P0DA

2023

Consolidated

FINANCIAL STATEMENTS

for the year ended
31 December 2023

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

PODA

2023

Consolidated

FINANCIAL STATEMENTS

for the year ended
31 December 2023

EBITDA
277 Mil. CZK

Contents

EAT

301 Mil. CZK

01

Consolidated statement of total comprehensive income

In CZK thousand	Note	2023	2022
Revenue	5	666,001	624,273
Other Operating Income	5	243,708	3,769
Operating Costs	6	(391,641)	(396,168)
Depreciation and amortisation	9, 10, 11	(135,706)	(142,223)
Operating profit (loss)		**382,362**	**89,651**
Finance income	7	24,898	955
Finance expense	7	(21,775)	(18,542)
Profit before tax		**385,485**	**72,064**
Income tax	8	(84,312)	(14,454)
Profit for the year		**301,173**	**57,610**
Other comprehensive income		-	-
Total comprehensive income, net of tax		**301,173**	**57,610**
Earnings before interest, tax, depreciation, amortisation and special items (Adjusted EBITDA)*		**277,268**	**231,708**

* For definition of Adjusted EBITDA see note Additional information.

B2B customers
3 400+

02

Consolidated statement of financial position

In CZK thousand	Note	31 December 2023	31 December 2022
ASSETS			
Property, plant and equipment	9	1,152,773	1,121,621
Intangible assets	10	37,323	29,421
Goodwill	10	184,763	184,763
Right of use assets	11	168,933	150,687
Contract assets	5	5,673	6,566
Other non-current assets		714	-
Non-current assets		**1,550,179**	**1,493,058**
Inventories	13	46,722	74,682
Trade and other receivables	12	34,732	28,224
Contract assets	5	7,205	13,655
Income tax receivable	8	0	9,063
Cash and cash equivalents	20	430,351	26,925
Assets held for sale	19	0	139,200
Current assets		**519,010**	**291,749**
TOTAL ASSETS		**2,069,189**	**1,784,807**
EQUITY AND LIABILITIES			
Share capital	21	55,000	55,000
Retained earnings, funds and reserves	21	1,244,736	943,562
Total equity		**1,299,736**	**998,562**
Loans and borrowings	17	266,097	343,600
Deferred tax liability	8	104,443	90,529
Provisions	15	1,872	1,835
Lease liabilities	11	128,881	113,447
Trade and other payables	14	2,590	4,502
Non-current liabilities		**503,883**	**553,913**
Loans and borrowings	17	85,096	115,138
Lease liabilities	11	39,390	38,125
Trade and other payables	14	141,084	79,069
Current liabilities		**265,570**	**232,332**
TOTAL LIABILITIES		**769,453**	**786,245**
TOTAL EQUITY AND LIABILITIES		**2,069,189**	**1,784,807**

Revenues
from telco
666 Mil. CZK

PODA

Households
connected
to optical fibre
86 600+

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Consolidated statement of changes in equity

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

FOR THE YEAR ENDED 31 DECEMBER 2023

In CZK thousand	Share Capital	Retained earnings	Total
As at 31 December 2022	55,000	943,562	998,562
Profit for the year		301,173	301,173
Other comprehensive income		-	-
Total comprehensive income		301,173	301,173
Rounding		1	
As at 31 December 2023	55,000	1,244,736	1,299,736

Connected
B2C customers
115 000+

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Consolidated statement of cash flows

In CZK thousand	Note	2023	2022
Cash and cash equivalents at beginning of period	20	**26,925**	**86,730**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss before taxation		385,485	72,064
Non-cash adjustments:			
Depreciation and amortisation		135,706	142,223
Change in provisions and allowances		418	77
Profit or loss from disposal of fixed assets		(223,577)	7,355
Net finance expense (income)		(4,012)	17,075
Other non-cash adjustments		-	(358)
Changes in working capital:			
Decrease (increase) in receivables		5,645	13,061
Decrease (increase) in payables		(1,985)	(14,367)
Decrease (increase) in inventory		29,183	22,369
Cash generated from operations		**326,863**	**259,499**
Income tax refunded (paid)		1,196	(5,896)
Interest received		19,645	312
Net cash flow from operating activities		**347,704**	**253,915**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(158,131)	(226,022)
Acquisition of subsidiaries		-	-
Proceeds from sales of fixed assets		380,337	22,543
Net cash flow from investing activities		**222,206**	**(203,479)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant of borrowings		(1,048)	54,340
Repayment of borrowings		(107,705)	(99,030)
Payment of lease liabilities		(37,818)	(40,721)
Interest paid		(19,913)	(16,830)
Dividends paid		-	(8,000)
Net cash flow from financing activities		**(166,484)**	**(110,241)**
Net increase (decrease) in cash and cash equivalents		**403,426**	**(59,805)**
Cash and cash equivalents at end of period	20	**430,351**	**26,925**

