



Česká pošta
Annual Report 2022

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1 Foreword

Dear readers,

From the point of view of the Czech Republic, 2022 brought a gradual return to post-COVID normality. We were no longer obliged to wear masks; shops were open like before; and the people in our society could live a full life again. We returned to our previous habits and related successes.

Likewise, the same successful scenario applies to Česká pošta in 2022. After years marked by the pandemic, when the post office's operations were not limited to any extent, branches were open to the public even during lockdowns, parcels, letters or pensions were delivered, Česká pošta continued to perform its strategic activities. We have obtained a postal license for the next two years and, after that time, the organisation of the universal postal service will probably look different. It will adjust to the relevant market conditions, customer needs and will reflect the changes that occur in letter and parcel communication every day. The branch network will also face changes as its structure and organisation no longer correspond to current trends. The capacities of postal services ordered by the state will not be overestimated and will meet the customers' needs more efficiently than today. As a holder of the postal license, we help the state in an area defined as essential for citizens.

After years of argumentation, explanation and proving evidence, we received approval from the European Commission that we can be paid a state compensation for the services we perform by order of the state. This relates to the operation of branches throughout the territory of the Czech Republic, delivery of letters and parcels every working day to every address in the country. We were supposed to be paid for services we deliver every day, but the money was nowhere to be seen. Any private company would no longer exist in such circumstances. It is not likely that a company that issues invoices with payment terms of several years would survive economically. We did determine however, that the price we paid for it was too high. The amounts we paid in interest on commercial loans could have been spent on our postmen's wages. I strongly believe that, in the future, we will avoid situations with such a damaging impact on the Company's economics. We have a proven strategy of how to defend our financial claims. An independent body, i.e., the European Commission examined all the circumstances of our claims and found them justified. The success therefore lies not only in obtaining the money itself, but in the confirmation that when the state orders services from Česká pošta, it will also pay for them, albeit with a delay.

Preparations for the transformation of Česká pošta continued. If the status quo had been maintained without the necessary changes, this would be one of the last annual reports of Česká pošta you would have a chance to read. The future of the Company lies in the separation of services provided for the state and those for commercial purposes. I believe that the transformation will be successful. All the prerequisites for the critical implementation phase have been fulfilled. We didn't just sit back and watch. Negotiations at the highest political level took place, with the purpose to explain to our elected representatives that transformation is the right way to fulfil the mission of Česká pošta, under the condition of non-increasing costs, which would be covered by the state. The transformation will be a complex process which will result in the slimming down of the Company, but it will also be the only possible way to keep the Enterprise running.

The transformation process will be completed by the end of 2024 so that the transformed Česká pošta can apply for a new postal license in a condition that will enable it to not only obtain the aforementioned license but, above all, to fulfil its content. Commercial services will either be successful, and thus will continue, or unprofitable, in which case they will be terminated. It is a very simple equation. As for the state-ordered services, we must have a clear assignment of what we are to perform, to what extent, in what intensity and under what economic conditions. And we will subsequently issue an invoice to the state, supported by evidence of everything we provide to the state based on its order. It will be a fair deal for both parties. The state will decide what it requires from Česká pošta and how much it will pay for it. Česká pošta will know

the scope of mandatory services and will be able to monetise them. Our personnel capacities, the number of branches and the setup of the logistics will have to be adapted to this new reality. The unfair situation where we paid extra every year for ordered, provided, but unpaid services will end.

The state orders services from Česká pošta to help people who, for various reasons, prefer personal delivery of pensions or handle personal communication at post offices. But the post office does not just serve them. At a time when online shopping is a common consumer habit, we provide delivery services to those customers who prefer contactless Internet shopping. We are here for the people.

I would like to thank all the employees who, with their daily work, create a positive image of Česká pošta. They are the key representatives who, through their work, demonstrated the quality of the Enterprise to customers about the quality of our Enterprise.

I would also like to thank our customers. Without them, we would have been gone a long time ago. Sometimes I hear complaints about our services. Everything doesn't always work out as it should. But that's part of life. We do everything we can to give our customers the standard they are used to, they demand and deserve for their money.

