

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

Consolidated
Annual Report 2021

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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

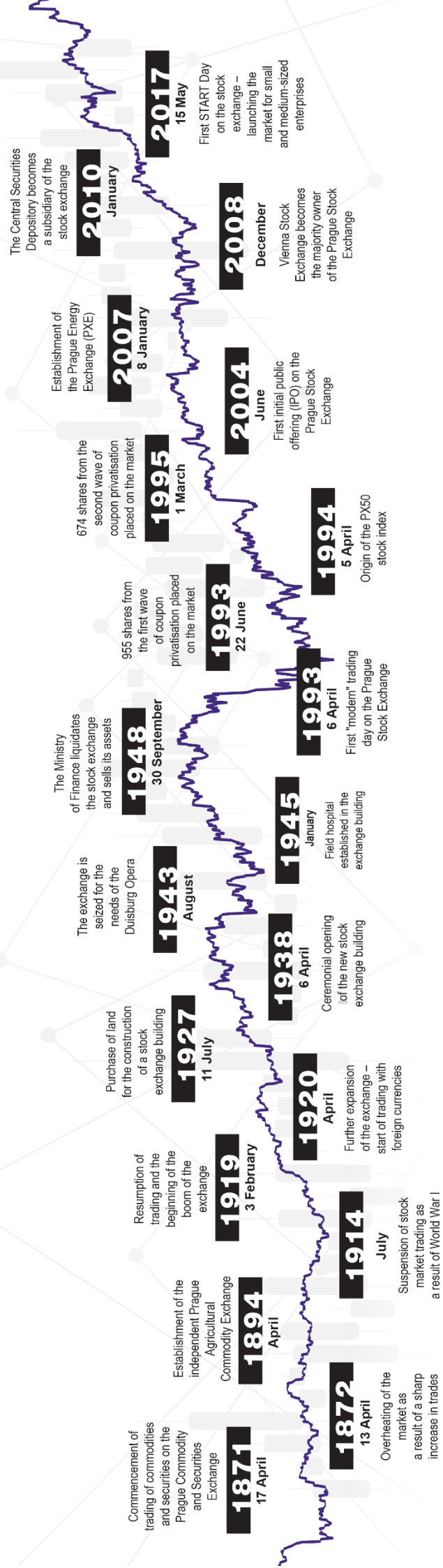
An initial public offering provides companies with sufficient capital to be used to finance investments and research or, for example, penetrate other markets. The PSE offers several markets suitable for different types of companies – from the elite Prime Market for large companies to START Market for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

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 Eastern Europe region and in the Balkans. 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.



150 Years

During the year 2021, the Prague Stock Exchange commemorated its 150th anniversary. This was a reminder of its interesting, but often difficult history.

Enthusiasm against adversity of the Establishment

Let it serve for centuries the economic prosperity of the Czechoslovak Republic, it said on a memorial plaque next to the impressive entrance to the new building of the Prague Stock Exchange. The grand opening of its own headquarters took place in April 1938, almost seventy years after its launch. Unfortunately, those "ages" lasted only until March 1939, when Czechoslovakia was occupied by Nazi Germany and stock exchange trades gradually languished, until the activities of the stock exchange ceased completely in 1943. It has been waiting for its renewal for 50 long years. It characterizes the complex, now 150-year history that stock exchange trading in the Czech capital has undergone.

The development of the stock exchange in the territory of today's Czech Republic was marked by the domination of bureaucratic supremacy in the days of the Habsburg monarchy, the long-term lack of support from the state, economic ups and downs, but also the enthusiasm and desire of Czech business circles for their own securities and commodities markets. The stock exchange experienced probably the best times after the establishment of an independent Czechoslovak state in 1918. That is, just after the fall of the Austro-Hungarian monarchy, in the era of which it was founded.

The birth of the stock exchange on the territory of today's Czech Republic

According to surviving reports, stock exchanges in today's sense were created in Europe as early as the 12th century. In the Czech lands, the efforts to create own stock market date back to the reign of Maria Theresa, during whose reign the Vienna Stock Exchange was established in 1771. Prague had to wait another hundred years. The creation of a major economic institution subject to state supervision required the permission of the authorities. Thus, it was not until 1871 that a subscription of 29,870 gold coins from 389 founders secured the necessary finance to establish and maintain the stock exchange, which inaugurated its operation. The first stock exchange meeting and, in fact, also the first stock exchange trades

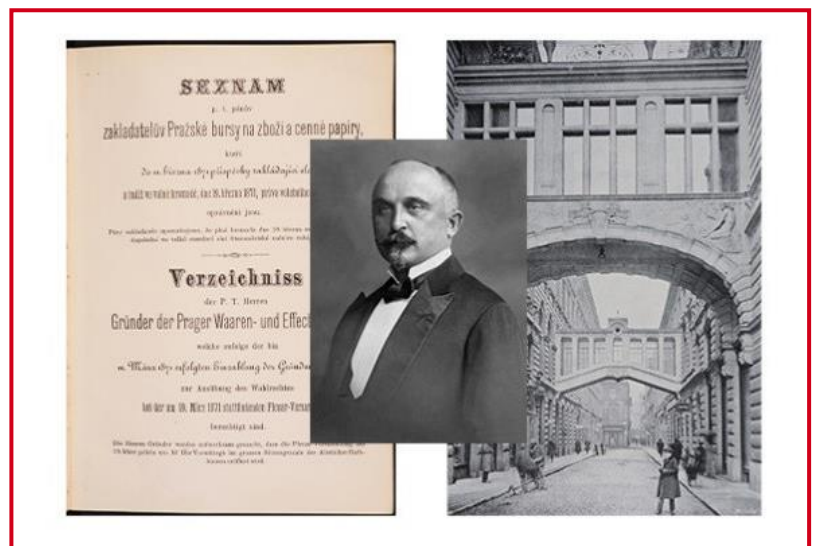
took place on April 17, 1871, between 11:30 and 13:00 in Na Příkopě Street in premises more reminiscent of a goods store.

Until the establishment of the Republic, long-term visitors who had the right to participate in trades were considered members of the Exchange. The law only defined who does not have access. These were, for example, women, as well as persons who could not be elected to the municipal council due to a criminal verdict, or debtors whose bankruptcy was ongoing or were punished for bankruptcy. They were not allowed on the stock market for three years after completing their sentence.

The stock trade was small at first, for “a wider audience, not quite familiar with the nature of the stock market, took only a modest part in it.” But interest gradually increased, culminating in the spring of 1872. But the market overheated, followed by a collapse in rates. After some recovery, another blow came in the form of a decline on the Vienna Stock Exchange, which reached as far as Prague. Exchange rates have fallen again, a number of securities have disappeared from the price list, and the stock market struggled for more or less decades from then until the Republic was established. And although the commodity trade was in the name, it had never been more important in its history.

Better times with Rašín's support

In independent Czechoslovakia, there were times of strong stock market prosperity, which finally could not complain about the small support of the state and the ruling party. The first Czechoslovak Minister of Finance, Alois Rašín, was an important figure in this regard. Not only did he show interest in and support the stock market, but he also contributed to the new national currency, which became a solid island in the midst of the surrounding post-war inflation chaos.



Prague thus gained importance in Central European finance, which also helped the development of the Prague Stock Exchange, especially in its struggle with the Viennese competition.

In the interwar period, visitors to the stock exchange had to buy a ticket that was valid for trading and cost a thousand crowns for the whole year in the 1920s. The applicant had to apply for it and give name, surname, occupation, address and brief curriculum vitae, details of assets and references from at least two Prague banks or large department stores. Securities trading gradually developed to such an extent that the hitherto valid practice of direct trading became unsustainable, and in 1920 the "Prague Clearing Bank" was established, which ensured the settlement of stock exchange transactions. It also allowed derivative trades to be introduced, but they didn't really take off.

The destruction started by Nazism was perfected by Communism

In any case, the period of the First Republic was one of the most successful in the history of the Prague Stock Exchange. The highlight was to be the relocation of the stock exchange to its new headquarters, which it achieved for the first time in its history. Until then, it was located at seven different addresses. Unfortunately, the peak was soon followed by a bitter end brought about by the Nazi occupation. In the first post-war years, efforts were made to resume trade, but they fell apart with the rise of communism. In 1948, the stock exchange was definitively closed, its assets ended up in liquidation and the building was expropriated by the state.

The stock market did not return to Prague until the 1990s. In the spring of 1993, thanks to the support of the French government and with the help of people from the Lyon Stock Exchange, trading began on the Prague floor, which later moved from the leased premises in Na Můstku Street to the newly built Stock Exchange Palace, where it still operates today.

Report of the exchange chamber on business activities and the state of assets

Introduction

In many respects, the year 2021 was a very successful year for the PX Group, despite the ongoing COVID pandemic. We have demonstrated that even in the face of a complete lockdown, the Stock Exchange was able to ensure its operations and deliver a full range of services to its clients. The PX Group results outperformed the Group's business plan in 2021, due mainly to the revenues of the Central Securities Depository and the excellent performance of PXE (POWER EXCHANGE CENTRAL EUROPE).

2021 was also a very successful year for the Prague Stock Exchange, reaching its 13-year high. The PX index rose by 38.84% to become one of the indices with biggest rise both in Europe and worldwide. Two new issues - SAB Finance and FIXED.zone - entered the market, and the total trading volumes increased by 12.10%. The most successful issue on the Prime market was CZG, which gained 72.79%. On the Start market, the most successful issue was Pilulka Lékárny, which rose by 188.03% followed by IT firm eMan, which gained 145.90%.

The Central Depository made it easier for people to track their securities in 2021 thanks to a new online service. The introduction of bank ID this year also contributed to this process. Going forward, the CSD hopes to reduce the number of unassigned accounts, of which there are currently more than 700,000. Until now, the owners of these accounts or their heirs have formally applied for a statement from securities brokers or the central depository using a certified signature.

The PXE Group was able to manage the negative situation in the energy market resulting from the default of certain market participants so that other trading participants were not affected. In the wholesale market, the Company met all its obligations and closed all trading positions. In the second half of the year, PXE opened a foreign subsidiary, PXE Poland.

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

	2016	2017	2018	2019	2020	2021
Number of exchange days	252	250	249	250	250	251
SHARES						
Total trading volume (BCZK)	168.03	138.78	142.55	108.78	125.31	140.48
Average daily volume (MCZK)	666.78	555.13	572.49	435.12	501.23	559.66
Market capitalisation (BCZK)	1 044.46	1 252.58	21 261.96	22 054.22	13 502.7	15 659.2
Number of issues (year-end)	25	23	53	54	55	55
PX Index	921.61	1 078.16	986.56	1 115.63	1 027.14	1 426.03
PX-TR Index	1 481.56	1 830.91	1 766.18	2 109.39	2 004.54	2 915.25
PX-TRnet Index	-	-	-	1 753.63	1 655.76	2 384.78
PX-GLOB Index	1 198.40	1 449.97	1 342.44	1 498.28	1 407.57	1 904.32
BONDS						
Total trading volume (BCZK)	4.15	6.21	9.27	11.92	8.64	7.75
Number of issues (year-end)	115	116	112	118	105	110
STRUCTURED PRODUCTS						
Total trading volume (MCZK)	126.35	227.31	132.39	195.46	481.98	350.90
Number of issues (year-end)	71	61	72	84	73	91
INVESTMENT SHARES AND INVESTMENT FUND'S UNITS						
Total trading volume (MCZK)	62.66	87.28	42.86	33.76	16.55	6 155.00
Number of issues (year-end)	37	32	38	36	32	36

Non-consolidated financial performance (according to CAS)

In the current period of 2021, the Prague Stock Exchange (PSE) achieved revenues from its own services in the amount of CZK 260,138 thousand (2020: CZK 254,085 thousand). Their structure is as follows:

(in TCZK)	2021	2020
Stock exchange fees	45,732	40,072
Services relating to settlement of securities	41,721	47,093
Stock exchange information	44,575	41,675
Services for Centrální depozitář cenných papírů, a.s.	111,192	108,570
Services for POWER EXCHANGE CENTRAL EUROPE, a.s.	7,762	7,522
Other services	9,156	9,153
Revenue from own services	260 138	254,085

The 2.4% (CZK 6,053 thousand) increase in revenues from own services was mainly due to a 14.1% (CZK 5,660 thousand) increase in revenues from stock exchange fees and the sale of stock exchange information, which amounted to CZK 44,575 thousand in 2021 (2020: CZK 41,675 thousand).

