrální depozitář cenných papírů, a.s.	127,303	111,192
Services for POWER EXCHANGE CENTRAL EUROPE, a.s.	8,057	7,762
Other services	9,231	9,156
Revenue from own services	290,343	260 138

The increase in revenues from own services by 11.6% (CZK 30,205 thousand) was mainly due to an increase in revenues from securities settlement by 27.0% (CZK 11,263 thousand) and also in revenues from services for the Central Securities Depository, which amounted to CZK 127,303 thousand in 2022 (2021: CZK 111,192 thousand).

Operating profit increased by 21.1% (CZK 26,058 thousand) to CZK 149,769 thousand (2021: CZK 123,710 thousand). Profit from financial operations increased by 9.7% (CZK 14,460 thousand) to CZK 163,127 thousand. In the current period of 2022, the Company reported total profit after tax of CZK 283,778 thousand. (2021: CZK 249,685 thousand).

The Company's total assets as of 31 December 2022 amounted to CZK 425,328 thousand (2020: CZK 388,006 thousand). Their structure is as follows:

(in TCZK)	2022	2021
Fixed assets (net)	131,935	122,183
Receivables and other current assets (net)	57,431	58,582
Cash (net)	235,962	207,241
Total assets	425,328	388,006

Long-term assets included financial long-term assets representing the Company's shares in business corporations in the amount of CZK 122,446 thousand (2021: CZK 116,446 thousand). In the current period, the General Meeting of the Company on 17 May 2022 decided on the payment of a profit share of CZK 943 per share (a total of CZK 249,844 thousand was paid out). The average recalculated number of employees was 31.7 in 2022 (2021: 33.2 employees).

Other information:

PSE complies with all applicable labour laws and regulations. It enables its employees to continuously improve their qualifications and language skills. PSE conducted applied research and experimental development activities featuring a valuable element of novelty and the clarification of research or technical uncertainty. As PSE's activity is inherently environmentally friendly, no special activities are conducted in this area. PSE actively restricts and manages credit risk ensuing from the settlement of securities and derivatives transactions, and liquidity risk, which implies that PSE will not have sufficient resources to meet its obligations. PSE's risk management objectives and methods, including its policy to hedge all major types of transactions, are further described in the Notes to the Consolidated Financial Statements. If material events constituting subsequent events occurring between the balance sheet date and the date of preparation of the financial statements, the consequences of those events are described in the Notes to the Financial Statements, but are not recognised in the financial statements. The material subsequent events that would have had an impact on the financial statements for the year ending 31 December 2022 and the PSE management is aware of them are mentioned in the notes.

Consolidated financial performance (according to IFRS as adopted by EU)

In the current period of 2022, the Group achieved consolidated revenues in the amount of CZK 643,659 thousand (2021: CZK 626,695 thousand). Their structure is as follows:

(in TCZK)	2022	2021
Exchange trading fees	28,661	25,120
Administrative fees	19,967	20,612
Stock exchange information	43,833	44,034
Revenue from the settlement of trades	114,207	96,903
Fee for registration of an issue and related services	127,683	150,323
Fee for keeping records	259,970	240,508
Other services of CSD Prague	38,470	38,070
Other revenue from provided services	10,868	11,125
Revenue	643,659	626,695

Revenues increased by 2.7% (CZK 16,964 thousand) compared to the previous period. The increase was particularly due to the positive impact of the fee for record-keeping and related services, which increased by 8.1% (CZK 19,462 thousand), and the stock exchange trading fees, which increased by 14.1% (CZK 3,541 thousand). In 2022, the Group reported total profit after tax of CZK 288,895 thousand, i.e. up by 2.1% (CZK 5,984 thousand) compared to 2021 (2021: CZK 282,911 thousand).

The total amount of the Group's assets at 31 December 2022 was CZK 937,793 thousand (2021: CZK 894,013 thousand). Their structure is as follows:

(in TCZK)	2022	2021
Total fixed assets (net)	182,820	202,916
Receivables and other current assets (net)	86,886	98,335
Short-term financial assets (net)	668,087	592,762
Total assets	937,793	894,013

The average recalculated number of employees in 2022 was 77.2 (2021: 79.6 employees).

Other information:
The Group complies with all applicable labour laws and regulations.

Activities in 2022

Trading

As of 31 December 2022, the following number of issues were admitted to trading on the exchange:

- 16 share issues on the Prime Market and Standard Market
- 13 share issues on the START Market
- 30 share issues on the Free Market
- 34 issues of collective investment securities
- 119 issues of bonds and stripped coupons
- 98 issues of investment certificates and warrants

Significant changes affecting trading and traded issues:

- 20 January – Shell (ISIN GB00B03MLX29) shares withdrawal from trading due to cancellation of the issue
- 25 February – O2 C.R. (ISIN CZ0009093209) issue excluded from trading due to the completion of squeeze-out procedure
- 4 May – admission of shares and warrants issued by WOOD SPAC One
- 12 September – AVAST (ISIN GB00BDD85M81) issue excluded from trading due to cancellation of the issue and merger of issuer
- 14 October – NortonLifeLock (ISIN US6687711084) shares issue trading commenced, completion of the merger process following cancellation of the AVAST issue
- 9 November – the name of the issue NortonLifeLock changed to Gen Digital Inc

Activities of market makers and liquidity providers

In 2022, a total of nine contracted members (BH Securities, Equilor Investment, Erste Group Bank, Fio banka, J&T banka, Patria Finance, Raiffeisen Centrobank / Raiffeisen Bank International, SAB, WOOD & Company) of the exchange acted as market makers for shares, specifically for 34 share issues. One member (J&T banka) of the exchange acted as market maker for bonds, specifically for 28 bond issues. Two contracted companies (Erste Group Bank and Raiffeisen Centrobank / Raiffeisen Bank International) acted as liquidity providers for structured products (warrants and certificates). A total of 89 issues was concerned.

In November Raiffeisen Bank International took over from Raiffeisen Centrobank all obligations of market maker and liquidity provider.

Indices

All indices declined during 2022: PX down 15.3%, PX-TR down 8.6%, PX-GLOB down 14.9% and PX-TRNET down 9.9%. The lower values are a capital market reaction to the deterioration of overall economic and security situation in Europe.

START Market

The START Market continues trading within the auction trading regime every stock exchange day.

In 2022 six public offers in total took place, consisting of five new subscriptions and one resubscription. The largest issue and, at the same time, the first Slovak company traded on the START Market was GEVORKYAN. The most successful issue was the subscription of M&T 1997 shares, which was oversubscribed. The minority stakes in KARO Leather and HARDWARIO were bought by the National Development Bank through IPO Fund.

A video titled “An analyst’s view” has been produced for each subscription. This is a podcast aimed at investors and focused on a detailed analysis of a new issuer and its public offering.

In 2022, the first company exited the START Market. The board of directors of UDI CEE decided to exclude the UDI CEE shares from trading as of 2 May 2022. The Prague Stock Exchange approved the request and the last trading day of UDI CEE shares on the START Market was Friday, 29 April 2022.

START Market overview as of 31 December 2022:

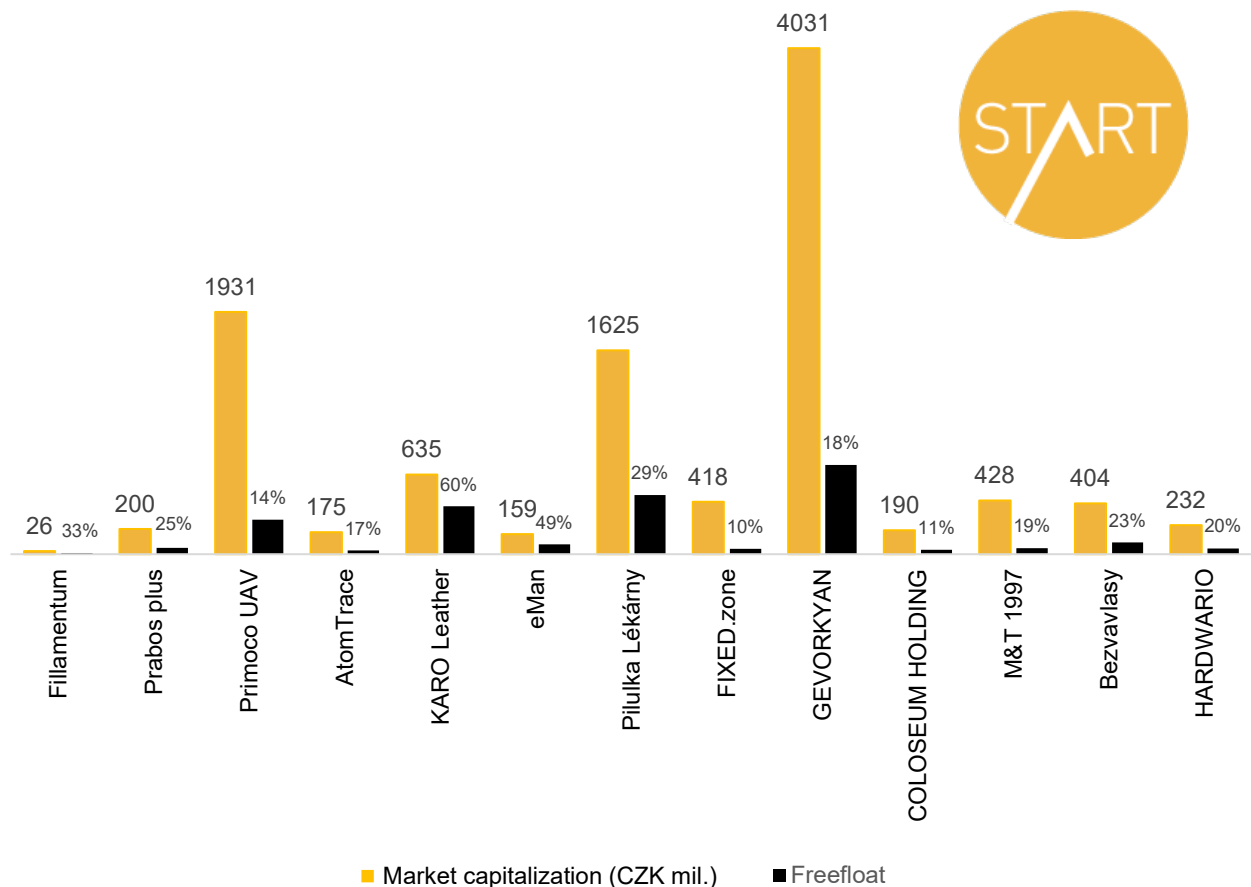
Total number of issuers	Number of newly announced public offers	Total achieved volume in public offers of new issues	Total volume of stock exchange trades in 2022	Market capitalisation	Freefloat
13	6	CZK 1,104 mil.	CZK 194 mil.	CZK 10,452 mil.	21.71%

Overview of subscriptions:

Name of issuer	Date of subscription in START-Public Offer system	Volume of public offer	Price of public offer	Market price of company	Freefloat
GEVORKYAN	15/06/2022	CZK 727 mil.	CZK 248	CZK 4,131 mil.	17.61%
COLOSEUM HOLDING	19/07/2022	CZK 40 mil.	CZK 246	CZK 212 mil.	18.81%
M&T 1997	21/06/2022	CZK 43 mil.	CZK 30,000	CZK 384 mil.	11.25%
Bezvavlasý	01/09/2022	CZK 113 mil.	CZK 490	CZK 490 mil.	23.00%
KARO Leather*	26/09/2022	CZK 132 mil.	CZK 120	CZK 600 mil.	60.00%
HARDWARIO	18/10/2022	CZK 49 mil.	CZK 17	CZK 244 mil.	20.00%

* resubscription

Overview of START Market issuers as of 31 December 2022:



On the START Market, the Prague Stock Exchange organizes for its investors so-called START Days twice a year. During the START Days, the representatives of the existing issuers on the START Market present up-to-date information mainly related to financial performance of the issuer and its business development. Moreover, the issuers that are interested in admission to the START Market can also give presentation. In 2022 the START Days were held on pre-arranged dates – spring START Day on 3 May and fall START Day on 4 October 2022. During the morning session of the spring START Day, the new companies GEVORKYAN and COLOSEUM Holding introduced themselves. In the afternoon, all existing issuers reported online their year results for 2021, one by one. In the fall START Day, HARDWARIO presented itself, followed by the START Market issuers reporting their half-year results for 2022. Due to the growing number of issuers, both events will last two days next year. The spring START Day will be held on 15 and 16 May 2023. The fall START Day will be held on 9 and 10 October 2023.

In 2022, the Czech Republic joined the countries that were included in the innovative programme of the European Bank for Reconstruction and Development (EBRD) focusing on analytical coverage of small and medium-sized companies listed on local stock exchanges. Under the EBRD Research Coverage Programme, three Czech companies – Kofola ČeskoSlovensko, Photon Energy and Pilulka Lékárny – were covered analytically in 2022.

The analysts and investors have been provided with a shared Calendar of Disclosure Obligations of START Market Issuers, a novelty of the year 2022 published on the Prague Stock Exchange website. The START Market issuers fill in the Calendar on a voluntary basis.

Change in share prices on the START Market in 2022:

	Date of public offer	Price of public offer	Closing price	Change	Total dividends
Fillamentum	15/05/2018	CZK 825	CZK 199	(76)%	CZK 0
Prabos Plus	15/05/2018	CZK 400	CZK 200	(50)%	CZK 44.10
Primoco UAV	02/10/2018	CZK 250	CZK 410	64%	CZK 0
AtomTrace	27/11/2018	CZK 50	CZK 40	(20)%	CZK 0
Karo Invest	22/10/2019	CZK 40	CZK 127	218%	CZK 0
eMan	31/08/2020	CZK 51	CZK 81	59%	CZK 0
Pilulka Lékárny	20/10/2020	CZK 424	CZK 650	53%	CZK 0
FIXED.zone	02/11/2021	CZK 222	CZK 188	(15)%	CZK 0
GEVORKYAN	15/06/2022	CZK 248	CZK 242	(2.4)%	CZK 0
M&T 1997	21/06/2022	CZK 30,000	CZK 33,400	11%	CZK 0
COLOSEUM Holding	19/07/2022	CZK 246	CZK 220	(11)%	CZK 0
Bezavlasý	01/09/2022	CZK 490	CZK 404	(18)%	CZK 0
HARDWARIO	18/10/2020	CZK 17	CZK 16.20	(4.7)%	CZK 0

Member affairs

Only members of the Exchange are authorised to execute stock exchange trades. In addition, under the Capital Market Trading Act, the Czech National Bank and the Czech Republic acting through the Ministry of Finance are also allowed to execute trades.

With effect from 1 December 2022, there was a change in the membership, whereby Raiffeisen Bank International AG took over all rights and obligations from the Exchange member Raiffeisen Centrobank AG. This step is part of organisational change process in the Raiffeisen holding company.

As of 31 December 2022, there were a total of 17 trading members (in alphabetical order):

- BH Securities a.s.
- CYRRUS, a.s.
- Česká spořitelna, a.s.
- Československá obchodní banka, a. s.
- Erste Group Bank AG
- Equilor Investment Ltd.
- Fio banka, a.s.
- J&T BANKA, a.s.
- Komerční banka, a.s.
- Patria Finance, a.s.
- PPF banka a.s.
- Raiffeisenbank a.s.
- Raiffeisen Bank International AG
- SAB o.c.p., a.s.
- Société Générale S.A.
- UniCredit Bank Czech Republic and Slovakia, a.s.
- WOOD & Company Financial Services, a.s.

Members by law:

- Czech National Bank
- Ministry of Finance of the Czech Republic

Report on relations

Report on relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity for the 2022 accounting period

In accordance with Section 82 of Act No. 90/2012 Coll., on Corporations and Cooperatives (Act on Business Corporations), wording effective until 31 December 2022 ("BCA"), the Stock Exchange Chamber of **Burza cenných papírů Praha, a.s.** has prepared this report on relations between

the controlling entity **Wiener Börse AG**, with its registered office in 1010 Wien, Wallnerstraße 8, recorded in the Commercial Register maintained by the Commercial Court in Vienna (Handelsgericht Wien) under file No. FN 161826f ("the Controlling Entity" or "WBAG")

and

the controlled entity **Burza cenných papírů Praha, a.s.**, with its registered office in Praha 1, Rybná 14/682, identification No. 471 15 629, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 1773 (the "Controlled Entity" or "PSE")

for the 2022 accounting period.

The structure of relations between the above entities is characterised by the amount of the participation interest which the Controlling Entity holds in the Controlled Entity; the participation interest was 99.54% as at the year-end.

This report does not include any description of relations of the Controlled Entity with its subsidiaries. The list of subsidiaries and companies in which the Controlled Entity exercised its influence is as follows:

- **Energy Clearing Counterparty, a.s.**, with its registered office in Praha 1, Rybná 682/14, identification No. 284 416 81
- **Centrální depozitář cenných papírů, a.s.**, with its registered office in Praha 1, Rybná 682/14, identification No. 250 81 489

Relations between these companies and the Controlled Entity are described in the reports on relations of the individual companies listed herein.

Pursuant to Section 82 (2) (b) and (c) of BCA, **control is exercised** through a share in the voting rights in accordance with Section 75 (1, 2) of BCA. No holding agreement, joint venture agreement, agreement to exercise voting rights or another similar agreement have been concluded. The Controlled Entity can be considered an independent and highly autonomous company which is a controlled entity by definition and whose principal activity is stipulated by law.

Overview of acts and agreements

The report also includes:

- a) a) information indicating the acts performed in the 2022 accounting period at the instigation or in the interest of the Controlling Entity or entities controlled by the Controlling Entity where such acts concern assets with a value exceeding 10% of the Controlled Entity's equity identified from the last financial statements (Section 82 (2) (d) of BCA; and
- b) b) an overview of agreements concluded between the Controlled Entity and the Controlling Entity or between controlled entities (Section 82 (2) (e) of BCA).

Concerning a), the general meeting of 17 May 2022 approved BCPP's financial statements for 2021 and a motion for distribution of 2021 profit, together with part of retained earnings, in the amount of CZK 249,844 thousand by paying a share in profit of CZK 943 per share. No other acts pursuant to Section 82 (2) (d) of BCA were performed in the 2022 accounting period.