At this point, all those who participated and are still participating in the preparation and approval of the transformation process should be thanked. To those individual employees of our Company, members of the supervisory board, representatives of local governments, trade unions and political representation, who have the courage to take such a major step and wish to transform Česká pošta into a logically organised company that fulfils its role and the mandate of the state.

I wish you all the best and thank you for supporting Česká pošta.



Miroslav Štěpán, authorised deputy General Director of Česká pošta, s.p.

2 Report of the Supervisory Board

Ladies and Gentlemen,

2022 was an extremely challenging year for Česká pošta. The aftermath of the coronavirus pandemic, the war in Ukraine and the sharp increase in inflation all had a very negative impact on the economy of Česká pošta. The ever-advancing digitisation and the associated decline in letter shipments are also leaving their mark. Before the summer, as the approval process of the European Commission took a very long time, it was also necessary to pre-finance the additional costs of the universal service for the years 2018 - 2022 through bank loans. Those costs are compensated by the state by up to CZK 1.5 billion per year. This year again clearly showed that the regulatory framework in which Česká pošta operates requires significant changes. Without a fundamental and comprehensive transformation, Česká pošta will not find its way back to being successful. In this context, it is important to precisely define what services and to what extent Česká pošta is to provide within the postal license and how the related costs can be covered.

The Minister of the Interior dismissed eight members of the Supervisory Boards in February 2022, the ninth resigned himself. New representatives of the Founder were then gradually appointed. Appointed members, including employee representatives, were elected to the supervisory board in March. These are the Strategy Committee, the Audit Committee, and the Human Resources Development Committee. Committees were then supplemented depending on when members were appointed to the Supervisory Board. Within its competences, the Supervisory Board dealt very intensively with the Company's situation and challenges. The competences of the Supervisory Board are set out in Section 13 and 13a of Act No. 77/1997 Coll., on State-Owned Enterprises, as amended, to the extent determined by the Founder in the Statutes of Association of Česká pošta, s.p. (Article V, Paragraph IV of the Statutes). In particular, these include the joint decision-making in matters of fundamental long-term strategy and the approach to business development. The Supervisory Board approves the decisions regarding the Enterprise's assets, the investment plan and the public procurement plan. The Supervisory Board oversees the execution of the powers of the managing director and the performance of business activities, whether they are carried out in accordance with legal regulations, the charter, and the Statutes. For this purpose, the Supervisory Board can also exercise its right of inspection when gathering information related to the Enterprise. The Supervisory Board further reviews the annual financial statements, the proposal for the distribution of profit or allocation of loss.

In 2022, the members of the Supervisory Board met a total of nine times, and the individual committees a total of fifteen times, of which the Human Resources Development Committee met three times, the Strategy Committee met seven times and the Audit Committee met five times. The points discussed, which the Board dealt with, resulted from the essence of the activities and economic condition of the State-Owned Enterprise. The points discussed included topics such as the control of financial results, planned and executed public procurement, personnel and salary matters, costs of the letter delivery network, investment plans, the security of Česká pošta, property sales, the subject of ESG, the results of internal audits, or acquisitions within logistics services and, of course, the transformation of the Enterprise.

The declared goal of Česká pošta is to become a more modern, competitive, and customer-friendly enterprise and to please all customers with its products and services. To achieve this goal, it is necessary not only to adapt the regulatory framework, but also to change the organisational structure of the Company. Emphasis will be placed on the separation of competitive and non-competitive activities, i.e., services commissioned by the state.

The transformation of such an enterprise as large as Česká pošta is a very demanding and challenge task. It is clear to everyone involved that the coming changes will not be straightforward. It is important to act moderately but consistently at the same time. Things will not work out unless the branch network is optimised and the services that the post office provides are revised.

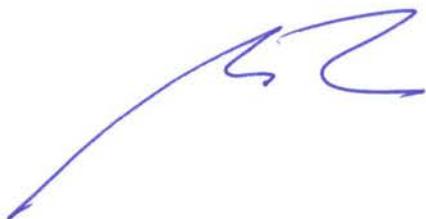
The process of change is never easy and requires a lot of effort and commitment from everyone involved, especially from all the staff, to whom many thanks are due for their tireless efforts during this difficult time. As part of the transformation, the goal of being an attractive employer must not be lost sight of. Qualified and motivated employees are absolutely indispensable for the future success of Česká pošta.

