2022

Financial statements

for the year ended 31 December 2022

Prepared in accordance
with international financial
reporting standards
(as adopted by the EU)

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2022

Financial statements

PODA – reliable business partner

EBITDA 232 Mil. CZK

CONTENTS

TV services for all generations

households connected to optical fibre
85 000+

STATEMENT OF TOTAL COMPREHENSIVE INCOME

In CZK thousand	Note	2022	2021
Revenue	5	628,042	610,431
Expenses	6	(396,168)	(357,663)
Gross profit		**231,874**	**252,768**
Depreciation and amortisation	9, 10, 11	(142,223)	(147,970)
Operating profit		**89,651**	**104,798**
Finance income	7	955	1,488
Finance expense	7	(18,542)	(14,730)
Share on profit of equity accounted investee	19	-	615
Profit before tax		**72,064**	**92,171**
Income tax	8	(14,454)	(13,402)
Profit for the year		**57,610**	**78,769**
Other comprehensive income		**-**	**-**
Total comprehensive income, net of tax		**57,610**	**78,769**
Earnings before interest, tax, depreciation and amortisation (EBITDA)*		**231,708**	**253,788**

* EBITDA is defined as the Company's profit or loss before interest, taxation, depreciation and amortisation.

We plan to expand our optical network

length of optical cables (km)
486

STATEMENT OF FINANCIAL POSITION

In CZK thousand	Note	31 December 2022	31 December 2021
ASSETS			
Property, plant and equipment	9	1,121,621	1,025,112
Intangible assets	10	29,421	168,912
Goodwill	10	184,763	183,769
Right of use assets	11	150,687	157,034
Contract assets	5	6,566	14,058
Non-current assets		**1,493,058**	**1,548,885**
Inventories	13	74,682	97,353
Trade and other receivables	12	28,224	18,309
Contract assets	5	13,655	24,880
Income tax receivable	8	9,063	7,345
Cash and cash equivalents	20	26,925	86,730
Assets held for sale	19	139,200	5,900
Current assets		**291,749**	**240,517**
TOTAL ASSETS		1,784,807	1,789,402
EQUITY AND LIABILITIES			
Share capital	21	55,000	55,000
Retained earnings, funds and reserves	21	943,562	885,952
Total equity		**998,562**	**940,952**
Loans and borrowings	17	343,600	395,051
Deferred tax liability	8	90,529	80,342
Provisions	15	1,835	1,799
Lease liabilities	11	113,447	126,542
Trade and other payables	14	4,502	4,900
Non-current liabilities		**553,913**	**608,634**
Loans and borrowings	17	115,138	104,377
Lease liabilities	11	38,125	33,395
Trade and other payables	14	79,069	94,044
Other liabilities	14	-	8,000
Current liabilities		**232,332**	**239,816**
Total liabilities		**786,245**	**848,450**
TOTAL EQUITY AND LIABILITIES		1,784,807	1,789,402

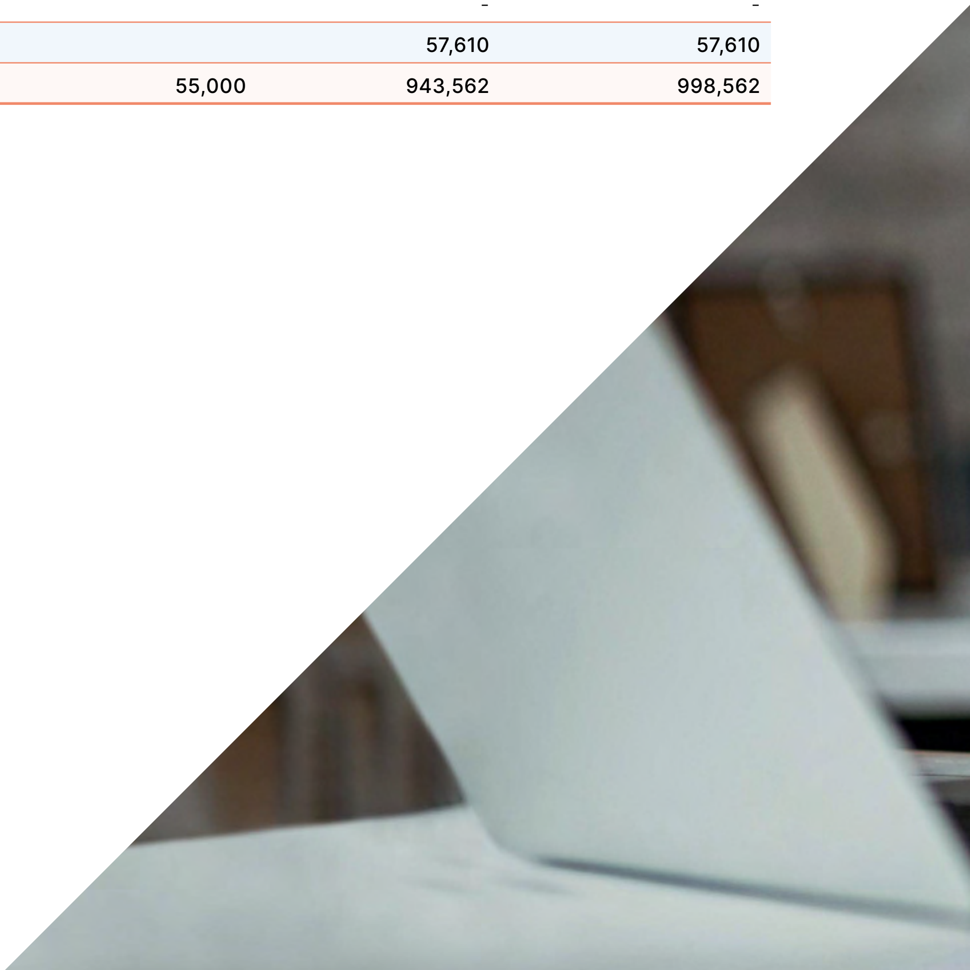
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

In CZK thousand	Share Capital	Retained earnings	Total
As at 31 December 2020	**55,000**	**807,183**	**862,183**
Profit for the year		78,769	78,769
Other comprehensive income		-	-
Total comprehensive income		**78,769**	**78,769**
As at 31 December 2021	**55,000**	**885,952**	**940,952**

For the year ended 31 December 2022

In CZK thousand	Share Capital	Retained earnings	Total
As at 31 December 2021	**55,000**	**885,952**	**940,952**
Profit for the year		57,610	57,610
Other comprehensive income		-	-
Total comprehensive income		**57,610**	**57,610**
As at 31 December 2022	**55,000**	**943,562**	**998,562**



We are increasing internet speed up to 2 Gb/s

Revenues from telco
618 Mil. CZK

STATEMENT OF CASH FLOWS

In CZK thousand	Note	2022	2021
Cash and cash equivalents at beginning of period	20	**86,730**	**53,840**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss before taxation		72,064	92,171
Non-cash adjustments:			
Depreciation and amortisation		142,223	147,970
Change in provisions and allowances		77	2,278
Profit or loss from disposal of fixed assets		7,355	5,302
Net finance expense		17,075	13,497
Other non-cash adjustments		(358)	(202)
Changes in working capital:			
Decrease (increase) in receivables		13,061	(11,324)
Decrease (increase) in payables		(14,367)	803
Decrease (increase) in inventory		22,369	(43,733)
Cash generated from operations		**259,499**	**206,762**
Paid income tax		(5,896)	(15,035)
Interest received		312	150
Net cash flow from operating activities		**253,915**	**191,877**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(226,022)	(245,771)
Proceeds from sales of fixed assets		22,543	1,278
Net cash flow from investing activities		**(203,479)**	**(244,493)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant of borrowings		54,340	192,415
Repayment of borrowings		(99,030)	(55,963)
Payment of lease liabilities		(40,721)	(35,581)
Interest paid		(16,830)	(13,365)
Dividends paid		(8,000)	(2,000)
Net cash flow from financing activities		**(110,241)**	**85,506**
Net increase (decrease) in cash and cash equivalents		**(59,805)**	**32,890**
Cash and cash equivalents at end of period	20	**26,925**	**86,730**

homes connected
245000+

NOTES TO FINANCIAL STATEMENTS

1. General information

PODA a.s. provides B2C customers, businesses and other telecommunication operators with a wide range of services including broadband internet connection, fixed telephony and mobile telecommunications, data transmission and other value-added services.