Concerning b), contracts and agreements concluded under Section 82 (2) (e) of BCA

The following agreements defined the relations between the Controlling Entity and the Controlled Entity in the 2022 accounting period:

Date of agreement	Name of agreement	Description of performance
11 February 2009	Confirmation - free use of the PSE data transmitted via Thomson Reuters	Bilateral agreement on the use of data to calculate the index
1 July 2009	FRAMEWORK AGREEMENT - INDEX LICENSING BUSINESS, as amended by Index Licensing Cooperation dated 9 March 2020	Framework contract to sell the indices
18 August 2009	Data Vending Cooperation Agreement, as amended by Amendment No. 7 dated 6 September 2022	Cooperation in vending data
1 August 2011	Agreement on opening of account in securities central register and provision of related services	Opening and maintaining a securities property account in CDCP
23 December 2011	MASTER FRAMEWORK AGREEMENT ("MFA"), as amended by Amendment No. 7 dated 23 February 2022	Framework contract for migration of technical trading system to the XETRA single business system
23 December 2011	Supplement Agreement for TTR Services, as amended by Amendment No. 1 dated 19 May 2017, Supplement Agreement for Remote Member Services, Supplement Agreement for Market Maintenance Services, as amended by Amendment No. 3 dated 23 December 2019, Supplement Agreement for Index Services, Supplement Agreement for Connectivity Services, Supplement Agreement for Exchange Services	Supplement agreements for PSE services in connection with MFA above
30 October 2012	Agreement on Market Maintenance Service, as amended by Amendment No. 3 dated 23 December 2019	Supplement agreement relating to MFA above specifying initial configuration of XETRA
6 August 2013	Mutual Agreement on Providing Authority to conclude cross-membership agreements with CEESEG members, as amended by Amendment No. 2 dated 13 July 2020	Agreement authorising the other stock exchange to make membership at partner stock exchange
11 May 2016	Master Framework Agreement (web services), as amended by Side Letter No. 3 dated 14 June 2019	Framework agreement on cooperation upon website implementation and operation, terminated as of 30 September 2019
4 May 2020	Supplement Agreement on Market Parameter Maintenance in the Trading System	Supplement agreement relating to MFA, regulating maintenance of market parameter for ensuring smooth batch processing

Assessment of advantages and disadvantages arising from relations within the group of companies

The benefit of the relations within the group for the Controlled Entity is the possibility to participate in the synergies of interconnection of stock exchanges regarding the IT expenses, coordinated procedures for data vending, and mutual sharing of the expertise. We are not aware of any disadvantages and risks.

The report is to be attached to the annual report pursuant to a special legal regulation (Section 84 (2) of BCA).
The report will be reviewed by the Supervisory Board pursuant to Section 83 (1) of BCA.

Prague, 3 March 2023



.....
Petr Kobic
Chairman of the Exchange Chamber



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Ondřej Dušilek
Member of the Exchange Chamber

Financial section

Financial statements

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2022**

Corporation Name:	Burza cenných papírů Praha, a.s.
Registered Office:	Prague 1, Rybná 14/682
Legal Form:	Joint Stock Company
Business Identification Number:	471 15 629
Date of Preparation:	3 March 2023

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		As at 31/ 12/ 2022			As at 31/ 12/ 2021
		Gross	Allowances	Net	Net
BALANCE SHEET					
Long-form					
as at 31 December 2022 (in CZK thousands)					
					Burza cenných papírů Praha, a.s. Business Identification Number: 471 15 629 Rybná 14/682 110 05 Praha 1
TOTAL ASSETS	001	472,444	(47,116)	425,328	388,006
B. Fixed assets	003	178,916	(46,981)	131,935	122,183
B.I. Intangible fixed assets	004	18,010	(17,030)	980	1,723
B.I.2. Valuable rights	006	17,624	(16,644)	980	1,435
B.I.2.1. Software	007	17,624	(16,644)	980	1,435
B.I.4. Other intangible fixed assets	010	386	(386)	0	0
B.I.5. Advances granted for intangible fixed assets and intangible fixed assets in progress	011	0	0	0	288
B.I.5.2. Intangible fixed assets in progress	013	0	0	0	288
B.II. Tangible fixed assets	014	34,460	(25,951)	8,509	4,014
B.II.2. Movable assets and sets of movable assets	018	34,246	(25,951)	8,295	4,014
B.II.5 Advances granted for tangible fixed assets and tangible fixed assets in progress	024	214	0	214	0
B.II.5.2. Tangible fixed assets in progress	026	214	0	214	0
B.III. Long-term investments	027	126,446	(4,000)	122,446	116,446
B.III.1. Interests – controlled or controlling entity	028	110,446	(4,000)	106,446	88,100
B.III.3. Interests – significant influence	030	16,000	0	16,000	10,000
B.III.7. Other long-term investments	034	0	0	0	18,346
B.III.7.1. Miscellaneous long-term investments	035	0	0	0	18,346
C. Current assets	037	280,841	(135)	280,706	251,472
C.II. Receivables	046	44,879	(135)	44,744	44,230
C.II.1. Long-term receivables	047	393	0	393	1,009
C.II.1.4. Deferred tax asset	051	313	0	313	929
C.II.1.5. Other receivables	052	80	0	80	80
C.II.1.5.2. Long-term advances granted	054	80	0	80	80
C.II.2. Short-term receivables	057	44,486	(135)	44,351	43,221
C.II.2.1. Trade receivables	058	17,125	(135)	16,990	16,168
C.II.2.4. Other receivables	061	27,361	0	27,361	27,053
C.II.2.4.1. Receivables from partners	062	44	0	44	0
C.II.2.4.3. Due from government – tax receivables	064	2,111	0	2,111	4,252
C.II.2.4.4. Short-term advances granted	065	538	0	538	0
C.II.2.4.5. Unbilled revenue	066	22,317	0	22,317	22,784
C.II.2.4.6. Miscellaneous receivables	067	2,351	0	2,351	17
C.IV. Cash	075	235,962	0	235,962	207,242
C.IV.1. Cash in hand	076	44	0	44	42
C.IV.2. Cash at bank	077	235,918	0	235,918	207,200
D. Prepaid expenses and accrued income	078	12,687	0	12,687	14,351
D.1. Prepaid expenses	079	12,686	0	12,686	14,164
D.3. Accrued income	081	1	0	1	187

		As at 31/ 12/ 2022	As at 31/ 12/ 2021
TOTAL EQUITY & LIABILITIES	082	425,328	388,006
A. Equity	083	384,103	350,169
A.I. Basic capital	084	100,171	100,171
A.I.1. Registered capital	085	100,721	100,721
A.I.2. Own ownership interests (-)	086	(550)	(550)
A.IV. Profit (loss) brought forward (+/-)	099	154	313
A.IV.1. Retained earnings (+/-)	100	154	313
A.V. Profit (loss) for the year (+/-)	102	283,778	249,685
B.+ C. PROVISIONS AND LIABILITIES	104	37,676	35,416
B. Provisions	105	9,634	6,924
B.2. Provision for corporate income tax	107	7,800	4,870
B.4. Other provisions	109	1,834	2,054
C. Liabilities	110	28,042	28,492
C.II. Current liabilities	126	28,042	28,492
C.II.2. Liabilities to credit institutions	130	5	8
C.II.4. Trade payables	132	4,221	3,629
C.II.6. Liabilities – controlled or controlling entity	134	648	744
C.II.8. Other liabilities	136	23,168	24,111
C.II.8.1. Liabilities to partners	137	561	1,040
C.II.8.3. Liabilities to employees	139	12,870	7,403
C.II.8.4. Liabilities arising from social security and health insurance	140	5,392	2,963
C.II.8.5. Due to government – taxes and subsidies	141	3,636	1,866
C.II.8.6. Unbilled deliveries	142	439	10,584
C.II.8.7. Miscellaneous liabilities	143	270	255
D. Accruals and deferred income	147	3,549	2,421
D.1. Accruals	148	341	868
D.2. Deferred income	149	3,208	1,553

INCOME STATEMENT		Burza cenných papírů Praha, a.s.	
By category		Business Identification Number: 471 156 29	
for the year ended 31 December 2022 (in CZK thousands)		Rybná 14/682 110 05 Praha 1	
		Year ended 31 /12/ 2022	Year ended 31 /12/ 2021
I. Revenue from sale of finished products and services	001	290,343	260,138
A. Production-related consumption	003	64,736	61,944
A.2. Consumption of material and energy	005	1,442	2,077
A.3. Services	006	63,294	59,867
D. Personnel expenses	009	67,895	69,048
D.1. Wages and salaries	010	51,126	51,785
D.2. Social security and health insurance costs and other costs	011	16,769	17,263
D.2.1 Social security and health insurance costs	012	14,301	14,933
D.2.2. Other costs	013	2,468	2,330
E. Value adjustments in respect of operating activities	014	4,576	3,791
E.1. Value adjustments in respect of intangible and tangible fixed assets	015	4,577	4,482
E.1.1. Value adjustments in respect of intangible and tangible fixed assets - permanent	016	4,577	4,482
E.3. Value adjustments in respect of receivables	019	(1)	(691)
III. Other operating income	020	25	34
III.3. Miscellaneous operating income	023	25	34
F. Other operating expenses	024	3,392	1,679
F.3. Taxes and charges relating to operations	027	105	94
F.4. Provisions relating to operations and prepaid expenses (specific-purpose expenses)	028	(220)	(2,064)
F.5. Miscellaneous operating expenses	029	3,507	3,649
* Profit or loss on operating activities (+/-)	030	149,769	123,710
IV. Income from long-term investments - interests	031	157,200	149,800
IV.1. Income from interests in subsidiaries or parents	032	157,200	149,800
VI. Interest receivable and similar income	039	6,365	293
VI.1. Interest receivable and similar income - subsidiaries or parents	040	100	0
VI.2. Other interest receivable and similar income	041	6,265	293
VII. Other finance income	046	361	231
K. Other finance cost	047	799	1,656
* Profit or loss on financial activities (+/-)	048	163,127	148,668
** Profit or loss before taxation (+/-)	049	312,896	272,378
L. Income tax	050	29,118	22,693
L.1. Income tax due	051	28,502	22,415
L.2. Income tax deferred (+/-)	052	616	278
** Profit or loss after taxation (+/-)	053	283,778	249,685
*** Profit or loss for the year (+/-)	055	283,778	249,685
Net turnover	056	454,294	410,496

CASH FLOW STATEMENT		Burza cenných papírů Praha, a.s.	
		Business Identification	
		Number: 471 156 29	
for the year ended			Rybná 14/682
31 December 2022			110 05 Praha 1
(in CZK thousands)			
		Year ended 31 /12/ 2022	Year ended adjusted 31 /12/ 2021
P. Cash and cash equivalents at beginning of year	1	207,242	197,992
Cash flows from operating activities	2		
Z. Profit or loss on ordinary activities before taxation (+/-)	3	312,896	272,378
A.1. Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	4	(159,328)	(148,482)
A.1.1. Depreciation and amortization of fixed assets (+), except for net book value of fixed assets sold, and amortization of gain or loss on revaluation of acquired property and goodwill (+/-)	5	4,577	4,482
A.1.2. Change in allowances and provisions *	6	(221)	(2,755)
A.1.4. Income from share of profit (-) *	8	(157,200)	(149,800)
A.1.5. Net interest payable (+), except for interest capitalized into fixed assts, and net interest receivable (-)	9	(6,365)	(293)
A.1.6. Adjustments for other non-cash movements	10	(119)	(116)
A.* Net cash from operating activities before taxation, changes in working capital and extraordinary items	11	153,568	123,896
A.2. Change in non-cash components of working capital	12	1,332	(12,719)
A.2.1. Change in receivables from operating activities (+/-), in prepaid expenses and accrued income and in unbilled revenue *	13	670	(9,975)
A.2.2. Change in current liabilities from operating activities (+/-), in accruals and deferred income and in unbilled deliveries *	14	662	(2,744)
A.** Net cash from operating activities before taxation, interest paid and extraordinary items	17	154,900	111,177
A.4. Interest received (+) *	19	6,365	293
A.5. Income tax paid, incl. tax for additional tax assessments for prior years (-) *	20	(25,572)	(26,909)
A.7. Shares of profit received (+) *	21	157,200	149,800
A.*** Net cash provided by (used in) operating activities *	22	292,893	234,361
Cash flows from investing activities	23		
B.1. Purchase of fixed assets *	24	(14,329)	(2,557)
B.*** Net cash provided by (used in) investing activities *	27	(14,329)	(2,557)
Cash flows from financing activities	28		
C.2. Effect of changes in equity on cash and cash equivalents	30	(249,844)	(222,554)
C.2.6. Profit shares paid out, incl. paid withholding tax related to these claims and incl. financial settlement with the partners of a general commercial partnership and the general partners of limited partnerships (-)	36	(249,844)	(222,554)
C.*** Net cash provided by (used in) financing activities	37	(249,844)	(222,554)
F. Net increase (decrease) in cash	38	28,720	9,250
R. Cash and cash equivalents at end of year	39	235,962	207,242

*In 2022, the CASH FLOW STATEMENT was updated due to the clarification of information for users of the financial statements, in Note 2.1.

STATEMENT OF CHANGES IN EQUITY		Burza cenných papírů Praha, a.s.			
for the year ended 31 December 2022 (in CZK thousands)		Business Identification Number: 471 15 629			
		Rybná 14/682 110 05 Praha 1			
	Registered capital	Own shares (own ownership interests)	Retained earnings	Profit (loss) for the year (+/-)	Total equity
Balance at 31/ 12/ 2020	100,721	(550)	132	222,735	323,038
Dividends paid	0	0	0	(222,554)	(222,554)
Purchase of own shares	0	0	0	0	0
Transfer to retained earnings			181	(181)	0
Profit (loss) for the year (+/-)	0	0	0	249,685	249,685
Balance at 31/ 12/ 2021	100,721	(550)	313	249,685	350,169
Dividends paid	0	0	0	(249,844)	(249,844)
Purchase of own shares	0	0	0	0	0
Transfer to retained earnings			(159)	159	0
Profit (loss) for the year (+/-)	0	0	0	283,778	283,778
Balance at 31/ 12/ 2022	100,721	(550)	154	283,778	384,103

1 GENERAL INFORMATION

1.1 Incorporation and description of the corporation

Burza cenných papírů Praha, a.s. (henceforth the “Company” or “BCPP”), with its registered office at Rybná 14/682, Prague 1, was incorporated by means of a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms.

The Company was registered in the Commercial Register maintained by the Municipal Court in Prague, under section B, insert 1773 on 24 November 1992.

The principal activity of the Company is to organize the trading of financial instruments in compliance with generally binding legal regulations, the rules and regulations of the stock exchange and the authorization to operate issued by decision No. 102/58294/92 of 16 October 1992 of the Ministry of Finance of the Czech Republic, as amended, based on a decision of the Ministry of Finance of the Czech Republic, the Securities Committee and the Czech National Bank.

On 23 December 2016, the Company’s shares changed from paper to book-entry form. Total number of shareholders is four.

1.2 Year-on-year changes and amendments to the Commercial Register

In the course of 2022, there was no change in the structure of the Exchange Chamber and Supervisory Board.

The Company has conformed to Act No. 90/2012 Coll., on Corporations and Cooperatives, as a whole in accordance with Section 777 (5) of the Act.

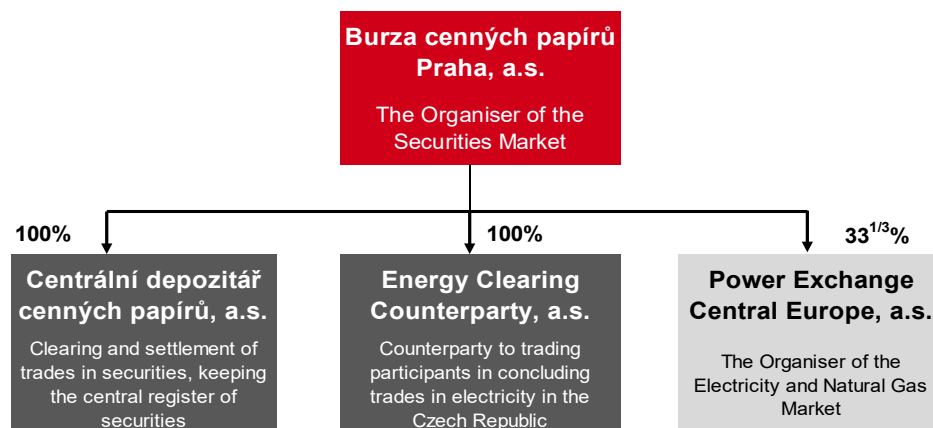
1.3 Organizational structure of the Company

The following units report directly to the CEO:

- Legal Department;
- Compliance and Internal Control;
- Internal Audit and Security Department;
- Secretariat of Chief Executive Officer and mail room;
- Trading and Securities Department;
- Information Technological Development and Operation Department;
- Software Development Department;
- Finance and Administration Department;
- External Communication Department.

1.4 BCPP Group identification

Structure as at 31 December 2022



The majority owner of Burza cenných papírů Praha, a.s. is Wiener Börse AG, holding 99.543% of the Company's shares as 31 December 2022 (2021: 99.543%).

1.4.1 Centrální depozitář cenných papírů, a.s.

Centrální depozitář cenných papírů, a.s. (formerly "UNIVYC, a.s."), with its registered office at Rybná 14, Praha 1, was recorded in the Commercial Register on 8 October 1996. It was established by the conversion of Burzovní registr cenných papírů, s.r.o., becoming its legal successor. The sole shareholder is Burza cenných papírů Praha, a.s. UNIVYC, a.s. asked the capital market regulator to grant a license to organize a central depository of securities pursuant to Section 100 of Act No. 256/2004 Coll., on Business Activities on the Capital Market. UNIVYC, a.s. received the license based on a decision of the Czech National Bank of 14 August 2009 and subsequently changed its name to Centrální depozitář cenných papírů, a.s. ("CDCP").

The activity of central depository under the CNB license was started on 2 July 2010. At this date the transfer of records of dematerialized and immobilized securities from Středisko cenných papírů was successfully completed. On 21 December 2018, the license came into force to pursue the activities of a central depository under the harmonized European regulation implemented by the CSDR. From this day, the activities of the CDCP and its participants are also subject to the provisions of the Act on Business Activities on the Capital Market, as amended.

The basic business activities of the central depository are operation of the system for stock exchange and OTC trade settlement, lending of securities, administration of collateral funds, custody and administration of investment securities, managing of central records of dematerialized securities issued in the Czech Republic and assignment of identification codes (ISIN) to investment instruments. The central depository operates on a participation principle and it provides its services related to administration of securities evidence as well as trade settlement through the participants. The central depository also provides services for securities issuers.

1.4.2 Energy Clearing Counterparty, a.s.

Energy Clearing Counterparty, a.s. ("EnCC"), with its registered office at Rybná 682/14, Praha 1, was incorporated by means of a Founding Contract dated 18 July 2008 and recorded in the Commercial Register on 6 August 2008.

On 1 January 2014, EnCC assumed the assets and liabilities of the dissolved companies: Central Counterparty, a.s. ("CCP") and Central Clearing Counterparty, a.s. ("CCC"), including rights and obligations from labor-law relations, becoming the universal legal successor of the dissolved companies.

The company's business activities are the lease of real estate, residential and non-residential premises and electricity trading.

1.4.3 POWER EXCHANGE CENTRAL EUROPE, a.s.

Energetická burza Praha, with its registered office at Rybná 682/14 Praha 1, was established by means of a Founding Contract on 8 January 2007. On 1 July 2009, Energetická burza Praha converted into joint-stock company POWER EXCHANGE CENTRAL EUROPE, a.s. ("PXE").