I am convinced and firmly believe that Česká pošta has a future, but with a different structure and with a modified portfolio of services and products. If it succeeds on its path of transformation, it will remain a strong partner for both the state and its customers.

On behalf of all the members of the Supervisory Board, I would like to thank everyone who participates in this journey. It is a joint effort with a common goal. This is what makes Česká pošta strong.

I would also like to thank all employees for their dedicated work, all customers for their support and all business partners for their excellent cooperation.

Martin Friedrich Herrmann, Chairman of the Supervisory Board of Česká pošta, s.p.



3 Enterprise profile

3.1 Mission and strategic goals

Česká pošta, s.p., (hereinafter also ‘Česká pošta’, ‘ČP’, ‘the Enterprise’) provides quality services to citizens, businesses, and the state. It is a key player in the parcel segment, a contact place between the population and the state, especially in remote areas, and a partner to companies to which it provides comprehensive services.

The ongoing transformation of the Enterprise aims to ensure territorial and social cohesion within the services provided to the state, as well as to complement the existing distribution network with the digital structures of the modern information society. The implemented changes and their accompanying economic impact are carried out in the spirit of customer orientation, i.e., the Enterprise’s aim is to further develop and improve the customer experience with the services of Česká pošta in the long term.

Česká pošta has a unique branch network and sophisticated logistics system, and its operations are backed by specialists in the provision of postal services and in the processing and transport of consignments.

3.2 Legal status of the Enterprise

ČP is a legal entity pursuant to Act No. 89/2012 Coll., the Civil Code, as amended. Its legal and proprietary status is regulated by Act No. 77/1997 Coll., on State-Owned Enterprise, as amended.

Česká pošta, s.p. was founded on 1 January 1993, following the decision of the Ministry of Economics of the Czech Republic of 16 December 1992 in accordance with Act No. 111/1990 Coll., on State-Owned Enterprises, and was incorporated by registration in the Commercial Register maintained by the District Court for Prague 1, Section A, Entry No. 7565. In conjunction with the decision, the Ministry of Economy of the Czech Republic issued a Deed of Foundation of the State-Owned Enterprise dated 16 December 1992. Presently, ČP is entered in the Commercial Register maintained by the Municipal Court in Prague, Section A, Entry No. 7565. The Ministry of Transport and Communications issued a Deed of Foundation of the State-Owned Enterprise Česká pošta compliant with Act No. 77/1997, on State-Owned Enterprises. This document entered into effect on 16 June 1997 and was later repeatedly amended.

As at 31 December 2022, the Ministry of Interior of the Czech Republic acted as the Founder of Česká pošta.

3.3 Enterprise administration and management

Pursuant to Section 11 of Act No. 77/1997 Coll. on State-Owned Enterprise, as amended, the bodies of Česká pošta are the Director General and the Supervisory Board.

Director General

The Director General (“DG”), as the statutory body of Česká pošta, s.p., acts on behalf of the Enterprise and manages its activities. He decides on all matters concerning ČP that are not entrusted by law to the competence of the Founder pursuant to Section 12 of Act No. 77/1997 Coll. on State-Owned Enterprise, as amended.

The Director General appoints deputy directors general who, in his absence, represent him to the full extent of his powers. The Director General stipulates the order in which his deputies shall represent him. Deputy directors general are entered in the Commercial Register.

Supervisory Board

The Supervisory Board exercises its powers pursuant to Section 13 of Act No. 77/1997 Coll., on State-Owned Enterprises, as amended, to the extent determined by the Founder in the Enterprise's Statutes of Association.

The Supervisory Board consists of fifteen members. One-third of the Supervisory Board is comprised of employees of the Enterprise who are elected and recalled by the Enterprise's employees based on the voting results. Two thirds of the Supervisory Board members are appointed and recalled by the Founder.

The Supervisory Board had fourteen members as at 31 December 2022.