PODA a.s. has the form of a joint stock company ("a.s.") and is incorporated and domiciled in the Czech Republic. The address of its registered office is 28. října 1168/102, Moravská Ostrava, 702 00 Ostrava, Czech Republic.

The ownership structure as at 31 December 2022 was as follows:

Shareholder	% interest on Equity
Karakay Invest N.V	83.90 %
Circadian s.r.o.	16.10 %
Total	100.00 %

PODA a.s. is not listed on any stock exchange.

The Board of Directors of PODA a.s. are stated below.

	Function	Name
Chairman of the board	Chief executive officer	Martin Šigut
Members of the board	Non-executive director	Petr Štěpánek
	Chief finance officer	Pavel Přeček

These financial statements were approved and authorised for issue by the Board of Directors on 6 October 2023.

We are increasing the share of our 5e technology

B2B customers
2 996

2. Basis of preparation

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC).

The significant accounting policies applied in the preparation of the financial statements are summarized in note 4 below. Other significant accounting policies applicable to a particular area are disclosed in the most relevant note. The policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements comprise PODA a.s., and its associate (together the "Company", "us", "we" or "our"). The Company does not prepare consolidated financial statements as it does not control any subsidiary. Further, these financial statements do not represent separate financial statements as per IAS 27.

The financial statements were prepared on a going concern basis, as described below, under the historical cost convention except for certain assets and liabilities acquired during business combinations which are measured at fair value as disclosed in the accounting policies below. The financial statements and the accompanying notes are presented in thousand Czech crowns (TCZK), the functional currency of the Company, unless otherwise stated.

The financial statements were prepared and approved on the assumption that the Company remains a going concern. Our key management prepared forecasts and projections for the Company, which indicate that cash on hand, together with cash from operations and credit facilities, are expected to be sufficient for our cash requirements through at least 12 months from the approval of these financial statements. These forecasts indicate that, taking into account reasonably possible downsides and the potential impact of resurgence of COVID-19 and Russia's invasion on Ukraine on our operations and financial resources, we will have sufficient funds to meet our liabilities as they come due.

3. Key accounting estimates and significant judgements

In preparing these financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

In connection with the preparation of the financial statements, the Company makes forward-looking estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. The resulting accounting estimates might be, by definition, different from the related actual results. 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. Revisions to estimates are recognised prospectively. The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next years are mentioned below:

- Useful life of property, plant and equipment (discussed in note 9)
- Impairment of goodwill (discussed in note 10)
- Lease term (discussed in note 11)

4. Significant accounting policies

Adoption of new or revised IFRS standards and interpretations

The Company adopted the new amendments to IAS 16, IAS 37, IFRS 3 and annual improvements to IFRS Standards 2018-2020. The impact of these amendments was not material for the Company.

New IFRS not effective as at 31 December 2022

At the date of preparation of the accompanying financial statements, the following IFRS had been published, but their application was not mandatory. The Company intends to adopt those standards when they become effective.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Non-Current Liabilities with Covenants (Amendments to IAS 1)
- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16)

Business Combinations

A business combination is accounted for using the acquisition method. The consideration transferred in a business combination is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed when incurred. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. The excess of the fair value of the Company's share of the identifiable net assets acquired over the considerations transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree is recorded as gain in profit or loss on the acquisition date.

Foreign currencies

(i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Czech crown (CZK). The financial statements are presented in Czech crowns (CZK), which is the Company's presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Such balances of monetary items are translated at year-end exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Research and development

Research expenditure is recognised in the income statement in the period in which it is incurred. Development expenditure, including the cost of internally developed software, is recognised in the income statement in the period in which it is incurred unless it is probable that economic benefits will flow to the Company from the asset being developed, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset on the balance sheet. Capitalisation ceases when the asset being developed is ready for use. Research and development costs include direct and indirect labour, materials and directly attributable overheads.

Government grants

Government grants are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants for the purchase or production of property, plant and equipment are deducted from the cost of the related assets and reduce future depreciation expense accordingly. Grants for the reimbursement of operating expenditure are deducted from the related category of costs in the income statement.

5. Revenue

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO REVENUE

Revenue from contracts with customers (IFRS 15)

Most revenue recognised by the Company is in scope of IFRS 15 and is subject to the following revenue recognition policy.
On inception of the contract, we identify a "performance obligation" for each of the distinct goods or services we have promised to provide to the customer. The consideration specified in the contract with the customer is allocated to each performance obligation identified based on their relative standalone selling prices and is recognised as revenue as they are satisfied. The text below summarises the performance obligations we have identified for our major service lines and provides information on the timing of when they are satisfied and the related revenue recognition policy.

a) Fixed operation

Performance obligations: Provision of broadband, TV and fixed telephony services (VoIP). Performance obligations exist for each ongoing service provided to the customer and are satisfied over the period that the services are provided.

Installation services are considered distinct performance obligations and are satisfied when the customer benefits from the service.

Revenue recognition policy: Fixed subscription charges are recognised as revenue on a straight-line basis over the period that the services are provided. Variable charges such as call charges are recognised when the related services are delivered.

b) Mobile operation

Performance obligations: Provision of mobile post-paid services, including voice minutes, SMS, and data services. Performance obligations exist for each ongoing service provided to the customer and are satisfied over the period that the services are provided.

Revenue recognition policy: Subscription fees, consisting primarily of monthly charges for access to broadband and other internet access or voice and data services, are recognised as the service is provided. One-off services such as calls outside of plan and excess data usage are recognised when the service is used.

c) Equipment sales

Performance obligations: Provision of customer premises equipment (set-top boxes, routers etc.). Performance obligations are satisfied at the point in time that control passes to the customer.

Revenue recognition policy: Revenue is recognised at the point in time when control passes to the customer.

We recognise revenue based on the relative standalone selling price of each performance obligation. Determining the standalone selling price may be derived from regulated prices, list prices, a cost-plus derived price, or the price of similar products when sold on a standalone basis by the Company or a competitor. In some cases, it may be appropriate to use the contract price when this represents a bespoke price that would be the same for a similar customer in a similar circumstance.

We do not have any material obligations in respect of returns, refunds or warranties.

The contracts with customers do not have any significant financing component as they are due in a given month.

Disaggregation of revenue from customers

All revenue is generated in the Czech Republic. The following table breaks down revenue by our major service lines.

Year ended	2022	2021
Fixed operation revenue:		
- Internet and TV	604,954	586,555
- Voice services	7,429	9,255
Mobile revenue	2,671	3,456
Equipment revenue	2,693	3,185
Lease revenue	3,498	3,268
Other revenue	6,797	3,796
Total	**628,042**	**609,515**

Other revenue consists mainly of insurance claims and contractual penalties. It also includes net gain of 2,370 TCZK from sale of fixed assets (2021: gain of 492 TCZK).

Revenue expected to be recognised in future periods for performance obligations that are not complete (or are partially complete) as at 31 December 2022 amounts to 56,194 TCZK (2021: 159,503 TCZK). These expected revenues mainly contain revenues from contracts which include discounts contingent on the customer honouring the contract for a specified period. These revenues are recognised based on the fulfilment of performance obligations and not according to invoicing of customers. The significant year on year drop is caused by the decision of the Company to stop offering such discounts to customers as of April 2022. The decision was predominantly influenced by the practice of the market regulator (the Czech Telecommunication Office).

We have elected to apply certain available practical expedients when disclosing unfulfilled performance obligations, including the option to exclude expected revenues from unsatisfied obligations of contracts with an original expected duration of one year or less.