Number of clients with TV services
66 300+

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Notes to the consolidated financial statements

1. GENERAL INFORMATION

PODA a.s. is a Czech company operating in the telecommunications and information technology sector and 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 2023 was as follows:

Shareholder	% interest on Equity
Karakay Invest N.V	83.90%
Circadian s.r.o.	16.10%
Total	**100%**

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 consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 January 2025.

2. BASIS OF PREPARATION

Preparation of the consolidated financial statements

These consolidated 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).

These consolidated financial statements comprise PODA a.s., and its subsidiaries (together the "Group", "PODA", "us", "we" or "our"). The financial year corresponds to the calendar year.

The consolidated 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 consolidated financial statements and the accompanying notes are presented in thousand Czech crowns (TCZK), the functional currency of the Group, unless otherwise stated.

Homes connected
246 000+

PØDA

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The consolidated financial statements were prepared and approved on the assumption that the Group remains a going concern. Our key management prepared forecasts and projections for the Group, 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 consolidated financial statements. These forecasts indicate that we will have sufficient funds to meet our liabilities as they come due.

Adoption of new or revised IFRS standards and interpretations

The Group adopted the new amendments to IAS 1 and IFRS Practice Statement 2, IAS 8 and IAS 12. The impact of these amendments was not material for the Group. The Group also adopted new IFRS 17 standard, analysed its impact and concluded that the Group's products do not meet the definition of insurance contracts.

New IFRS not effective as at 31 December 2023

At the date of preparation of the consolidated financial statements, the following IFRS had been published, but their application was not mandatory. The Group 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)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16)

3. KEY ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

In preparing these consolidated financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Group'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 consolidated financial statements, the Group 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)

< We are increasing internet speed up to 2 Gb/s. >

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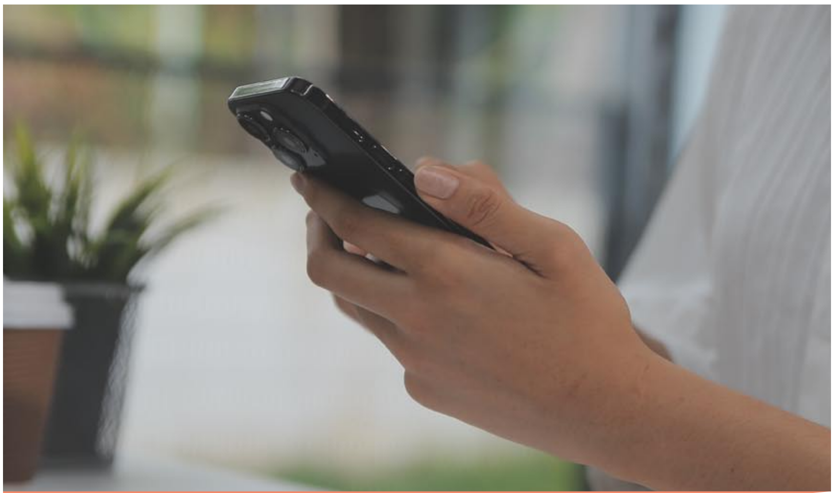

< We offer 5G network mobile services. >

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the consolidated financial statements are summarized 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.

Consolidation methods

The group financial statements consolidate the financial statements of PODA a.s. and its subsidiaries and include its share of the results of associates using the equity method of accounting.
Subsidiaries are companies that are directly or indirectly controlled by PODA a.s. Control only exists if an investor has power over the investee, is exposed to variable returns or has rights to variable returns, and is able to use its power to affect the amount of variable returns.