This company obtained a license from the Czech National Bank (the "CNB") to organize commodity derivatives market on 4 February 2009. Pursuant to Amendment to Act No. 230/2008 Coll., on Business Activities on the Capital Market, adopted in 2008, commodity derivatives that are regularly traded in an organized market are considered investment instruments and, consequently, any entity organizing a market with these instruments is subject to the CNB's supervision and requires the CNB's license. The license allows PXE to organize a derivatives market with physical settlement but also to list products with financial settlement.

In January 2016 BCCP, CDCP and EnCC signed an agreement with European Energy Exchange AG ("EEX"), based on which EEX acquired 66.67% of PXE's shares.

As at 22 July 2021, Power Exchange Central Europe Poland, Sp.z.o.o. ("PXE PL") was established; its aim is to develop the commodity trading in Poland. The sole shareholder of the company is PXE.

1.5 Exchange Chamber and Supervisory Board as at 31 December 2022

	Position	Name
Exchange Chamber	Chairman	Petr Kobic
	Vice-chairman	Christoph Boschan
	Member	Ondřej Dusílek
	Member	David Kučera
	Member	Andrea Herrmann
Supervisory Board	Member	Jan Vedral
	Member	Jan Sýkora
	Member	Martin Novák
	Member	Helena Čacká

2 ACCOUNTING POLICIES

2.1 Basic principles of financial statements preparation

The financial statements have been prepared based on the books of accounts maintained in compliance with the Act on Accounting and relevant regulations and decrees effective in the Czech Republic. The financial statements for the year ended 31 December 2022 have been prepared assuming that the Company will continue as a going concern.

These financial statements have been prepared in compliance with Decree of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll. on Accounting, as amended, for entities that are entrepreneurs using the double-entry bookkeeping system.

All figures are presented in thousands of Czech crowns ("CZK thousands"), unless indicated otherwise.

These financial statements are not consolidated.

The consolidated financial statements of the narrowest group of entities to which the Company as a consolidated entity belongs are prepared by Burza cenných papírů Praha, a.s., with its registered office at Rybná 14/682, Praha 1. The consolidated financial statements are available at the consolidating entity's registered office.

The consolidated financial statements of the widest group of entities to which the Company as a consolidated entity belongs are prepared by Wiener Börse AG, with its registered office at Wallnerstraße 8, A-1010 Vienna. The consolidated financial statements are available at the consolidating entity's registered office.

In 2022, the Company revised the structure of the statement of cash flows to clarify the information for users of the financial statements. Based on the revision, minor changes were made to the classification of items in this statement:

		Reporting after adjustment	Reporting before adjustment
		Year ended 31/12/2021	Year ended 31/12/2021
Cash flows from operating activities	2		
A.1.2. Change in allowances and provisions	6	(2 755)	
A.1.2. Change in allowances	6		(691)
A.1.3. Change in provisions	7		(2 064)
A.1.4. Income from share of profit (-)	8	(149 800)	
A.1.7. Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	11		(149 800)
A.1.6. Adjustments for other non-cash movements	10	(116)	
A.1.4. Foreign exchange differences	8		(116)
A.2.1. Change in receivables from operating activities (+/-), in prepaid expenses and accrued income and in unbilled revenue	13	(9 975)	
A.2.2. Change in trade receivables	15		(1 348)
A.2.3. Change in other receivables and in prepaid expenses and unbilled revenue	16		(8 627)
A.2.2. Change in current liabilities from operating activities (+/-), in accruals and deferred income and in unbilled deliveries	14	(2 744)	
A.2.4. Change in trade payables	17		329
A.2.5. Change in other payables, and in accruals and deferred income	18		(3 073)
A.** Net cash from operating activities before taxation, interest paid and extraordinary items	17	111 177	
A.** Net cash from operating activities before taxation, interest paid and extraordinary items	19		111 177
A.4. Interest received (+)	19	293	
A.5. Income tax paid, incl. tax for additional tax assessments for prior years (-)	20	(26 909)	
A.4.1. Income tax paid	21		(26 909)
A.7. Shares of profit received (+)	21	149 800	
A.*** Net cash provided by (used in) operating activities	22	234 361	84 268
Cash flows from investing activities	23		
B.1. Purchase of fixed assets	24	(2 557)	
B.1.1. Purchase of fixed assets	24		(2 557)
B.4.1. Interest received	27		293
B.5.1. Dividends received	28		149 800
B.*** Net cash provided by (used in) investing activities	27	(2 557)	
B.*** Net cash provided by (used in) investing activities	29		147 536

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

2.2 Tangible fixed assets

Tangible assets with a useful life of more than one year and a cost exceeding CZK 80 thousand per unit for 2022 are treated as tangible fixed assets; tangible assets with a cost exceeding CZK 40 thousand per unit for 2022 are treated as low-value tangible assets and depreciated over the useful life of the asset.

Purchased tangible fixed assets are recorded at their acquisition cost, which includes purchase price and other costs directly tied to the acquisition process.

Tangible assets with a useful life of more than one year and a cost not exceeding CZK 40 thousand per unit for 2022 are not disclosed in the balance sheet but are expensed in the year of their acquisition and carried in a subsidiary ledger.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Asset category	Accounting depreciation
Computer equipment	3-5 years
Furniture and fixtures	5-10 years
Low-value tangible assets	2-3 years

Establishment of allowances

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount through an allowance.

Repair and maintenance expenditures relating to tangible fixed assets are expensed as incurred. Technical improvement of tangible fixed assets is capitalized.

2.3 Intangible fixed assets

Intangible assets with a useful life of more than one year and a cost exceeding CZK 40 thousand per unit are treated as intangible fixed assets.

Purchased intangible fixed assets are recorded at their acquisition cost, which includes purchase price and other costs directly tied to the acquisition process.

Intangible assets with a useful life of more than one year and a cost not exceeding CZK 40 thousand per unit are not disclosed in the balance sheet but are expensed in the year of their acquisition and carried in a subsidiary ledger.

Intangible fixed assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset category	Accounting amortization
Software	3 years
Other intangible fixed assets	3 years
Low-value intangible assets	2-3 years

Establishment of allowances

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount through an allowance.

2.4 Investments in subsidiaries and associates

Investments in subsidiaries represent enterprises that are controlled by the Company ("the subsidiary").

Investments in associates represent enterprises over which the Company has significant influence, i.e. the power to participate in financial and operating policy decisions, but not control ("the associate").

Investments in subsidiaries and associates are recorded at cost less an allowance for potential impairment. Cost includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers and advisors.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, valuables and cash at bank, including overdrawn amounts of current or overdraft facilities.

Cash equivalents are short-term, highly liquid investments that can be easily and readily exchanged for a known amount of cash and no significant changes in value over time are expected. Cash equivalents are, for example, deposits with a maturity of three months or less from the date of acquisition and liquid securities traded in public markets.

2.6 Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the prevailing exchange rate published by the Czech National Bank as at the transaction date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

2.7 Receivables

Receivables are stated at nominal value less an allowance against doubtful amounts. An allowance against doubtful receivables is created on the basis of an ageing analysis and individual assessment of the debtor's solvency. Receivables from related parties are not provided for. Bad debts are written off after the bankruptcy proceedings of the debtor.

2.8 Liabilities

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other payables.

Long-term liabilities and current liabilities to credit institutions are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

2.9 Provisions

Provisions are recognized when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

2.10 Income tax

Income tax for the period comprises current tax and the change in deferred tax. Current tax comprises an estimate of tax payable calculated based on the taxable income, having the tax rate valid as at first day of the accounting period, and any adjustments to taxes for previous periods.

2.11 Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets are recognized if it is probable that sufficient future taxable profit will be available against which the assets can be utilized.

2.12 Own shares (own ownership interests)

The transferability of shares is restricted as they may be transferred to third parties only after the approval of the Exchange Chamber members in attendance. Approval is subject to the consent of a two-thirds majority of the Exchange Chamber members in attendance. The Company is obligated to repurchase its own shares if the Exchange Chamber does not approve the transfer to a third party.

Repurchased own shares are stated at cost as a deduction from the registered capital.

2.13 Related parties

The Company's related parties are considered to be the following:

- shareholders, of which the Company is a subsidiary or an associate, directly or indirectly, and other subsidiaries and associates of these shareholders;

- members of the Exchange Chamber and Supervisory Board, management, parent companies and parties close to such members, including entities in which they have a controlling or significant influence; and/or
- subsidiaries and associates.

Material transactions and outstanding balances with related parties are disclosed in Notes 3.5.6, 3.9.7 and 3.19.

2.14 Revenue recognition

Sales are recognized when services are rendered and are recognized net of discounts and VAT on an accrual basis.

2.15 Leases

The Company uses assets acquired under operating leases. The costs of assets held under operating leases are not capitalized as part of the cost of the fixed assets. Lease payments are recognized as an expense on a straight-line basis over the lease term. Future lease payments not yet due are disclosed in the notes but not recognized in the balance sheet.

2.16 Supplementary retirement insurance and life insurance

The Company makes contributions on behalf of its employees to supplementary pension schemes operated by independent pension funds and to employees' life insurance schemes.

2.17 Group registration for VAT

The companies Burza cenných papírů Praha, a.s., POWER EXCHANGE CENTRAL EUROPE, a.s., and Centrální depozitář cenných papírů, a.s. (henceforth the "VAT Group") established a group with effect from 1 January 2009 for the purposes of registration for value added tax under Act No. 235/2004 Coll., as amended. Energy Clearing Counterparty, a.s. joined the VAT Group as at 1 January 2011. All the companies within the VAT Group have a joint tax identification number.

As at 1 January 2022, the VAT Group used an advance VAT coefficient of 100% (1 January 2021: 88%) to claim VAT deduction on input for the whole VAT Group for 2022. In the VAT return for December 2022 the Company calculated a settlement coefficient for 2022, amounting to 100% and representing an advance VAT coefficient for 2023. The difference between the deduction claimed on the basis of advance coefficient during the whole calendar year and the VAT deduction calculated on the basis of settlement coefficient did not arise in 2022.

The VAT return is submitted for the VAT Group by its representing member, i.e. BCPP. Other VAT Group members recognize parts of their own tax liability, or VAT excess, falling on them and recognize a payable to, or a receivable from, BCPP in their books of accounts.

2.18 Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management believes that the applied estimates and assumptions will not significantly differ from actual figures in subsequent accounting periods.

2.19 Subsequent events

The effects of events that occurred between the balance sheet date and the date of the financial statements preparation are recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

2.20 Change in accounting policies and procedures

In terms of the impact of the war in Ukraine, which was initiated by the Russian Federation on February 24, 2022, the Company did not experience any significant costs or revenues in 2022.

The Company did not change any accounting policies and procedures in 2022 or 2021.

3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT**3.1 Fixed assets****3.1.1 Intangible fixed assets**

(in CZK thousands)

Acquisition cost	Software	Other intangible FA	Intangible FA in progress	Total
Balance as at 31 December 2020	41,992	386	1,724	44,102
Additions	121	0	288	409
Disposals	(2,681)	0	(1,724)	(4,405)
Balance as at 31 December 2021	39,432	386	288	40,106
Additions	577	0	0	577
Disposals	(22,385)	0	(288)	(22,673)
Balance as at 31 December 2022	17,624	386	0	18,010

(in CZK thousands)

Accumulated amortization	Software	Other intangible FA	Intangible FA in progress	Total
Balance as at 31 December 2020	39,092	386	0	39,478
Additions	1,586	0	0	1,586
Disposals	(2,681)	0	0	(2,681)
Balance as at 31 December 2021	37,997	386	0	38,383
Additions	1,032	0	0	1,032
Disposals	(22,385)	0	0	(22,385)
Balance as at 31 December 2022	16,644	386	0	17,030

(in CZK thousands)

Net book value	Software	Other intangible FA	Intangible FA in progress	Total
Balance as at 1 January 2021	2,900	0	1,724	4,624
Balance as at 31 December 2021	1,435	0	288	1,723
Balance as at 31 December 2022	980	0	0	980

Additions to intangible fixed assets in the amount of CZK 577 thousand (2021: CZK 409 thousand) are represented by the development of web portal. Disposals of intangible fixed assets amounted to CZK 22,673 thousand (2021: CZK 4,405 thousand) and mainly represented the disposal of obsolete AS400/Pureflex software in the amount of CZK 13,148 thousand, Mimix/Pureflex software in the amount of CZK 3,263 thousand, Tango software in the amount of CZK 1,217 thousand, and the remaining software used for the AS400/Pureflex system.

Amortization of intangible fixed assets charged to expense was as follows:

(in CZK thousands)

	Amortization
2022	1,032
2021	1,586

In 2022 and 2021 no allowances against intangible fixed assets were created.

Intangible fixed assets of CZK 784 thousand (2021: CZK 798 thousand) were carried in a subsidiary ledger.

3.1.2 Tangible fixed assets

(in CZK thousands)

Acquisition cost	Computer equipment	Furniture and fixtures	Vehicles	Low-value tangible assets	Tangible fixed assets in progress	Total
Balance as at 31 December 2020	22,339	5,929	0	3,492	0	31,760
Additions	3,814	0	0	58	0	3,872
Disposals	(7,405)	0	0	(225)	0	(7,630)
Balance as at 31 December 2021	18,748	5,929	0	3,325	0	28,002
Additions	6,407	0	1,419	0	214	8,040
Disposals	(882)	(101)	0	(599)	0	(1,582)
Balance as at 31 December 2022	24,273	5,828	1,419	2,726	214	34,460

(in CZK thousands)

Accumulated depreciation	Computer equipment	Furniture and fixtures	Vehicles	Low-value tangible assets	Tangible fixed assets in progress	Total
Balance as at 31 December 2020	19,769	5,622	0	3,331	0	28,722
Additions	2,640	103	0	153	0	2,896
Disposals	(7,405)	0	0	(225)	0	(7,630)
Balance as at 31 December 2021	15,004	5,725	0	3,259	0	23,988
Additions	3,313	109	67	56	0	3,545
Disposals	(882)	(101)	0	(599)	0	(1,582)
Balance as at 31 December 2022	17,435	5,733	67	2,716	0	25,951

(in CZK thousands)

Net book value	Computer equipment	Furniture and fixtures	Vehicles	Low-value tangible assets	Tangible fixed assets in progress	Total
Balance as at 1 January 2021	2,570	307		161		3,038
Balance as at 31 December 2021	3,744	204		66		4,014
Balance as at 31 December 2022	6,838	95	1,352	10	214	8,509

Additions to tangible fixed assets in the amount of CZK 8,040 thousand (2021: CZK 3,872 thousand) are represented by the acquisition of Trend Micro Tipping Point 5500, HPE ProLiant DL 380 servers and IBM Flashsystem array.

Disposals of tangible fixed assets amounted to CZK 1,582 thousand (2021: CZK 7,630 thousand). Disposals represented the disposal of Xeon server, 49 LED Philips monitors, notebooks and low-value tangible assets.

Depreciation of tangible fixed assets charged to expense, including the carrying amount of liquidated assets, was as follows:

(in CZK thousands)

	Depreciation
2022	3,545
2021	2,896

The total value of low-value tangible assets, which are not reflected in the accompanying balance sheet and are carried in a subsidiary ledger, was CZK 5,964 thousand as at 31 December 2022 (2021: CZK 5,713 thousand).

In 2022 and 2021 no allowances against tangible fixed assets were created, and none of the assets is pledged as collateral.

3.2 Leased assets

As at 31 December 2022, the Company has cars under operating leases. The aggregate amount of lease payments, excluding VAT, made in 2022 was CZK 1,800 thousand (2021: 1,913 thousand). The Company resides in the rented premises. Total lease payments relating to these premises (including back office premises) were CZK 9,578 thousand (2021: CZK 10,041 thousand).

The Company has the following commitments in respect of operating leases:

	(in CZK thousands)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Due within one year	11,594	11,604
Due after one year but within five years	16,869	24,240
More than five years	316	0
Total	28,779	35,844

3.3 Long-term investments

The Company is the sole shareholder of Centrální depozitář cenných papírů a.s. and Energy Clearing Counterparty a.s. and has a one-third ownership interest in POWER EXCHANGE CENTRAL EUROPE, a.s.

	(in CZK thousands)		
Name and legal form	Centrální depozitář cenných papírů, a.s. ¹⁾	POWER EXCHANGE CENTRAL EUROPE, a.s.	Energy Clearing Counterparty, a.s. ²⁾
Registered office	Praha 1, Rybná 682/14	Praha 1, Rybná 682/14	Praha 1, Rybná 682/14
Percentage of ownership	100.00	33.33	100.00
Total assets	536,208	49,992	55,644
Equity	462,292	36,203	10,249
Basic capital and capital funds	100,000	48,000	8,180
Reserves from profit	185,000	0	0
Retained earnings/ Accumulated loss	93	6,468	1,977
Profit/loss for the current year	177,199	(18,265)	92
Acquisition cost of share / interest	90,100	16,000	20,346
Dividends received during the year	157,200	0	0

¹⁾ Centrální depozitář cenných papírů a.s. is the legal successor of Burzovní registr cenných papírů, s.r.o. In 1996 and 1999, the registered capital of Centrální depozitář cenných papírů a.s. was increased using the retained profits of Burzovní registr cenných papírů, s.r.o. and Centrální depozitář cenných papírů a.s.

²⁾ In 2014, Energy Clearing Counterparty, a.s. merged with CCP and CCC. The registered capital of CCP of CZK 3,000 thousand, the registered capital of CCC of CZK 2,000 thousand and other capital funds of CCC of CZK 7,166 thousand have become an integral part of the company's long-term investments. Energy Clearing Counterparty offset these amounts against accumulated losses.

	(in CZK thousands)			
Acquisition cost	Balance as at 31 December 2021	Additions	Disposals	Balance as at 31 December 2022
Centrální depozitář cenných papírů, a.s.	90,100	0	0	90,100
POWER EXCHANGE CENTRAL EUROPE, a.s.	10,000	6,000	0	16,000
Energy Clearing Counterparty, a.s.	20,346	0	0	20,346
Total	120,446	6,000	0	126,446

	(in CZK thousands)			
Allowance	Balance as at 31 December 2021	Additions	Disposals	Balance as at 31 December 2022
Energy Clearing Counterparty, a.s.	4,000	0	0	4,000
Total	4,000	0	0	4,000

Net value	(in CZK thousands)			Balance as at 31 December 2022
	Balance as at 31 December 2021	Additions	Disposals	
Centrální depozitář cenných papírů, a.s.	90,100	0	0	90,100
POWER EXCHANGE CENTRAL EUROPE, a.s.	10,000	6,000	0	16,000
Energy Clearing Counterparty, a.s.	16,346	0	0	16,346
Total	116,446	6,000	0	122,446

The Company does not have any long-term financial assets pledged as collateral.