Operating profit increased by 5.8% (CZK 6,772 thousand) to CZK 123,710 thousand (2020: CZK 116,939 thousand). Profit from financial operations increased by 15.3% (CZK 19,729 thousand) to CZK 148,668 thousand. In the current period of 2021, the Company reported total profit after tax of CZK 249,685 thousand. (2020: CZK 222,735 thousand).

The Company's total assets as of 31 December 2021 amounted to CZK 388,006 thousand (2020: CZK 370,211 thousand). Their structure is as follows:

(in TCZK)	2021	2020
Fixed assets (net)	122,183	124,108
Receivables and other current assets (net)	58,582	48,111
Cash (net)	207,241	197,992
Total assets	388,006	370,211

Long-term assets included financial long-term assets representing the Company's shares in business corporations in the amount of CZK 116,446 thousand (2020: CZK 116,446 thousand). In the current period, the General Meeting of the Company on 11 May 2021 decided on the payment of a profit share of CZK 840 per share (a total of CZK 222,555 thousand was paid out). The average recalculated number of employees was 33.2 in 2021 (2020: 33.7 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 2021 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 2021, the Group achieved consolidated revenues in the amount of CZK 626,695 thousand (2020: CZK 590,111 thousand). Their structure is as follows:

(in TCZK)	2021	2020
Exchange trading fees	25,120	20,268
Administrative fees	20,612	19,804
Stock exchange information	44,034	41,340
Revenue from the settlement of trades	96,903	88,574
Fee for registration of an issue and related services	150,323	180,311
Fee for keeping records	240,508	188,659
Other services of CSD Prague	38,070	40,171
Other revenue from provided services	11,125	10,984
Revenue	626,695	590,111

Revenues increased by 6.2% (CZK 36,584 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 27.5% (CZK 51,849 thousand), and the stock exchange trading fees, which increased by 23.9% (CZK 4,852 thousand). In 2021, the Group reported total profit after tax of CZK 282,911 thousand, i.e. up by 10.6% (CZK 27,023 thousand) compared to 2020 (2020: CZK 255,888 thousand).

The total amount of the Group's assets at 31 December 2021 was CZK 894,013 thousand (2020: CZK 848,140 thousand). Their structure is as follows:

(in TCZK)	2021	2020
Total fixed assets (net)	202,916	387,893
Receivables and other current assets (net)	98,335	86,158
Short-term financial assets (net)	592,762	374,089
Total assets	894,013	848,140

The average recalculated number of employees in 2021 was 79.6 (2020: 79.2 employees).

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

Activities in 2021

Trading

At the end of 2021, the following number of issues were admitted to trading on the exchange:

- 16 share issues on the Prime Market and Standard Market
- 9 share issues on the START market
- 29 share issues on the Free Market
- 32 issues of collective investment securities
- 123 issues of bonds and stripped coupons
- 107 issues of investment certificates and warrants

Significant changes affecting trading and traded issues:

- 4 January - transfer of Photon Energy NV shares from Free Market to Standard Market
- 28 January - admission of SAB Finance shares to trading on Standard Market, followed by a 1:10 stock split from 1 October to increase the liquidity of the issue
- 17 February - market capitalization of Pilulka Lékárny, a.s. exceeded EUR 100 million
- 25 March - admission of CTP shares to trading
- 1 April - Avast PLC issue was reclassified from Standard Market to Free Market due to regulatory requirements following the UK's exit from the European Union
- 24 May - Česká zbrojovka Group SE bought a stake in Colt Holding Company LLC (US arms manufacturer)
- 1 November – end of trading of VGP NV issue at the request of the issuer
- 30 November - end of trading of Stock issue due to the finalization of the process of takeover bid for the issuer, which resulted in the termination of trading on the home market (London Stock Exchange)
- 31 December - end of trading in ETF securities.

Activities of market makers and liquidity providers

At the end of 2021, Patria Finance and Wood & Company ceased to act as market makers for the majority of Free Market issues. Raiffeisen Centrobank has taken over the function of quoting market maker. In 2021, a total of seven members (BH Securities, Erste Group Bank, Fio banka, J&T banka, Patria Finance, Raiffeisen Centrobank, WOOD & Company) and one member (J&T banka) of the exchange acted as market makers for shares and bonds, respectively. There are 42 share issues and 28 bond issues listed. Two of the members (Erste Group Bank and Raiffeisen Centrobank) act as liquidity providers for structured products. As at 31 December 2021, a total of 91 structured products - warrants and investment certificates - were admitted to trading on the exchange.

Indices

All indices recorded an increase in 2021. The PX-TR index increased by as much as 45.4%. These changes were driven by significant increases in energy and banking shares.

START Market

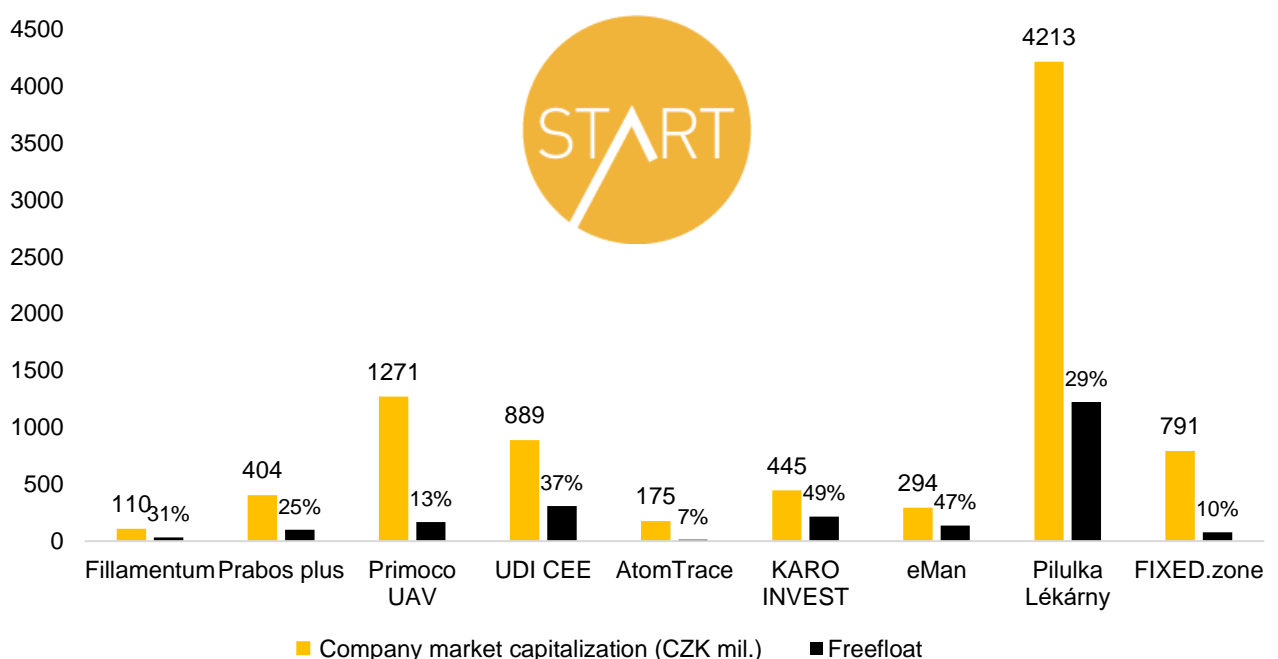
The START market continues to trade every stock exchange day under the auction trading regime, with a significant increase in the volumes of shares traded on the START market in 2021.

START Market overview as of 31 December 2021:

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 2020	Market capitalisation	Freefloat	Total number of issuers
9	2	CZK 139.8 mil.	CZK 551.6 mil.	CZK 8,590 mil.	26.74%	9

In May 2021, PRIMOCO UAV SE conducted a second round of public subscription of new shares and raised new capital of CZK 90.5 million. On 8 November 2021, FIXED.zone a.s. successfully entered the START market and raised new capital of CZK 49.3 million. The demand for its shares exceeded the supply by several times, and the public offering of FIXED.zone a.s. shares was therefore oversubscribed.

Overview of START Market issuers as of 31 December 2021:



The two START Days were held on the scheduled dates (27 April and 19 October 2021); due to the restrictions imposed as a result of the Covid-19 pandemic, the presentations by existing issuers were again broadcast via an online videoconference. The dates for next year's START Days were set for 3 May and 4 October 2022.

In January 2021, the Národní rozvojová banka (the National Development Bank, formerly the Czech-Moravian Guarantee and Development Bank), in cooperation with the Czech Ministry of Industry and Trade and the Prague Stock Exchange, launched the Venture Capital - IPO Fund programme through which the NDB is offering support to SMEs in the form of capital investments for the first time ever. The programme is financed by the Operational Programme Enterprise and Innovation for Competitiveness (OP EIC), which aims to mobilize private resources and support investment for the development of small and medium-sized enterprises. NDB will buy shares of new or existing companies on the START market that qualify for the programme, up to 30% of the issue. The amount of the investment can range between CZK 3 million and CZK 50 million. Applications for the programme will be accepted until 30 June 2023. CZK 332 million has been allocated to the programme from the European Structural and Investment Funds. The expected investment period is four years. The first company to raise capital through this programme was Primoco UAV.

From February 2021, following the introduction of the Xetra® trading system, issuers have been able to change lot sizes for shares on the START market in the Xetra® trading system. In 2021, four issuers used this option: Pilulka Lékárny, Primoco UAV, AtomTrace and KARO Invest. Information material on lot settings is available on the PXStart.cz website.

In 2021, the Prague Stock Exchange also decided to support independent analyses of selected share issues and announced the Research Support Program. The aim of the programme is to increase investors' interest in shares that are not sufficiently covered by the analysis. In 2021, three analyst companies participated in the programme and covered the shares of three companies on the START market, i.e. Pilulka Lékárny, Prabos plus and KARO Invest. The terms and conditions of the programme are published on the pse.cz website. In September 2021, a new consulting company, LIFTIA, joined the authorized advisors and analysts of the START market to become the ninth authorized advisor for companies considering entering the START market.

Change in share prices on the START Market in 2021:

	Date of public offer	Price of public offer	Closing price	Change	Total dividends
Fillamentum	15. 5. 2018	CZK 825	CZK 850	3.03%	CZK 0
Prabos Plus	15. 5. 2018	CZK 400	CZK 404	1.00%	CZK 29.60
Primoco UAV	2. 10. 2018	CZK 250	CZK 270	8.00%	CZK 0
UDI CEE	2. 10. 2018	CZK 440	CZK 560	27.27%	CZK 0
AtomTrace	27. 11. 2018	CZK 50	CZK 40	-20.00%	CZK 0
Karo Invest	22. 10. 2019	CZK 40	CZK 114	185.00%	CZK 0
eMan	31. 08. 2020	CZK 51	CZK 150	194.12%	CZK 0
Pilulka Lékárny	15. 5. 2018	CZK 825	CZK 1,685	297.41%	CZK 0
FIXED.zone	2. 11. 2021	CZK 222	CZK 356	60.36%	CZK 0

Member affairs

Since 1 July 2021, the Stock Exchange has had a new member, the Slovak company SAB o.c.p., a.s., with its registered office in Bratislava and a trading branch in Prague. Membership negotiations with two other foreign candidates have temporarily been suspended, not terminated, due to the complicated organizational and personnel situation of securities traders connected with Covid-19.