Supervisory Board committees

The Supervisory Board sets up committees as its working, advisory, and initiative-proposing bodies. The committees primarily meet to pre-discuss or discuss in more detail the agendas and materials to be submitted to the Supervisory Board. Committee members are elected and recalled by the Supervisory Board.

The following Supervisory Board committees were set up as at 31 December 2022:

- Strategy Committee
- Audit Committee
- Human Resources Development Committee

Statutory body and management of the Enterprise

Corporate governance and the organisational structure of ČP as at 31 December 2022 are described in the Notes to the separate financial statements, Chapter 14.2.

4 Regulatory framework for postal services

The Third Postal Services Directive (Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC on common rules for the development of internal markets of Community postal services), completed the liberalisation of the European Union postal market. The Czech postal services market has been fully liberalised since 1 January 2013 in accordance with an amendment to Act No. 29/2000 Coll., on Postal Services (hereinafter the "Postal Services Act").

In addition to the foregoing Postal Services Act, the regulatory framework for the provision of postal services comprises a set of regulations issued by the Czech Telecommunication Office ("CTO") through which it determines the obligations of operators providing or ensuring postal services, a framework for reporting expenses and revenues and for financing basic services, and the conditions for ensuring universal access to basic services. Cross-border parcel delivery is also governed by the directly applicable regulation of the European Union – Regulation (EU) 2018/644 on cross-border parcel delivery services.

Since April 2005, postal services, as concerns the exercising of regulatory powers, has been within the remit of CTO. This national regulatory authority exercises its powers and performs the obligations of an administrative body in this sector, particularly in connection with the applicable provisions of the Postal Services Act.

Česká pošta was awarded a postal license for the period 2018-2022 by CTO Decision No. 70 580/2017-610/V of 12 December 2017 pursuant to Section 22 of the Postal Services Act. The postal license stipulated the obligation of Česká pošta to permanently ensure universal access to all basic services set out in Section 3(1) of the Postal Services Act in the defined quality in the entire territory of the Czech Republic. The basic services ensured by Česká pošta under the granted postal license included services, such as free-of-charge delivery of postal consignments of up to 7 kg to the blind. Under the awarded postal services license, Česká pošta remains an entity officially appointed to render services that must be ensured on the basis of obligations arising from the Czech Republic's membership in the Universal Postal Union.

By CTO Decision No. 11 268/2022-610/XIV of 27 July 2022, Česká pošta was awarded a postal licence for the years 2023 and 2024. Compared to the previous period, domestic postal parcels up to 10 kg and consignments up to 2 kg with dimensions exceeding 35.3 x 25 x 2 cm and a weight of 1 kg were excluded from the scope of the postal obligation by a decision of the CTO. Other parts of the postal licence holder's obligations remained the same as in the period 2018-2022.

The rights and obligations of Česká pošta as the postal services provider and the postal license holder are enshrined in Title V of the Postal Services Act. The Enterprise shall annually publish and submit complete and truthful information to CTO about the results of meeting the quality criteria. The method, form and content of published information are determined by the implementing legislation of CTO (decrees). Czech Telecommunication Office annually publishes a summary report on the fulfilment of obligations imposed on postal license holders (hereinafter referred to as 'CTO report').

The Enterprise has remediated any shortcomings identified in the CTO Report for 2021 on a continuous basis. No material financial claims of the CTO or other entities against the Enterprise, which could be enforceable by law, were identified in the Report.

4.1 Selected obligations of a postal license holder

- Fulfil the postal obligation in a manner that is in line with the public needs and with basic quality requirements, including continuous provision of information on essential services and how they are used.
- Provide postal services subject to the postal obligation in accordance with postal conditions, at affordable prices allowing the use of basic services to the extent necessary for the common needs of people.
- Prevent any unjustified preferential treatment or disadvantaging of recipients of the basic services defined in the provider's postal license.
- Enable at least one posting on every working day and at least one delivery to the address of each natural person or legal entity (exceptions are listed in the implementing regulation).
- Allow other operators, in a transparent and non-discriminatory manner and under a written agreement, to access the components of postal infrastructure and to specific services related to the postal infrastructure operation.