3.4 Short-term financial assets

Short-term financial assets	(in CZK thousands)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Cash, of which:	44	42
- cash in hand	42	40
- valuables	2	2
Bank accounts, of which:	235,918	207,200
- current accounts	235,918	207,200
Total short-term financial assets	235,962	207,242

3.5 Receivables

3.5.1 Trade receivables

	(in CZK thousands)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Short-term		
- trade receivables (customers)	17,125	16,303
- other trade receivables	0	0
Total trade receivables	17,125	16,303
- allowances	(135)	(135)
Total	16,990	16,168

3.5.2 Ageing of trade receivables

Year	Category	Due	(in CZK thousands)					Total
			1 - 90	91 – 180 days	Past due date 181 – 365 days	1 - 2 years	2 and more years	
2022	Short-term	16,990	0	0	0	0	135	17,125
	Allowances	0	0	0	0	0	(135)	(135)
	Total	16,990	0	0	0	0	0	16,990
2021	Short-term	16,168	0	0	0	0	135	16,303
	Allowances	0	0	0	0	0	(135)	(135)
	Total	16,168	0	0	0	0	0	16,168

Unpaid trade receivables are not secured. The Company has receivables which are more than five years after maturity amounting to CZK 135 thousand (2021: CZK 135 thousand). These receivables are covered by allowances of 100%.

3.5.3 Allowances against receivables

	(in CZK thousands)	
Allowances against receivables	2022	2021
Balance as at 1 January	135	135
Release	0	0
Balance as at 31 December	135	135

3.5.4 Due from government - tax receivables

	(in CZK thousands)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Value added tax	2,111	4,252
Total	2,111	4,252

In December 2022, the VAT clearing in the VAT Group amounted to CZK 1,810 thousand (2021: CZK 3,859 thousand). The receivable was further divided among the VAT Group members (Notes 3.5.6 and 3.9.7). The item also includes the right to VAT deduction of CZK 301 thousand (2021: CZK 393 thousand) that will be exercised in January 2023. It concerns payments received in 2022 where the date of making taxable supplies was determined for January 2023.

3.5.5 Unbilled revenue

	(in CZK thousands)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Not invoiced estimates - cleaning	270	10
Not invoiced stock exchange	22,047	22,675
Not invoiced lease-related services	0	99
Total	22,317	22,784

The amount of unbilled revenue is mainly comprised of not-invoiced services related to selling of exchange information in the amount of CZK 22,047 thousand (2021: CZK 22,675 thousand).

3.5.6 Receivables from group companies

	(in CZK thousands)	
Name of the company	Balance as at 31 December 2022	Balance as at 31 December 2021
Short-term trade receivables		
Centrální depozitář cenných papírů, a.s.	14,383	11,943
POWER EXCHANGE CENTRAL EUROPE, a.s.	21	135
Energy Clearing Counterparty, a.s.	3	0
Wiener Börse AG (fellow subsidiary)	368	601
Total	14,775	12,679

	(in CZK thousands)	
Name of the company	Balance as at 31 December 2022	Balance as at 31 December 2021
Unbilled revenue		
Centrální depozitář cenných papírů, a.s.	229	9
POWER EXCHANGE CENTRAL EUROPE, a.s.	35	1
Energy Clearing Counterparty, a.s.	6	0
Wiener Börse AG (fellow subsidiary)	22,047	22,675
Total	22,317	22,685

No receivables from group companies are overdue.

3.6 Prepaid expenses and accrued income

	(in CZK thousands)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
IT	5,660	6,089
Rental, incl. related services	5,499	5,580
Insurance	246	128
Other	1,281	2,367
Prepaid expenses	12,686	14,164
Other	1	187
Accrued income	1	187
Total prepaid expenses and accrued income	12,687	14,351

3.7 Total equity

3.7.1 Registered capital

The Company's registered capital recorded in the Commercial Register as at 31 December 2022 of CZK 100,721 thousand (2021: CZK 100,721 thousand) is divided into 265,056 registered shares with a nominal value of CZK 380 per share (2021: CZK 380).

3.7.2 Profit for the year 2022 distribution and planned distribution of profit for the year 2023

Profit for 2021 of CZK 249,685 thousand was approved and distributed based on the decision of the General Meeting held on 17 May 2022. The total profit distribution was CZK 249,844 thousand and the amount of CZK 159 thousand was distributed to retained earnings of previous years.

The Company plans to distribute profit for 2022 in the amount of CZK 283,778 thousand as profit share.

3.8 Provisions

	(in CZK thousands)	
	Provision for corporate income tax	Other provisions
Balance as at 1 January 2022	4,870	2,054
Utilization	(4,870)	(2,054)
Additions	7,800	1,834
Balance as at 31 December 2022	7,800	1,834

	(in CZK thousands)	
	2022	2021
Provision for corporate income tax	7,800	4,870
Other provisions	1,834	2,054
Balance as at 31 December	9,634	6,924

In 2022, the Company paid advances for corporate income tax including previous year additional tax of CZK 25,572 thousand (2021: CZK 26,909 thousand). The tax liability for 2022 amounted to CZK 30,196 thousand (2021: CZK 24,066 thousand). The final provision is CZK 7,800 thousand (2021: CZK 4,870 thousand).

As at 31 December 2022, a provision was recognized for untaken vacation of employees in the amount of CZK 1,834 thousand (2021: CZK 2,054 thousand).

3.9 Liabilities

3.9.1 Trade payables

(in CZK thousands)

Short-term trade payables and received advances	Balance as at 31 December 2022	Balance as at 31 December 2021
Short-term		
- trade payables (suppliers)	4,221	3,629
Total trade payables	4,221	3,629

None of trade payables is past due or secured.

3.9.2 Liabilities – controlled or controlling entity

As at 31 December 2022, the Company had a liability to EnCC of CZK 648 thousand (2021: CZK 744 thousand), due to signed agreement on provision of compensation payments.

3.9.3 Liabilities to employees

As at 31 December 2022, the Company had liabilities to employees of CZK 12,870 thousand (2021: CZK 7,403 thousand).

3.9.4 Liabilities arising from social security and health insurance

As at 31 December 2022, social security and health insurance liabilities amounted to CZK 5,392 thousand (2021: CZK 2,963 thousand), of which CZK 2,954 thousand (2021: CZK 1,595 thousand) were social security liabilities and CZK 2,438 thousand (2021: CZK 1,368 thousand) were health insurance liabilities.

None of these liabilities is past due.

3.9.5 Due to government – taxes and subsidies

(in CZK thousands)

	Balance as at 31 December 2022	Balance as at 31 December 2021
Other direct taxes	3,636	1,866
Value added tax	0	0
Total	3,636	1,866

In 2022 a receivable from government arose from a VAT settlement (see Note 3.5.4.).

As at 31 December 2022, the Company had a payable arising from the taxation of employees' wages of CZK 3,636 thousand (2021: CZK 1,866 thousand). None of these liabilities is past due.

3.9.6 Unbilled deliveries

Unbilled deliveries of CZK 439 thousand (2021: CZK 10,584 thousand) include estimated unbilled services related to 2022, compared to 2021 in which, in addition, employee bonuses (2021: CZK 10,409 thousand), including estimated social and health insurance, were estimated.

3.9.7 Liabilities to group companies

(in CZK thousands)

Name of the company	Balance as at 31 December 2022	Balance as at 31 December 2021
Short-term trade payables		
Centrální depozitář cenných papírů, a.s.	16	16
Wiener Börse AG	0	0
Total short-term trade payables	16	16

(in CZK thousands)		
Name of the company	Balance as at 31 December 2022	Balance as at 31 December 2021
Liabilities – controlled or controlling entity		
Energy Clearing Counterparty, a.s.	648	744
Total liabilities – controlled or controlling entity	648	744

(in CZK thousands)		
Name of the company	Balance as at 31 December 2022	Balance as at 31 December 2021
Liabilities to partners		
Centrální depozitář cenných papírů, a.s.	436	809
POWER EXCHANGE CENTRAL EUROPE, a.s.	125	220
Energy Clearing Counterparty, a.s.	0	11
Total liabilities to partners	561	1,040

Liabilities to partners comprise payables relating to VAT.

(in CZK thousands)		
Name of the company	Balance as at 31 December 2022	Balance as at 31 December 2021
Unbilled deliveries		
Centrální depozitář cenných papírů, a.s.	0	74
POWER EXCHANGE CENTRAL EUROPE, a.s.	0	10
Energy Clearing Counterparty, a.s.	0	2
Total unbilled deliveries	0	86

(in CZK thousands)		
Name of the company	Balance as at 31 December 2022	Balance as at 31 December 2021
Deferred income		
Centrální depozitář cenných papírů, a.s.	846	1,223
POWER EXCHANGE CENTRAL EUROPE, a.s.	111	160
Energy Clearing Counterparty, a.s.	18	26
Total deferred income	975	1,409

3.10 Accruals and deferred income

(in CZK thousands)		
	Balance as at 31 December 2022	Balance as at 31 December 2021
Accruals	341	868
Other	341	868
Deferred income	3,208	1,553
Rental and related services	976	1,409
Other	2,232	144
Total accruals and deferred income	3,549	2,421

3.11 Deferred tax

The deferred tax asset is comprised of the following items arisen from temporary differences:

Deferred tax	(in CZK thousands)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Difference between net book value of fixed assets for accounting and tax purposes	(35)	39
Provisions	348	390
Social and health insurance	0	500
Deferred tax asset (+) / liability (-)	313	929
Revenue (+) / expense (-) from change of deferred tax asset	(616)	(278)

The deferred tax as at 31 December 2022 is calculated at the tax rate of 19% (the tax rate for 2021 and later) depending on the period in which the reversal of temporary differences is expected.

The deferred tax as at 31 December 2021 was calculated at the tax rate of 19%.

3.12 Income tax on ordinary activity

Reconciliation of income tax expense and the profit reported in the income statement is as follows:

	(in CZK thousands)	
	2022	2021
Profit before tax	312,896	272,378
Theoretical tax at a tax rate of 19% (2021: 19%)	59,450	51,752
Tax effect of tax non-deductible expenses	784	1,204
Tax effect of income not subject to tax	(30,038)	(28,890)
Total tax	30,196	24,066
Refund of tax of prior years	(1,694)	(1,651)
Current tax	28,502	22,415
Change in deferred tax	616	278
Total income tax on ordinary activity	29,118	22,693

	(in CZK thousands)	
	2022	2021
Total tax	30,196	24,066
Income tax prepayment made	22,396	19,196
Income Tax Receivable (-) / Provision (+)	7,800	4,870

In 2022, the Company paid advances for corporate income tax including previous year additional tax of CZK 22,396 thousand (2021: CZK 19,196 thousand).

3.13 Revenues on ordinary activity by principal activity

(in CZK thousands)

	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Stock exchange fees	42,150	6,477	48,627	39,445	6,287	45,732
Annual trading fees	6,440	1,687	8,127	6,210	1,380	7,590
Listing fees	10,820	1,020	11,840	11,442	1,580	13,022
Trading fees	24,890	3,770	28,660	21,793	3,327	25,120
Services relating to settlement	52,984	0	52,984	41,721	0	41,721
Stock exchange information	2	44,139	44,141	0	44,575	44,575
Services for PXE	8,057	0	8,057	7,762	0	7,762
Services for CDCP - securities register	127,303	0	127,303	111,192	0	111,192
Other	9,231	0	9,231	9,156	0	9,156
Total revenues	239,727	50,616	290,343	209,276	50,862	260,138

3.14 Cost of services

(in CZK thousands)

	2022	2021
Repairs and maintenance	840	915
Travel expenses	363	259
Representation costs	587	375
Rental and services	15,039	14,518
Operating leases	2,081	2,215
Advisory and legal services	13,562	10,819
Audit	2,090	2,082
Promotion	4,322	4,228
IT services	19,422	18,392
Training, workshops, conferences	326	415
Other services	4,662	5,649
Total services	63,294	59,867

3.15 Other operating income

(in CZK thousands)

	2022	2021
Contractual fines and late charges	0	0
VAT coefficient impact	25	32
Other operating income	0	2
Total other operating income	25	34

3.16 Other operating expenses

(in CZK thousands)

	2022	2021
Gifts	530	198
Insurance premiums	509	453
Write-off of receivables	0	691
VAT coefficient impact	0	0
Membership payments to associations	565	566
Other operating expenses	1,903	1,741
Total other operating expenses	3,507	3,649

3.17 Finance income

(in CZK thousands)

	2022	2021
Income from long-term investments – interests	157,200	149,800
- dividends received from subsidiaries (CDCP)	157,200	141,800
- dividends received from associates (PXE)	0	8,000
Other finance income	361	231
- foreign exchange gains	361	231
Interest receivable and similar income	6,365	293
- bank accounts	6,265	293
- loans to subsidiaries	100	0
Total finance income	163,926	150,324

3.18 Finance cost

(in CZK thousands)

	2022	2021
Other finance cost	799	1,656
- foreign exchange losses	619	1,568
- other bank fees	169	76
- bank guarantees	11	12
Total finance cost	799	1,656

3.19 Related party transactions

3.19.1 Revenues from related party transactions

2022 (in CZK thousands)

Entity	Relation to the Company	Sales of services	Finance income	Total
Centrální depozitář cenných papírů, a.s.	subsidiary	171,047	157,208	328,255
Energy Clearing Counterparty, a.s.	subsidiary	153	100	253
POWER EXCHANGE CENTRAL EUROPE, a.s.	associate	9,215	1	9,216
Wiener Börse AG	parent company	44,139	152	44,291
Total revenues		224,554	157,461	382,015

2021 (in CZK thousands)

Entity	Relation to the Company	Sales of services	Finance income	Total
Centrální depozitář cenných papírů, a.s.	subsidiary	145,203	141,808	287,011
Energy Clearing Counterparty, a.s.	subsidiary	146	0	146
POWER EXCHANGE CENTRAL EUROPE, a.s.	associate	8,870	8,001	16,871
Wiener Börse AG	parent company	44,575	63	44,638
Total revenues		198,794	149,872	348,666

In addition to technical and other support services under contracts signed in compliance with the analysis of transfer prices, the Company provides to related parties other services as follows:

- cooperation in selling information and the PX index;
- rent of non-residential premises including services related to rent;
- rent of phone lines;
- interest-bearing borrowings.

Finance income also includes the disbursements of a profit share, see Note 3.17.

3.19.2 Costs incurred in related party transactions

2022 (in CZK thousands)

Entity	Relation to the Company	Services	Operating expenses	Finance cost	Total
Centrální depozitář cenných papírů, a.s.	subsidiary	201	0	8	209
Energy Clearing Counterparty, a.s.	subsidiary	648	0	250	898
POWER EXCHANGE CENTRAL EUROPE, a.s.	associate	0	0	2	2
Wiener Börse AG	parent company	10,509	109	59	10,677
Total cost		11,358	109	319	11,786

2021 (in CZK thousands)

Entity	Relation to the Company	Services	Operating expenses	Finance cost	Total
Centrální depozitář cenných papírů, a.s.	subsidiary	205	0	6	211
Energy Clearing Counterparty, a.s.	subsidiary	744	0	0	744
POWER EXCHANGE CENTRAL EUROPE, a.s.	associate	0	0	1	1
Wiener Börse AG	parent company	9,709	0	272	9,981
Total cost		10,658	0	279	10,937

In addition to fulfillment under contracts signed in compliance with the analysis of transfer prices, the Company received also services relating to the trading system.

4 EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1 Personnel expenses and number of employees (without benefits to members of the Company's statutory bodies)

The following table summarizes the average number of employees (expressed in full-time equivalents) and members of management of the Company for the years 2022 and 2021:

2022	Headcount	Total personnel expenses (in CZK thousands)
Employees	26	43,889
Management	6	19,126
Total	32	63,015

2021	Headcount	Total personnel expenses (in CZK thousands)
Employees	26	42,733
Management	7	21,594
Total	33	64,327

Personnel expenses relating to employees and executives do not include fulfilment provided to members of the Company's bodies, contributions to employees' pension and life insurance schemes and other social benefits.

In accordance with employee benefit policies, the Company contributes to employees' pension and life insurance schemes and provides other social benefits totaling CZK 2,468 thousand (2021: CZK 2,330 thousand).

The management includes the CEO and directors of departments. Personnel expenses include also social and health insurance.

4.2 Loans, borrowings and other benefits provided to members of the Company's bodies

In 2022 and 2021, total personnel expenses and other fulfilment provided to the members of the Exchange Chamber and the Company management were as follows:

(in CZK thousands)			
2022	Exchange Chamber	Management	Total
Remuneration provided to statutory bodies members	2,411	0	2,411
Life insurance and supplementary pension insurance contributions	0	295	295
Cars available also for personal purposes	0	918	918
2021	Exchange Chamber	Management	Total
Remuneration provided to statutory bodies members	2,391	0	2,391
Life insurance and supplementary pension insurance contributions	0	311	311
Cars available also for personal purposes	0	1,433	1,433

Amounts correspond with Company's internal supporting documentation and regulations. Cars to be used for private purposes represent non-cash benefits provided to the management.

The Supervisory Board members did not receive any bonuses in 2022 and 2021.

The Company does not record any payables relating to pension liabilities agreed with former members of management, supervisory and administrative bodies.

4.3 Contingent liabilities

4.3.1 Bank guarantees

The Company has a bank guarantee provided by Komerční banka, a.s. as at 31 December 2022 amounting to CZK 3,300 thousand (2021: CZK 3,300 thousand) for rent purposes in favor of VIG FUND uzavřený investiční fond, a.s.

The Company guaranteed for trading activities of its subsidiaries within the Group of CZK 130,575 thousand (2021: CZK 109,440 thousand).

4.3.2 Legal disputes

As at 31 December 2022, the Company was not involved in any legal disputes, the outcome of which would significantly impact the Company's financial statements.

4.4 Exchange arbitration court

A permanent arbitration court (Burzovní rozhodčí soud, the "BRS") has been established as an independent body to settle by independent arbitrators disputes arising from investment instruments trading pursuant to Act No. 216/1994 Coll. on Arbitration Proceedings and on Exercise of Arbitration Awards, and pursuant to the BRS arbitration proceeding rules.

The BRS is established by the Exchange Chamber. The BRS resides at the premises where the Company has its registered office.

(in CZK thousands)		
BRS results	2022	2021
Revenues	0	0
Expenses	3	2
Profit	(3)	(2)
Financial assets	1,413	1,416
Liabilities (advances received)	0	0

5 SUBSEQUENT EVENTS

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements for the year ended 31 December 2022.

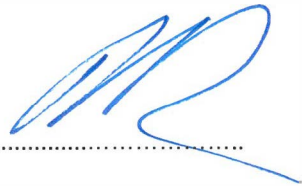
Prague, 3 March 2023

Statutory body signature:

Name: Petr Koblík

Position: CEO and Chairman of the Exchange Chamber

Signature:



Name: Ondřej Dušilek

Position: Member of the Exchange Chamber

Signature:



Independent Auditor's report

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Burza cenných papírů Praha, a.s.:

Opinion

We have audited the accompanying financial statements of Burza cenných papírů Praha, a.s. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

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, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these 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 the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company 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 Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board 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.