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 2021 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 2021 ("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 2021 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 2021 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 11 May 2021 approved BCPP's financial statements for 2020 and a motion for distribution of 2020 profit, together with part of retained earnings, in the amount of CZK 222,555 thousand by paying a share in profit of CZK 840 per share. No other acts pursuant to Section 82 (2) (d) of BCA were performed in the 2021 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 2021 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. 6 dated 29 June 2017	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. 6 dated 31 March 2021	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, 4 March 2022



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



.....
Ondřej Dušilek
Member of the Exchange Chamber

Financial section

Financial statements

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021**

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:	4 March 2022

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		As at 31/ 12/ 2021			As at 31/ 12/ 2020
		Gross	Allowances	Net	Net
BALANCE SHEET		Burza cenných papírů Praha, a.s.			
Long-form		Business Identification			
		Number: 471 15 629			
as at 31 December 2021		Rybná 14/682			
(in CZK thousands)		110 05 Praha 1			
TOTAL ASSETS	001	454,512	(66,506)	388,006	370,211
B. Fixed assets	003	188,554	(66,371)	122,183	124,108
B.I. Intangible fixed assets	004	40,106	(38,383)	1,723	4,624
B.I.2. Valuable rights	006	39,432	(37,997)	1,435	2,900
B.I.2.1. Software	007	39,432	(37,997)	1,435	2,900
B.I.4. Other intangible fixed assets	010	386	(386)	0	0
B.I.5. Advances granted and intangible fixed assets in progress	011	288	0	288	1,724
B.I.5.2. Intangible fixed assets in progress	013	288	0	288	1,724
B.II. Tangible fixed assets	014	28,002	(23,988)	4,014	3,038
B.II.2. Movable assets and sets of movable assets	018	28,002	(23,988)	4,014	3,038
B.III. Long-term investments	027	120,446	(4,000)	116,446	116,446
B.III.1. Interests – controlled or controlling entity	028	92,100	(4,000)	88,100	88,100
B.III.3. Interests – significant influence	030	10,000	0	10,000	10,000
B.III.7. Other long-term investments	034	18,346	0	18,346	18,346
B.III.7.1. Miscellaneous long-term investments	035	18,346	0	18,346	18,346
C. Current assets	037	251,607	(135)	251,472	238,264
C.II. Receivables	046	44,365	(135)	44,230	40,272
C.II.1. Long-term receivables	047	1,009	0	1,009	1,294
C.II.1.4. Deferred tax asset	051	929	0	929	1,207
C.II.1.5. Other receivables	052	80	0	80	87
C.II.1.5.2. Long-term advances granted	054	80	0	80	87
C.II.2. Short-term receivables	057	43,356	(135)	43,221	38,978
C.II.2.1. Trade receivables	058	16,303	(135)	16,168	14,050
C.II.2.4. Other receivables	061	27,053	0	27,053	24,928
C.II.2.4.1. Receivables from partners	062	0	0	0	13
C.II.2.4.3. Due from government – tax receivables	064	4,252	0	4,252	3,277
C.II.2.4.4. Short-term advances granted	065	0	0	0	0
C.II.2.4.5. Unbilled revenue	066	22,784	0	22,784	21,621
C.II.2.4.6. Miscellaneous receivables	067	17	0	17	17
C.IV. Cash	075	207,242	0	207,242	197,992
C.IV.1. Cash in hand	076	42	0	42	25
C.IV.2. Cash at bank	077	207,200	0	207,200	197,967
D. Prepaid expenses and accrued income	078	14,351	0	14,351	7,839
D.1. Prepaid expenses	079	14,164	0	14,164	7,839
D.3. Accrued income	081	187	0	187	0

		As at 31/ 12/ 2021	As at 31/ 12/ 2020
TOTAL EQUITY & LIABILITIES	082	388,006	370,211
A. Equity	083	350,169	323,038
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	313	132
A.IV.1. Retained earnings	100	313	132
A.V. Profit (loss) for the year (+/-)	102	249,685	222,735
B.+ C. PROVISIONS AND LIABILITIES	104	35,416	44,102
B. Provisions	105	6,924	13,480
B.2. Provision for corporate income tax	107	4,870	9,362
B.4. Other provisions	109	2,054	4,118
C. Liabilities	110	28,492	30,622
C.II. Current liabilities	126	28,492	30,622
C.II.2. Liabilities to credit institutions	130	8	5
C.II.4. Trade payables	132	3,629	3,334
C.II.6. Liabilities – controlled or controlling entity	134	744	0
C.II.8. Other liabilities	136	24,111	27,283
C.II.8.1. Liabilities to partners	137	1,040	1,489
C.II.8.3. Liabilities to employees	139	7,403	7,724
C.II.8.4. Liabilities arising from social security and health insurance	140	2,963	3,398
C.II.8.5. Due to government – taxes and subsidies	141	1,866	2,415
C.II.8.6. Unbilled deliveries	142	10,584	12,022
C.II.8.7. Miscellaneous liabilities	143	255	235
D. Accruals and deferred income	147	2,421	3,071
D.1. Accruals	148	868	1,228
D.2. Deferred income	149	1,553	1,843

INCOME STATEMENT		Burza cenných papírů Praha, a.s.	
By category		Business Identification	
for the year ended		Rybná 14/682	
31 December 2021		110 05 Praha 1	
(in CZK thousands)			
		Year ended	Year ended
		31 /12/ 2021	31 /12/ 2020
I. Revenue from sale of finished products and services	001	260,138	254,085
A. Production-related consumption	003	61,944	58,439
A.2. Consumption of material and energy	005	2,077	2,307
A.3. Services	006	59,867	56,132
D. Personnel expenses	009	69,048	69,488
D.1. Wages and salaries	010	51,785	51,867
D.2. Social security and health insurance costs and other costs	011	17,263	17,621
D.2.1 Social security and health insurance costs	012	14,933	15,219
D.2.2. Other costs	013	2,330	2,402
E. Value adjustments in respect of operating activities	014	3,791	3,324
E.1. Value adjustments in respect of intangible and tangible fixed assets	015	4,482	3,343
E.1.1. Value adjustments in respect of intangible and tangible fixed assets - permanent	016	4,482	3,343
E.3. Value adjustments in respect of receivables	019	(691)	(19)
III. Other operating income	020	34	20
III.3. Miscellaneous operating income	023	34	20
F. Other operating expenses	024	1,679	5,915
F.3. Taxes and charges relating to operations	027	94	89
F.4. Provisions relating to operations and prepaid expenses (specific-purpose expenses)	028	(2,064)	2,482
F.5. Miscellaneous operating expenses	029	3,649	3,344
* Profit or loss on operating activities (+/-)	030	123,710	116,939
IV. Income from long-term investments - interests	031	149,800	127,300
IV.1. Income from interests in subsidiaries or parents	032	149,800	127,300
VI. Interest receivable and similar income	039	293	843
VI.2. Other interest receivable and similar income	041	293	843
VII. Other finance income	046	231	1,553
K. Other finance cost	047	1,656	757
* Profit or loss on financial activities (+/-)	048	148,668	128,939
** Profit or loss before taxation (+/-)	049	272,378	245,878
L. Income tax	050	22,693	23,143
L.1. Income tax due	051	22,415	23,808
L.2. Income tax deferred (+/-)	052	278	(665)
** Profit or loss after taxation (+/-)	053	249,685	222,735
*** Profit or loss for the year (+/-)	055	249,685	222,735
Net turnover	056	410,496	383,801

CASH FLOW STATEMENT		Burza cenných papírů Praha, a.s. Business Identification Number: 471 156 29	
for the year ended 31 December 2021 (in CZK thousands)		Rybná 14/682 110 05 Praha 1	
		Year ended 31 /12/ 2021	Year ended 31 /12/ 2020
P. Cash and cash equivalents at beginning of year	001	197,992	179,283
Cash flows from operating activities	002		
Z. Profit or loss on ordinary activities before taxation (+/-)	003	272,378	245,878
A.1. Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	004	(148,482)	(122,709)
A.1.1. Depreciation and amortization of fixed assets and write-off of receivables	005	4,482	3,538
A.1.2. Change in allowances	006	(691)	(19)
A.1.3. Change in provisions	007	(2,064)	2,482
A.1.4. Foreign exchange differences	008	(116)	(567)
A.1.6. Interest expense and interest income	010	(293)	(843)
A.1.7. Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	011	(149,800)	(127,300)
A.* Net cash from operating activities before taxation, changes in working capital and extraordinary items	012	123,896	123,169
A.2. Change in non-cash components of working capital	013	(12,719)	5,775
A.2.2. Change in trade receivables	015	(1,348)	(5,037)
A.2.3. Change in other receivables and in prepaid expenses and unbilled revenue	016	(8,627)	1,103
A.2.4. Change in trade payables	017	329	1,125
A.2.5. Change in other payables, and in accruals and deferred income	018	(3,073)	8,584
A.** Net cash from operating activities before taxation, interest paid and extraordinary items	019	111,177	128,944
A.4.1. Income tax paid	021	(26,909)	(16,994)
A.*** Net cash provided by (used in) operating activities	022	84,268	111,950
Cash flows from investing activities	023		
B.1.1. Purchase of fixed assets	024	(2,557)	(5,189)
B.4.1. Interest received	027	293	843
B.5.1. Dividends received	028	149,800	127,300
B.*** Net cash provided by (used in) investing activities	029	147,536	122,954
Cash flows from financing activities	030		
C.2. Effect of other changes in equity on cash	032	(222,554)	(216,196)
C.2.2. Profit shares paid	034	(222,554)	(216,196)
C.*** Net cash provided by (used in) financing activities	036	(222,554)	(216,196)
F. Net increase (decrease) in cash	037	9,250	18,709
R. Cash and cash equivalents at end of year	038	207,242	197,992

STATEMENT OF CHANGES IN EQUITY		Burza cenných papírů Praha, a.s.			
for the year ended 31 December 2021 (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/ 2019	100,721	(550)	180	216,148	316,499
Dividends paid	0	0	(48)	(216,148)	(216,196)
Purchase of own shares	0	0	0	0	0
Profit (loss) for the year (+/-)	0	0	0	222,735	222,735
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
	0	0	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

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 2021, 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.

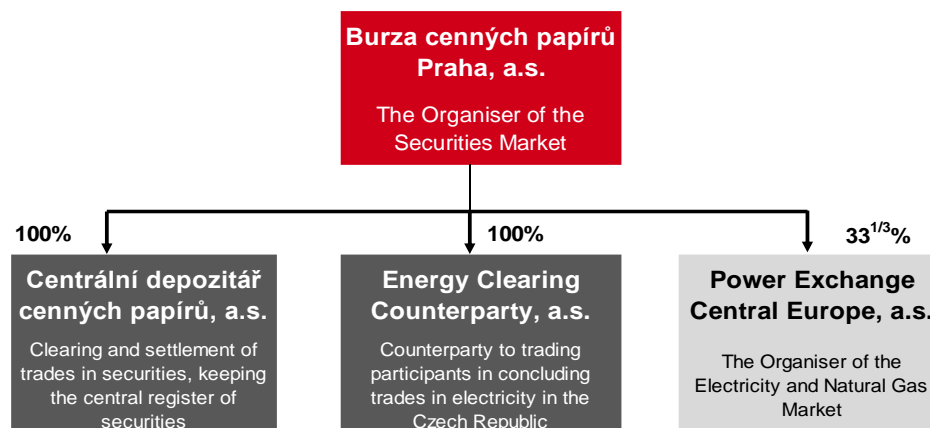
1.3 Organizational structure of the Company

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 2021



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 2021 (2020: 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 2021

	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.

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.