Income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date and remain included in the consolidated financial statements until the date on which the parent company ceases to control the subsidiary. If necessary, the subsidiaries' accounting principles will be aligned with the uniform accounting principles applied by the Group. All intra-group transactions including any gains or losses, balances, income or expenses are eliminated on consolidation.

Upon loss of control, a gain or loss from the disposal of the subsidiary is recognized in the consolidated income statement in the amount of the difference between (i) the proceeds from the disposal of the subsidiary, the fair value of the remaining shares, the carrying amount of the non-controlling interests, and the cumulative amounts of other comprehensive income attributable to the subsidiary, and (ii) the carrying amount of the subsidiary's net assets to be disposed of.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are initially recognised at cost (including transaction costs) except where they relate to a retained non-controlling interest in a former subsidiary, which is initially recognised at a deemed cost being the fair value of the retained interest. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

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All business combinations are accounted for using the acquisition method regardless of whether equity instruments or other assets are acquired. The cost of an acquired subsidiary is measured at the fair value of the consideration transferred, i.e., the sum of the assets transferred, liabilities assumed, and equity instruments issued. The acquisition cost is allocated to the acquired assets, liabilities, and contingent liabilities. The identifiable assets acquired and the liabilities and contingent liabilities assumed are recognized in full at their fair values at the acquisition date, regardless of the level of the investment held by PODA.

Goodwill arising in a business combination is measured as the excess of the aggregate of the cost of acquisition, the amount of any non-controlling interest in the acquiree, and, in a business combination achieved in stages, the fair value of the equity interest held by PODA in the acquiree prior to the acquisition date over the fair value of the net assets acquired. Any difference arising on the revaluation of equity interests previously held by PODA is recognized in profit or loss.

Group composition–the Group comprises parent company PODA a.s. and its one wholly owned subsidiary PODA.TV s.r.o.

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 Group is the Czech crown (CZK). The financial statements are presented in Czech crowns (CZK), which is the Group'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 consolidated income statement in the period in which it is incurred. Development expenditure, including the cost of internally developed software, is recognised in the consolidated income statement in the period in which it is incurred unless it is probable that economic benefits will flow to the Group 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 consolidated income statement.

Length of optical cables (km)
492

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5. REVENUE

SIGNIFICANT ACCOUNTING POLICIES THAT APPLY TO REVENUE

Revenue from contracts with customers (IFRS 15)

Most revenue recognised by the Group 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 Group 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	2023	2022*
Fixed operation revenue:		
- Internet and TV	646,121	604,954
- Voice services	5,987	7,429
Mobile revenue	5,815	2,671
Equipment revenue	1,558	2,693
Lease revenue	3,021	3,498
Other revenue	3,499	3,028
Total	**666,001**	**624,273**

* Comparative figures in Other revenue totalling 3,769 TCZK (which represented mainly net gain from sale of fixed assets) have been reclassified to Other operating income. Other revenue mainly consists of contractual penalties and accounts receivable recoveries from telco services.

Revenue expected to be recognised in future periods for performance obligations that are not complete (or are partially complete) as at 31 December 2023 amounts to 2,630 TCZK (2022: 56,194 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 Group 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 2023 and 2022, the Group did not recognise any revenues relating to performance obligations that were satisfied, or partially satisfied, in previous years.

Other operating income

Year ended	2023	2022
Other operating income		
- Net gain from sale of fixed assets	240,369	2,370
- Sublease of premises and fixed assets	420	144
- Miscellaneous	2,919	1,255
Total	243,708	3,769

In current year we sold our C-BAND frequency licence with a net gain of 240 800 thousand Czech crowns (TCZK). The licence was presented as asset held for sale (see note 19) in previous period.

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Revenue from lease arrangements in scope of ifrs 16

The Group acts as a lessor in several arrangements which meet the definition of either operating and finance lease under IFRS 16. These include lease of dark fibre optical network, access point equipment, server housing and rental of office space and vehicles. 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 if it relates to our core operating activities. We recognise operating lease payments as income on a straight-line basis over the lease term.