In 2022 and 2021, the Company did not recognise any revenues relating to performance obligations that were satisfied, or partially satisfied, in previous years.

Revenue from lease arrangements in scope of IFRS 16

The Company acts as a lessor in several arrangements which meet the definition of operating lease under IFRS 16. These include lease of dark fibre optical network, access point equipment and server housing. Arrangements meeting the definition of a lease in which we act as lessor are classified as operating or finance leases at lease inception based on an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case then the lease is a finance lease; if not, it is an operating lease. For sub-leases, we make this assessment by reference to the characteristics of the right-of-use asset associated with the head lease rather than the underlying leased asset.

Income from arrangements classified as operating leases is presented as revenue since it relates to our core operating activities. We recognise operating lease payments as income on a straight-line basis over the lease term.

In certain cases, the Company leases customer premises equipment (CPE) to its customers for no consideration. Such equipment is a prerequisite for the Company to fulfil its performance obligations in the provision of customer services. The customers do not possess the right to direct the use of the equipment, nor can they benefit from the equipment on its own. As such the Company has determined that these leases do not fall into scope of IFRS 16 and do not represent a separate performance obligation.

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO CONTRACT ASSETS

Incremental contract costs:
Costs incurred that are incremental to obtaining a contract with a customer, and are expected to be recovered, are recognised as contract assets, and amortised in a way that is consistent with the recognition of the related revenue. Such costs are not capitalized provided the contract term is less than 12 months. A portfolio approach is used to determine contract term. These costs include mainly certain commissions or bonuses to employees directly related to the contracts obtained on behalf of the Company.

Other contract assets:
We recognise other contract assets when we have a right to consideration for exchange of goods or services that we have already transferred to customers and which we have not yet invoiced. Such contract assets are amortised over the contract term.

Contract assets are recognised as follows:

	31 December 2022	31 December 2021
Incremental contract costs		
Non-current	5,912	8,750
Current	6,978	8,150
Other contract assets		
Non-current	653	5,308
Current	6,678	16,730
Total contract assets	**20,221**	**38,938**

The table below analyses movement of contract assets:

	Incremental contract costs	Other contract assets	Total
31 December 2020	9,729	16,870	26,599
Additions	13,226	22,389	35,615
Amortisation	(6,055)	(17,221)	(23,276)
31 December 2021	16,900	22,038	38,938
Additions	4,741	3,991	8,732
Amortisation	(8,751)	(18,698)	(27,449)
31 December 2022	**12,890**	**7,331**	**20,221**

The Company regularly evaluates capitalised incremental costs to obtain contracts and assesses whether there is any indication of impairment. The assessment is based on the monitoring of expectation of the remaining amount of consideration that we expect to receive in exchange for the related services provided less costs that relate directly to providing these services that have not been recognised as expenses.
Based on an assessment of these parameters, there was no impairment of the capitalised costs to obtain contracts as at 31 December 2022 and 2021.

We provide for expected lifetime losses on other contract assets. The amount recognized in 2022 was 334 TCZK (2021: 1,005 TCZK).

6. Expenses

The table below summarizes main types of expenses by their nature.

Year ended	2022	2021
Expenses by nature		
Services:		
client service costs	34,781	34,196
connectivity costs	42,563	41,016
IPTV costs	49,498	40,070
network and operating costs	45,688	33,901
marketing and sales	27,578	13,897
mobile costs	5,374	4,051
other services	8,837	5,085
Total Services	**214,319**	**172,217**
Staff costs:		
wages and salaries	84,237	80,731
social security costs	27,350	26,726
other pension costs	7,615	6,444
Total Staff costs:	**119,202**	**113,901**
Material consumption and utilities	41,433	42,636
Cost of goods sold	2,357	3,790
Inventory and receivables write - down	77	2,278
Taxes and fees	1,105	1,321
Other operating expenses	17,675	21,520
Total expenses	**396,168**	**357,663**

Other operating expenses are mainly connected with disposals of assets, insurance costs and liquidation of telecommunication equipment.

Key management personnel did not receive any post-employment, termination, or share – based payment benefits.

The Company does not participate in any defined benefit plans or defined contribution plans.

homes connected 245000+

7. Finance income and Finance expense

Year ended	2022	2021
Finance expense		
Interest on:		
Loans from related parties	458	361
Bank loans	11,218	9,136
Lease liabilities	5,551	3,868
Unwind of discount	194	282
FX losses (net)	-	-
Bank fees and other finance expense	1,121	1,083
Total	**18,542**	**14,730**

The Company recognises foreign exchange gains and losses on net basis.

8. Income taxes

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO TAXATION

We are required to estimate the amount of tax payable or refundable for the current year and the deferred tax assets and liabilities for future tax consequences.
Current income tax is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company generates taxable income.
Deferred income taxation is calculated using the liability method applied to all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates and laws expected to apply when the asset is realised, or the liability is settled, are used to determine the deferred income tax. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
For transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised directly in equity, any related tax effects are also recognised directly in equity.

Below is an analysis of our tax expense for the year

Year ended	2022	2021
Income tax expense		
Current income tax	4,268	10,040
Deferred income tax	10,186	3,362
Total	14,454	13,402

We recognized corporate income tax asset of 9,063 TCZK as at 31 December 2022 (31 December 2021: 7,345 TCZK). Corporate income tax advances are netted with the calculated corporate income tax liability.

Reconciliation of the effective tax rate
Income taxes of 14,454 TCZK in the reporting year (2021: 13,402 TCZK) are derived as follows from the expected income tax expense/benefit that would have arisen had the statutory income tax rate been applied to profit/loss before income taxes:

Year ended	2022	2021
Effective tax rate		
Profit before tax	**72,064**	**92,171**
Expected income tax expense (applicable tax rate 19%)	13,692	17,512
Adjustments to expected tax expense		
Tax non-deductible expenses	887	2,114
Non-taxable income	31	320
Other tax effects	(156)	(6,544)
Income tax expense	**14,454**	**13,402**
Effective tax rate in %	**20%**	**15%**

Deferred tax
We used 19% tax rate applicable for the Czech Republic to arrive at the figures of deferred tax. There were no items of deferred tax that were charged or credited to equity in 2022 or 2021.

	31 December 2022	31 December 2021
Temporary differences arising from:		
Fixed assets	89,619	79,143
Inventories	(1,010)	(953)
Trade receivables	(500)	(416)
Contract assets	2,449	3,211
Other	(28)	(644)
Total	**90,529**	**80,342**

The majority of the deferred tax assets and liabilities noted above are anticipated to be realised after more than 12 months.

9. Property, plant and equipment

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO PROPERTY, PLANT AND EQUIPMENT

Our property, plant and equipment is included at historical cost, net of accumulated depreciation and any impairment charges. Property, plant and equipment acquired through business combinations are initially recorded at their acquisition costs (which are equal to their fair value at the effective date of the business combination) and subsequently accounted for on the same basis as our existing assets.
Included within the cost of network infrastructure and equipment are direct and indirect labour costs, materials and directly attributable overheads. The costs also include the estimated costs of dismantling and removing the asset and restoring the site.

We derecognise items of property, plant and equipment on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The difference between the sale proceeds and the net book value at the date of disposal is recognised in other operating expenses in the income statement.

We depreciate property, plant and equipment on a straight-line basis from the time the asset is available for use, to write off the asset's cost over the estimated useful life taking into account any expected residual value. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If necessary, changes are recognised prospectively.
Freehold land is not depreciated as it is deemed to have an indefinite life.

Estimated useful economic lives
The estimated useful lives assigned to principal categories of assets are as follows:

PPE class	years
Optical fibre network	20
Data network	2 - 10
Machinery and other fixed assets	3 - 8
Motor vehicles	5
Customer-premises equipment (CPE)	3 - 6

Critical accounting estimates and key judgements made in estimating useful economic lives
Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the useful life of property, plant and equipment. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation charges. Technological developments are difficult to predict and the Company's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives include, but are not limited to, expected developments in technology and markets. The useful lives are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors.