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 40 thousand per unit for 2021 and CZK 30 thousand per unit for 2020 are treated as tangible fixed assets and is 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 are for 2021 and CZK 30 thousand for 2020 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 2021, the VAT Group used an advance VAT coefficient of 88% (1 January 2020: 87%) to claim VAT deduction on input for the whole VAT Group for 2021. In the VAT return for December 2021 the Company calculated a settlement coefficient for 2021, amounting to 100% and representing an advance VAT coefficient for 2022. 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 was settled in December 2021.

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

The financial statements for the year ended 31 December 2021 have been prepared assuming that the Company will continue as a going concern. Hence, the accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

In terms of the effects of the Covid-19 pandemic, in 2021 the Company recognizes increased costs for organizing work from home and securing supplies of medical materials and services. In relation to the pandemic the Company noted indirect impact on its revenues related to the uncertainty in the capital markets.

The Company did not change any accounting policies and procedures in 2021 or 2020.

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 1 January 2020	39,517	386	194	40,097
Additions	2,475	0	1,724	4,199
Disposals	0	0	(194)	(194)
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

(in CZK thousands)

Accumulated amortization	Software	Other intangible FA	Intangible FA in progress	Total
Balance as at 1 January 2020	38,181	386	0	38,567
Additions	911	0	0	911
Disposals	0	0	0	0
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

(in CZK thousands)

Net book value	Software	Other intangible FA	Intangible FA in progress	Total
Balance as at 1 January 2020	1,336	0	194	1,530
Balance as at 31 December 2020	2,900	0	1,724	4,624
Balance as at 31 December 2021	1,435	0	288	1,723

Additions to intangible fixed assets in the amount of CZK 409 thousand (2020: CZK 4,199 thousand) are represented by the acquisition of software for HCL Notes and the development of web portal, this is technical improvement of already acquired assets. Disposals of intangible fixed assets in 2021 amounted to CZK 4,405 thousand (2020: CZK 194 thousand) mainly represented disposal of obsolete software CZK 2,681 thousand (software Check Point, Tivoli, www.px.cz, Mimix) and reclassification of unfinished intangible assets from 2020 in the amount of 1,724 thousand CZK for tangible assets, which were also put into use in 2021.

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

(in CZK thousands)

	Amortization
2021	1,586
2020	911

In 2021 and 2020 no allowances against intangible fixed assets were created.

Intangible fixed assets of CZK 798 thousand (2020: CZK 831 thousand) were carried in a subsidiary ledger.

3.1.2 Tangible fixed assets

(in CZK thousands)

Acquisition cost	Computer equipment	Furniture and fixtures	Low-value tangible assets	Total
Balance as at 1 January 2020	21,384	5,929	3,682	30,995
Additions	955	0	35	990
Disposals	0	0	(225)	(225)
Balance as at 31 December 2020	22,339	5,929	3,492	31,760
Additions	3,814	0	58	3,872
Disposals	(7,405)	0	(225)	(7,630)
Balance as at 31 December 2021	18,748	5,929	3,325	28,002

(in CZK thousands)

Accumulated depreciation	Computer equipment	Furniture and fixtures	Low-value tangible assets	Total
Balance as at 1 January 2020	17,760	5,430	3,325	26,515
Additions	2,009	192	231	2,432
Disposals	0	0	(225)	(225)
Balance as at 31 December 2020	19,769	5,622	3,331	28,722
Additions	2,640	103	153	2,896
Disposals	(7,405)	0	(225)	(7,630)
Balance as at 31 December 2021	15,004	5,725	3,259	23,988

(in CZK thousands)

Net book value	Computer equipment	Furniture and fixtures	Low-value tangible assets	Total
Balance as at 1 January 2020	3,624	499	357	4,480
Balance as at 31 December 2020	2,570	307	161	3,038
Balance as at 31 December 2021	3,744	204	66	4,014

Additions to tangible fixed assets in the amount of CZK 3,872 thousand (2020: CZK 990 thousand) are represented by the acquisition of IBM SVC-SAN Volume Controller and HP DL360 servers.

Disposals of tangible fixed assets amounted to CZK 7,630 thousand (2020: CZK 225 thousand). The disposals represented disposal of IBM Pureflex computer, CISCO router and small tangible assets.

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

(in CZK thousands)

	Depreciation
2021	2,896
2020	2,432

The total value of small tangible assets, which are not reflected in the accompanying balance sheet and are carried in a subsidiary ledger, was CZK 5,713 thousand as at 31 December 2021 (2020: CZK 5,549 thousand).

In 2021 and 2020 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 2021, the Company has cars under operating leases. The aggregate amount of lease payments, excluding VAT, made in 2021 was CZK 1,913 thousand (2020: CZK 1,974 thousand). The Company resides in the rented premises. Total lease payments relating to these premises (including back office premises) were CZK 10,041 thousand (2020: CZK 9,973 thousand).

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

	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Due within one year	11,604	11,496
Due after one year but within five years	24,240	33,753
More than five years	0	0
Total	35,844	45,249

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	525,679	51,269	33,588
Equity	442,293	36,468	10,157
Basic capital and capital funds	100,000	30,000	8,180
Reserves from profit	160,000	0	0
Retained earnings/ Accumulated loss	60	4,732	1,857
Profit/loss for the current year	182,233	1,736	120
Acquisition cost of share / interest	90,100	10,000	20,346
Dividends received during the year	141,800	8,000	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 2020
Centrální depozitář cenných papírů, a.s.	90,100	0	0	90,100
POWER EXCHANGE CENTRAL EUROPE, a.s.	10,000	0	0	10,000
Energy Clearing Counterparty, a.s.	20,346	0	0	20,346
Total	120,446	0	0	120,446

	(in CZK thousands)			
Allowance	Balance as at 31 December 2021	Additions	Disposals	Balance as at 31 December 2020
Energy Clearing Counterparty, a.s.	4,000	0	0	4,000
Total	4,000	0	0	4,000

	(in CZK thousands)			
Net value	Balance as at 31 December 2021	Additions	Disposals	Balance as at 31 December 2020
Centrální depozitář cenných papírů, a.s.	90,100	0	0	90,100
POWER EXCHANGE CENTRAL EUROPE, a.s.	10,000	0	0	10,000
Energy Clearing Counterparty, a.s.	16,346	0	0	16,346
Total	116,446	0	0	116,446

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

3.4 Short-term financial assets

(in CZK thousands)

Short-term financial assets	Balance as at 31 December 2021	Balance as at 31 December 2020
Cash, of which:	42	25
- cash in hand	40	22
- valuables	2	3
Bank accounts, of which:	207,200	197,967
- current accounts	207,200	197,967
Total short-term financial assets	207,242	197,992

3.5 Receivables

3.5.1 Trade receivables

(in CZK thousands)

	Balance as at 31 December 2021	Balance as at 31 December 2020
Short-term		
- trade receivables (customers)	16,303	14,878
- other trade receivables	0	0
Total trade receivables	16,303	14,878
- allowances	(135)	(828)
Total	16,168	14,050

3.5.2 Ageing of short-term trade receivables

(in CZK thousands)

Year	Category	Due	Past due date					Total
			1 – 90 days	91 – 180 days	181 – 365 days	1 - 2 years	2 and more years	
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
2020	Short-term	14,050	0	0	0	0	828	14,878
	Allowances	0	0	0	0	0	(828)	(828)
	Total	14,050	0	0	0	0	0	14,050

Unpaid trade receivables are not secured. The Company has receivables which are more than five years after maturity amounting to CZK 135 thousand (2020: CZK 828 thousand). These receivables are covered by allowances of 100%.

3.5.3 Allowances against receivables

(in CZK thousands)

Allowances against receivables	2021	2020
Balance as at 1 January	135	828
Release	0	0
Balance as at 31 December	135	828

3.5.4 Due from government - tax receivables

	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Value added tax	4,252	3,277
Total	4,252	3,277

In November and December 2021, the VAT clearing in the VAT Group amounted to CZK 3,859 thousand (2020: CZK 2,882 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 393 thousand (2020: CZK 395 thousand) that will be exercised in January 2022. It concerns payments received in 2021 where the date of making taxable supplies was determined for January 2022.

3.5.5 Unbilled revenue

	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Not invoiced estimates - cleaning	10	23
Not invoiced stock exchange information	22,675	21,316
Not invoiced lease-related services	99	282
Total	22,784	21,621

The amount of unbilled revenue is mainly comprised of not-invoiced services related to selling of exchange information in the amount of CZK 22,675 thousand (2020: CZK 21,316 thousand).

3.5.6 Receivables from group companies

	(in CZK thousands)	
Name of the company	Balance as at 31 December 2021	Balance as at 31 December 2020
Short-term trade receivables		
Centrální depozitář cenných papírů, a.s.	11,943	10,853
POWER EXCHANGE CENTRAL EUROPE, a.s.	135	145
Energy Clearing Counterparty, a.s.	0	0
Wiener Börse AG (fellow subsidiary)	601	395
Total	12,679	11,393

Name of the company	Balance as at 31 December 2021	Balance as at 31 December 2020
Receivables from partners		
Centrální depozitář cenných papírů, a.s.	0	0
POWER EXCHANGE CENTRAL EUROPE, a.s.	0	0
Energy Clearing Counterparty, a.s.	0	13
Total receivables from partners	0	13

Receivables from partners comprise mainly receivables relating to VAT.

	(in CZK thousands)	
Name of the company	Balance as at 31 December 2021	Balance as at 31 December 2020
Unbilled revenue		
Centrální depozitář cenných papírů, a.s.	9	19
POWER EXCHANGE CENTRAL EUROPE, a.s.	1	3
Energy Clearing Counterparty, a.s.	0	1
Wiener Börse AG (fellow subsidiary)	22,675	21,316
Total	22,685	21,339

No receivables from group companies are overdue.

3.6 Prepaid expenses and accrued income

	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
IT	6,089	3,655
Rental, incl. related services	5,580	3,375
Insurance	128	100
Other	2,367	709
Prepaid expenses	14,164	7,839
Other	187	0
Accrued income	187	0
Total prepaid expenses and accrued income	14,351	7,839

3.7 Total equity

3.7.1 Registered capital

The Company's registered capital recorded in the Commercial Register as at 31 December 2021 of CZK 100,721 thousand (2020: CZK 100,721 thousand) is divided into 265,056 registered shares with a nominal value of CZK 380 per share (2020: CZK 380).

3.7.2 Profit for the year 2020 distribution and planned distribution of profit for the year 2021

Profit for 2020 of CZK 222,735 thousand was approved and distributed based on the decision of the General Meeting held on 11 May 2021. The total profit distribution was CZK 222,554 thousand and the amount of CZK 181 thousand was distributed to retained earnings of previous years.

The Company plans to distribute profit for 2021 in the amount of CZK 249,685 thousand as profit share.

3.8 Provisions

	(in CZK thousands)	
	Provision for corporate income tax	Other provisions
Balance as at 1 January 2021	9,362	4,118
Utilization	(9,362)	(4,118)
Additions	4,870	2,054
Balance as at 31 December 2021	4,870	2,054

	(in CZK thousands)	
	2021	2020
Provision for corporate income tax	4,870	9,362
Other provisions	2,054	4,118
Balance as at 31 December	6,924	13,480

In 2021, the Company paid advances for corporate income tax including previous year additional tax of CZK 26,909 thousand (2020: CZK 16,994 thousand). The tax liability for 2021 amounted to CZK 24,066 thousand (2020: CZK 24,072 thousand). The final provision is CZK 4,870 thousand (2020: CZK 9,362 thousand).

As at 31 December 2021, a provision was recognized for untaken vacation of employees in the amount of CZK 2,054 thousand (2020: CZK 2,071 thousand) and for a variable portion of wage in the amount of CZK 0 thousand (2020: CZK 2,047 thousand).