Where an arrangement is assessed as a finance lease, we derecognise the underlying asset and recognise a receivable equivalent to the net investment in the lease. Finance lease receivables are presented in note 12. The receivable is measured based on future payments to be received discounted using the interest rate implicit in the lease, adjusted for any direct costs. Any difference between the derecognised asset and the finance lease receivable is recognised in the consolidated income statement. Where the nature of services delivered relates to our core operating activities it is presented as revenue. Where it relates to non-core activities it is presented within other operating income.

In certain cases, the Group leases customer premises equipment (CPE) to its customers for no consideration. Such equipment is a prerequisite for the Group 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 Group has determined that these leases do not fall into scope of IFRS 16 and do not represent a separate performance obligation.

< The Group maintains a strong track record of strategic investments. >

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 Group.

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 2023	31 December 2022
Incremental contract costs		
Non-current	5,673	5,912
Current	6,884	6,978
Other contract assets		
Non-current	-	653
Current	321	6,678
Total contract assets	**12,878**	**20,221**

The table below analyses movement of contract assets:

	Incremental contract cost	Other contract assets	Total
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**
Additions	7,749	-	7,749
Amortisation	(8,082)	(7,010)	(15,092)
31 December 2023	**12,557**	**321**	**12,878**

The Group 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 2023 and 2022.

We provide for expected lifetime losses on other contract assets. The amount recognized in 2023 was 15 TCZK (2022: 334 TCZK).

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6. OPERATING COSTS

The table below summarizes main types of operating costs by their nature.

Year ended	2023	2022
Operating costs by nature		
Services:		
client service costs	31,929	34,781
connectivity costs	42,045	42,563
IPTV costs	54,513	49,498
network and operating costs	36,748	45,688
marketing and sales	29,309	27,578
mobile costs	6,303	5,374
other services	12,571	8,837
Total Services	**213,419**	**214,319**
Staff costs:		
wages and salaries	79,655	84,237
social security costs	26,557	27,350
other pension costs	8,205	7,615
Total Staff costs:	**114,417**	**119,202**
Material consumption and utilities	31,548	41,433
Cost of goods sold	1,686	2,357
Inventory and receivables write - down	418	77
Taxes and fees	1,514	1,105
Other operating costs	28,639	17,675
Total operating costs	**391,641**	**396,168**

Other operating costs are mainly represented by loss on disposal of fixed assets, insurance costs and write – offs of receivables and inventories.

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

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

< Network stability is our priority. >

7. FINANCE INCOME AND FINANCE EXPENSE

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

Year ended	2023	2022
Finance income		
Interest income	24,585	345
FX gains (net)	313	610
Total	**24,898**	**955**

Year ended	2023	2022
Finance expense		
Interest on:		
Loans from related parties	640	458
Bank loans	11,861	11,218
Lease liabilities	7,890	5,551
Unwind of discount	183	194
Bank fees and other finance expense	1,201	1,121
Total	**21,775**	**18,542**

Interest income is generated mainly from funds on fixed - term deposits.

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 Group 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	2023	2022
Income tax expense		
Current income tax	70,398	4,268
Deferred income tax	13,914	10,186
Total	**84,312**	**14,454**

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We recognized corporate income tax liability of 62,584 TCZK as at 31 December 2023 (31 December 2022: income tax asset 9,063 TCZK). Corporate income tax advances are netted with the calculated corporate income tax liability. The year-on-year increase in income tax expense is predominantly a result of net gain realised on sold frequency licence.

Reconciliation of the effective tax rate

Income taxes of 84,312 TCZK in the reporting year (2022: 14,454 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	2023	2022
Effective tax rate		
Profit before tax	**385,485**	**72,064**
Expected income tax expense (applicable tax rate 19 %)	73,242	13,692
Adjustments to expected tax expense		
Tax non-deductible expenses	1,030	887
Non-taxable income	27	31
Impact of different tax rate in 2024 on def. tax	9,942	-
Other tax effects	71	(156)
Income tax expense	84,312	14,454
Effective tax rate in %	**22%**	**20%**

Deferred tax

We used 21% tax rate (19 % rate in 2022) 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 2023 or 2022.