Impairment of property, plant and equipment
We test property, plant and equipment for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is performed, we assess the recoverable amount by reference to the higher of the net present value of the expected future cash flows (value in use) of the relevant asset and the fair value less costs to dispose. If it is not possible to determine the recoverable amount for the individual asset, then we assess impairment by reference to the relevant cash generating unit as described in note 10.

number
of clients with
TV services
63 500+

	Land and buildings & CPE	Data network	Optical fibre network	Other fixed assets	Assets under construction *	Total
Cost						
As at 31 December 2020	68,992	302,364	623,669	21,678	757	**1,017,460**
Additions	36,883	68,775	120,362	5,053	612	**231,685**
Disposals	(1,723)	(10,705)	(694)	(872)	-	**(13,994)**
Transfers	-	-	757	-	(757)	**-**
As at 31 December 2021	104,152	360,434	744,094	25,859	612	**1,235,151**
Additions	25,241	44,794	112,427	3,187	13,893	**199,542**
Disposals	(3,914)	(16,847)	-	(5,033)	-	**(25,794)**
Transfers	-	-	208	-	(208)	**-**
As at 31 December 2022	**125,479**	**388,381**	**856,729**	**24,013**	**14,297**	**1,408,899**
Accumulated depreciation						
As at 31 December 2020	(19,080)	(63,527)	(44,719)	(6,489)	-	(133,815)
Depreciation for the year	(17,335)	(34,891)	(26,623)	(4,706)	-	(83,555)
As at 31 December 2021	(35,774)	(92,178)	(71,164)	(10,923)	-	(210,039)
Depreciation for the year	(20,798)	(37,626)	(31,105)	(4,275)	-	**(93,804)**
Disposals and adjustments	1,869	9,895	-	4,801	-	**16,565**
As at 31 December 2022	**(54,703)**	**(119,909)**	**(102,269)**	**(10,397)**	**-**	**(287,278)**
Carrying amount						
As at 31 December 2020	49,913	238,836	578,950	15,189	757	**883,645**
As at 31 December 2021	68,379	268,255	672,930	14,936	612	**1,025,112**
As at 31 December 2022	**70,777**	**268,471**	**754,460**	**13,616**	**14,297**	**1,121,621**

* Includes paid advance of 10,516 TCZK for a project related to optical fibre network.

There was no impairment recognised concerning property, plant and equipment in 2022 and 2021.

Our optical network is used as a pledge in our bank loans arrangements (see note 17). The total of these pledged assets as at 31 December amounted to 409,305 TCZK (31 December 2021: 431,681 TCZK; 31 December 2020: 460,056 TCZK).

10. Intangible assets

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO INTANGIBLE ASSETS

We recognise identifiable intangible assets where we control the asset, it is probable that future economic benefits attributable to the asset will flow to the Company, and we can reliably measure the cost of the asset. We amortise all intangible assets, other than goodwill, over their useful economic life. The method of amortisation reflects the pattern in which the assets are expected to be consumed. If the pattern cannot be determined reliably, the straight-line method is used.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share on the identifiable net assets (including intangible assets) of the acquired business. Our goodwill impairment policy is set out later in this note.

Acquired intangible assets – customer lists
Intangible assets such as customer lists or similar databases acquired through business combinations are recorded at their acquisition costs (which equal their fair value as at the date of acquisition) and subsequently amortised on a straight-line basis over their estimated useful lives.

Telecommunications licences
Licence fees paid to governments, which permit telecommunications activities to be operated for defined periods, are initially recorded at cost and amortised from the time the network is available for use to the end of the licence period or where our usage can extend beyond the initial licence period, over the period we expect to benefit from the use of the licences, which is typically 15 years. Licences acquired through business combinations are recorded at their acquisition costs (which equal their fair value as at the date of acquisition) and subsequently amortised on a straight-line basis over their estimated useful lives.

Computer software
Computer software comprises computer software licences purchased from third parties, and also the cost of internally developed software. Computer software licences purchased from third parties are initially recorded at cost. We only capitalise costs directly associated with the production of internally developed software, including direct and indirect labour costs of development, where it is probable that the software will generate future economic benefits, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset on the balance sheet. Costs which do not meet these criteria and research costs are expensed as incurred. Our development costs which give rise to internally developed software include upgrading the network architecture or functionality and developing service platforms aimed at offering new services to our customers.

Estimated useful economic lives
The estimated useful economic lives assigned to the principal categories of intangible assets are as follows:

Intangible asset class	years
Software	3 - 4
IPTV licence	1
Customer lists	6
Frequency band use licence	15

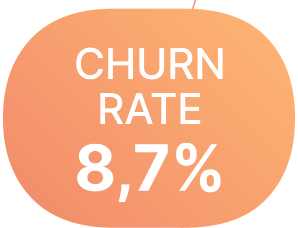
Impairment of intangible assets
Intangible assets are tested for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is performed, the recoverable amount is assessed by reference to the higher of the net present value of the expected future cash flows (value in use) of the relevant cash generating unit and the fair value less costs to dispose.

Goodwill is reviewed for impairment at least annually as described further below. Impairment losses are recognised in the income statement, as a specific item. If a cash generating unit is impaired, impairment losses are allocated firstly against goodwill, and secondly on a pro-rata basis against intangible and other assets.

	Goodwill	Valuable rights	Licences**	Customer lists	Software*	Total
Cost						
As at 31 December 2020	183,104	555	208,767	4,502	9,959	**406,888**
Additions	665	-	4,518	2,287	6,681	**14,151**
Disposals	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	**-**
As at 31 December 2021	183,769	555	213,285	6,789	16,640	**421,039**
Additions	994	19,833	-	1,218	1,126	**23,171**
Disposals	-	(274)	(25,365)	-	(11,914)	**(37,553)**
Transfer to assets held for sale	-	-	(187,920)	-	-	**(187,920)**
As at 31 December 2022	**184,763**	**20,114**	-	**8,007**	**5,852**	**218,737**
Accumulated amortisation						
As at 31 December 2020	-	(370)	(38,661)	(1,188)	(106)	(40,326)
Amortisation for the year	-	(185)	(26,789)	(1,020)	(38)	(28,032)
As at 31 December 2021	-	(555)	(65,450)	(2,208)	(144)	(68,358)
Amortisation for the year	-	(620)	(7,797)	(1,285)	(14)	(9,716)
Disposals and adjustments	-	274	24,527	-	-	24,801
Transfer to assets held for sale	-	-	48,720	-	-	48,720
As at 31 December 2022	**-**	**(901)**	-	**(3,493)**	**(158)**	**(4,553)**
Carrying amount						
As at 31 December 2020	183,104	185	170,105	3,314	9,853	366,562
As at 31 December 2021	183,769	-	147,835	4,581	16,496	352,681
As at 31 December 2022	**184,763**	**19,213**	-	**4,514**	**5,694**	**214,184**

* Includes a carrying amount of 5,663 TCZK (31 December 2021: 16,450 TCZK; 31 December 2020: 9,769 TCZK) of internally developed software in course of construction which is not yet amortised.

** The Frequency band use licence amounting 139,200 TCZK at year end is designated as Asset held for sale, see note 19 for more information.



Shown below is a breakdown of goodwill from individual companies:

	31 December 2022	31 December 2021
COMA s.r.o.	156,983	156,983
Internet pro každého s.r.o.	19,126	19,126
3K CZ, s.r.o.	6,852	6,852
CATR spol. s r.o.	104	104
OvFree.NET s.r.o.	39	39
KUMI - ELECTRONIC, spol. s r.o.	665	665
V-data s.r.o.	994	-
Total	**184,763**	**183,769**

There was no impairment recognised concerning intangible assets in 2022 and 2021.

Acquired licences include licences for use of radio (C-band) frequencies and licences for use of IPTV. The radio C-band licence was classified as held for sale (see note 19) and the IPTV licence was disposed in 2022.