Ernst & Young Audit, s.r.o.
License No. 401



Roman Hauptfleisch, Auditor
License No. 2009

3 March 2023
Prague, Czech Republic

Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS 2022
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU

Name of the Company:	Burza cenných papírů Praha, a.s.
Registered Office:	Prague 1, Rybná 14/682
Legal Form:	Joint Stock Company
Identification number:	471 15 629
Date of Preparation:	3 March 2023

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2022

	Note	2022 TCZK	2021 TCZK
Revenues	5.1	643,659	626,695
Services	5.2	(91,725)	(83,857)
Employee benefit expenses	5.3	(157,117)	(152,069)
Depreciation and amortization expenses	5.4	(34,846)	(41,756)
Change in provisions and allowances for receivables		756	1,217
Other operating income	5.5	9,341	14,339
Other operating expenses	5.6	(16,956)	(16,468)
Profit from operating activities		353,112	348,101
Financial income	5.7	33,983	8,361
Financial expense	5.8	(11,559)	(9,062)
Share of profit of associates	5.10	(15,399)	588
Net financial income		7,025	(113)
Profit before income tax		360,137	347,988
Income tax expense	5.9	(71,242)	(65,077)
Profit from continuing operations		288,895	282,911
Attributable to:			
<i>Equity holders of the parent</i>		287,576	281,619
<i>Non-controlling interests</i>		1,319	1,292
		288,895	282,911
Other comprehensive income for the period		0	0
Total comprehensive income for the period		288,895	282,911
Attributable to:			
<i>Equity holders of the parent</i>		287,576	281,619
<i>Non-controlling interests</i>		1,319	1,292
		288,895	282,911

The Notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31.12.2022 TCZK	31.12.2021 TCZK
NON-CURRENT ASSETS			
Property and equipment	6.1	15,066	9,291
Intangible assets	6.2	7,585	15,463
Right-of-use assets	6.3	23,869	32,924
Investments in associated companies	6.4	35,958	45,357
Long-term receivables and loans		96	96
Deferred tax receivable	6.10	1,616	1,588
Financial assets at amortized cost	6.5	98,630	98,197
Total non-current assets		182,820	202,916
CURRENT ASSETS			
Trade receivables and other receivables	6.6	68,213	76,761
Other assets	6.7	18,673	21,575
Cash and short-term deposits	6.8	668,087	592,761
Total current assets		754,973	691,097
TOTAL ASSETS		937,793	894,013
SHAREHOLDERS' EQUITY			
Share capital	6.9.1	100,262	100,262
Treasury shares	6.9.2	(550)	(550)
Other funds	6.9.3	194,010	169,124
Retained earnings		471,753	457,766
Equity attributable to equity holders of the parent		765,475	726,602
Non-controlling interests		3,513	3,335
Total shareholders' equity		768,988	729,937
NON-CURRENT LIABILITIES			
Long-term lease liabilities	6.11	13,367	22,412
Total non-current liabilities		13,367	22,412
CURRENT LIABILITIES			
Trade payables	6.12	17,252	31,190
Employee benefit payable	6.13	54,108	57,485
Lease liabilities	6.11	11,533	11,869
Other current liabilities	6.14	25,086	24,692
Income tax payable	5.9	8,253	12,864
Current bank loans	6.15	39,206	3,564
Total current liabilities		155,438	141,664
LIABILITIES AND SHAREHOLDERS' EQUITY		937,793	894,013

The Notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2022

(in TCZK)

	Share capital	Treasury shares	Other funds	Retained earnings	Total Equity attributable to equity holders of the parent	Non-controlling interests	Total Equity
Balance at 31 December 2020	100,262	(550)	159,170	407,640	666,522	3,059	669,581
Comprehensive income							
Profit	0	0	0	281,619	281,619	1,292	282,911
Total comprehensive income	0	0	0	281,619	281,619	1,292	282,911
Transactions with owners of the Company							
Dividends	0	0	0	(221,631)	(221,631)	(924)	(222,555)
Additions to funds	0	0	9,954	(9,954)	0	0	0
Changes in majority share	0	0	0	92	92	(92)	0
Total transactions with owners of the Company	0	0	9,954	(231,493)	(221,539)	(1,016)	(222,555)
Balance at 31 December 2021	100,262	(550)	169,124	457,766	726,602	3,335	729,937
Comprehensive income							
Profit	0	0	0	287,576	287,576	1,319	288,895
Total comprehensive income	0	0	0	287,576	287,576	1,319	288,895
Transactions with owners of the Company							
Dividends	0	0	0	(248,807)	(248,807)	(1,037)	(249,844)
Additions to funds	0	0	24,886	(24,886)	0	0	0
Changes in majority share	0	0	0	104	104	(104)	0
Total transactions with owners of the Company	0	0	24,886	(273,589)	(248,703)	(1,141)	(249,844)
Balance at 31 December 2022	100,262	(550)	194,010	471,753	765,475	3,513	768,988

The Notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2022

	Note	31.12.2022 TCZK	31.12.2021 TCZK
Profit for the period		288,895	282,911
Adjustments for non-cash transactions:			
Income tax	5.9	71,242	65,077
Depreciation of property and equipment	6.1	7,936	6,516
Amortization of intangible assets	6.2	14,816	23,313
Depreciation of right-of-use	6.3	12,094	11,927
Gain on disposal of property		0	0
Share of profit of associates	5.10	15,399	(588)
Change in allowances for receivables	6.6	(450)	(1,063)
Change in provisions		(307)	(155)
Interest income	5.7	(24,902)	(2,806)
Interest expense including leases	5.8	535	501
Net operating cash flow before taxation and interest		385,258	385,633
(Increase)/decrease in accounts receivable and other assets		11,900	(11,108)
Increase/(decrease) in accounts payable and other liabilities		(16,614)	(4,338)
Change in other financial assets	6.8	(43,246)	146,804
Interest received	5.7	24,902	2,806
Interest paid	5.8	(54)	(12)
Income tax paid		(75,881)	(71,362)
Net cash flow from operating activities		286,265	448,423
Acquisition of tangible fixed assets	6.1	(13,711)	(5,450)
Acquisition of intangible fixed assets	6.2	(6,938)	(641)
Purchase of financial assets at AC	6.8	0	(196,803)
Contribution to equity of associates	6.4	(6,000)	0
Dividends received from associates	6.4	0	8,000
Net cash flow from investing activities		(26,649)	(194,894)
Financial lease payments	6.3	(12,901)	(12,664)
Loans repayments	6.15	(3,564)	(5)
Loan drawings	6.15	39,206	3,564
Dividends paid and payments made from funds		(249,844)	(222,555)
Net cash flow from financing activities		(227,103)	(231,660)
Net increase/decrease in cash and cash equivalents		32,513	21,869
Cash and cash equivalents at the beginning of the year		395,958	374,089
Cash and cash equivalents at the end of the year	8	428,471	395,958

The Notes form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

The principal operations of Burza cenných papírů Praha, a.s. (the “Company” or the “Prague Stock Exchange”) and its subsidiaries (together the “Group”) include:

- the principal activity of the Company is to organise the trading of financial instruments in compliance with generally binding legal regulations, the rules and regulations of the stock exchange and the authorisation to operate issued by decision no. 102/58294/92 of 16 October 1992 of the Ministry of Finance of the Czech Republic as amended based on a decision of the Ministry of Finance of the Czech Republic, the Securities Committee and the Czech National Bank (hereinafter “CNB”)
- managing the central records of dematerialized securities issued in the Czech Republic in accordance with Article 100 (1), (2) No. 256/2004, of the Act on the Capital Market,
- selected activities in accordance with Article 100 (3) No. 256/2004, of Act on the Capital Market;
- settlement of stock exchange trades; settlement of securities trades;
- settlement of derivative trades;
- evidence of securities accounts performed on behalf of the members of Centrální depozitář cenných papírů, a.s. (hereinafter “CSD” or the “Central securities depository Prague”)
- services of central counterparty which is operated by Energy Clearing Counterparty (hereinafter “EnCC”)

Burza cenných papírů Praha, a.s., having its registered office at Rybná 14/682, Prague 1, was incorporated by a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms. The Company was entered into the Commercial Register maintained by the Municipal Court in Prague, section B, and insert 1773, on 24 November 1992.

The consolidated financial statements for the consolidated Group have been prepared using the full consolidation method for subsidiaries and the equity consolidation method for associated companies.

The consolidated Group includes the following companies:

Company name	Classification	ID No.	% equity interest	
			2022	2021
Burza cenných papírů Praha, a.s.	Parent company	471 15 629	100.00%	100.00%
Centrální depozitář cenných papírů, a.s.	Subsidiary	250 81 489	100.00%	100.00%
Energy Clearing Counterparty, a.s.	Subsidiary	284 41 681	100.00%	100.00%
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	278 65 444	33.33%	33.33%

All companies stated above have their registered office at: Praha 1, Rybná 682/14, PSČ 110 05.

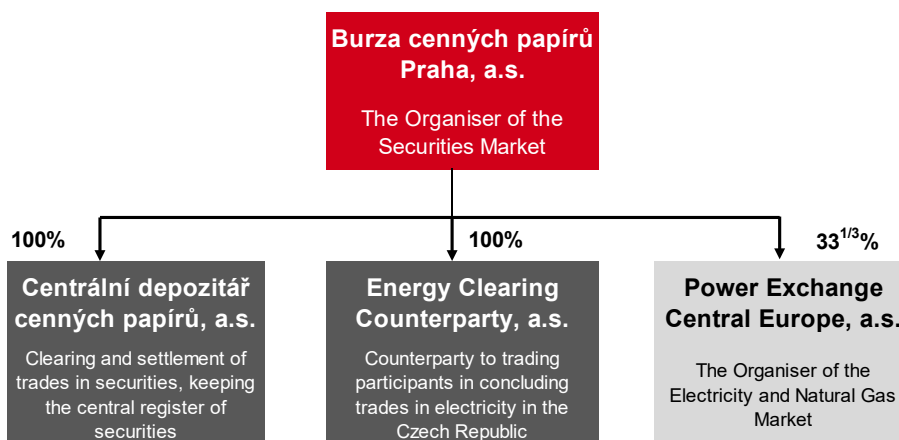
The companies are in compliance with Act No. 90/2012 on Commercial Companies and Cooperatives (the Act on Corporations) as a whole by proceeding according to Section 777 (5) of this Act.

Associate classification

From 1 January 2016 POWER EXCHANGE CENTRAL EUROPE, a.s. (hereinafter “PXE”) is reported as an investment in an associated company in the consolidated financial statements.

PXE established the company Power Exchange Central Europe Poland, Sp. z o.o. (hereinafter “PXE PL”) which was registered at National Register Court in Poland on July 22, 2021. PXE PL is owned by PXE in 100 % and operates activities on the Polish market.

Structure of the Consolidated Group as at 31 December 2022



The majority owner of the consolidated group is Wiener Börse AG, which holds a 99.543% share as at 31 December 2022 (2021: 99.543%).

Wiener Börse AG operates the stock market in Vienna and is owned by various Austrian banks, insurance companies and industrial companies. The business is based on four cornerstones: securities trading and listing, market data, index calculation and IT services. The stock exchange group operates the market data hub for Central and Eastern European (hereinafter “CEE”) markets and has established itself in the calculation of indices for the region. It cooperates with over ten exchanges in CEE.

2 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (the “EU”).

The consolidated financial statements are prepared on an accrual basis of accounting, whereby the effects of transactions and other events are recognized when they occur and are reported in the financial statements of the periods to which they relate, considering the going concern assumption.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, debt and equity financial assets that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The accounting policies have been consistently applied by all entities in the Group.

The presentation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and their reported amounts of income and expenses during the reporting period (see Note 4 for further discussion). Actual results could differ from those estimates.

The financial statements were authorized for issue by the Exchange Chamber and are subject to the approval of the shareholders annual general meeting.

Explanation Added for Translation into English

These consolidated financial statements have been prepared in Czech and in English. In all matters of interpretation of information, views or opinions, the Czech version of the consolidated financial statements takes precedence over the English version.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Principles of consolidation

The consolidated financial statements include the financial statements of the Company and the financial statements of all companies in which the Company exercises controlling (subsidiaries) and substantial (associated companies) influence.

An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

Associates are entities in which the Company has significant influence, but not control, over financial and operating policies and which are not subsidiaries. Associates are consolidated under the equity method from the date on which the Company acquires substantial influence.

All inter-group balances and transactions, including inter-group profits, are eliminated on consolidation. Where necessary, the accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3.2 Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls and investee if, and only if, the Group has (1) power over the investee, (2) exposure, or rights, to variable returns from its involvement with the investee, (3) the ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.3 Functional currency

The consolidated financial statements are presented in Czech crowns, which is the functional currency of all companies in the Group. All financial information is presented in thousands of Czech crowns ("TCZK"), unless stated otherwise.

3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 1) In the principal market for the asset or liability, or
- 2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.5 Cash and cash equivalents

Cash comprises cash in hand and cash in transit.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

3.6 Cash flow

The cash flow statement comprises changes in cash and cash equivalents from operating activity, investment activity and financial activity and is prepared using the indirect method.

3.7 Financial assets

The Group classifies its financial assets in the following category:

- 1) Financial assets at amortized cost (hereinafter “AC”) – debt instruments

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income.

In order for a financial asset to be classified and measured at amortized cost or fair value through comprehensive income, it needs to give rise to cash flows that are „solely payments of principal and interest (SPPI)“ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flow, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Financial assets are primarily derecognized when:

- 1) The rights to receive cash flows from the asset have expired Or
- 2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a „pass-through“ arrangement: either a) the Group has transferred substantially all the risks and rewards of the asset, or b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

3.7.1 Financial assets at amortized cost (hereinafter "AC") – debt instruments

The Group measures financial assets at amortized cost if both of the following conditions are met:

- 1) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 2) 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

Financial assets at amortized cost are subsequently measured using the effective interest rate (hereinafter "EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of respective interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net recognized value of the financial asset or liability. Group calculates the effective interest rate by estimating future cash flows, considering all contractual terms, but not considering any future credit losses. The calculation includes all fees paid or received between contractual parties that are an integral part of the effective interest rate, including transaction costs and other premiums or discounts.

The financial assets at amortized cost include trade receivables and loans to associated companies as well as deposits on central bank accounts or other bank accounts and Czech government bonds or treasury bills.

3.8 Financial liabilities

The Group classifies its financial liabilities in the following categories:

- 1) Financial liabilities at fair value through profit or loss And
- 2) Loans, borrowings and payables

The classification of financial liabilities at initial recognition is at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

3.8.1 Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- it is a derivative (except for derivative that is an effective hedging instrument).

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

3.8.2 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

3.9 Property and equipment / Intangible Assets

Property and equipment / intangible assets are stated at historical cost less depreciation / amortization. Depreciation / amortization is calculated on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful lives. The estimated useful lives of significant classes of assets are set out below:

Description	Depreciation/amortization period in years
IT Equipment	3-5
Furniture and fixtures	3-10
Software	3
Other intangible assets	3-5

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, as at each balance sheet date. Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

3.10 Leases

The Group assesses at contract inception whether a contract contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a time period in exchange for consideration.

For lease contract affecting the current financial statements the Group is only in the position of a lessee.

Where the Group is a lessee it applies a single recognition and measurement approach for all leases including short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.10.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Depreciation/amortization period in years
Office premises	6
Motor vehicles	3-5

The right-of-use assets are also subject to impairment, see the Note 3.13.

3.10.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date unless the interest rate implicit in the lease is readily determinable.

3.11 Investments in associated companies

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group accounts for investments in associates over the period of their existence using the equity method. On acquisition investments in associates are stated at acquisition cost, which may include:

- monetary amount of provided consideration,
- fair value of provided non-monetary performance,
- fair value of an equity investment.

Over the period of significant influence the initial cost of an investment in associates is adjusted by the Group's share of the net assets of the associated company.

Investments in associates are tested for impairment on a continuous basis, using the discounted cash flow method. Where an impairment of an investment in associates is identified, an allowance is established. The cost of an investment is reported in "Investments in associated companies". Changes in the value of associated companies are reported in "Share of profit of associates".

3.12 Impairment of financial assets

3.12.1 Overview of the ECL principles

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract (incl. effect of any prepayment or extension options, if any) and all the cash flows that the Group expects to receive (i.e. reflecting the cash shortfalls due to the credit risk), discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12mECL). This approach is applied also for assets that are of low credit risk as at the balance sheet date. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL or LTECL).

Based on the above process, the Group sorts its debt instruments into Stage 1, Stage 2, Stage 3, as described below:

- Stage 1: When debt instruments are first recognised, the Group recognises an allowance based on 12mECL.
- Stage 2: When debt instruments has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL.
- Stage 3: Debt instruments considered credit-impaired the Group records an allowance for the LTECL.

3.12.2 The Calculation of ECL

The Group calculates ECL based on a four probability-weighted scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR.

$$ECL = PD * LGD * EAD * D_t * FLI$$

- PD The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.
- EAD The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date
- LD The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.
- FLI The *Forward-Looking Information* as economic inputs, such as GDP growth, unemployment rates, central bank base rates and house price indices are considered for a calculation of ECL.
- Dt The *Discount factor*.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculation ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other debt instruments

The Group's financial assets at amortized costs comprise the Czech government bonds or treasury bills that are in the top investment category by the Moody's (2022: Aa3) and S&P (2022: AA-). Therefore, these debt instruments are considered to be low credit risk investments. It is a Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

The Group recognizes the lifetime expected credit losses for credit-impaired financial assets if the probability of default is set at 100%. The expected cash shortfalls are discounted by the original effective interest rate or its approximation.

3.13 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the carrying amount of a non-financial asset stated at net book value is greater than its estimated recoverable amount, an impairment loss is recorded to bring the asset's carrying amount to its recoverable amount. The recoverable amount is the greater of the following amounts:

- the market value which can be recovered from the sale of an asset under normal conditions, net of selling costs (fair value less costs of disposal);
- or the estimated future economic benefits arising from the use of the asset (value in use).

The largest components of the Group's assets are periodically tested for impairment and temporary impairments are provisioned under "Other net operating income/(expenses)" of the statement of comprehensive income. Any subsequent increase in the carrying amount arising from the reversal of an impairment must not exceed the carrying amount that would have been determined (net of amortization or accumulated amortization) had no impairment loss been recognized for the asset in prior years.

3.14 Revenue recognition

The Group adopted a five-step model to determine when to recognise revenue and at what amount. The new model specifies that revenue should be recognised when (or as) an entity 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, in a manner that depicts the entity's performance; or
- at a point in time when control of the goods or services is transferred to the customer.

The Group implemented the unified principle-based five-step model applicable to all customer agreements:

- identifies contract (contracts) with customer,
- identifies the performance obligation arising from the contract,
- defines the transaction price,
- allocates the transaction price to individual performance obligations,
- requires income recognition when fulfilling the obligation arising from the contract.

The Group has all revenues which have one promised good or service with no options granted to customers and are based on a fixed amount – fixed amount per time period, fixed amount per transaction.