	31 December 2023	31 December 2022
Deferred tax		
Non-current deferred tax liability	104,443	90,529
Current deferred tax liability	-	-
Total	**104,443**	**90,529**

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

< We are constantly increasing the share of technology FWA 5e. >

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 sale proceeds (if any) and net book value at the date of disposal is recognised as a net gain (loss) on disposal either in other operating income or operating costs in the consolidated 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 - 7
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 Group'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.

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	Land and buildings &CPE	Data network	Optical fibre network	Other fixed assets	Assets under construction*	Total
Cost						
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
Additions	16,564	50,053	74,224	2,915	670	144,426
Disposals	(4,758)	(39,362)	-	(9,101)	-	(53,221)
Transfers	1,718	-	-	303	(2,021)	-
As at 31 December 2023	**139,003**	**399,072**	**930,953**	**18,130**	**12,946**	**1,500,104**
Accumulated depreciation						
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)
Depreciation for the year	(21,707)	(36,826)	(33,792)	(3,383)	-	(95,708)
Disposals and adjustments	2,842	23,916	-	8,897	-	35,655
As at 31 December 2023	**(73,568)**	**(132,819)**	**(136,061)**	**(4,883)**	**-**	**(347,331)**
Carrying amount						
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
As at 31 December 2023	**65,436**	**266,252**	**794,892**	**13,247**	**12,946**	**1,152,773**

* 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 2023 and 2022.

Our optical network is used as a pledge in our bank loan arrangements (see note 17). The total of these pledged assets as at 31 December amounted to 383,930 TCZK (31 December 2022: 409,305 TCZK; 31 December 2021: 434,681 TCZK).

Number of employees
198

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 Group, 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 Group'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
Valuable rights	5 - 10
Customer lists	6

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 consolidated 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.

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	Goodwill	Valuable rights***	Licences**	Customer lists	Software*	Total
Cost						
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
Additions	-	12,463	-	-	288	12,751
Disposals	-	-	-	-	-	-
Transfers	-	560	-	-	(560)	-
As at 31 December 2023	**184,763**	**33,137**	**-**	**8,007**	**5,580**	**231,488**
Accumulated amortisation						
As at 31 December 2021	-	(555)	(65,450)	(2,208)	(145)	(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)	(159)	(4,553)
Amortisation for the year	-	(3,515)	-	(1,334)	-	(4,849)
Disposals and adjustments	-	-	-	-	-	-
As at 31 December 2023	**-**	**(4,416)**	**-**	**(4,827)**	**(159)**	**(9,402)**
Carrying amount						
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
As at 31 December 2023	**184,763**	**28,721**	**-**	**3,180**	**5,421**	**222,086**

* Includes a carrying amount of 5,723 TCZK (31 December 2022: 5,663 TCZK; 31 December 2021: 16,450 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 2022, designated as Asset held for sale, was sold in January 2023
*** Current year additions include paid advance of 1 800 TCZK.

The main current year additions relate to new company website and Dream software - module functionality #6. The purpose of the software is integration of activities for planning and control of wireless data transmission.

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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 Group 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 Group 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 2023 and 2022. 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 Group conducts its principal business. The Group uses perpetuity growth rate 2 % (2022: 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 9.01 % for 2023 (2022: 10.58 %). It is estimated using the capital asset pricing model (CAPM) and publicly available data from capital markets.

Shown below is a breakdown of goodwill from individual companies:

	31 December 2023	31 December 2022
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	994
Total	**184,763**	**184,763**

There was no impairment recognised concerning intangible assets in 2023 and 2022.

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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 Group'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 Group's lease contracts relates to the fixed 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 Group's leases relating to sites and telco infrastructure will normally be 5 - 10 years.

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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 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)	-	-	(10,399)	**(28,418)**
As at 31 December 2022	**38,203**	**21,088**	**47,295**	**44,102**	**150,687**
Additions	2,306	-	7,185	11,090	**20,581**
Depreciation for the year	(9,208)	(4,043)	(7,935)	(13,961)	**(35,147)**
Other movements*	3,775	-	13,565	15,471	**32,812**
As at 31 December 2023	**35,077**	**17,045**	**60,110**	**56,701**	**168,933**

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

Lease liabilities

Lease liabilities recognised as at 31 December 2023 total 168,271 TCZK (2022: 151,571 TCZK). A total of 39,390 TCZK (2022: 38,124 TCZK) of this balance is classified as current, with the remaining 128,881 TCZK (2022: 113,447 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 Group's obligations under lease arrangements were recognised in the consolidated income statement in year ending 31 December 2023:
→ Interest expense of 7,889 TCZK (2022: 5,551 TCZK).
→ Expenses relating to short-term and low-value leases amounted to 9,161 TCZK (2022: 8,986 TCZK).