We sold our internally developed Dream software, which was still under construction and included module functionalities 1 - 6, in current year to a related party – company DreamNet s.r.o. (see note 22). The purpose of the software is the integration of activities for planning and control of wireless data transmission. The sale resulted in a gain of 1,353 TCZK. Upon finalisation of necessary development procedures required to put the asset in use, PODA a.s. purchased a licence for its use (functionalities 1 – 5) totalling 19,833 TCZK from DreamNet s.r.o.

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO IMPAIRMENT OF GOODWILL

We perform an annual goodwill impairment review. Goodwill recognised in a business combination does not generate cash flows independently of other assets or groups of assets. As a result, the recoverable amount, being the value in use, is determined at a cash generating unit (CGU) level. These CGUs represent the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets.
We allocate goodwill to each of the Cash Generating Units (CGUs) that we expect to benefit from the business combination. Each CGU to which goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The value in use of each CGU is determined using cash flow projections derived from financial plans of the management covering a five-year period. They reflect management's expectations of revenue, EBITDA growth, capital expenditure, working capital and operating cash flows, based on past experience and future expectations of business performance. Cash flows beyond the fifth year have been extrapolated using perpetuity growth rates.

Critical accounting estimates and key judgements made in reviewing goodwill for impairment

Determining our CGUs
The determination of our CGUs is judgemental. The identification of CGUs involves an assessment of whether the asset or group of assets generates largely independent cash inflows. This involves consideration of how our core assets are operated and whether these generate independent revenue streams. Given the management of entity's operations the entire company is deemed to be a single CGU.

Estimating value in use
Our value in use calculations require estimates in relation to uncertain items, including management's expectations of future revenue growth, operating costs, profit margins, operating cash flows, and the discount rate for the CGU. Future cash flows used in the value in use calculations are based on our latest management-approved five-year financial plans. Expectations about future growth reflect the expectations of growth in the markets to which the CGU relates. The future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money.

We tested our goodwill for impairment which did not result in any impairment losses of goodwill in 2022 and 2021. The key assumptions used in performing the annual impairment assessment are disclosed below.

Estimated growth rate – basis for determination of the value assigned to the estimated growth rate is the forecast of the market and regulatory environment, where the Company conducts its principal business. The Company uses growth rate 2% (2021: 2%).

Discount rate – discount rate reflects the management's estimate of the risk specific to the cash generating unit. Weighted average of cost of capital (WACC) is used as the discount rate which stood at 10.58% for 2022 (2021: 9.41%). It is estimated using the capital asset pricing model (CAPM) and publicly available data from capital markets.

11. Leases

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO LEASES

At inception of a contract, we determine whether the contract is, or contains a lease. A lease exists if the contract conveys the right to control the use of an identified asset, for a period of time, in exchange for consideration. In making this assessment, we consider whether:

> The contract involves the use of an identified asset, either explicitly or implicitly. The asset must be physically distinct or represent substantially all the capacity of a physically distinct asset. Assets that a supplier has a substantive right to substitute are not considered distinct.
> The lessee has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
> The lessee has the right to direct the use of the asset, in other words, has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Where practicable, and by class of underlying asset, we have elected to account for leases containing a lease component and one or more non-lease components as a single lease component. Where this election has been taken, it has been applied to the entire asset.

Lessee accounting

We recognise a lease liability and right-of-use asset at the commencement of a lease. Lease liabilities are initially measured at the present value of lease payments that are due over the lease term, discounted using the Company's incremental borrowing rate. This is the rate that we would have to pay for a loan of a similar term, and with similar security, to obtain an asset of similar value.
Lease liabilities are subsequently measured at amortised cost using the effective interest method. It is remeasured if there is a change in future lease payments or the amount we expect to be payable under a residual value guarantee, or if we change our assessment of whether we will exercise a purchase, renewal or termination option.

Right-of-use assets are initially measured at the initial amount of the corresponding lease liabilities, adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of any decommissioning costs that have been recognised as provisions, less any lease incentives received. They are subsequently depreciated using the straight-line method to the earlier of the end of the useful life of the asset or the end of the lease term. Right-of-use assets are tested for impairment following the policy set out in note 10 and are adjusted for any remeasurement of lease liabilities.

We have elected not to recognise lease liabilities and right-of-use assets for short-term leases that have a lease term of 12 months or less, and leases of low-value assets with a purchase price under 100 TCZK. We recognise lease payments associated with these items as an expense on a straight-line basis over the lease term. Any variable lease payments that do not depend on an index or rate, such as usage-based payments, are recognised as an expense in the period to which the variability relates.

Key judgements made in accounting for leases

Determining the lease term
A significant part of the Company's lease contracts relates to the mobile networks (mainly rooftop tower sites). Many of these leases represent rolling (or 'evergreen') leases that continue until terminated. Factors considered in assessing the lease term are technology development and potential changes in business models. Based on an assessment of these factors, the lease term for the Company's leases relating to sites will normally be 7 years.

Right-of-use assets

Our right-of-use assets predominantly consist of leased property (our office premises and client centres), data retention hardware, optical fibre network and data centre racks (telco infrastructure) and rooftop sites.

	Premises	Data retention	Telco infrastructure	Rooftop sites	Total
As at 31 December 2020	**58,696**	**9,375**	**48,837**	**46,440**	**163,347**
Additions	2,373	-	9,551	18,891	**30,814**
Depreciation for the year	(10,665)	(6,618)	(7,078)	(11,418)	**(35,779)**
Other movements	143	-	-	3,291	**(1,348)**
As at 31 December 2021	**50,547**	**2,757**	**46,527**	**57,203**	**157,034**
Additions	12,594	24,214	12,150	11,817	**60,774**
Depreciation for the year	(10,732)	(5,883)	(7,569)	(14,519)	**(38,703)**
Other movements*	(14,205)	-	(3,813)	(10,399)	**(28,418)**
As at 31 December 2022	**38,203**	**21,088**	**47,295**	**44,102**	**150,687**

* Other movements relate to terminated leases, upward or downward remeasurements of right-of-use assets arising from changes in lease payments or lease term.

Lease liabilities

Lease liabilities recognised as at 31 December 2022 total 151,571 TCZK (2021: 159,937 TCZK). A total of 38,124 TCZK (2021: 33,395 TCZK) of this balance is classified as current, with the remaining 113,447 TCZK (2021: 126,542 TCZK) classified as non-current.

Our lease contracts did not include any residual value guarantee arrangements nor options regarding early termination.

Note 18 presents a maturity analysis of the payments due over the remaining lease term for these liabilities.

The following amounts relating to the Company's obligations under lease arrangements were recognised in the income statement in year ending 31 December 2022:
> Interest expense of 5,551 TCZK (2021: 3,868 TCZK).
> Expenses relating to short-term and low-value leases amounted to 8,986 TCZK (2021: 6,179 TCZK).

The total cash outflow for leases in the year was 40,721 TCZK (2021: 34,746 TCZK).

We used the following discount rates for lease liabilities:

period	range
As at 31 December 2020	2.41% - 2.57%
As at 31 December 2021	2.58% - 3.84%
As at 31 December 2022	4.46% - 5.66%

12. Trade and other receivables

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO TRADE AND OTHER RECEIVABLES

We initially recognise trade and other receivables at fair value, which is usually the original invoiced amount. We provide services to consumer and business customers, mainly on credit terms. We know that certain debts due to us will not be paid through the default of a small number of our customers. Because of this, we recognise an allowance for doubtful debts on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. In estimating a loss allowance, we consider historical experience and informed credit assessment. We consider reasonable and supportable information that is relevant and available without undue cost or effort.

Once recognised, trade receivables are continuously monitored and updated. Allowances are based on our historical loss experiences for the relevant aged category as well as forward-looking information and general economic conditions.

Contingent assets such as any insurance recoveries have not been recognised in the financial statements as these are only recognised within trade and other receivables when their receipt is virtually certain.