There are no parts of the consideration from customers which are received more than 12 months prior or after the transfer of service to the customers and therefore the Group does not identify any significant financial components.

The revenues arising from contract have only one performance obligation – therefore the whole transaction price will be allocated to this performance obligation.

3.14.1 *Principal versus agent considerations*

The Group determines the nature of its promise if another entity is involved in providing goods or services to the customer and can be present in the transaction either as an agent or a principal. The Group does not act as an agent in any transaction in 2022 and in 2021.

3.14.2 *Revenue streams*

The administrative fees (for membership and quotation), exchange information, fee for records maintenance, connection fee, license fees for exchange trading and other services which are represented by revenues for rent services are recognized over-time. These revenues are measured using the output method. The revenues from trading on stock exchange, upfront listing fee, revenues from settlement of trades are recognized at point in time when the transaction is executed.

Fee for registration of issues and related services

The Group provides services related to the registration of issues based on the contract which is concluded with the issuer. The contract is comprised of performance obligation which is distinct within the context of the contract. The satisfaction of performance obligation is at a point in time OR over time depending on it when issuer simultaneously receives and consumes the benefits provided by the Group.

- The Group recognizes the revenue for registration of issues at a point in time if the issue is sold to the third side immediately.
- The Group recognizes the revenue for registration of issues over time if the issue is not sold to the third side and is kept on the issuer's own account.

The Group uses an input method in measuring progress of the service which is related to the registration of issues because there is a direct relationship between the Group's effort (i.e., based on the labour hours incurred) and the transfer of this service to the customer.

The Group expects that the remaining performance obligations related to the registration of new issues will be satisfied by one year.

As the Group's business activities focus on one business and geographical segment, the Group does not provide a segment analysis of its results of operations in the financial statements.

3.15 Current and deferred income tax

The Group is subject to income tax in the Czech Republic. Income tax for the period comprises current tax and the change in deferred tax. Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

The management of the Group assessed available information about future taxable profits and other potential sources of deferred tax asset utilization.

In 2022, the Group reported a deferred tax assets mainly arising from temporary differences in fixed assets which will affect the corporate income tax base in future periods.

The income tax presented in the statement of comprehensive income comprises the current year tax charge, adjusted for deferred taxation effects. Current tax comprises the tax payable calculated on the basis of the taxable income for the year, using the tax rates valid at the balance sheet date, and any adjustment of the tax payable for previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

The estimated value of tax losses expected to be available for utilization against future taxable income and tax deductible temporary differences are offset against the deferred tax liability within the same legal tax unit to the extent that the legal unit has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets including tax losses brought forward are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

3.17 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

At each balance sheet date:

- Cash and other monetary items denominated in foreign currencies are translated into CZK at the Czech National Bank (“CNB”) mid-rate applicable as at the balance sheet date;
- Non-monetary items denominated in foreign currencies and stated at historical cost are translated into CZK at the CNB mid-rate applicable as at the transaction date; and
- Non-cash items denominated in foreign currencies and measured at fair value are translated into CZK at the CNB mid-rate applicable as at the date on which the fair value was determined.

Income and expenses denominated in foreign currencies are recorded in Czech crowns at the exchange rate prevailing as at the date of the transaction.

Gains or losses arising from movements in exchange rates after the date of the transaction are recognized in “Net financial income/(expense)”.

3.18 Share capital and treasury shares

Ordinary shares are classified as equity. Where the Group purchases its own treasury shares or obtains rights to purchase share capital, the consideration paid, including any attributable transaction costs, is deducted from total shareholders’ equity as treasury shares until they are redeemed /cancelled. Where such shares are subsequently sold or reissued, any consideration received is added to the shareholders’ equity as “Treasury shares”.

3.19 Clearing fund and collateral fund

3.19.1 Clearing fund

The purpose of the CDCP Clearing fund (hereinafter “CLF”) is to accumulate assets (financial contributions from Prague Stock Exchange members (hereinafter “PSE”) to cover liabilities and risks resulting from the trades settled through Prague Stock Exchange by clearing and non-clearing members. Deposits to CLF are placed in a separate bank and property account in the name of Centrální depozitář cenných papírů, a.s.

Financial resources are allocated for the settlement of liabilities from trading by PSE members, especially to cover fees for unsatisfied liabilities of PSE members and trade settlement (settlement between the trade and substitute trade, or more precisely settlement of exchange rate differences).

The Group records financial resources of CLF in off-balance sheet accounts because the Group acts only as an agent of the account with no obligation other than to administer the fund on behalf of the PSE members.

Revenues from financial assets held through CLF are not part of the Company’s revenues. Revenues and expenses of CLF are distributed among individual members in compliance with agreed rules.

3.19.2 Collateral fund

In relation to stock exchange trades in securities the Collateral fund that guarantee securities trades has been recognized through Centrální depozitář cenných papírů, a.s. The Collateral Fund holds cash collateral that has been deposited by participants who have borrowed securities lent by other participants.

The Group records these funds in financial assets and correspondingly in liabilities to members in the association.

3.20 Bank guarantees

The guarantees are initially measured at their fair value (being typically the present value of the guaranty fee) and subsequently measured at the higher of expected credit losses and the initially recognized amount less cumulative income recognized in line with IFRS 9. Financial guarantees are recognized as off-balance financial instrument.

3.21 Changes in the accounting policies and disclosures

During the current accounting period, the Group adopted all new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB which relate to its line of business, are applicable to the accounting period beginning on 1 January 2022 and were adopted by the European Union.

Other accepted standards and interpretations issued and effective for the current accounting period, where the Group does not expect significant impact:

- Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020

Other accepted standards and interpretations issued but not effective for the current accounting period, where the Group does not expect significant impact:

Standards adopted by EU and effective after 1 January 2023:

- IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9 (Comparative information) and Amendments
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

Standards not yet adopted by EU:

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)
- IFRS 16: Lease Liability in a Sale and Leaseback (Amendments)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLICATION OF ACCOUNTING POLICIES

The Group makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Provision for expected credit losses of trade receivables

The Group uses the provision matrix approach to calculate impairment for trade receivables. In the provision matrix approach, impairment is calculated as a current amount of receivables in a predetermined Days Past Due bucket, multiplied by the historical loss rate associated with that time bucket and adjusted for forward looking information.

The Group analyzes the historical loss rates as the ratio, for each time bucket, of receivables that reached 365 Days Past Due to all receivables already paid that were in the given or any of the following time buckets. The analysis is based on data for 3 previous years and is updated yearly.

The calculated ratio shows the historical probability that the given receivable will migrate to the 365 days past due time bucket. Once the receivable is over 365 days past due, the receivable is subject to 100% impairment allowance. This ratio therefore represents the expected loss rate on receivables in the given time bucket and is used as the loss allowance coefficient.

Forward looking information component is equal to 1 since the receivables have high recoverability, therefore the Group does not expect the FLI to have a significant effect on the amount of loss allowance.

4.2 Provision for expected credit losses of cash, long-term financial assets and guarantees

These assets contain current account balances and guarantees at commercial banks and funds deposited at Czech National Bank due to the capital requirement according to the CSDR as well as Czech government bonds or treasury bills. These balances are subject to the general impairment model.

Elements of the ECL models that are considered accounting judgements and estimates include:

- The 12-month Probability of Default (PD) which is used for assets without a significant increase in credit risk since initial recognition and Lifetime PD for other assets. The Group assumes there will never be a significant increase in credit risk on these assets since the counterparties are investment-grade rated financial or government institutions, therefore the Group applies the “low credit risk exemption”.
- Determination of associations between macroeconomic scenarios and economic inputs and its effect on PDs, EAD and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models

The Group does not expect FLI to have an impact on the value of loss allowance, therefore FLI component equals 1.

4.3 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

4.4 Method used to recognize the fee for registration of issues

If the registered issue is not sold to the third side and is kept on the issuer's own account, the Group recognises revenue over the time by use of an input method to measure a Group's progress towards complete satisfaction of a performance obligation which is based on the labour hours expended. The Group recognizes the revenue for registration of issue proportionally to the Group's progress in satisfying the performance obligation. This proportion is given by the labour hours expended. The unrecognised part of revenue is deferred and recognized as the revenue when the issue is sold to the third side.

4.5 Leases

Lease term

The Group has several car leases contracts and a lease contract of office premises. All contracts include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that are within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. a significant change in the market rental rate).

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR is 0.6 % (2021: 0.6 %) for a lease contract of office premises and 9.0 % (2021: 5.0 %) for car leases contracts.

5 ADDITIONAL INFORMATION ON COMPREHENSIVE INCOME**5.1 Revenues**

Group's revenues were indirectly influenced by the war in Ukraine in 2022 which was caused by uncertainty and volatility in capital markets. However, the impact on the revenues is insignificant.

	2022		2021	
	Volume TCZK	Structure %	Volume TCZK	Structure %
Revenues from trading on stock exchange	28,661	4.5%	25,120	4.0%
Shares	26,381	4.1%	23,935	3.8%
Debt securities	1,259	0.2%	1,081	0.2%
Structured products	1,021	0.2%	104	0.0%
Administrative fees (for membership and quotation)	19,967	3.1%	20,612	3.3%
Exchange information	43,833	6.8%	44,034	7.0%
Revenues from CSD services (excluding settlement)	426,123	66.2%	428,901	68.5%
Fee for registration of issues and related services	127,683	19.8%	150,323	24.0%
Fee for records maintenance	259,970	40.4%	240,508	38.4%
Other services CSD	38,470	6.0%	38,070	6.1%
Revenues from settlement of trades	114,207	17.8%	96,903	15.4%
License fees for exchange trading	307	0.0%	541	0.1%
Other revenues	10,561	1.6%	10,584	1.7%
Total	643,659	100.0%	626,695	100.0%

The Group cooperates with Wiener Börse AG in selling exchange data. The services provided by the Group to Wiener Börse AG are described in detail in Note 10.

The Group recognizes following deferred income which are related to the IFRS 15:

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Deferred income for registration of new issues – IFRS 15	4,058	8,305

The Group expects that the remaining performance obligations related to the registration of new issues will be satisfied by one year.

5.2 Services

	(in TCZK)	
	2022	2021
Services related to rental premises	(3,914)	(3,744)
Taxes and fees	(308)	(298)
IT maintenance services and repairs of assets	(30,199)	(26,921)
Costs of usage of technical trading system XETRA	(10,510)	(9,709)
Data links and connections	(2,864)	(2,984)
Securities administration services	(7,674)	(8,125)
Communication fees (telecommunication, mail, transport)	(864)	(1,493)
Information services	(1,915)	(1,856)
Marketing and advertisement	(6,862)	(6,564)
Market development	(675)	(581)
Advisory and tax services	(18,698)	(14,923)
Statutory audit services	(3,009)	(2,999)
Travelling expenses	(571)	(381)
Lease (cars) – non-tax cost	(562)	(537)
Training	(1,107)	(982)
Other services	(1,993)	(1,760)
Total	(91,725)	(83,857)

The most significant expenses of the Group are represented by services associated with operation and maintenance of intangible assets that are used for running the trade system and database of records. In 2022 these expenses amounted TCZK 30,199 (2021: TCZK 26,921).

5.3 Employee benefit expenses

	(in TCZK)	
	2022	2021
Salaries	(118,881)	(114,860)
Statutory social and health insurance	(32,131)	(31,859)
Other employee expenses	(6,105)	(5,350)
Total	(157,117)	(152,069)

The Group provides monetary remuneration to the members of the Exchange Chambers, Boards of Directors and Supervisory Boards for the fulfilment of their functions.

Accordingly, the members of the Exchange Chambers, Boards of Directors and Supervisory Boards obtained remuneration in the amount of TCZK 16,243 (2021: TCZK 15,932).

5.4 Depreciation and amortization expenses

	(in TCZK)	
	2022	2021
Depreciation of tangible fixed assets (Note 6.1)	(7,936)	(6,516)
Amortization of intangible fixed assets (Note 6.2)	(14,816)	(23,313)
Amortization of right-of-use assets (Note 6.3)	(12,094)	(11,927)
Total	(34,846)	(41,756)

5.5 Other operating income

(in TCZK)

	2022	2021
Data services	7,334	7,076
Fees for suspended and unsettled trades	471	5,861
Operating revenues to associated company	699	506
VAT coefficient	86	93
Other operating revenues	751	803
Total	9,341	14,339

5.6 Other operating expenses

(in TCZK)

	2022	2021
Material consumption	(3,514)	(3,865)
Cleaning services	(644)	(589)
Members' fees	(1,176)	(1,212)
Liability insurance and property insurance	(1,803)	(1,697)
Representation costs	(1,743)	(972)
Fee for operating of legal person identification	(3,594)	(3,126)
Receivable write-offs	(307)	(1,243)
Other operating expenses	(4,175)	(3,764)
Total	(16,956)	(16,468)

5.7 Financial income

(in TCZK)

	2022	2021
Interest income from instruments AC (using EIR)	24,903	2,806
Foreign exchange rate differences	9,080	5,555
Other financial revenues	0	0
Total	33,983	8,361

5.8 Financial expenses

(in TCZK)

	2022	2021
Interest expenses on debts and borrowings (using EIR)	(54)	(12)
Interest expenses from lease liabilities	(481)	(489)
Foreign exchange rate differences	(9,747)	(7,558)
Other financial expenses (banking fees)	(1,277)	(1,003)
Total	(11,559)	(9,062)

5.9 Income tax expenses

	(in TCZK)	
	2022	2021
Income tax payable – current period	(74,248)	(70,015)
Additional corporate income tax payment/(refund) - previous year	2,978	2,958
Deferred tax (Note 6.10)	28	1,980
Total	(71,242)	(65,077)

	(in TCZK)	
	2022	2021
Income tax payable – current period	(74,248)	(70,015)
Income tax advance payments	65,995	57,151
Total	(8,253)	(12,864)

The tax on the Group's profit before tax represents the theoretical amount that would arise using the basic tax rate as follows:

	(in TCZK)	
	2022	2021
Profit before tax	360,137	347,988
Theoretical tax calculated at a tax rate of 19% (2021: 19%)	68,426	66,118
Non-taxable revenues	(996)	(1,651)
Non-taxable share of profit of associates	2,926	(112)
Permanent expenses not deductible for tax purposes	3,864	3,682
Total income tax from operations	74,220	68,035
Correction of prior year tax	(2,978)	(2,958)
Total income tax expenses	71,242	65,077
Effective income tax	19.8%	18.7%

Non-taxable revenues represent a provision release in 2022.

5.10 Share of profit of associates

A share of profit of POWER EXCHANGE CENTRAL EUROPE, a.s. (the associated company), in which the Company holds a 33.33% interest as at 31 December 2022, amounted to loss TCZK 6,075 (2021: profit TCZK 588). As of 31 December 2022 the Group tested the investment for impairment by applying the discounted cash flow method. Consequently, it created an allowance to this investment in a value of TCZK 9,324 in 2022 (2021: TCZK 0).

	(in TCZK)	
	2022	2021
Ownership in %	33.33 %	33.33 %
Group's share of profit/loss of associates	(6,075)	588
An allowance to the investments	(9,324)	0
Group's share of profit of associates	(15,399)	588

Additional information is disclosed in the Note 6.4.

6 ADDITIONAL INFORMATION ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION**6.1 Property and Equipment**

(in TCZK)

Carrying amount	IT Equipment	Fixtures and fittings	Motor vehicles	Tang. Fixed assets under constr.	Total
As at 1 January 2021	48,731	8,415	0	862	58,008
Additions	7,907	129	0	0	8,036
Disposals	(18,908)	(215)	0	(862)	(19,985)
As at 31 December 2021	37,730	8,329	0	0	46,059
Additions	12,077	0	1,419	215	13,711
Disposals	(2,618)	(101)	0	0	(2,719)
As at 31 December 2022	47,189	8,228	1,419	215	57,051

(in TCZK)

Accumulated depreciation	IT Equipment	Fixtures and fittings	Motor Vehicles	Tang. Fixed assets under constr.	Total
As at 1 January 2021	41,644	7,731	0	0	49,375
Additions	6,159	357	0	0	6,516
Disposals	(18,908)	(215)	0	0	(19,123)
As at 31 December 2021	28,895	7,873	0	0	36,768
Additions	7,606	263	67	0	7,936
Disposals	(2,618)	(101)	0	0	(2,719)
As at 31 December 2022	33,883	8,035	67	0	41,985

(in TCZK)

Net book value	IT Equipment	Fixtures and fittings	Motor vehicles	Tang. Fixed assets under constr.	Total
As at 1 January 2021	7,087	684	0	862	8,633
As at 31 December 2021	8,835	456	0	0	9,291
As at 31 December 2022	13,306	193	1,352	215	15,066

Property and equipment of the Group predominantly include computers necessary to secure trading, central securities register and data store.

Additions to tangible fixed assets of TCZK 13,711 (2021: TCZK 8,036) represent a purchase of computer/IT related to IT security and office equipment.

6.2 Intangible fixed assets

(in TCZK)

Carrying amount	Software	Others	Intang. Fixed assets under constr.	Total
As at 1 January 2021	207,890	227,042	1,724	436,656
Additions	353	0	288	641
Disposals	(2,755)	0	(1,724)	(4,479)
As at 31 December 2021	205,488	227,042	288	432,818
Additions	3,793	0	3,145	6,938
Disposals	(163,575)	(226,655)	0	(390,230)
As at 31 December 2022	45,706	387	3,433	49,526

(in TCZK)

Accumulated amortization	Software	Others	Intang. Fixed assets under constr.	Total
As at 1 January 2021	199,660	197,136	0	396,796
Additions	4,425	18,888	0	23,313
Disposals	(2,754)	0	0	(2,754)
As at 31 December 2021	201,331	216,024	0	417,355
Additions	3,798	11,018	0	14,816
Disposals	(163,575)	(226,655)	0	(390,230)
As at 31 December 2022	41,554	387	0	41,941

(in TCZK)

Net book value	Software	Others	Intang. Fixed assets under constr.	Total
As at 1 January 2021	8,230	29,906	1,724	39,860
As at 31 December 2021	4,157	11,018	288	15,463
As at 31 December 2022	4,152	0	3,433	7,585

The most significant items of intangible assets of the Group were the purchased records database and the purchase of software licenses associated with the activities of the central securities depository. The Group spent TCZK 400,766 on the purchase of these assets in 2011 and 2010. Net book value of the records database as of 31 December 2022 is CZK 0 (2021: TCZK 11,018). The Group decided to dispose of the intangible assets related to the records database in 2022, the activities are operated on new technologies.

The remaining part of intangible assets consists of information systems, other computer programs for automatic application testing, applicational virtualization and computer programs necessary to secure the continuity of stock trading and settlement of transactions with investment instruments.

Additions to intangible assets in the amount of TCZK 6,938 (2021: TCZK 641) are mainly represented by purchases of security software and distributed ledger technology (DLT).