The total cash outflow for leases in the year was 37,818 TCZK (2022: 40,721 TCZK).

We used the following discount rates for lease liabilities:

period	range
As at 31 December 2021	2.58 % - 3.84 %
As at 31 December 2022	4.46 % - 5.66 %
As at 31 December 2023	4.50 % - 4.97 %

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 Group's exposure to credit and market risks is included in note 18.

	31 December 2023	31 December 2022
Current		
Trade receivables	13,630	13,030
Advances paid	2,219	3,216
Finance lease receivables	1,123	-
Other receivables	5,608	3,927
Accruals	12,152	8,051
Total	**34,732**	**28,224**

Included within Accruals is 4,453 TCZK of accrued interest from fixed term deposits – see note 20 for more information.

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 2023	15,973	1,327	810	1,129	-	-	**19,238**
31 December 2022	13,395	1,733	808	1,021	-	-	**16,957**
31 December 2021	9,189	1,424	763	552	-	-	**11,928**

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.

Trade and other receivables are stated net of allowance for doubtful debts of 21,582 TCZK as shown in the table below.

	Total
31 December 2021	19,177
Additions	3,047
Write-off of receivables	(2,602)
31 December 2022	19,622
Additions	4,125
Write-off of receivables	(2,165)
31 December 2023	**21,582**

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 2023	31 December 2022
Telecommunication material	49,306	78,554
Work in progress	1,512	1,446
Allowance for inventories	(4,096)	(5,318)
Total	**46,722**	**74,682**

The cost of inventories recognised as an expense during the period totalled 17,447 TCZK (2022: 25,811 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 Group’s exposure to currency and liquidity risks is included in note 18.

	31 December 2023	31 December 2022
Current		
Trade payables	49,805	45,791
Employee wages and benefits	9,740	9,205
Other tax and social security	73,395	10,730
Estimated payables	6,443	10,830
Accruals	1,617	1,707
Advances received	22	20
Other payables	62	786
Non-current		
Estimated payables	1,148	3,944
Advances received	1,442	558
Total	**143,674**	**83,571**

Increase in Other tax and social security balance is predominantly a result of net gain realised on sold frequency licence. 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 Group 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 Group 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.

	Property	Total
As at 31 December 2021	1,799	**1,799**
Additions	-	**-**
Unwind of discount	36	**36**
Utilised or released	-	**-**
As at 31 December 2022	1,835	**1,835**
Additions	-	**-**
Unwind of discount	37	**37**
Utilised or released	-	**-**
As at 31 December 2023	**1,872**	**1,872**

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 2023 and no significant legal disputes concerning the Group as of finalization of these financial statements.

Commitments contracted but not yet included in the financial statements as at 31 December 2023 amounted to 15,598 TCZK (2022: 19,991 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 2023	31 December 2022
Bank loans:	337,470	445,040
Current	77,373	107,440
Non-current	260,097	337,600
Karakay Invest loan:	13,723	13,698
Current	7,723	7,698
Non-current	6,000	6,000
Total	**351,193**	**458,738**

Further details regarding loans received from Karakay Invest N.V. are disclosed in note 22.