Information about the Company’s exposure to credit and market risks is included in note 18.

	31 December 2022	31 December 2021
Current		
Trade receivables	13,030	11,803
Advances paid	3,216	3,737
Other receivables	3,927	125
Accruals	8,051	2,644
Total	**28,224**	**18,309**

Trade and other receivables are due as follows:

		Past due					
	Not past due	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
31 December 2022	13,395	1,733	808	1,021	-	-	**16,957**
31 December 2021	9,189	1,424	763	552	-	-	**11,928**
31 December 2020	8,289	1,910	579	696	-	-	**11,474**

For the trade and other receivables that are not impaired or past due, there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations.

connected B2C customers 115 000+

Trade and other receivables are stated net of allowance for doubtful debts of 19,622 TCZK as shown in the table below.

	Total
31 December 2020	**18,555**
Additions	2,172
Write-off of receivables	(1,550)
31 December 2021	**19,177**
Additions	3,047
Write-off of receivables	(2,602)
31 December 2022	**19,622**

13. Inventories

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO INVENTORIES

Our inventory is stated at the lower of cost or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Costs of inventories include the purchase price and related costs of acquisition (transport, customs duties and insurance). The cost is determined by either the first in first out (FIFO) or specific identification method (for items of inventory that are not ordinarily interchangeable).

The table below shows amounts of inventory including their allowance to arrive at their net realisable value.

	31 December 2022	31 December 2021
Telecommunication material	78,554	102,369
Work in progress	1,446	-
Allowance for inventories	(5,318)	(5,016)
Total	**74,682**	**97,353**

The cost of inventories recognised as an expense during the period totalled 25,811 TCZK (2021: 37,859 TCZK).

14. Trade and other payables

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO TRADE AND OTHER PAYABLES

We initially recognise trade and other payables at fair value, which is usually the original invoiced amount.
We subsequently carry them at amortised cost using the effective interest method.

Information about the Company's exposure to currency and liquidity risks is included in note 18.

	31 December 2022	31 December 2021
Current		
Trade payables	45,791	61,322
Employee wages and benefits	9,205	9,941
Other tax and social security	10,730	9,104
Estimated payables	10,830	9,742
Accruals	1,707	1,026
Advances received	20	27
Other payables	786	2,882
Non-current		
Estimated payables	3,944	4,342
Advances received	558	558
Total	**83,571**	**98,944**

Estimated payables are mainly represented by unbilled utilities and services related to optical fibre projects.

15. Provisions

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO PROVISIONS

We recognise provisions when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where these criteria are not met, we disclose a contingent liability if the Company has a possible obligation, or has a present obligation with an outflow that is not probable or which cannot be reliably estimated. Contingent liabilities are disclosed in note 16. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The provisions recognised relate to costs of dismantling and removing fixed assets and restoring sites.

	Total
As at 31 December 2020	**1,764**
Additions	-
Unwind of discount	**35**
Utilised or released	-
As at 31 December 2021	**1,799**
Additions	-
Unwind of discount	**36**
Utilised or released	-
As at 31 December 2022	**1,835**

Stated below is a summary of non-current provisions and current provisions, which are expected to be utilised within the next twelve months from the balance sheet date.

	31 December 2022	31 December 2021
Current	-	-
Non-current	1,835	1,799
Total	**1,835**	**1,799**

16. Contingent liabilities, litigations and commitments

We provide bank guarantee totalling 1,357 TCZK in respect of our leased premises.

Other than the above mentioned, there were no contingent liabilities as at 31 December 2022 and no significant legal disputes concerning the Company as of finalization of these financial statements.

Commitments contracted but not yet included in the financial statements as at 31 December 2022 amounted to 19,991 TCZK (2021: 3,238 TCZK). Majority of contracted amounts relate to construction of optical fibre infrastructure.

17. Loans and borrowings

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO LOANS AND BORROWINGS

We initially recognise loans and other borrowings at the fair value of amounts received net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

A reconciliation of our main categories of financial debt is shown in the table below.

	31 December 2022	31 December 2021
Bank loans:	445,040	489,859
Current	107,440	94,808
Non-current	337,600	395,051
Karakay Invest loan:	13,698	9,569
Current	7,698	9,569
Non-current	6,000	-
Total	**458,738**	**499,428**

Further details regarding loan received from Karakay Invest are disclosed in note 22.
A detail of our bank loan arrangements is disclosed below:

Financing bank	Balance 31 December 2022	Currency	Interest rate	Maturity
1) Komerční banka	33,400	CZK	1.39% p.a.	1 January 2024
2) UniCreditBank	16,800	CZK	1.91% p.a.	1 June 2024
3) Česká spořitelna	28,571	CZK	2.16% p.a.	1 December 2026
4) UniCreditBank	17,136	CZK	2.20% p.a.	1 December 2026
5a) UniCreditBank	87,097	CZK	2.16% p.a.	1 September 2029
5b) UniCreditBank	165,484	CZK	2.66% p.a.	1 September 2029
5c) UniCreditBank	46,552	CZK	2.77% p.a.	1 September 2029
6) Česká spořitelna	50,000	CZK	1M PRIBOR + 0.28% p.a.	1 October 2026
Total	**445,040**			

ad 1) The loan is secured by a bank guarantee from the European Investment Fund and a blank bill of exchange.
ad 2) and 6) The loan is secured by a blank bill of exchange.
ad 3) The loan is secured by a guarantee from international development banks.
ad 4) The loan is secured by a blank bill of exchange and a lien in favour of the bank - optical fibre network.
ad 5) The loan is secured by a lien in favour of the bank - optical fibre network, trademark, receivables from a current bank account and a blank bill of exchange.

Financing bank	Balance 31 December 2021	Currency	Interest rate	Maturity
1) Komerčníbanka	64,720	CZK	1.39% p.a.	1 January 2024
2) UniCreditBank	28,000	CZK	1.91% p.a.	1 June 2024
3) Českáspořitelna	35,715	CZK	2.16% p.a.	1 December 2026
4) UniCreditBank	21,424	CZK	2.20% p.a.	1 December 2026
5a) UniCreditBank	100,000	CZK	2.16% p.a.	1 September 2029
5b) UniCreditBank	190,000	CZK	2.66% p.a.	1 September 2029
5c) UniCreditBank	50,000	CZK	2.77% p.a.	1 September 2029
Total	**489,859**			

ad 1) The loan is secured by a bank guarantee from the European Investment Fund and a blank bill of exchange.
ad 2) The loan is secured by a blank bill of exchange.
ad 3) The loan is secured by a guarantee from international development banks.
ad 4) The loan is secured by a blank bill of exchange and a lien in favour of the bank - optical fibre network.
ad 5) The loan is secured by a lien in favour of the bank - optical fibre network, trademark, receivables from a current bank account and a blank bill of exchange.

18. Financial instruments and risk management

The Company is exposed to a variety of financial risks: market risk (including the effects of changes in market prices, exchange rates and interest rates), liquidity risk and credit risk. The Company's overall risk management strategy focuses on the minimisation of potential adverse effects on its financial performance. To hedge market exposures, the Company uses only non-derivative instruments (such as deposit instruments).

The management of financial risk is under the responsibility of the Board. There were no changes in the financial risk management strategy between 2021 and 2022.

The Company does not conduct any speculative trading activities.

Classification of financial instruments
The Company does not recognise any financial instruments at fair value through profit and loss or at fair value through other comprehensive income.

Market risk

a) Currency risk

The Company's revenues are derived solely from operations with the Czech crown, the Company's functional currency. As such there is no currency risk arising from these operations.
On the cost side the most significant debt currencies are Euros and US dollars. However, the amount of purchases in these foreign currencies is limited and the Company's exposure to currency risk is minimal. Hence, the Company does not enter into any currency forward contracts or similar hedge arrangements to limit its exposure to foreign exchange currency volatility.

The following table reflects quantitative data about the Company's currency structure of financial assets and liabilities.