3.9 Liabilities

3.9.1 Trade payables

	(in CZK thousands)	
Short-term trade payables and received advances	Balance as at 31 December 2021	Balance as at 31 December 2020
Short-term		
- trade payables (suppliers)	3,629	3,334
Total trade payables	3,629	3,334

None of trade payables is past due or secured.

3.9.2 Liabilities – controlled or controlling entity

As at 31 December 2021, the Company had a liability to EnCC of CZK 744 thousand (2020: CZK 0 thousand), due to signed agreement on provision of compensation payments.

3.9.3 Liabilities to employees

As at 31 December 2021, the Company had liabilities to employees of CZK 7,403 thousand (2020: CZK 7,724 thousand).

3.9.4 Liabilities arising from social security and health insurance

As at 31 December 2021, social security and health insurance liabilities amounted to CZK 2,963 thousand (2020: CZK 3,398 thousand), of which CZK 1,595 thousand (2020: CZK 1,891 thousand) were social security liabilities and CZK 1,368 thousand (2020: CZK 1,508 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 2021	Balance as at 31 December 2020
Other direct taxes	1,866	2,415
Value added tax	0	0
Total	1,866	2,415

In 2021 a receivable from government arose from a VAT settlement (see Note 3.5.4.).

As at 31 December 2021, the Company had a payable arising from the taxation of employees' wages of CZK 1,866 thousand (2020: CZK 2,415 thousand). None of these liabilities is past due.

3.9.6 Unbilled deliveries

Unbilled deliveries of CZK 10,584 thousand (2020: CZK 12,022 thousand) primarily include estimated employee bonuses of CZK 10,409 thousand (2020: CZK 11,768 thousand), including social security and health insurance estimates.

3.9.7 Liabilities to group companies

	(in CZK thousands)	
Name of the company	Balance as at 31 December 2021	Balance as at 31 December 2020
Short-term trade payables		
Centrální depozitář cenných papírů, a.s.	16	16
Wiener Börse AG	0	0
Total short-term trade payables	16	16

Name of the company	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Liabilities – controlled or controlling entity		
Energy Clearing Counterparty, a.s.	744	0
Total liabilities – controlled or controlling entity	744	0

Name of the company	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Liabilities to partners		
Centrální depozitář cenných papírů, a.s.	809	990
POWER EXCHANGE CENTRAL EUROPE, a.s.	220	499
Energy Clearing Counterparty, a.s.	11	0
Total liabilities to partners	1,040	1,489

Liabilities to partners comprise mainly payables relating to VAT.

Name of the company	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Unbilled deliveries		
Centrální depozitář cenných papírů, a.s.	74	149
POWER EXCHANGE CENTRAL EUROPE, a.s.	10	20
Energy Clearing Counterparty, a.s.	2	4
Total unbilled deliveries	86	173

Name of the company	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Deferred income		
Centrální depozitář cenných papírů, a.s.	1,223	1,599
POWER EXCHANGE CENTRAL EUROPE, a.s.	160	209
Energy Clearing Counterparty, a.s.	26	35
Total deferred income	1,409	1,843

3.10 Accruals and deferred income

	(in CZK thousands)	
	Balance as at 31 December 2021	Balance as at 31 December 2020
Accruals	868	1,228
Other	868	1,228
Deferred income	1,553	1,843
Rental and related services	1,409	1,843
Other	144	0
Total accruals and deferred income	2,421	3,071

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 2021	Balance as at 31 December 2020
Difference between net book value of fixed assets for accounting and tax purposes	39	(141)
Provisions	390	782
Social and health insurance	500	566
Deferred tax asset (+) / liability (-)	929	1,207
Revenue (+) / expense (-) from change of deferred tax asset	(278)	665

The deferred tax as at 31 December 2021 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 2020 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)	
	2021	2020
Profit before tax	272,378	245,878
Theoretical tax at a tax rate of 19% (2020: 19%)	51,752	46,717
Tax effect of tax non-deductible expenses	1,204	1,551
Tax effect of income not subject to tax	(28,890)	(24,196)
Total tax	24,066	24,072
Refund of tax of prior years	(1,651)	(264)
Current tax	22,415	23,808
Change in deferred tax	278	(665)
Total income tax on ordinary activity	22,693	23,143

	(in CZK thousands)	
	2021	2020
Total tax	24,066	24,072
Income tax prepayment made	19,196	14,710
Income Tax Receivable (-) / Provision (+)	4,870	9,362

In 2021, the Company paid advances for corporate income tax including previous year additional tax of CZK 19,196 thousand (2020: CZK 14,710 thousand).

3.13 Revenues on ordinary activity by principal activity

(in CZK thousands)

	2021			2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Stock exchange fees	39,445	6,287	45,732	33,408	6,664	40,072
Annual trading fees	6,210	1,380	7,590	5,980	1,840	7,820
Listing fees	11,442	1,580	13,022	10,003	1,981	11,984
Trading fees	21,793	3,327	25,120	17,425	2,843	20,268
Services relating to settlement	41,721	0	41,721	47,093	0	47,093
Stock exchange information	0	44,575	44,575	19	41,656	41,675
Services for PXE	7,762	0	7,762	7,522	0	7,522
Services for CDCP - securities register	111,192	0	111,192	108,570	0	108,570
Other	9,156	0	9,156	9,153	0	9,153
Total revenues	209,276	50,862	260,138	205,765	48,320	254,085

3.14 Cost of services

(in CZK thousands)

	2021	2020
Repairs and maintenance	915	814
Travel expenses	259	278
Representation costs	375	297
Rental and services	14,518	14,611
Operating leases	2,215	2,306
Advisory and legal services	10,819	8,449
Audit	2,082	2,017
Promotion	4,228	4,898
IT services	18,392	18,101
Training, workshops, conferences	415	357
Other services	5,649	4,004
Total services	59,867	56,132

3.15 Other operating income

(in CZK thousands)

	2021	2020
Contractual fines and late charges	0	20
VAT coefficient impact	32	0
Other operating income	2	0
Total other operating income	34	20

3.16 Other operating expenses

(in CZK thousands)

	2021	2020
Gifts	198	0
Insurance premiums	453	356
Write-off of receivables	691	18
VAT coefficient impact	0	1,318
Membership payments to associations	566	33
Other operating expenses	1,741	1,619
Total other operating expenses	3,649	3,344

3.17 Finance income

(in CZK thousands)

	2021	2020
Income from long-term investments – interests	149,800	127,300
- dividends received from subsidiaries (CDCP)	141,800	121,900
- dividends received from associates (PXE)	8,000	5,400
Other finance income	231	1,553
- foreign exchange gains	231	1,553
Interest receivable and similar income	293	843
- bank accounts	293	843
Total finance income	150,324	129,696

3.18 Finance cost

(in CZK thousands)

	2021	2020
Other finance cost	1,656	757
- foreign exchange losses	1,568	661
- other bank fees	76	80
- bank guarantees	12	17
Total finance cost	1,656	757

3.19 Related party transactions**3.19.1 Revenues from related party transactions**

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

2020 (in CZK thousands)

Entity	Relation to the Company	Sales of services	Finance income	Total
Centrální depozitář cenných papírů, a.s.	subsidiary	146,845	121,924	268,769
Energy Clearing Counterparty, a.s.	subsidiary	148	1	149
POWER EXCHANGE CENTRAL EUROPE, a.s.	associate	8,672	5,402	14,074
Wiener Börse AG	fellow subsidiary	41,656	0	41,656
Total revenues		197,321	127,327	324,648

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

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

2020 (in CZK thousands)

Entity	Relation to the Company	Services	Operating expenses	Finance cost	Total
Centrální depozitář cenných papírů, a.s.	subsidiary	181	0	12	193
Energy Clearing Counterparty, a.s.	subsidiary	0	0	1	1
Wiener Börse AG	parent company	9,460	34	149	9,643
Total cost		9,641	34	162	9,837

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 2021 and 2020:

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

2020	Headcount	Total personnel expenses (in CZK thousands)
Employees	27	41,780
Management	7	22,914
Total	34	64,694

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 2,330 thousand (2020: CZK 2,402 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 2021 and 2020, total personnel expenses and other fulfilment provided to the members of the Exchange Chamber and the Company management were as follows:

	(in CZK thousands)		
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
2020			
Remuneration provided to statutory bodies members	2,391	0	2,391
Life insurance and supplementary pension insurance contributions	0	295	295
Cars available also for personal purposes	0	1,364	1,364

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 2021 and 2020.

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 2021 amounting to CZK 3,300 thousand (2020: 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 109,440 thousand (2020: CZK 114,980 thousand).

4.3.2 Legal disputes

As at 31 December 2021, 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	2021	2020
Revenues	0	1
Expenses	2	3
Profit	(2)	(2)
Financial assets	1,416	1,418
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 2021.

Prague, 4 March 2022

Statutory body signature:

Name: Petr Kobic

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 Shareholders 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 2021, 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 2021, 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 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

4 March 2022
Prague, Czech Republic

Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS 2021
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:	4 March 2022

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2021

	Note	2021 TCZK	2020 TCZK
Revenues	5.1	626,695	590,111
Services	5.2	(83,857)	(80,534)
Employee benefit expenses	5.3	(152,069)	(158,408)
Depreciation and amortization expenses	5.4	(41,756)	(39,192)
Change in provisions and allowances for receivables		1,217	(580)
Other operating income	5.5	14,339	12,916
Other operating expenses	5.6	(16,468)	(19,109)
Profit from operating activities		348,101	305,204
Financial income	5.7	8,361	10,430
Financial expense	5.8	(9,062)	(7,661)
Share of profit of associates	5.10	588	8,062
Net financial income		(113)	10,831
Profit before income tax		347,988	316,035
Income tax expense	5.9	(65,077)	(60,147)
Profit from continuing operations		282,911	255,888
Attributable to:			
<i>Equity holders of the parent</i>		281,619	254,720
<i>Non-controlling interests</i>		1,292	1,168
		282,911	255,888
Other comprehensive income for the period		0	0
Total comprehensive income for the period		282,911	255,888
Attributable to:			
<i>Equity holders of the parent</i>		281,619	254,720
<i>Non-controlling interests</i>		1,292	1,168
		282,911	255,888

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31.12.2021 TCZK	31.12.2020 TCZK
NON-CURRENT ASSETS			
Property and equipment	6.1	9,291	8,633
Intangible assets	6.2	15,463	39,860
Right-of-use assets	6.3	32,924	41,528
Investments in associated companies	6.4	45,357	52,770
Long-term receivables and loans		96	102
Deferred tax receivable	6.11	1,588	0
Financial assets at amortized cost	6.5	98,197	75,394
Other long-term financial assets	6.6	0	169,606
Total non-current assets		202,916	387,893
CURRENT ASSETS			
Trade receivables and other receivables	6.7	76,761	74,048
Other assets	6.8	21,575	12,110
Cash and short-term deposits	6.9	592,761	374,089
Total current assets		691,097	460,247
TOTAL ASSETS		894,013	848,140
SHAREHOLDERS' EQUITY			
Share capital	6.10.1	100,262	100,262
Treasury shares	6.10.2	(550)	(550)
Other funds	6.10.3	169,124	159,170
Retained earnings		457,766	407,640
Equity attributable to equity holders of the parent		726,602	666,522
Non-controlling interests		3,335	3,059
Total shareholders' equity		729,937	669,581
NON-CURRENT LIABILITIES			
Deferred tax liability	6.11	0	392
Long-term lease liabilities	6.12	22,412	32,050
Total non-current liabilities		22,412	32,442
CURRENT LIABILITIES			
Trade payables	6.13	31,190	22,834
Employee benefit payable	6.14	57,485	65,185
Lease liabilities	6.12	11,869	11,083
Other current liabilities	6.15	24,692	29,841
Income tax payable	5.9	12,864	17,169
Current bank loans	6.16	3,564	5
Total current liabilities		141,664	146,117
LIABILITIES AND SHAREHOLDERS' EQUITY		894,013	848,140