< Substantial subscriber growth in TV services. >

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A detail of our bank loan arrangements is disclosed below:

Financing bank	Balance 31 December 2023	Currency	Interest rate	Maturity
1) Komerční banka	2,080	CZK	1.39 % p.a.	January 2024
2) UniCredit Bank	5,600	CZK	1.91 % p.a.	June 2024
3) Česká spořitelna	21,429	CZK	2.16 % p.a.	December 2026
4) UniCredit Bank	12,848	CZK	2.20 % p.a.	December 2026
5a) UniCredit Bank	74,193	CZK	2.16 % p.a.	September 2029
5ba) UniCredit Bank	74,311	CZK	2.39 % p.a.	September 2029
5bb) UniCredit Bank	66,657	CZK	2.68 % p.a.	September 2029
5c) UniCredit Bank	39,655	CZK	2.68 % p.a.	September 2029
6) Česká spořitelna	40,697	CZK	1M PRIBOR + 0.28 % p.a.	October 2026
Total	**337,470**			

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 2022	Currency	Interest rate	Maturity
1) Komerční banka	33,400	CZK	1.39 % p.a.	1 January 2024
2) UniCredit Bank	16,800	CZK	1.91 % p.a.	1 June 2024
3) Česká spořitelna	28,571	CZK	2.16 % p.a.	1 December 2026
4) UniCredit Bank	17,136	CZK	2.20 % p.a.	1 December 2026
5a) UniCredit Bank	87,097	CZK	2.16 % p.a.	1 September 2029
5b) UniCredit Bank	165,484	CZK	2.66 % p.a.	1 September 2029
5c) UniCredit Bank	46,552	CZK	2.68 % 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

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group 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 Group's overall risk management strategy focuses on the minimisation of potential adverse effects on its financial performance. To hedge market exposures, the Group 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 2022 and 2023.

The Group does not conduct any speculative trading activities.

Classification of financial instruments
The Group 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 Group's revenues are derived solely from operations with the Czech crown, the Group'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 Group's exposure to currency risk is minimal. Hence, the Group 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 Group's currency structure of financial assets and liabilities.

	31 December 2023	31 December 2022
Cash and cash equivalents:		
CZK	424,237	24,823
EUR	783	932
USD	5,331	1,170
Trade and other receivables:*		
CZK	19,559	24,288
EUR	-	-
USD	-	-
Total financial assets	**449,910**	**51,213**

* excluding advances paid, accruals and incremental contract costs

	31 December 2023	31 December 2022
Loans and borrowings:		
CZK	350,118	457,690
EUR	1,075	1,048
USD	-	-
Trade and other payables:**		
CZK	54,264	60,181
EUR	2,406	558
USD	788	612
Total financial liabilities	**408,651**	**520,089**

** 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 2023	31 December 2022
Trade and other payables	(160)	(59)
Cash and cash equivalents	306	105
Total	**146**	**47**

b) Interest rate risk

The Group 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 Group does not enter into any interest rate derivative contracts.

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

	31 December 2023	31 December 2022
Fixed interest rate	296,773	395,040
Floating interest rate	40,697	50,000
Total	**337,470**	**445,040**
Weighted average effective interest rate	3.03%	2.91%

Sensitivity analysis
The impact of a 1% change in interest rates on the Group's annual net finance expense in the consolidated income statement would not have been material in 2022 and 2023.

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 Group 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 2023 is disclosed in note 17. We hold cash and cash equivalents to manage short-term liquidity requirements.

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

As at 31 December 2023	Loans and borrowings	Trade and other payables	Lease liabilities	Total
Due within one year	80,716	56,310	44,426	**181,453**
Between one and five years	204,847	2,590	101,908	**309,345**
After five years	95,188	-	48,719	**143,907**
Total	**380,752**	**58,900**	**195,053**	**634,705**

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**

CREDIT RISK

Trade receivables, other receivables and contract assets
Due to a high number of customers in the Group's customer base, the concentration of credit risk is limited. Virtually all trade receivables are concentrated within the Czech Republic. Although the Group 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 Group'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 Group'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 Group 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 2023. See note 12 for information on receivables in terms of age distribution and provision for bad debt.

As at 31 December 2023 and 31 December 2022 the Group 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 2023 and 2022. The credit risk is therefore deemed low by the Group.
The impairment analysis was conducted in line with the Group's policy. Given the immateriality of the loss allowance the Group decided not to recognise it.

FAIR VALUES

The Group 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 2023 and 31 December 2022 the Group 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 Group'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 consolidated 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'.

Assets and liabilities held for sale
At 2022 year-end we recognised one disposal group as held for sale amounting 139,200 TCZK resulting from an agreement to sell our C-BAND frequencies to Vodafone Czech Republic. There were no associated liabilities with the asset held for sale and no impairment was deemed necessary prior to classification as held for sale. The sale was concluded in current period.