	31 December 2022	31 December 2021
Cash and cash equivalents:		
CZK	24,823	82,794
EUR	932	1,121
USD	1,170	2,815
Trade and other receivables:*		
CZK	24,288	33,966
Total financial assets	**51,213**	**120,696**

* excluding advances paid, accruals and incremental contract costs

	31 December 2022	31 December 2021
Loans and borrowings:		
CZK	457,690	498,359
EUR	1,048	1,069
Trade and other payables:**		
CZK	60,181	73,079
EUR	558	930
USD	612	4,279
Total financial liabilities	520,089	577,716

** excluding advances received, accruals, employee and other tax and social security liabilities

Sensitivity analysis
The following table demonstrates the impact of the foreign currency stress test on equity before taxes. It represents the immediate loss caused by a 5% change in the foreign exchange rate in an unfavourable direction (depreciation of the Czech crown).

FX stress test	31 December 2022	31 December 2021
Trade and other payables	(59)	(260)
Cash and cash equivalents	105	197
Total	**47**	**(64)**

b) Interest rate risk

The Company is exposed to fluctuations in interest rates through funding and liquidity management activities (Note 17). The risk is managed by consistent monitoring of market conditions. The Company does not enter into any interest rate derivative contracts.

The table below illustrates the interest rate profile of our bank loans.

	31 December 2022	31 December 2021
Fixed interest rate	395,040	489,859
Floating interest rate	50,000	-
Total	**445,040**	**489,859**
Weighted average effective interest rate	2.91%	2.31%

Sensitivity analysis
The impact of a 1% change in interest rates on the Company’s annual net finance expense in the income statement would not have been material in 2021 and 2022.

Liquidity risk

We maintain liquidity by entering into short and long-term financial instruments to support operational and other funding requirements, determined using short and long-term cash forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding adequacy for at least a 12-month period. On at least an annual basis the Board reviews the long-term funding requirements of the Company and on an ongoing basis considers any related matters. We manage refinancing risk by limiting the amount of borrowing that matures within any specified period and having appropriate strategies in place to manage refinancing needs as they arise. The maturity profile of our loans and borrowings as at 31 December 2022 is disclosed in note 17. We hold cash and cash equivalents and current investments to manage short-term liquidity requirements.

The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments. The amounts also include projections of future interests.

As at 31 December 2022	Loans and borrowings	Trade and other payables	Lease liabilities	Total
Due within one year	124,602	57,407	42,052	224,061
Between one and five years	262,653	4,502	99,278	366,433
After five years	112,107	-	26,258	138,364
Total	499,361	61,909	167,588	728,858

As at 31 December 2021	Loans and borrowings	Trade and other payables	Lease liabilities	Total
Due within one year	112,264	73,946	35,601	221,811
Between one and five years	295,548	4,900	105,017	405,465
After five years	130,281	-	31,127	161,408
Total	**538,093**	**78,846**	**171,745**	**788,684**

Credit risk

Trade receivables, other receivables and contract assets
Due to a high number of customers in the Company's customer base, the concentration of credit risk is limited. Virtually all trade receivables are concentrated within the Czech Republic. Although the Company does not currently foresee higher credit risk associated with these receivables, the collectability is significantly impacted by the financial stability of the national economy.
It is the Company's policy that all customers wishing to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Company's exposure to bad debts. The maximum possible credit risk arising from receivables and other financial assets equals the carrying amount of those financial instruments.

We manage credit risk by the following main procedures:
- Credit check of potential new customers
- Monitoring of trade receivables
- Debt collection

The Company calculates the loss allowance for trade and other receivables and other contract assets as the expected lifetime credit losses. The allowance is calculated by considering the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance.

No further credit risk provision was deemed to be required in excess of the normal provision for bad and doubtful receivables as at 31 December 2022. See note 12 for information on receivables in terms of age distribution and provision for bad debt.

As at 31 December 2022 and 31 December 2021 the Company held no trade receivables or contract assets for which no loss allowance would be created due to collateral received.

Cash and cash equivalents
Cash deposits are only made with approved counterparties and in accordance with approved credit limits per counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential payment default. Bank receivables are held by institutions with satisfactory ratings in 2022 and 2021. The credit risk is therefore deemed low by the Company.
The impairment analysis was conducted in line with the Company's policy. Given the immateriality of the loss allowance the Company decided not to recognise it.

Fair values

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – uses quoted prices in active markets for identical assets or liabilities.
Level 2 – uses inputs for the asset or liability other than quoted prices that are observable either directly or indirectly.
Level 3 – uses inputs for the asset or liability that are not based on observable market data, such as internal models or other valuation methods.

As at 31 December 2022 and 31 December 2021 the Company did not measure any financial instruments at fair value because the carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of its fair value. The Company's financial assets and liabilities are composed mainly of current trade receivables and payables, cash and cash equivalents and borrowings.

19. Assets & liabilities held for sale

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO ASSETS & LIABILITIES CLASSIFIED AS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use and the sale is highly probable. Sale is considered to be highly probable when management are committed to a plan to sell the asset and the sale should be expected to qualify for recognition as a completed divestment within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. The equity method is discontinued for associated companies classified as held for sale.
Upon completion of a divestment, we recognise a profit or loss on disposal calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest less costs incurred in disposing of the asset or disposal group and (ii) the carrying amount of the asset or disposal group (including goodwill). The profit or loss on disposal is recognised as a specific item.
In the event that non-current assets or disposal groups held for sale form a separate and identifiable major line of business, the results for both the current and comparative periods are reclassified as 'discontinued operations'.

4NET.TV solutions a.s. divestment
During the year we completed a disposal of our 20% interest in company 4NET.TV solutions a.s. The transaction had neutral impact on statement of comprehensive income as the fair value of the consideration received equalled the carrying amount of the disposed asset.

Assets and liabilities held for sale
At 2022 year-end we recognise one disposal group as held for sale amounting 139,200 TCZK. In December 2022 we reached an agreement to sell our C-BAND frequencies to Vodafone Czech Republic.

There are no associated liabilities with the asset held for sale and no impairment was deemed necessary prior to classification as held for sale.

20. Cash and cash equivalents

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and current balances with banks and similar institutions, which are readily convertible to cash, are subject to insignificant risk of changes in value and have an original maturity of three months or less. All are held at amortised cost on the balance sheet, equating to fair value. For the purpose of the cash flow statement, cash and cash equivalents are as defined above.

	31 December 2022	31 December 2021
Bank balances	26,271	85,841
Cash deposits	654	889
Total	**26,925**	**86,730**

21. Equity

Capital management policy
The objective of our capital management policy is maintaining a strong capital base while investing in the business. To meet this objective, we may issue or repay debt or adjust the amount of dividends paid to shareholders. We manage the capital structure and make adjustments to it in the light of changes in economic conditions and business opportunities. The Board regularly reviews the capital structure. No changes were made to these objectives and processes during 2021 and 2022. The Company is not subject to any externally imposed capital requirements.

Our capital structure consists of net debt and shareholders' equity. The Company monitors capital using a ratio of net debt to equity. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. The Company's policy is to keep the ratio below 1.50.

	31 December 2022	31 December 2021
Total liabilities	786,245	848,450
Less: cash and cash equivalents	(26,925)	(86,730)
Net debt	**759,320**	**761,720**
Total equity	**998,562**	**940,952**
Net debt to equity ratio	**0.76**	**0.81**

The following table summarizes our Equity structure:

	31 December 2022	31 December 2021
Share capital	55,000	55,000
Retained earnings	885,952	807,183
Net income for the year	57,610	78,769
Total	**998,562**	**940,952**

A reconciliation of the number of shares outstanding at the beginning and at the end of the period is shown below:

	31 December 2022	31 December 2021
Nominal value per ordinary share (in CZK)	10	10
Number of shares - fully paid	5,500,000	5,500,000
Ordinary shares (in TCZK)	55,000	55,000

The Company does not hold any of its own shares.