6.3 Leases

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(in TCZK)

Carrying amount	Office Premises	Motor vehicles.	Total
As at 1 January 2021	54,369	7,808	62,177
Additions	675	4,629	5,304
Disposals	0	(5,701)	(5,701)
As at 31 December 2021	55,045	6,736	61,780
Additions	1,316	5,295	6,611
Disposals	0	(7,919)	(7,919)
As at 31 December 2022	56,361	4,111	60,472

(in TCZK)

Accumulated depreciation	Office Premises	Motor vehicles.	Total
As at 1 January 2021	17,324	3,325	20,649
Additions	8,876	3,051	11,927
Disposals	0	(3,720)	(3,720)
As at 31 December 2021	26,200	2,656	28,856
Additions	9,280	2,814	12,094
Disposals	0	(4,348)	(4,348)
As at 31 December 2022	35,480	1,123	36,603

(in TCZK)

Net book value	Office Premises	Motor vehicles	Total
As at 1 January 2021	37,045	4,483	41,528
As at 31 December 2021	28,845	4,079	32,924
As at 31 December 2022	20,881	2,988	23,869

The Group does not apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. There are not any variable lease payments, the office premises lease is only increased by consumer price index every year.

The following are the amounts recognised in profit or loss:

(in TCZK)

2022	Office Premises	Motor vehicles.	Total
Depreciation expense of right-of-use	(9,280)	(2,814)	(12,094)
Interest expense on lease liabilities	(250)	(231)	(481)
Deferred tax	(57)	(5)	(62)
Total amount recognised in profit or loss	(9,587)	(3,050)	(12,637)

(in TCZK)

2021	Office Premises	Motor vehicles.	Total
Depreciation expense of right-of-use	(8,876)	(3,051)	(11,927)
Interest expense on lease liabilities	(285)	(203)	(488)
Deferred tax	(45)	(2)	(47)
Total amount recognised in profit or loss	(9,206)	(3,256)	(12,462)

Total financial lease payments were TCZK 12,901 in 2022 (2021: TCZK 12,664)

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Due in 1 year	0	0
Due in 1–5 years	40,461	7,927
Due in more than 5 years	15,589	55,273
Total minimum lease payments	56,050	63,200

As at 31 December 2022, the Group does not have any agreement to make a Contract for lease of a vehicle which would result in a contractual penalty.

Additional information is disclosed in the Note 7.

6.4 Investments in associated companies

On 1 January 2016, the Company lost control over POWER EXCHANGE CENTRAL EUROPE, a.s. As a result, the Company recorded PXE as a 33.33% investment in an associate in its consolidated financial statements. The majority stake is held by European Energy Exchange (hereinafter “EEX”) and amounts to 66.67%.

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Ownership in %	33.33 %	33.33 %
Property and equipment	11	34
Intangible assets	6,071	20,091
Investment in subsidiary	28	28
Right-of-use	2,223	3,036
Deferred tax assets	511	0
Long-term receivables and loans	23	23
Non-current assets	8,867	23,212
Income tax receivable	3,596	5,779
Trade and other receivables	8,247	9,147
Other assets	390	471
Cash and cash equivalents	31,132	15,696
Current assets	43,365	31,093
Deferred tax liabilities	0	(617)
Long-term liabilities from leasing	(1,055)	(1,801)
Non-current liabilities	(1,055)	(2,418)
Trade liabilities	(2,072)	(2,422)
Provisions	(816)	(788)
Other current liabilities	(4,201)	(3,813)
Employee benefit payable	(7,956)	(8,508)
Total current liabilities	(15,045)	(15,531)
Total net assets (100%)	36,132	36,356
Total net assets (33.33%; 2021: 33.33%)	12,044	12,119
Original cost of investments in associates to fair value	41,730	41,730
Cumulative impairment allowance	(17,816)	(8,491)
Carrying amount of investments in associates	35,958	45,357
Total income	52,611	57,371
Total profit/loss for the period (100%)	(18,224)	1,763
Group's share of profit/loss	(6,075)	588

6.4.1 Impairment testing of investments in associates

As at 31 December 2022 the Group's investment in an associate stated at fair value was tested for impairment using the discounted cash flow method.

	(in TCZK)	
	2022	2021
As at 1 January	45,358	52,770
Share of profit of associates without contribution to equity	(6,075)	588
Contribution to equity of associates	6,000	0
Dividend payment	0	(8,000)
Allowance for equity investments (DCF method)	(9,325)	0
As at 31 December	35,958	45,358

The fair value of an investment in an associate as at 1 January 2016 was determined at TCZK 51,819 based on the sale of a 66.67% participation interest to EEX. The fair value was decreased by 15% owing to the fact that the sold participation interest included a premium surcharge for a controlling interest in PXE.

The Group discovered that after including a share of loss of an associate of TCZK 6,075 and the contribution to the equity of the associate in a value of TCZK 6,000, the recoverable amount of the appropriate investment changed as of 31 December 2022 after testing the investment by the discounted cash flow method. The Group decided to create an allowance in the value of TCZK 9,325 in 2022, the cumulative impairment allowance is TCZK 17,816 as of 31 December 2022 (2021: TCZK 8,491). The Group used budgeted cash flows of the associate for calculation of discounted cash flows. Discounted factor was determined using weighted average cost of capital of PXE.

6.5 Financial assets at amortized costs

The Group purchased the Czech government bonds CZGB 0,25 02/10/27, ISIN CZ0001005037, in a total nominal value of TCZK 50,000 with a maturity on February 10, 2027 and the Czech government bonds CZGB 1,25 02/14/25, ISIN CZ0001005870, in a total nominal value of TCZK 50,000 with a maturity on February 14, 2025.

The Czech government bonds are presented as long-term financial assets at amortized cost.

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Czech government bonds	98,630	98,197
Total financial assets at amortized costs	98,630	98 197

	(in TCZK)	
	2022	2021
Financial assets at AC as at 1 January	98,197	75,394
Price incl. transaction cost	0	97,283
Bond maturity	0	(75,562)
Interest income incl. amortisation (using EIR)	433	1,082
Financial assets at AC as at 31 December	98,630	98,197

The Group is going to hold Czech government bonds with the purpose to collect contractual cash flows.

Additional information is disclosed in the Note 6.8.

6.6 Trade and other receivables

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Trade receivables	44,030	49,497
<i>physical settlement of trades with electric energy</i>	524	0
<i>trade receivables</i>	43,506	49,497
Adjustments to trade receivables	(3,685)	(4,135)
Total net receivables	40,345	45,362
Estimated receivables	22,122	22,794
Short-term advances	680	16
Receivables from employees	43	44
Other financial assets	2,385	4,123
Financial assets	65,575	72,339
Receivable from state ensuing from excessive VAT deduction	2,638	4,422
Non-financial assets	2,638	4,422
Total trade and other receivables	68,213	76,761

Trade receivables mainly represent fee receivables ensuing from activities of stock exchange members, participants in the settlement of investment instruments, electricity and gas traders at the commodity exchange and fees for services for members of the central securities depository.

Estimated receivables comprise estimates for un-invoiced services associated with the sale of exchange data.

Impairment allowance can be analysed as follows:

	(in TCZK)	
	2022	2021
Balance as at 1 January	4,135	5,198
Additions	899	1,090
Receivable write-offs	(307)	(1,243)
Release	(1,042)	(910)
Balance as at 31 December	3,685	4,135

Additional information is disclosed in the Note 7.

6.7 Other assets

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Prepayments	18,673	21,574
Non-financial assets	18,673	21,574
Total	18,673	21,574

The Group prepayments comprise mainly of prepayments for service support and IT systems operation, prepayments for depository and administration of securities records evidence and insurance.

6.8 Cash and short-term deposits

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Cash in hand	103	108
Cash at bank	667,984	313,216
Cash and cash deposits	668,087	313,324
Short-term deposits – treasury bills	0	279,437
Cash and short-term deposits	668,087	592,761

The Company did not hold any treasury bills as of 31 December 2022 (2021: TCZK 279,437). The cash at the bank in the amount of 186,370 has a restriction on the use of cash due to holding a capital requirement of the company Central Securities Depository Prague. The cash at the bank in the amount of TCZK 53,246 has a restriction on the use of cash due to holding a margin requirement of the company Energy Clearing Counterparty, a.s.

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Cash and cash equivalents with no limited availability	428,471	395,958
Treasury bills – a restriction on the use	0	196,803
Unicredit Bank Germany, AG – a restriction on the use	53,246	0
Česká národní banka – a restriction on the use	186,370	0
Cash and short-term deposits	668,087	592,761

According to the CSDR regulation, CSD is obliged to meet the capital requirement which is a requirement for the CSDR licence. The capital requirement must be kept in liquid assets throughout the term of the CSDR licence and is not presented in cash equivalents. The amount is TCZK 285,000 as of December 31, 2022 (2021: TCZK 295,000) and is distributed into following financial instruments:

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Czech government bonds (Note 6.5)	98,630	98,197
Treasury bills	0	196,803
Balances at bank accounts	186,370	0
Česká národní banka	186,370	0
Limited disposal accounts – CSDR licence	285,000	295,000

The changes in cash and short-term deposits which have a restriction on the use are represented in the cash flow statement in the line “Change in other financial assets”.

Additional information is disclosed in the Note 6.5.

6.9 Share capital and shareholders' fund**6.9.1 Share capital**

The balance of the Company's share capital recorded in the Commercial Register comprises of 265 056 registered common shares with a nominal value of CZK 380 per share as at 31 December 2022 (2021: 380 CZK). The share capital was fully paid. The shareholder has right to participate on profit, attend and vote on the general meeting, request explanation and make proposals and counter-proposals. No special rights are assigned to these primary shares.

6.9.2 Treasury shares

The transferability of the Company's shares is restricted as they may be transferred to third parties solely subject to the prior approval of the Exchange Chamber. The approval is subject to the consent of a qualified two-thirds majority of the Exchange Chamber members in attendance. In addition, the Company is obligated to repurchase its treasury shares where the Exchange Chamber does not agree with their transfer to another person.

In 2022, the Company held treasury shares with an acquisition price of TCZK 550 (2021: TCZK 550) which is 0.042 % of the total share on share capital.

6.9.3 Other funds

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Other capital funds	9,900	9,900
Reserve fund	185,000	160,000
Total	194,900	169,900

Other capital contributions represent a portion of the registered capital of the subsidiary Centrální depozitář cenných papírů, a.s. of TCZK 9,900, increased in the past accounting periods using retained profits.

6.10 Deferred tax

The Group recognizes a deferred tax receivable as at 31 December 2022 in the amount of TCZK 1,616 (2021: TCZK 1,588). Deferred income tax receivable is attributable to the following items arising from temporary differences:

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Property, equipment and intangible assets	(78)	(2,180)
Provisions	1,429	2,294
Leasing	196	258
Others	69	1,216
Deferred tax liability (-) / receivable (+)	1,616	1,588

	(in TCZK)	
	2022	2021
As at 1 January	1,588	(392)
Tax charge per the statement of comprehensive income	28	1,980
As at 31 December	1,616	1,588

Deferred income tax is recognized on all temporary differences between the accounting and tax carrying amount of an asset or liability using the tax rates that have been enacted and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax liability primarily relates to the difference between the periods of accounting and tax amortization of intangible fixed assets.

Deferred tax as at 31 December 2022 is calculated using an applicable tax rate of 19% (tax rate for 2023 and following years), depending on the period in which temporary differences are expected to be reversed.

The Group records a deferred tax liability in any case and it only claims receivables that are expected to be applied in a future period.

6.11 Lease liabilities

	Interest rate in %	Maturity	As at 31 December 2022	As at 31 December 2021
Lease liabilities	0.6-9.0	2023	11,533	11,869
Long-term lease liabilities	0.6-9.0	2024-2025	13,367	22,412
Total			24,900	34,281

(in TCZK)

Additional information is disclosed in the Note 6.3 and 7 .

6.12 Trade payables

	As at 31 December 2022	As at 31 December 2021
Trade payables from electricity trading	6,023	23,352
Other trade payables	11,229	7,838
Total	17,252	31,190

(in TCZK)

Trade payables from electricity trading are represented by liabilities from physical settlement of electric energy supplies from Energy Cleating Counterparty, a.s.

No trade payables were overdue as of 31 December 2022.

Additional information is disclosed in the Note 7.

6.13 Employee benefit payable

As at 31 December 2022 payables to employees include salaries for December 2022 including social security and health insurance premiums of TCZK 43,720 (2021: TCZK 27,418).

In addition, the Group reported estimated payables relating to the payment of bonuses (including social security and health insurance) of TCZK 6,925 (2021: TCZK 26,297) and payables related to the untaken vacation of TCZK 3,463 (2021: TCZK 3,770).

6.14 Other liabilities

	As at 31 December 2022	As at 31 December 2021
Payables to associated company	125	221
Accrued expenses	1,140	1,447
Estimated payables	707	1,088
Other payables	595	447
Financial liabilities	2,567	3,203
Other tax liabilities	8,627	5,108
Deferred revenues	13,893	16,381
Non-financial liabilities	22,519	21,489
Total other liabilities	25,086	24,692

(in TCZK)

Payables of TCZK 595 (2021: TCZK 447) comprise primarily of payables to shareholders in arising from distribution of securities.

Other tax liabilities of TCZK 8,627 (2021: TCZK 5,108) primarily relate to income tax on employment. Deferred revenues in amount of TCZK 13,893 (2021: TCZK 16,381) relate to revenues from services provided by the Group such as the assignment of the Legal Entity Identifier (LEI) to legal entities and services for a registration of new issues.

Additional information is disclosed in the Note 7.

6.15 Bank loans and guarantees

Since 2013 the Group has a general agreement with UniCredit Bank Czech Republic and Slovakia, a.s. (hereinafter "Unicredit Bank") for using a bank overdraft up to the amount of TEUR 5,000 (2021: TEUR 3,000).

In 2022, the Group has an active overdraft facility of TCZK 10,000 (2021: TCZK 10,000) with Komerční banka, a.s. (hereinafter "KB").

As at 31 December 2022, the Group also has concluded a Contract for provision of a bank guarantee of TCZK 3,300 (2021: TCZK 3,300) with KB. In 2022 was terminated a Contract for provision of a bank guarantee to secure a contingent liability to European Commodity Clearing AG of TEUR 1,000 (2021: TEUR 1,000), the liability is secured by Group's own funds deposited in the current account.

	Limit in mil.		Limit in TCZK	Interest rate in %	Maturity	2022 in TCZK	2022 in TEUR
Bank overdraft Unicredit Bank	5.0	EUR	120,575	1M EURIBOR+1.00	On demand	39,192	1,625
Bank overdraft KB	10.0	CZK	10,000	PRIBOR ON+0.75	On demand	0	0
			130,575			39,192	1,625
Bank guarantee KB	3.3	CZK	3,300	0.50	28.02.2022	0	0
			3,300			0	0
Total			133,875			39,192	1,625

	Limit in mil.		Limit in TCZK	Interest rate in %	Maturity	2021 in TCZK	2021 in TEUR
Bank overdraft Unicredit Bank	3.0	EUR	74,580	1M EURIBOR+1.00	On demand	0	0
Bank overdraft KB	10.0	CZK	10,000	PRIBOR ON+0.75	On demand	0	0
			84,580			0	0
Bank guarantee KB	1.0	EUR	24,860	0.30	28.02.2022	0	0
Bank guarantee KB	3.3	CZK	3,300	0.50	28.02.2022	0	0
			28,160			0	0
Total			112,740			0	0

The Group uses credit cards with a maximum limit of TCZK 200. As of 31 December 2022, the Group drew a credit limit in a value of TCZK 14 (2021: TCZK 8).

The amount of TCZK 3,556 in 2021 represented a debit on the bank account at Clearstream Bank which was settled at the beginning of the year 2022.

Additional information is disclosed in the Note 7 and 7.1 Management of credit risk.

7 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES**7.1 Management of credit risk**

The Group actively reduces the credit risk that arises mainly on the settlement of trades in securities and derivatives. In order to reduce the credit risk, the market participants are obliged to contribute to the collateral fund and give to the Group direct debit authorization for their current accounts. The Group assessed the concentration of risk with respect to the business activities and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The Group uses services of several financial institutions so the risk which is related to the cash on bank accounts is reduced. The Group actively monitors the rating of the banks it has deposits with and prohibits deposits with banks below the Investment grade rating.

The Group invests only on quoted debt securities with very low credit risk that are government bonds or treasury bills and are graded in the top investment category.

Maximum exposure to credit risk and the quality of assets

The Group concludes the financial guarantee contracts and credit limits for the period of one year and they can be prolonged automatically. The maximal credit risk exposure relating to financial guarantee contracts at the maximum amount the Group could have to pay if the guarantee is called on is TCZK 3,300 (2021: TCZK 28,160). The maximal credit risk exposure relating to credit limit contracts at the maximum amount the Group could have to pay is TCZK 130,575 (2021: TCZK 84,580).

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Long-term receivables	96	96
Long-term financial assets at AC	98,630	98,197
Trade receivables	40,345	45,362
Other financial assets	25,230	26,977
Cash and short-term deposits	668,087	592,761
Total	832,388	763,393

Quality of financial assets which are not overdue or impaired

	(in TCZK)					
2022	AAA	AA- / AA+	A- / A+	BBB+	No rating	Total
Financial Assets						
Long-term receivables	0	0	0	0	96	96
Long-term financial assets at AC	0	98,630	0	0	0	98,630
Trade receivables	0	0	0	0	40,345	40,345
Other financial assets	0	0	0	0	25,230	25,230
Cash and short-term deposits	0	285,421	322,647	59,916	103	668,087
Total	0	384,051	322,647	59,916	65,774	832,388
Bank guarantee	0	0	3,300	0	0	3,300
Total	0	0	3,300	0	0	3,300

	(in TCZK)					
2021	AAA	AA- / AA+	A- / A+	BBB	No rating	Total
Financial Assets						
Long-term receivables	0	0	0	0	96	96
Long-term financial assets at AC	0	98,197	0	0	0	98,197
Trade receivables	0	0	0	0	45,362	45,362
Other financial assets	0	0	0	0	26,977	26,977
Cash and short-term deposits	0	279,944	301,904	10,805	108	592,761
Total	0	378,141	301,904	10,805	72,543	763,393
Bank guarantee	0	0	28,160	0	0	28,160
Total	0	0	28,160	0	0	28,160

The Group deposited its financial assets in the following banks and with the following rating and participation:

Financial institution	2022	2021
Česká národní banka	AA-	AA-
Komerční banka, a.s.	A	A
Česká spořitelna, a.s.	A	A
UniCredit Bank Czech Republic and Slovakia, a.s. ¹	BBB+	BBB+
UniCredit Bank AG	BBB+	-
Clearstream Banking S.A.	AA	AA
Euroclear Bank S.A.	AA	AA

The ratings are taken from the company Standard & Poor's

Trade receivables

Trade receivables arise mainly from fees for services that the Group provides to the participants of trade and settlement and to other parties. The Company does not have any minimum criteria for credit risk management of its participants. All participants are treated equally and are generally accepted as highly credible counterparties if they were granted a banking licence by CNB or are subject to the supervision of CNB.