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2021

						(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 2019	100,262	(550)	159,170	397,385	656,267	3,124	659,391
Comprehensive income							
Profit	0	0	0	254,720	254,720	1,168	255,888
Total comprehensive income	0	0	0	254,720	254,720	1,168	255,888
Transactions with owners of the Company							
Dividends	0	0	0	(215,299)	(215,299)	(898)	(216,197)
Additions to funds	0	0	0	0	0	0	0
Changes in majority share	0	0	0	89	89	(89)	0
Total transactions with owners of the Company	0	0	0	(215,210)	(215,210)	(987)	(216,197)
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

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2021

	Note	31.12.2021 TCZK	31.12.2020 TCZK
Profit for the period		282,911	255,888
Adjustments for non-cash transactions:			
Income tax	5.9	65,077	60,147
Depreciation of property and equipment	6.1	6,516	5,138
Amortization of intangible assets	6.2	23,313	22,319
Depreciation of right-of-use	6.3	11,927	11,735
Gain on disposal of property		0	(16)
Share of profit of associates	5.10	(588)	(8,062)
Change in allowances for receivables	6.7	(1,063)	(376)
Change in provisions		(155)	956
Interest income	5.7	(2,806)	(3,458)
Interest expense including leases	5.8	501	527
Net operating cash flow before taxation and interest		385,633	344,798
(Increase)/decrease in accounts receivable and other assets		(11,108)	9,944
Increase/(decrease) in accounts payable and other liabilities		(4,338)	27,680
Change in other long-term financial assets	6.6	146,804	(20,000)
Interest received	5.7	2,806	3,458
Interest paid	5.8	(12)	(15)
Income tax paid		(71,362)	(49,753)
Net cash flow from operating activities		448,423	316,112
Acquisition of tangible fixed assets	6.1	(5,450)	(4,177)
Acquisition of intangible fixed assets	6.2	(641)	(8,040)
Purchase of financial assets at AC	6.9	(196,803)	0
Property, equipment and intangible assets sale		0	16
Dividends received from associates	6.4	8,000	5,400
Net cash flow from investing activities		(194,894)	(6,801)
Financial lease payments	6.3	(12,664)	(12,411)
Loans repayments	6.16	(5)	(1,989)
Loan drawings	6.16	3,564	5
Dividends paid and payments made from funds		(222,555)	(216,197)
Net cash flow from financing activities		(231,660)	(230,592)
Net increase/decrease in cash and cash equivalents		21,869	78,719
Cash and cash equivalents at the beginning of the year		374,089	295,370
Cash and cash equivalents at the end of the year	8	395,958	374,089

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	
			2021	2020
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.

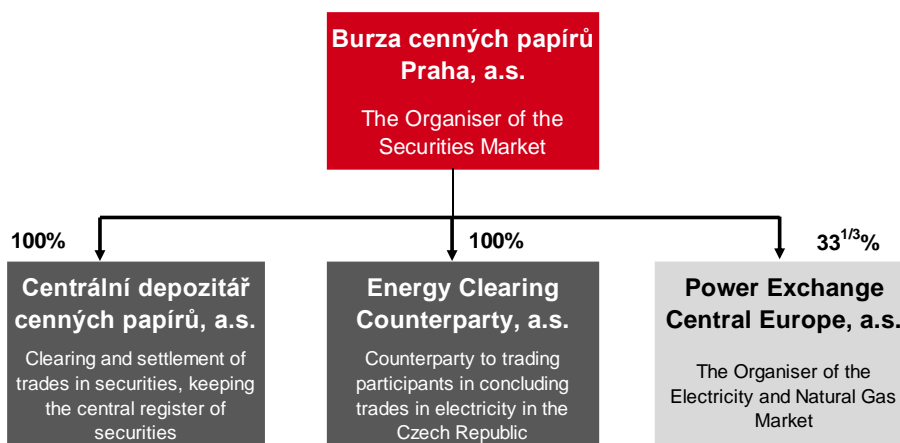
The companies are in compliance with Act No. 90/2012 on Commercial Companies and Cooperatives (the Act on Corporations) as a whole by proceeding according to Section 777 (5) of this Act.

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 2021



The majority owner of the consolidated group is Wiener Börse AG, which holds a 99.543% share as at 31 December 2021 (2020: 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 2021. 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	4-12

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.

The Group has legal obligation to maintain database of records at least for 12 years obtained from records database in order to carry out some of its activities. Therefore, the Group set the useful life of database of records to 12 years.

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	3-4

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.

Covid-19

Covid-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the WHO in March 2020. The Group assessed the impact of the world-wide pandemic on its business and considered whether the Group should change its estimation techniques and significant assumptions which are made during the reporting period. The Group does not record a negative impact of the world-wide pandemic therefore the Group did not change any approach concerning its estimation techniques significant assumptions made during the reporting period.

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 (2021: Aa3) and S&P (2021: 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.

Covid-19 did not have any impact on impairment of Right-of-use assets therefore the Group decided not to use Amendment to IFRS 16 Covid-19 Related Rent Concessions.

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 2021. The Group acted as an agent in the transaction *Storage and management of SCP records* in the amount of TCZK 380 in 2020, however, it isn't part of provided services from July 2020.

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 2021, the Group reported a deferred tax liability 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 2021 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

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 2022:

- IFRS 3 Business Combinations (Amendments)
 - update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)
- Annual Improvements 2018-2020

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)
- 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)

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 % (2020: 0.6 %) for a lease contract of office premises and 5.0 % (2020: 4.5 %) for car leases contracts.

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

Group's revenues were indirectly influenced by Covid-19 in 2021 which is caused by uncertainty and volatility in capital markets and by government debt policy.

	2021		2020	
	Volume TCZK	Structure %	Volume TCZK	Structure %
Revenues from trading on stock exchange	25,120	4.0%	20,268	3.4%
Shares	23,935	3.8%	19,174	3.2%
Debt securities	1,081	0.2%	964	0.2%
Structured products	104	0.0%	130	0.0%
Administrative fees (for membership and quotation)	20,612	3.3%	19,804	3.4%
Exchange information	44,034	7.0%	41,340	7.0%
Revenues from CSD services (excluding settlement)	428,901	68.5%	409,141	69.3%
Fee for registration of issues and related services	150,323	24.0%	180,311	30.6%
Fee for records maintenance	240,508	38.4%	188,659	32.0%
Other services CSD	38,070	6.1%	40,171	6.7%
Revenues from settlement of trades	96,903	15.4%	88,574	15.0%
License fees for exchange trading	541	0.1%	335	0.1%
Other revenues	10,584	1.7%	10,649	1.8%
Total	626,695	100.0%	590,111	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 2021	As at 31 December 2020
Deferred income for registration of new issues – IFRS 15	8,305	11,950

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)	
	2021	2020
Services related to rental premises	(3,744)	(4,003)
Taxes and fees	(298)	(265)
IT maintenance services and repairs of assets	(26,921)	(28,369)
Costs of usage of technical trading system XETRA	(9,709)	(9,417)
Data links and connections	(2,984)	(2,812)
Securities administration services	(8,125)	(8,288)
Communication fees (telecommunication, mail, transport)	(1,493)	(837)
Information services	(1,856)	(1,795)
Marketing and advertisement	(6,564)	(6,461)
Market development	(581)	(535)
Advisory and tax services	(14,923)	(11,201)
Statutory audit services	(2,999)	(2,857)
Travelling expenses	(381)	(415)
Lease (cars) – non-tax cost	(537)	(630)
Training	(982)	(1,083)
Other services	(1,760)	(1,566)
Total	(83,857)	(80,534)

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 2021 these expenses amounted TCZK 26,921 (2020: TCZK 28,369).

5.3 Employee benefit expenses

	(in TCZK)	
	2021	2020
Salaries	(114,860)	(118,739)
Statutory social and health insurance	(31,859)	(34,153)
Other employee expenses	(5,350)	(5,516)
Total	(152,069)	(158,408)

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 15,932 (2020: TCZK 14,750).

5.4 Depreciation and amortization expenses

	(in TCZK)	
	2021	2020
Depreciation of tangible fixed assets (Note 6.1)	(6,516)	(5,138)
Amortization of intangible fixed assets (Note 6.2)	(23,313)	(22,319)
Amortization of right-of-use assets (Note 6.3)	(11,927)	(11,735)
Total	(41,756)	(39,192)

5.5 Other operating income

	(in TCZK)	
	2021	2020
Sale of property and equipment	0	16
Data services	7,076	6,648
Fees for suspended and unsettled trades	5,861	5,135
Operating revenues to associated company	506	730
VAT coefficient	93	0
Other operating revenues	803	387
Total	14,339	12,916

5.6 Other operating expenses

	(in TCZK)	
	2021	2020
Material consumption	(3,865)	(5,822)
Cleaning services	(589)	(611)
Members' fees	(1,212)	(653)
Liability insurance and property insurance	(1,697)	(1,381)
Representation costs	(972)	(1,006)
Fee for operating of legal person identification	(3,126)	(3,130)
Non-deductible VAT	0	(2,400)
Receivable write-offs	(1,243)	(843)
Other operating expenses	(3,764)	(3,263)
Total	(16,468)	(19,109)

5.7 Financial income

	(in TCZK)	
	2021	2020
Interest income from instruments AC (using EIR)	2,806	3,456
Foreign exchange rate differences	5,555	6,974
Other financial revenues	0	0
Total	8,361	10,430

5.8 Financial expenses

	(in TCZK)	
	2021	2020
Interest expenses on debts and borrowings (using EIR)	(12)	(15)
Interest expenses from lease liabilities	(489)	(512)
Foreign exchange rate differences	(7,558)	(5,918)
Other financial expenses (banking fees)	(1,003)	(1,216)
Total	(9,062)	(7,661)

5.9 Income tax expenses

	(in TCZK)	
	2021	2020
Income tax payable – current period	(70,015)	(67,910)
Additional corporate income tax payment/(refund) - previous year	2,958	546
Deferred tax (Note 6.11)	1,980	7,217
Total	(65,077)	(60,147)

	(in TCZK)	
	2021	2020
Income tax payable – current period	(70,015)	(67,910)
Income tax advance payments	57,151	50,741
Total	(12,864)	(17,169)

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)	
	2021	2020
Profit before tax	347,988	316,035
Theoretical tax calculated at a tax rate of 19% (2020: 19%)	66,118	60,047
Non-taxable revenues	(1,763)	(1,632)
Permanent expenses not deductible for tax purposes	3,682	2,278
Total income tax from operations	68,035	60,693
Correction of prior year tax	(2,958)	(546)
Total income tax expenses	65,077	60,147
Effective income tax	18.7%	19.0%

Non-taxable revenues in 2021 represent a share of profit in the associated company.

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 2021, amounted to TCZK 588 (2020: TCZK 8,062). As at 31 December 2021 the Group tested the investment for impairment by applying the discounted cash flow method. Consequently, it created no further allowance to this investment in 2021 (2020: TCZK 0).

	(in TCZK)	
	2021	2020
Ownership in %	33.33 %	33.33 %
Group's share of profit/loss	588	8,062
Group's share of profit of associates	588	8,062

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	Tang. fixed assets under constr.	Total
As at 1 January 2020	75,893	8,415	0	84,308
Additions	3,315	0	862	4,177
Disposals	(30,477)	0	0	(30,477)
As at 31 December 2020	48,731	8,415	862	58,008
Additions	7,907	129	0	8,036
Disposals	(18,908)	(215)	(862)	(19,985)
As at 31 December 2021	37,730	8,329	0	46,059

(in TCZK)

Accumulated depreciation	IT Equipment	Fixtures and fittings	Tang. fixed assets under constr.	Total
As at 1 January 2020	67,413	7,301	0	74,714
Additions	4,708	430	0	5,138
Disposals	(30,477)	0	0	(30,477)
As at 31 December 2020	41,644	7,731	0	49,375
Additions	6,159	357	0	6,516
Disposals	(18,908)	(215)	0	(19,123)
As at 31 December 2021	28,895	7,873	0	36,768

(in TCZK)

Net book value	IT Equipment	Fixtures and fittings	Tang. fixed assets under constr.	Total
As at 1 January 2020	8,480	1,114	0	9,594
As at 31 December 2020	7,087	684	862	8,633
As at 31 December 2021	8,835	456	0	9,291

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 8,036 (2020: TCZK 4,177) represents a purchase of computer/IT and office equipment.