There are no assets and liabilities designated as held for sale as at 31 December 2023.

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 known amounts of cash and which are subject to insignificant risk of changes in value. 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 2023	31 December 2022
Bank balances	49,780	26,271
Fixed-term deposits	380,000	-
Cash deposits	571	654
Total	**430,351**	**26,925**

In current year the company entered into fixed-term deposit agreements which total 380,000 TCZK as at year end. The maturity of these deposits is 6 months. The management considers these deposits as cash equivalents since they are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes and they meet the other criteria for classification as cash equivalents.

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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 2022 and 2023. The Group is not subject to any externally imposed capital requirements.

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

	31 December 2023	31 December 2022
Total liabilities	769,453	786,245
Less: cash and cash equivalents	(430,351)	(26,925)
Net debt	**339,102**	**759,320**
Total equity	**1,299,736**	**998,562**
Net debt to equity ratio	**0.26**	**0.76**

The following table summarizes our Equity structure:

	31 December 2023	31 December 2022
Share capital	55,000	55,000
Retained earnings	943,563	885,952
Net income for the year	301,173	57,610
Total	**1,299,736**	**998,562**

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

	31 December 2023	31 December 2022
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 Group does not hold any of its own shares.

22. RELATED PARTY TRANSACTIONS

Mr. Martin Šigut is the ultimate controlling party. The control of PODA a.s. is exercised through its parent company Karakay Invest N.V.

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 Group. The outstanding amounts are disclosed in note 17. The amount of interest totalled 640 TCZK in 2023 (2022: 458 TCZK).

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 company which holds PODA trademarks in Slovakia and DreamNet s.r.o., a company providing licence and marketing services. The related transactions and balances are shown below:

	31 December 2023	31 December 2022
Receivables and other assets	5,571	4,033
Trade and other payables	150	111
Total	**5,721**	**4,144**

Year ended	2023	2022
Sales of goods and services	144	15,266
Purchases of goods and services	19,613	23,674
Total	**19,757**	**38,940**

Transactions with key management personnel of PODA
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 PODA. The total of such costs for the year ended 31 December 2023 amounted to 17,159 TCZK (31 December 2022: 18,155 TCZK). The compensation of key management personnel is also disclosed in note 6.

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

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23. SUBSEQUENT EVENTS

There were no events which occurred after the balance sheet date which would have a material impact on the consolidated financial statements as at 31 December 2023.

Martin Šigut
CEO

Pavel Přeček
CFO

< 93 % of the Group‘s optical network has been rebuilt to the GPON standard. >

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Independent auditor's report to the shareholders

Churn Rate
9.46 %

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 consolidated financial statements of PODA a.s. and its subsidiaries (hereinafter also "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 2023, 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 notes ("the financial statements"). The basic disclosures about the Group are presented in Note 1 and 4 of the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Consolidated 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 as adopted by the European Union 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 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.

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 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 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.
- 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 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 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 30th of January, 2025

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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Additional information

Performance measures

The assessment of the Group's performance is based primarily on adjusted EBITDA – a measure which is not explicitly defined by IFRS or any other generally accepted accounting principles. Adjusted EBITDA may be defined differently by other companies.

Adjusted EBITDA is defined as the Group profit or loss before net special items, net finance expense or income, taxation, depreciation and amortisation.

Special items are perceived as those outside the course of ordinary business, and which need to be presented and disclosed separately by virtue of their size, nature or incidence. The determination of special items is down to management's judgement.

A reconciliation of reported profit for the period to adjusted EBITDA, is set out below.

Year ended	2023	2022
Reported profit for the year	**301,173**	**57,610**
Tax	84,312	14,454
Reported profit before tax	**385,485**	**72,064**
Net finance expense (+) / income (-)	(3,123)	17,421
Depreciation and amortisation	135,706	142,223
Special items - revenue	380,000	-
Special items - costs	139,200	-
Adjusted EBITDA	**277,268**	**231,708**

In current year the special items comprise sale from C-BAND frequencies with a net gain of 240,800 TCZK.

EAT
301 Mil. CZK

EBITDA
277 Mil. CZK

Contacts

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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**

PØ
DA