22. Related party transactions

Mr. Martin Šigut is the ultimate controlling party.

The following transactions were carried out with related parties:

Parent company Karakay Invest N.V. (public limited liability company)
The parent company provides 3 loans to the Company. The outstanding amounts are disclosed in note 17. The amount of interest totalled 458 TCZK in 2022 (2021: 362 TCZK).

Associate 4NET.TV solutions a.s. (joint-stock company)
The associate provides a complex solution in respect of IPTV services. Total purchases from 4NET.TV solutions a.s. during 2022 were 1,935 TCZK (2021: 11,141 TCZK). The stake in 4NET.TV solutions a.s. was sold during 2022 – see note 19.

Other related parties
Other related parties include companies KM Real s.r.o. and OPUS spol. s r. o., which rent out office premises in Ostrava and Polička respectively, PODA Slovakia s.r.o., a sister company which holds PODA trademarks in Slovakia, DreamNet s.r.o., a company providing licence and marketing services and ultimate owner Mr. Martin Šigut. The related transactions and balances are shown below:

	31 December 2022	31 December 2021
Receivables and other assets	4,033	150
Trade and other payables	111	49
Total	**4,144**	**199**

Year ended	2022	2021
Sales of goods and services	15,266	-
Purchases of goods and services	23,674	3,304
Total	**38,940**	**3,304**

The sales and purchases in 2022 mainly include transactions regarding Dream licences as described in note 10.

Transactions with key management personnel of the entity
The transactions with key management personnel constitute employee benefit costs and remuneration for the execution of the service of the Board, including related social security and health insurance costs. The key management personnel are represented by the Board of directors and executive management of the Company. The total of such costs for the year ended 31 December 2022 amounted to 18,155 TCZK (31 December 2021: 14,473 TCZK). The compensation of key management personnel is also disclosed in note 6.

All transactions of the Company with its related parties were concluded under standard commercial terms and conditions at arm's length.

23. Subsequent events

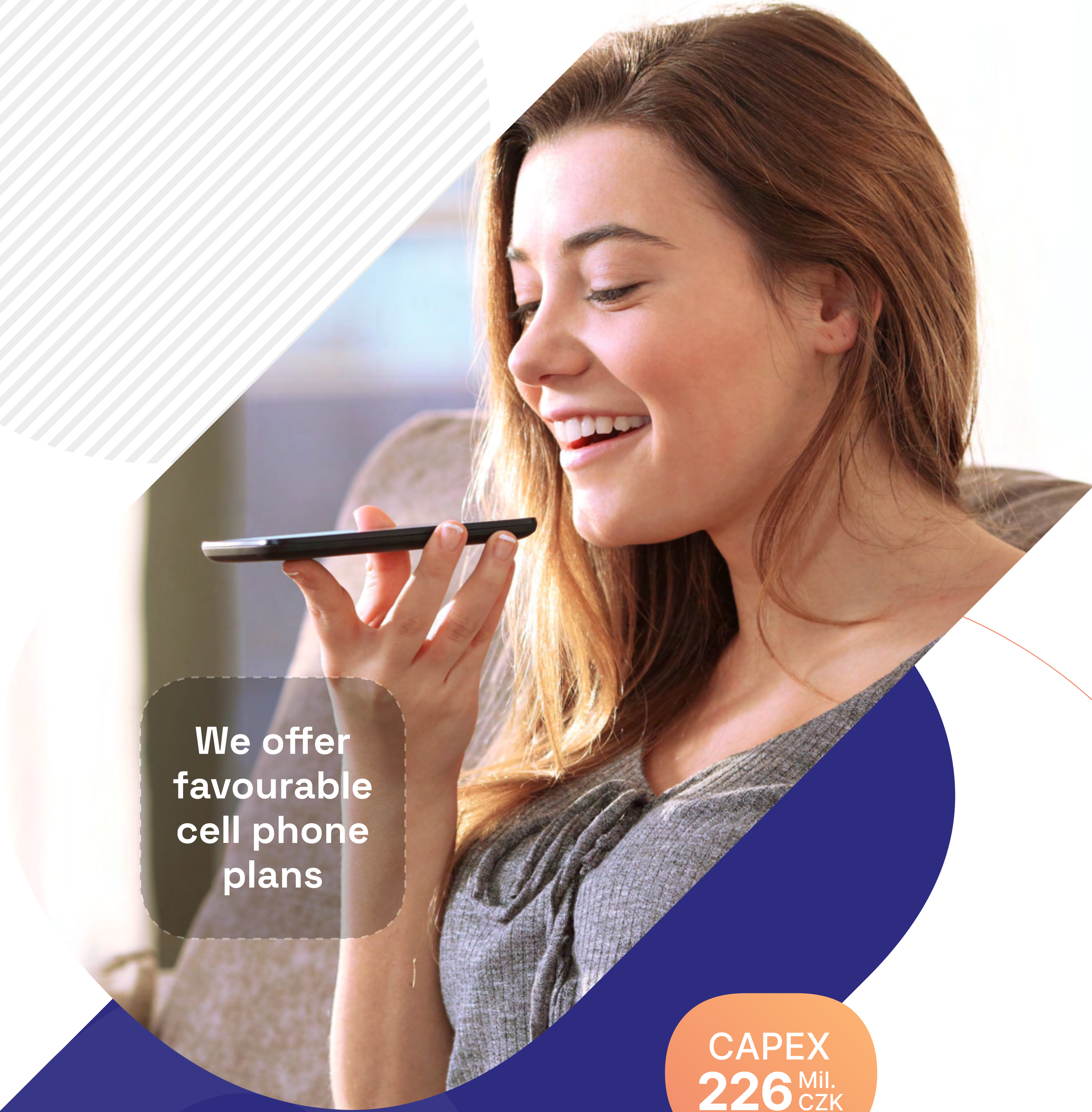
In January 2023 the regulatory authorities approved the transaction to sell our C-BAND frequency band use licence.

On 5 May 2023 we acquired a licence to use functionality 6 of the Dream software from company DreamNet s.r.o.

There were no other events which occurred after the balance sheet date which would have a material impact on the financial statements as at 31 December 2022.

Martin Šigut
CEO

Pavel Přeček
CFO



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

number of employees

216

Rödl & Partner

Independent Auditor's Report

to the shareholders of
PODA a.s.
28. října 1168/102, Moravská Ostrava, 702 00 Ostrava
Reg.No.: 258 16 179

Opinion

We have audited the accompanying financial statements of PODA a.s. (hereinafter also "the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 January 2022 to 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes ("the financial statements"). The basic disclosures about the Company are presented in Note 1 of the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of PODA a.s. as at 31 December 2022, and of its financial performance and its cash flows for the period from 1 January 2022 to 31 December 2022 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 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.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation of the 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.

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 ISAs 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 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.

Prague, on 6th of October, 2023

Rödl & Partner Audit, s.r.o.
Platnéřská 2, 110 00 Praha 1
License Number 354
represented by the managing director

Andreas Höfinghoff

Ing. Ivan Brož, statutory auditor, license number 2077

Rödl & Partner Audit, s.r.o.
Oprávnění č. 354
člen Komory auditorů ČR

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Client centers	Shopping arcade Černá růže, Na Příkopě 853/112, 110 00 **Praha** 28. října 1168/102, 702 00 **Ostrava** Gajdošova 4392/7, 615 00 **Brno** Hlavní třída 171/52, 736 01 **Havířov**
PODA boxes	Shopping center Korso Karviná, Nádražní 1939/4a, 733 01 **Karviná** Penny market area, ul. Tyršova, 572 01 **Polička** Shopping center Retail park, 9. května 1194, 735 81 **Bohumín** Shopping center COOP area, Palackého nám. 638, 569 43 **Jevíčko** Česká spořitelna area, Svobody 1028, 379 01 **Třeboň** GENERALI Česká pojišťovna area, Purkyňova 2105/65, 568 02 **Svitavy**


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