6.2 Intangible fixed assets

(in TCZK)

Carrying amount	Software	Others	Intang. fixed assets under constr.	Total
As at 1 January 2020	201,380	227,042	194	428,616
Additions	6,510	0	1,530	8,040
Disposals	0	0	0	0
As at 31 December 2020	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

(in TCZK)

Accumulated amortization	Software	Others	Intang. fixed assets under constr.	Total
As at 1 January 2020	196,229	178,248	0	374,477
Additions	3,431	18,888	0	22,319
Disposals	0	0	0	0
As at 31 December 2020	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

(in TCZK)

Net book value	Software	Others	Intang. fixed assets under constr.	Total
As at 1 January 2020	5,151	48,794	194	54,139
As at 31 December 2020	8,230	29,906	1,724	39,860
As at 31 December 2021	4,157	11,018	288	15,463

The most significant items of intangible assets of the Group are purchased records database and the purchase of software licences 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 at 31 December 2021 is TCZK 11,018 (2020: TCZK 29,906).

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 641 (2020: TCZK 8,040) is mainly represented by purchases of software (virtual environment security system).

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 2020	53,793	6,414	60,207
Additions	576	4,150	4,726
Disposals	0	(2,756)	(2,756)
As at 31 December 2020	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

(in TCZK)

Accumulated depreciation	Office Premises	Motor vehicles.	Total
As at 1 January 2020	8,607	2,888	11,495
Additions	8,717	3,018	11,735
Disposals	0	(2,581)	(2,581)
As at 31 December 2020	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

(in TCZK)

Net book value	Office Premises	Motor vehicles	Total
As at 1 January 2020	45,186	3,526	48,712
As at 31 December 2020	37,045	4,483	41,528
As at 31 December 2021	28,845	4,079	32,924

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)

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)	(489)
Deferred tax	(45)	(2)	(47)
Total amount recognised in profit or loss	(9,215)	(3,256)	(12,472)

(in TCZK)

2020	Office Premises	Motor vehicles.	Total
Depreciation expense of right-of-use	(8,717)	(3,018)	(11,735)
Interest expense on lease liabilities	(352)	(160)	(512)
Deferred tax	(32)	1	(31)
Total amount recognised in profit or loss	(9,101)	(3,177)	(12,278)

Total financial lease payments were TCZK 12,664 in 2021 (2020: TCZK 12,411)

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 2021	As at 31 December 2020
Due in 1 year	0	0
Due in 1–5 years	7,927	7,674
Due in more than 5 years	55,273	53,509
Total minimum lease payments	63,200	61,183

As at 31 December 2021, 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 2021	As at 31 December 2020
Ownership in %	33.33 %	33.33 %
Property and equipment	34	63
Intangible assets	20,091	13,544
Investment in subsidiary	28	0
Right-of-use	3,036	4,590
Long-term receivables and loans	23	30
Non-current assets	23,212	18,227
Income tax receivable	5,779	306
Trade and other receivables	9,147	10,566
Other assets	471	358
Cash and cash equivalents	15,696	49,995
Current assets	31,093	61,225
Deferred tax liabilities	(617)	(81)
Long-term liabilities from leasing	(1,801)	(3,164)
Non-current liabilities	(2,418)	(3,245)
Trade liabilities	(2,422)	(2,887)
Provisions	(788)	(643)
Income tax payable	(0)	(1,560)
Other current liabilities	(3,813)	(4,198)
Employee benefit payable	(8,508)	(8,326)
Total current liabilities	(15,531)	(17,614)
Total net assets (100%)	36,356	58,593
Total net assets (33.33%; 2020: 33.33%)	12,119	19,531
Original cost of investments in associates to fair value	41,730	41,730
Impairment allowance	(8,491)	(8,491)
Carrying amount of investments in associates	45,357	52,770
Total income	57,371	88,960
Total profit/loss for the period (100%)	1,763	24,185
Group's share of profit/loss	588	8,062

6.4.1 Impairment testing of investments in associates

As at 31 December 2021 the Group's investment in an associate stated at fair value was tested for impairment using the discounted cash flow method.

	(in TCZK)	
	2021	2020
As at 1 January	52,770	50,108
Share of profit of associates	588	8,062
Dividend payment	(8,000)	(5,400)
Allowance for equity investments (DCF method)	0	0
As at 31 December	45,358	52,770

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 profit of an associate of TCZK 588 and dividend payment in a value of TCZK 8,000, the fair value of the appropriate investment did not change as at 31 December 2021 after testing the investment by the discounted cash flow method. The Group decided to keep an allowance, of TCZK 8,491 (2020: TCZK 8,491) created in 2016. 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 2021	As at 31 December 2020
Czech government bonds	98,197	75,394
Total financial assets at amortized costs	98 197	75,394

	(in TCZK)	
	2021	2020
Financial assets at AC as at 1 January	75,394	74,822
Price incl. transaction cost	97,283	0
Bond maturity	(75,562)	0
Interest income incl. amortisation (using EIR)	1,082	572
Financial assets at AC as at 31 December	98,197	75,394

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

Additional information is disclosed in the Note 6.6 and 6.9.

6.6 Other long-term financial assets

The Group does not have any other long-term financial assets in 2021 (2020: TCZK 169,606). The other long-term financial assets were represented by balances in Česká národní banka as capital requirement for the CSDR licence.

Additional information is disclosed in the Note 6.5 and 6.9.

6.7 Trade and other receivables

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Trade receivables	49,497	53,965
<i>physical settlement of trades with electric energy</i>	0	11,447
<i>trade receivables</i>	49,497	42,518
Adjustments to trade receivables	(4,135)	(5,198)
Total net receivables	45,362	48,767
Estimated receivables	22,794	21,602
Short-term advances	16	0
Receivables from employees	44	46
Other financial assets	4,123	0
Financial assets	72,339	70,415
Receivable from state ensuing from excessive VAT deduction	4,422	3,633
Non-financial assets	4,422	3,633
Total trade and other receivables	76,761	74,048

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)	
	2021	2020
Balance as at 1 January	5,198	5,574
Additions	1,090	1,033
Receivable write-offs	(1,243)	(843)
Release	(910)	(566)
Balance as at 31 December	4,135	5,198

Additional information is disclosed in the Note 7.

6.8 Other assets

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Prepayments	21,574	12,110
Non-financial assets	21,574	12,110
Total	21,574	12,110

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.

6.9 Cash and short-term deposits

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Cash in hand	108	44
Cash at bank	313,216	374,045
Cash and cash equivalents	313,324	374,089
Short-term deposits – treasury bills	279,437	0
Cash and short-term deposits	592,761	374,089

The Company held treasury bills SPP CNB 4 T 2,50 14/01/2022 ISIN CZ0001006381 and SPP 4T 2,75 28/01/2022 ISIN CZ0001006399 of TCZK 279,437 as at 31 December 2021 (2020: CZK 0). While part of the treasury bills in the amount of TCZK 196,803 is with a limited availability due to holding a capital requirement and the treasury bills in the amount of TCZK 82,634 that fulfills definition of cash equivalent.

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 295,000 as of December 31, 2021 (2020: TCZK 245,000) and is distributed into following financial instruments:

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Czech government bonds (Note 6.5)	98,197	75,394
Treasury bills	196,803	0
Balances at bank accounts	0	169,606
Česká národní banka (Note 6.6)	0	169,606
Limited disposal accounts – CSDR licence	295,000	245,000

Additional information is disclosed in the Note 6.5 and 6.6.

6.10 Share capital and shareholders' fund

6.10.1 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 2021 (2020: 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.

6.10.2 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 2021, the Company held treasury shares with an acquisition price of TCZK 550 (2020: TCZK 550) which is 0.042 % of the total share on share capital.

6.10.3 Other funds

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Other capital funds	9,900	9,900
Reserve fund	160,000	150,000
Total	169,900	159,900

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.

6.11 Deferred tax

The Group recognizes a deferred tax receivable as at 31 December 2021 in the amount of TCZK 1,588 (2020: a deferred tax payable in the amount of TCZK 392). Deferred income tax receivable is attributable to the following items arising from temporary differences:

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Property, equipment and intangible assets	(2,180)	(6,010)
Provisions	2,294	3,904
Leasing	258	305
Others	1,216	1,409
Deferred tax liability (-) / receivable (+)	1,588	(392)

	(in TCZK)	
	2021	2020
As at 1 January	(392)	(7,609)
Tax charge per the statement of comprehensive income	1,980	7,217
As at 31 December	1,588	(392)

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 2021 is calculated using an applicable tax rate of 19% (tax rate for 2022 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.

6.12 Lease liabilities

	(in TCZK)			
	Interest rate in %	Maturity	As at 31 December 2021	As at 31 December 2020
Lease liabilities	0.6-5.0	2022	11,869	11,083
Long-term lease liabilities	0.6-5.0	2023-2025	22,412	32,050
Total			34,281	43,133

Additional information is disclosed in the Note 6.3 and 7 .

6.13 Trade payables

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Trade payables from electricity trading	23,352	13,146
Other trade payables	7,838	9,688
Total	31,190	22,834

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 at 31 December 2021.

Additional information is disclosed in the Note 7.

6.14 Employee benefit payable

As at 31 December 2021 payables to employees include wages and salaries for December 2021 including social security and health insurance premiums of TCZK 27,418 (2020: TCZK 26,628).

In addition, the Group reported estimated payables relating to the payment of bonuses (including social security and health insurance) of TCZK 26,297 (2020: TCZK 29,960), payables related to the untaken vacation of TCZK 3,770 (2020: TCZK 3,925) and other provisions of TCZK 0 (2020: TCZK 4,672).

6.15 Other liabilities

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Payables to associated company	221	499
Accrued expenses	1,447	3,265
Estimated payables	1,088	1,011
Other payables	447	98
Financial liabilities	3,203	4,873
Other tax liabilities	5,108	5,675
Deferred revenues	16,381	19,293
Non-financial liabilities	21,489	24,968
Total other liabilities	24,692	29,841

Payables of TCZK 447 (2020: TCZK 98) comprise primarily of payables to shareholders in arising from distribution of securities.

Other tax liabilities of TCZK 5,108 (2020: TCZK 5,675) primarily relate to income tax on employment. Deferred revenues in amount of 16,381 (2020: TCZK 19,293) 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.

6.16 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 3,000 (2020: TEUR 3,000).

In 2021, the Group has an active overdraft facility of TCZK 10,000 (2020: TCZK 10,000) with Komerční banka, a.s. (hereinafter "KB").

As at 31 December 2021, the Group also has concluded a Contract for provision of a bank guarantee to secure a contingent liability to European Commodity Clearing AG of TEUR 1,000 (2020: TEUR 1,000) and a Contract for provision of a bank guarantee of TCZK 3,300 (2020: TCZK 3,300) with KB.