The Group is using so called "low credit risk" exception that allows for not tracking the changes in the credit risk since initial recognition, but directly recognizing the 12mECL. The Group applies this approach for financial institutions with rating AAA – BBB+. There were no exposures outside this rating as at 31 December 2022 or for the year then ended.

Collectively impaired financial assets

Historical loss rate associated with a time bucket and adjusted for forward looking information:

Company	Due	Up to 30 DPD	Up to 60 DPD	Up to 90 DPD	Up to 120 DPD	Up to 365 DPD	More than 365 DPD
PSE	0.03%	0.24%	0.78%	0.88%	0.88%	0.88%	100.00%
CSD	0.69%	8.72%	27.99%	34.78%	38.57%	41.01%	100.00%
EnCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grand Total	0.47%	5.17%	16.62%	19.81%	20.96%	21.65%	100.00%

¹ Rating not available, presented is rating of parent company UniCredit Bank Austria, AG

Gross trade receivables:

(in TCZK)

Company	Due	Up to 30 DPD	Up to 60 DPD	Up to 90 DPD	Up to 120 DPD	Up to 365 DPD	More than 365 DPD	Total
PSE	2,604	0	0	0	0	0	135	2,739
CSD	37,025	105	53	84	21	420	3,059	40,767
EnCC	524	0	0	0	0	0	0	524
Gross Balances in 2022	40,153	105	53	84	21	420	3,194	44,030
Gross Balances in 2021	44,571	553	49	341	80	440	3,463	49,497

Impairments:

(in TCZK)

Company	Due	Up to 30 DPD	Up to 60 DPD	Up to 90 DPD	Up to 120 DPD	Up to 365 DPD	More than 365 DPD	Total
PSE	1	0	0	0	0	0	135	136
CSD	257	9	15	29	8	172	3,059	3,549
EnCC	0	0	0	0	0	0	0	0
Impairments in 2022	258	9	15	29	8	172	3,194	3,685
Impairments in 2021	280	48	14	119	31	180	3,463	4,135

At 31 December 2022 the Group recognized an impairment loss on trade receivables in a value of TCZK 3,685 (2021: TCZK 4,135); court action is underway for their enforcement and the likelihood of payment is minimal.

At 31 December 2022 the Group recognize an impairment loss on cash, long-term financial assets and bank guarantees in a value of TCZK 1,186 (2021: TCZK 2,037).

At 31 December 2022 the financial instruments are classified as Stage 1 for ECL measurement purposes.

Overdue financial assets, not impaired

(in TCZK)

Year	Ageing structure – overdue financial assets, not impaired					Total
	up to 60 days	up to 90 days	up to 180 days	up to 365s days	more than 1 year	
2022	146	84	164	121	0	515
2021	540	222	309	0	0	1,071

The Group records overdue and not impaired receivables in the amount of TCZK 515 as at 31 December 2022 (2021: TCZK 1,071). The Group did not recognize impairments on off-balance items as at 31 December 2022.

7.2 Management of liquidity risk associated with financial instruments

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities.

The Group is exposed to limited liquidity risk since it is financed mainly by its shareholders' equity. The Group uses an overdraft denominated in EUR (Note 6.15) to cover the lack of financial resources blocked by a settlement of energy trades on the power exchange.

Considering the fact that most financial assets and liabilities are non-interest-bearing and are recognized in the nominal value, the actual residual maturity corresponds to the timing of the expected future cash flows.

The table below summarizes the liquidity risk. The table includes assets and liabilities of the Group in carrying values classified by expected maturity.

	(in TCZK)						
2022	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Unspecified	Total
Assets							
Tangible assets	0	0	0	0	0	15,066	15,066
Intangible assets	0	0	0	0	0	7,585	7,585
Right-of-use assets	0	0	0	0	0	23,869	23,869
Investment associates	0	0	0	0	0	35,958	35,958
Long-term receivables and loans	0	0	0	0	96	0	96
Deferred tax receivable	0	0	0	0	0	1,616	1,616
Financial assets at AC	0	0	0	0	0	98,630	98,630
Trade receivables and other receivables	42,232	25,981	0	0	0	0	68,213
Other assets	0	0	0	0	0	18,673	18,673
Cash and short-term deposits	428,471	53,246	0	0	0	186,370	668,087
Total assets	470,703	79,227	0	0	96	387,767	937,793
Liabilities							
Long-term liabilities from leasing	0	0	0	0	13,367	0	13,367
Trade payables	17,251	0	0	0	0	0	17,251
Employee benefit payable	47,183	0	6,925	0	0	0	54,108
Lease liabilities	961	1,922	2,883	5,767	0	0	11,533
Other liabilities	25,086	0	0	0	0	0	25,086
Income tax payable	0	0	8,253	0	0	0	8,253
Short-term bank loans	39,206	0	0	0	0	0	39,206
Total liabilities	129,687	1,922	18,061	5,767	13,367	0	168,804
Liquidity excess at 31.12.2022	341,016	77,305	(18,061)	(5,767)	(13,271)	387,767	768,989

(in TCZK)

2021	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Unspecified	Total
Assets							
Tangible assets	0	0	0	0	0	9,291	9,291
Intangible assets	0	0	0	0	0	15,463	15,463
Right-of-use assets	0	0	0	0	0	32,924	32,924
Investment associates	0	0	0	0	0	45,357	45,357
Long-term receivables and loans	0	0	0	0	96	0	96
Deferred tax receivable	0	0	0	0	0	1,588	1,588
Financial assets at AC	0	0	0	0	0	98,197	98,197
Trade receivables and other receivables	47,585	29,076	100	0	0	0	76,761
Other assets	0	0	0	0	0	21,575	21,575
Cash and short-term deposits	313,324	82,634	0	0	0	196,803	592,761
Total assets	360,909	111,710	100	0	96	421,198	894,013
Liabilities							
Long-term liabilities from leasing	0	0	0	0	22,412	0	22,412
Trade payables	31,190	0	0	0	0	0	31,190
Employee benefit payable	31,189	0	26,296	0	0	0	57,485
Lease liabilities	990	1,978	2,967	5,934	0	0	11,869
Other liabilities	24,692	0	0	0	0	0	24,692
Income tax payable	0	0	12,864	0	0	0	12,864
Short-term bank loans	3,564	0	0	0	0	0	3,564
Total liabilities	91,625	1,978	42,127	5,934	22,412	0	164,076
Liquidity excess at 31.12.2021	269,284	109,732	(42,027)	(5,934)	(22,316)	421,198	729,937

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual payments:

(in TCZK)

2022	On demand	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 year and more	Total
Financial Assets							
Long-term financial assets at AC	0	0	0	0	0	100,750	100,750
Cash and short-term deposits	0	0	0	0	0	0	0
Total	0	0	0	0	0	100,750	100,750
Financial Liabilities							
Long-term lease liabilities	0	0	0	0	0	13,367	13,367
Lease liabilities	0	961	1,922	2,883	5,767	0	11,533
Short-term bank loans	39,192	0	0	0	0	0	39,192
Bank guarantees	3,300	0	0	0	0	0	3,300
Total	42,492	961	1,922	2,883	5,767	13,367	67,392

(in TCZK)

2021	On demand	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 year and more	Total
Financial Assets							
Long-term financial assets at AC	0	0	0	0	0	100,750	100,750
Cash and short-term deposits	0	280,000	0	0	0	0	280,000
Total	0	280,000	0	0	0	100,750	380,750
Financial Liabilities							
Long-term lease liabilities	0	0	0	0	0	24,240	24,240
Lease liabilities	0	967	1,934	2,901	5,802	0	11,604
Short-term bank loans	0	0	0	0	0	0	0
Bank guarantees	28,160	0	0	0	0	0	28,160
Total	28,160	967	1,934	2,901	5,802	24,240	64,004

7.3 Management of market risk associated with financial instruments

7.3.1 Foreign currency risk

The Group is exposed to foreign currency risk because of the excessive value added tax deducted in connection with electrical energy trading with participants who pay value added tax outside the Czech Republic. This results in a time discrepancy of cash flows and currencies between receiving the VAT tax refund in Czech crowns and meeting its obligations regarding payments to electricity suppliers in a foreign currency, i.e. in EUR.

The Group uses mainly EUR and USD as a foreign currency. The Group's exposure to foreign currency changes for all other currencies is not material.

For internal risk management, the Group defined two scenarios of possible EUR currency trends in 2022. The first scenario assumes an increase in the rate (depreciation of CZK) by 5 % and the second assumes a decrease in the rate (appreciation of CZK) by 7 %.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant.

Period	Change in EUR rate	(in TCZK)
		Effect on profit before tax
2022	5.0 %	1,993
	-7.0 %	(2,790)
2021	5.0 %	3,099
	-7.0 %	(4,339)

Period	Change in USD rate	(in TCZK)
		Effect on profit before tax
2022	5.0 %	(42)
	-7.0 %	59
2021	5.0 %	(3)
	-7.0 %	4

7.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rates at overdraft loans and bank guarantees. The bank guarantees are in fixed rates of interest and the overdraft loans are in fixed and variable interest.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of loans and bank guarantees. With all other variables held constant, the Group's profit before taxes affected through the impact on the impact on floating rate borrowings, as follows:

Period	Increase/decrease in basis points	(in TCZK)
		Effect on profit before tax
2022	50 b.p.	(603)
	-60 b.p.	723
2021	50 b.p.	(373)
	-60 b.p.	447

Period	Increase/decrease in basis points	(in TCZK)
		Effect on profit before tax
2022	50 b.p.	(50)
	-60 b.p.	60
2021	50 b.p.	(50)
	-60 b.p.	60

7.4 Fair values

Fair value of reported items is very near to their carrying value as these assets and liabilities are with short maturities, with exception of long-term advances received and long-term receivables, whose amount is insignificant within the Group's financial assets and liabilities.

Fair value of other long-term assets is equal to their carrying value as the other long-term financial assets represent financial proceeds held on the bank accounts under market conditions. The fair value of financial assets at amortization costs is based on price quotations at the reporting date.

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments:

	As at		(in TCZK)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Long-term receivables and loans	96	96	96	96
Financial assets at amortized cost	98,630	87,050	98,197	90,152
Trade receivable	40,345	40,345	45,362	45,362
Other financial assets	25,230	25,230	26,977	26,977
Cash and short-term deposits	668,087	668,087	592,761	592,761
Total	832,388	820,808	763,393	755,348
Financial liabilities				
Long-term lease liabilities	13,367	13,367	22,412	22,412
Trade payables	17,251	17,251	31,190	31,190
Lease liabilities	11,533	11,533	11,868	11,868
Other financial liabilities	2,567	2,567	3,204	3,204
Current bank loans	39,206	39,206	3,564	3,564
Total	83,924	83,924	72,238	72,238

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities.

2022	(in TCZK)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Long-term receivables and loans	0	0	96	96
Financial assets at amortized cost	87,050	0	0	87,050
Trade receivable	0	0	40,345	40,345
Other financial assets	0	0	25,230	25,230
Cash and short-term deposits	0	668,087	0	668,087
Total	87,050	668,087	65,671	820,808
Financial liabilities				
Long-term lease liabilities	0	13,367	0	13,367
Trade payables	0	0	17,251	17,251
Lease liabilities	0	11,533	0	11,533
Other financial liabilities	0	0	2,567	2,567
Current bank loans	0	39,206	0	39,206
Total	0	64,106	19,818	83,924

	(in TCZK)			
2021	Level 1	Level 2	Level 3	Total
Financial assets				
Long-term receivables and loans	0	0	96	96
Financial assets at amortized cost	90,152	0	0	90,152
Trade receivable	0	0	45,362	45,362
Other financial assets	0	0	26,977	26,977
Cash and short-term deposits	0	592,761	0	592,761
Total	90,152	592,761	72,435	755,348
Financial liabilities				
Long-term lease liabilities	0	22,432	0	22,432
Trade payables	0	0	31,190	31,190
Lease liabilities	0	11,877	0	11,877
Other financial liabilities	0	0	3,204	3,204
Current bank loans	0	3,564	0	3,564
Total	0	37,873	34,394	72,267

There were no transfers between Level 1, Level 2 and Level 3 during 2022 and 2021.

7.5 Capital Management

The Group uses the definition of financial capital maintenance. A profit is earned only if the amount of net assets at the end of a period exceeds the amount at the beginning of the period, excluding any inflows from or outflows to owners, such as contributions and distributions.

Individual items included in equity are presented in the Statement of changes in equity.

The capital management objectives of the Group are as follows:

- to be in compliance with the laws of the Czech Republic; Act No. 90/2012, Coll. on commercial companies and cooperatives (Law on Commercial Corporations);
- to ensure the ability of the Group to meet the conditions of a going concern so as to generate profit from the investments of shareholders and in favor of stakeholders;
- to maintain a strong capital position that would help to develop the business.

The primary business objective of the Group is to ensure smooth execution of exchange trades and their settlement. For the purposes of effective settlement and reducing credit risk (settlement risk), the Group accepts financial contributions from market participants to the Collateral Fund, the Clearing Fund and fees for services provided.

The dividend policy is the main tool for the capital management.

The planned dividend for 2022 for the Group shareholders amounts to CZK 1,071 per share (2021: CZK 943 per share).

7.6 Financial Instruments: Disclosures

The Group's consolidated financial statements for the year ended 31 December 2022 were prepared in accordance with the standard IFRS 7 – Financial Instruments: Disclosures.

Pursuant to IFRS 9 – Financial Instruments: Classification, the Group classifies financial instruments into the categories set out below.

Financial instruments by class and category as at 31 December 2022:

(in TCZK)

Categories	Debt instruments at amortized costs	Financial assets at FVTPL	Financial liabilities at amortized costs	Financial liabilities FVTPL
Classes				
Long-term receivables	96	0	0	0
Long-term financial assets	98,630	0	0	0
Trade receivables	40,345	0	0	0
Other financial assets	25,230	0	0	0
Cash and short-term deposits	668,087	0	0	0
Long term lease liabilities	0	0	13,367	0
Trade payables	0	0	17,251	0
Lease liabilities	0	0	11,533	0
Other financial liabilities	0	0	2,567	0
Short-term bank loans	0	0	39,206	0
Total	832,388	0	83,924	0

Financial instruments by class and category as at 31 December 2021:

(in TCZK)

Categories	Debt instruments at amortized costs	Financial assets at FVTPL	Financial liabilities at amortized costs	Financial liabilities FVTPL
Classes				
Long-term receivables	96	0	0	0
Long-term financial assets	98,197	0	0	0
Trade receivables	45,362	0	0	0
Other financial assets	26,977	0	0	0
Cash and short-term deposits	592,761	0	0	0
Long term lease liabilities	0	0	22,432	0
Trade payables	0	0	31,190	0
Lease liabilities	0	0	11,877	0
Other financial liabilities	0	0	3,204	0
Short-term bank loans	0	0	3,564	0
Total	763,393	0	72,267	0

8 ADDITIONAL INFORMATION ON CONSOLIDATED CASH FLOW STATEMENT

The Group presents the following balances with maturity of less than three months since the date of an initial recognition for the purpose of the cash flow statement:

	(in TCZK)	
	As at 31 December 2022	As at 31 December 2021
Cash and bank accounts	428,471	313,324
Treasury bills	0	82,634
Total cash and cash equivalents	428,471	395,958

The Company did not hold any treasury bills as of 31 December 2022 (2021: TCZK 279,437). In 2021, part of the treasury bills in the amount of TCZK 196,803 was with a limited availability due to holding a capital requirement, and the treasury bills in the amount of TCZK 82,634 fulfilled the definition of cash equivalents.

Additional information is disclosed in the Note 6.8.

9 CLEARING FUND ASSETS AND LIABILITIES

The clearing fund assets and liabilities are recognized in the off-balance sheet.

(in TCZK)			
2022			
Bank accounts	16,497		
- current account	16,497		
- term account	0		
Fixed income securities held to maturity	0	Liabilities to members of CLF	16,497
Total assets	16,497	Total liabilities	16,497

(in TCZK)			
2021			
Bank accounts	16,961		
- current account	16,961		
- term account	0		
Fixed income securities held to maturity	0	Liabilities to members of CLF	16,961
Total assets	16,961	Total liabilities	16,961

The current account includes the interest in the value of TCZK 403 as of 31 December 2022 (2021: TCZK 434).

10 RELATED PARTIES

Wiener Börse AG is the majority shareholder of the Group. Wiener Börse AG owns as at 31 December 2022:

- 99.543% (2021: 99.543 %) share of Burza cenných papírů Praha, a.s.

Wiener Börse AG merged all of its rights and obligations as a transferring company to the sole shareholder CEESEG AG valid from January 1, 2020 by transferring its assets as a whole. CEESEG AG was renamed to Wiener Börse AG.

The Group recognizes the following transactions with Wiener Börse AG:

(in TCZK)		
Revenues/Expenses	2022	2021
Agreement on information sale cooperation	43,832	44,035
Agreement regarding index trading	308	541
Other revenues	61	61
Total revenues	44,201	44,637
Agreement on technical trading system XETRA	10,510	9,709
Others	1,022	776
Total expenses	11,532	10,484

(in TCZK)		
Receivables/Payables	As at 31 December 2022	As at 31 December 2021
Agreement on information sale cooperation	22,047	22,675
Agreement regarding index trading	308	541
Other receivables	60	60
Trade receivables	22,415	23,276

The Group recognised the following transactions with PXE (the associate):

(in TCZK)		
Receivables/Payables	2022	2021
Trade receivables	214	312
Estimated receivables	75	20
Total receivables	289	332
VAT payables	124	221
Deferred revenues	111	160
Estimated payables	0	10
Total payables	235	391

(in TCZK)		
Revenues/Expenses	2022	2021
FX losses	5	2
Total expenses	5	2
Fees for support services	8,057	7,762
Other operating revenues	1,535	1,426
Rent	1,158	1,107
FX gains	4	7
Total revenues	10,754	10,302

The terms of the transactions with the related party reflects the market prices. The transactions with key management personnel are in note 5.3 .

11 SUBSEQUENT EVENTS

No events have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2022.

Prague, 3 March 2023

Exchange Chamber's signature:



Petr Kobic

Chairmen of the Exchange Chamber



Ondřej Dušilek

Member of the Exchange Chamber

Independent Auditor's report

(Translation of a report originally issued in Czech - see Note 2 to the consolidated financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Burza cenných papírů Praha, a.s.:

Opinion

We have audited the accompanying consolidated financial statements of Burza cenných papírů Praha, a.s. (hereinafter also the "Company") and its subsidiaries (the "Group") prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Group, see Note 1 to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the 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 compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Board of Directors 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 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 law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these 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 the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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 Company's Board of Directors and Supervisory Board for the Consolidated Financial Statements

The Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors 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 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 law or regulation, 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 Board of Directors of the Company.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 the Board of Directors and the Supervisory Board 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.

Ernst & Young Audit, s.r.o.
License No. 401



Roman Hauptfleisch, Auditor
License No. 2009

3 March 2023
Prague, Czech Republic

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