	Value in mil.		Value in TCZK	Interest rate in %	Maturity	2021 in TCZK	2021 in TEUR
Bank overdraft Unicredit Bank	3.0	EUR	74,580	EURIBOR+1.00	On demand	0	0
Bank overdraft KB	10.0	CZK	10,000	PRIBOR+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

	Value in mil.		Value in TCZK	Interest rate in %	Maturity	2020 in TCZK	2020 in TEUR
Bank overdraft Unicredit Bank	3.0	EUR	78,735	EURIBOR+1.00	On demand	0	0
Bank overdraft KB	10.0	CZK	10,000	PRIBOR+0.75	On demand	0	0
			88,735			0	0
Bank guarantee KB	1.0	EUR	26,245	0.30	28.02.2021	0	0
Bank guarantee KB	3.3	CZK	3,300	0.50	28.02.2021	0	0
			29,545			0	0
Total			118,280			0	0

The Group uses credit cards with a maximum limit of TCZK 200. As at 31 December 2021, the Group drew a credit limit in a value of TCZK 8 (2020: TCZK 5).

The amount of TCZK 3,556 (2020: TCZK 0) represents 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 28,160 (2020: TCZK 29,545). The maximal credit risk exposure relating to credit limit contracts at the maximum amount the Group could have to pay is TCZK 84,580 (2020: TCZK 88,735).

	(in TCZK)	
	As at 31 December 2021	As at 31 December 2020
Long-term receivables	96	102
Long-term financial assets at AC	98,197	75,394
Other long-term financial assets	0	169,606
Trade receivables	45,362	48,767
Other financial assets	26,977	21,648
Cash and short-term deposits	592,761	374,089
Total	763,393	689,606

Quality of financial assets which are not overdue or impaired

	(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

(in TCZK)

2020	AAA	AA- / AA+	A- / A+	BBB+	No rating	Total
Financial Assets						
Long-term receivables	0	0	0	0	102	102
Long-term financial assets at AC	0	75,394	0	0	0	75,394
Other long-term financial assets	0	169,606	0	0	0	169,606
Trade receivables	0	0	0	0	48,767	48,767
Other financial assets	0	0	0	0	21,648	21,648
Cash and short-term deposits	0	130,578	236,358	7,109	44	374,089
Total	0	375,578	236,358	7,109	70,561	689,606
Bank guarantee	0	0	29,545	0	0	29,545
Total	0	0	29,545	0	0	29,545

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

Financial institution	2021	2020
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
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 2021 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	4,224	0	0	0	0	0	135	4,359
CSD	40,170	553	49	341	80	440	3,328	44,961
EnCC	177	0	0	0	0	0	0	177
Gross Balances in 2021	44,571	553	49	341	80	440	3,463	49,497
Gross Balances in 2020	48,282	258	80	227	17	455	4,646	53,965

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	279	48	14	119	31	180	3,328	3,999
EnCC	0	0	0	0	0	0	0	0
Impairments in 2021	280	48	14	119	31	180	3,463	4,135
Impairments in 2020	234	23	22	79	7	187	4,646	5,198

At 31 December 2021 the Group recognized an impairment loss on trade receivables in a value of TCZK 4,135 (2020: TCZK 5,198); court action is underway for their enforcement and the likelihood of payment is minimal.

At 31 December 2021 the Group recognize an impairment loss on cash, long-term financial assets and bank guarantees in a value of TCZK 2,037 (2020: TCZK 520).

At 31 December 2021 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	
2021	540	222	309	0	0	1,071
2020	293	148	278	0	0	719

The Group records overdue and not impaired receivables in the amount of TCZK 1,071 as at 31 December 2021 (2020: TCZK 719). The Group did not recognize impairments on off-balance items as at 31 December 2021.

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 6.16) 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.

2021	(in TCZK)						
	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
Other long-term financial assets	0	0	0	0	0	0	0
Trade receivables and other receivables	47,585	29,076	100	0	0	0	76,761
Income tax receivable	0	0	0	0	0	0	0
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							
Deferred tax liability	0	0	0	0	0	0	0
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

(in TCZK)

2020	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	8,633	8,633
Intangible assets	0	0	0	0	0	39,860	39,860
Right-of-use assets	0	0	0	0	0	41,528	41,528
Investment associates	0	0	0	0	0	52,770	52,770
Long-term receivables and loans	0	0	0	0	102	0	102
Long-term financial assets at AC	0	0	0	0	0	75,394	75,394
Other long-term financial assets	0	0	0	0	0	169,606	169,606
Trade receivables and other receivables	48,922	24,842	284	0	0	0	74,048
Income tax receivable	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	12,110	12,110
Cash and short-term deposits	374,089	0	0	0	0	0	374,089
Total assets	423,011	24,842	284	0	102	399,901	848,140
Liabilities							
Deferred tax liability	0	0	0	0	0	392	392
Long-term liabilities from leasing	0	0	0	0	32,050	0	32,050
Trade payables	22,834	0	0	0	0	0	22,834
Employee benefit payable	30,553	0	29,960	4,672	0	0	65,185
Lease liabilities	923	1,847	2,771	5,542	0	0	11,083
Other liabilities	29,841	0	0	0	0	0	29,841
Income tax payable	0	0	17,169	0	0	0	17,169
Short-term bank loans	5	0	0	0	0	0	5
Total liabilities	84,156	1,847	49,900	10,214	32,050	392	178,559
Liquidity excess at 31.12.2020	338,855	22,995	(49,616)	(10,214)	(31,948)	399,509	669,581

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

(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

(in TCZK)

2020	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	75,563	0	0	0	75,563
Total	0	0	75,563	0	0	0	75,563
Financial Liabilities							
Long-term lease liabilities	0	0	0	0	0	35,032	35,032
Lease liabilities	0	1,024	2,049	3,073	6,146	0	12,292
Short-term bank loans	0	0	0	0	5	0	5
Bank guarantees	29,545	0	0	0	0	0	29,545
Total	29,545	1,024	2,049	3,073	6,151	35,032	76,874

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 2021. 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
2021	5.0 %	3,099
	-7.0 %	(4,339)
2020	5.0 %	1,661
	-7.0 %	(2,326)

Period	Change in USD rate	(in TCZK)
		Effect on profit before tax
2021	5.0 %	(3)
	-7.0 %	4
2020	5.0 %	(13)
	-7.0 %	18

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
2021	50 b.p.	(373)
	-60 b.p.	447
2020	50 b.p.	(394)
	-60 b.p.	472

Period	Increase/decrease in basis points	(in TCZK)
		Effect on profit before tax
2021	50 b.p.	(50)
	-60 b.p.	60
2020	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 31 December 2021		As at 31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Long-term receivables and loans	96	96	102	102
Financial assets at amortized cost	98,197	90,152	75,394	75,272
Other long-term financial assets	0	0	169,606	169,606
Trade receivable	45,362	45,362	48,767	48,767
Other financial assets	26,977	26,977	21,648	21,648
Cash and short-term deposits	592,761	592,761	374,089	374,089
Total	763,393	755,348	689,606	689,484
Financial liabilities				
Long-term lease liabilities	22,412	22,412	32,050	32,050
Trade payables	31,190	31,190	22,834	22,834
Lease liabilities	11,868	11,868	11,083	11,083
Other financial liabilities	3,204	3,204	4,873	4,873
Current bank loans	3,564	3,564	5	5
Total	72,238	72,238	70,845	70,845

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

2021	Level			Total
	Level 1	Level 2	Level 3	
Financial assets				
Long-term receivables and loans	0	0	96	96
Financial assets at amortized cost	90,152	0	0	90,152
Other long-term financial assets	0	0	0	0
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

	(in TCZK)			
2020	Level 1	Level 2	Level 3	Total
Financial assets				
Long-term receivables and loans	0	0	102	102
Financial assets at amortized cost	75,272	0	0	75,272
Other long-term financial assets	0	169,606	0	169,606
Trade receivable	0	0	48,767	48,767
Other financial assets	0	0	21,648	21,648
Cash and short-term deposits	0	374,089	0	374,089
Total	75,272	543,695	70,517	689,484
Financial liabilities				
Long-term lease liabilities	0	32,050	0	32,050
Trade payables	0	0	22,834	22,834
Lease liabilities	0	11,083	0	11,083
Other financial liabilities	0	0	4,873	4,873
Current bank loans	0	5	0	5
Total	0	43,138	27,707	70,845

There were no transfers between Level 1, Level 2 and Level 3 during 2021 and 2020.

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 2021 for the Group shareholders amounts to CZK 943 per share (2020: CZK 840 per share).

7.6 Financial Instruments: Disclosures

The Group's consolidated financial statements for the year ended 31 December 2021 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 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
Other long-term financial assets	0	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

Financial instruments by class and category as at 31 December 2020:

(in TCZK)

Categories	Debt instruments at amortized costs	Financial assets at FVTPL	Financial liabilities at amortized costs	Financial liabilities FVTPL
Classes				
Long-term receivables	102	0	0	0
Long-term financial assets	75,394	0	0	0
Other long-term financial assets	169,606	0	0	0
Trade receivables	48,767	0	0	0
Other financial assets	21,648	0	0	0
Cash and short-term deposits	374,089	0	0	0
Long term lease liabilities	0	0	32,050	0
Trade payables	0	0	22,834	0
Lease liabilities	0	0	11,083	0
Other financial liabilities	0	0	4,873	0
Short-term bank loans	0	0	5	0
Total	689,606	0	70,845	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 2021	As at 31 December 2020
Cash and bank accounts	313,324	374,089
Treasury bills	82,634	0
Total cash and cash equivalents	395,958	374,089

The Company held treasury bills SPP CNB 4 T 2,50 14/01/2022 ISIN CZ0001006381 and SPP 4T 2,75 28/01/2022 ISIN CZ0001006399 of TCZK 279,437 as at 31 December 2021 (2020: CZK 0). While part of the treasury bills in the amount of TCZK 196,803 is with a limited availability due to holding a capital requirement and the treasury bills in the amount of TCZK 82,634 that fulfils definition of cash equivalents.

Additional information is disclosed in the Note 6.9.

9 CLEARING FUND ASSETS AND LIABILITIES

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

		(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

		(in TCZK)	
2020			
Bank accounts	17,939		
- current account	17,939		
- term account	0		
Fixed income securities held to maturity	0	Liabilities to members of CLF	17,939
Total assets	17,939	Total liabilities	17,939

10 RELATED PARTIES

Wiener Börse AG is the majority shareholder of the Group. Wiener Börse AG owns as at 31 December 2021:

- 99.543% (2020: 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	2021	2020
Agreement on information sale cooperation	44,035	41,321
Agreement regarding index trading	541	335
Other revenues	61	61
Total revenues	44,637	41,717
Agreement on technical trading system XETRA	9,709	9,417
Others	776	112
Total expenses	10,484	9,529

(in TCZK)		
Receivables/Payables	As at 31 December 2021	As at 31 December 2020
Agreement on information sale cooperation	22,675	21,316
Agreement regarding index trading	541	335
Other receivables	60	60
Trade receivables	23,276	21,711

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

(in TCZK)		
Receivables/Payables	2021	2020
Trade receivables	312	383
Estimated receivables	20	3
Total receivables	332	386
VAT payables	221	499
Deferred revenues	160	209
Estimated payables	10	20
Total payables	391	728

(in TCZK)		
Revenues/Expenses	2021	2020
FX losses	2	10
Total expenses	2	10
Fees for support services	7,762	7,522
Other operating revenues	1,426	2,009
Rent	1,107	1,140
FX gains	7	4
Total revenues	10,302	10,675

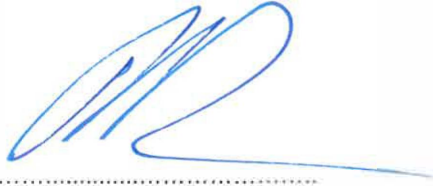
The terms of the transactions with the related party reflects the market prices. The transactions with key management personnel are in note 5.3 .

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 2021.

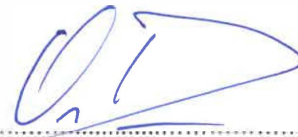
Prague, 4 March 2022

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 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, 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

4 March 2022
Prague, Czech Republic

Contacts

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