5 Report on activities

In 2022, Česká pošta recognised a consolidated loss before tax of CZK 1,725 million and CZK 1,730 million after tax. Česká pošta standalone presented a loss before tax of CZK 1,751 million and after tax of CZK 1,751 million. The amounts disclosed below are from the consolidated financial statements.

Compared to 2021, ČP's loss before tax decreased by CZK 1,044 million. Operating revenues decreased by CZK 539 million from CZK 19,549 million to CZK 19,010 million, while operating expenses increased by CZK 479 million from CZK 20,108 million to CZK 20,587 million. The rest of the difference is charged to financial operations.

Revenues from the sale of services decreased year-on-year by CZK 976 million (-5.8%), mainly due to the Population, Housing and Dwellings Census (CZK -492 million) which took place in 2021. Revenues from postal operations also decreased significantly (CZK -579 million). The largest decrease was recorded in international incoming shipments (CZK -450 million, -50.1%), due to the negative impact of the amendment to the VAT Act, which requires end customers to submit a customs declaration and pay VAT on all shipments originating from outside the EU from mid-2021. Moreover, the year 2021 was positively affected by the billing of shipments for previous years of CZK +232 million. Year-on-year revenues from domestic parcels also decreased (CZK -334 million). The majority of this difference arose in the period from January to April 2021, when the closure of most brick-and-mortar stores as part of the Czech Government's fight against COVID was reflected in increased ordering of goods via e-shops. The decline in revenues from postal orders (CZK -88 million) and international outbound shipments (CZK -75 million) also continued. Thanks to a revaluation of the discount policy, it was possible to increase revenues from domestic letters, including access to the network (CZK +290 million), despite a 9.5% drop in submissions. Revenues for cash payments and SIPO (direct debit of multiple payments) also increased, mainly due to price increases (CZK +57 million).

Higher revenues from procurement activities (CZK +119 million) are mainly due to the development of contact points for servicing customers of the company ČEZ (CZK +70 million). Furthermore, it was possible to achieve higher remuneration from Poštovní spořitelna (CZK +41 million) and from SIPO services for issuer (CZK +37 million) thanks to price increases. In contrast, the downward trend continued in the distribution of pensions (CZK -25 million).

The decrease in revenues from ICT services (CZK -41 million) was caused by lower interest from citizens in Czechpoint services (CZK -22 million), especially in the verification of signatures and extracts from the real estate cadastre in connection with the cooling of the real estate market, due to the increase in interest rates for mortgages. The second reason was lower revenues from data mailboxes (CZK -19 million) due to a smaller volume of modifications to the information system.

Other operating income increased by CZK 433 million as a result of higher income from the sale of unnecessary real estate (CZK +374 million), the sale of vehicles (CZK +29 million) and lease of vehicles (CZK +30 million), as a result of the implementation of the outsourcing project for transport over 3.5 tons.

In operating costs, in particular, the cost of services increased (CZK +693 million). The largest increase was in external road transport (CZK +694 million) as a result of the implementation of the outsourcing project for transport over 3.5 tons. More costs were spent on agency workers (CZK +156 million), who replaced regular or contract employees at SPU and depots. The costs of lease of non-residential premises (CZK +35 million) and operating costs of Partners and delivery points (CZK +23 million) also increased. On the other hand, there was a decrease: mainly in services provided by subcontractors for the Population, Housing and Dwellings Census (CZK -76 million, project management and its technical support), as well as in terminal fees (CZK -62 million) for the delivery of letters and parcels abroad, in the costs of data mailboxes (CZK -29 million, fewer adjustments to the information system), in cleaning (CZK -26 million, in 2021 extraordinary cleaning due to COVID) and in SMS notification of shipments (CZK -15 million, lower price per SMS and lower number of notified consignment).

There was a significant year-on-year decrease in personnel costs (CZK -979 million). The main reason was a decrease in the number of regular employees by 2,243 FTE (CZK -998 million) due to the implementation of the outsourcing project for transport over 3.5 tons and rationalisation measures across ČP. At the same time, there was less use of contract employees (CZK -388 million), of which CZK 258 million is due to the

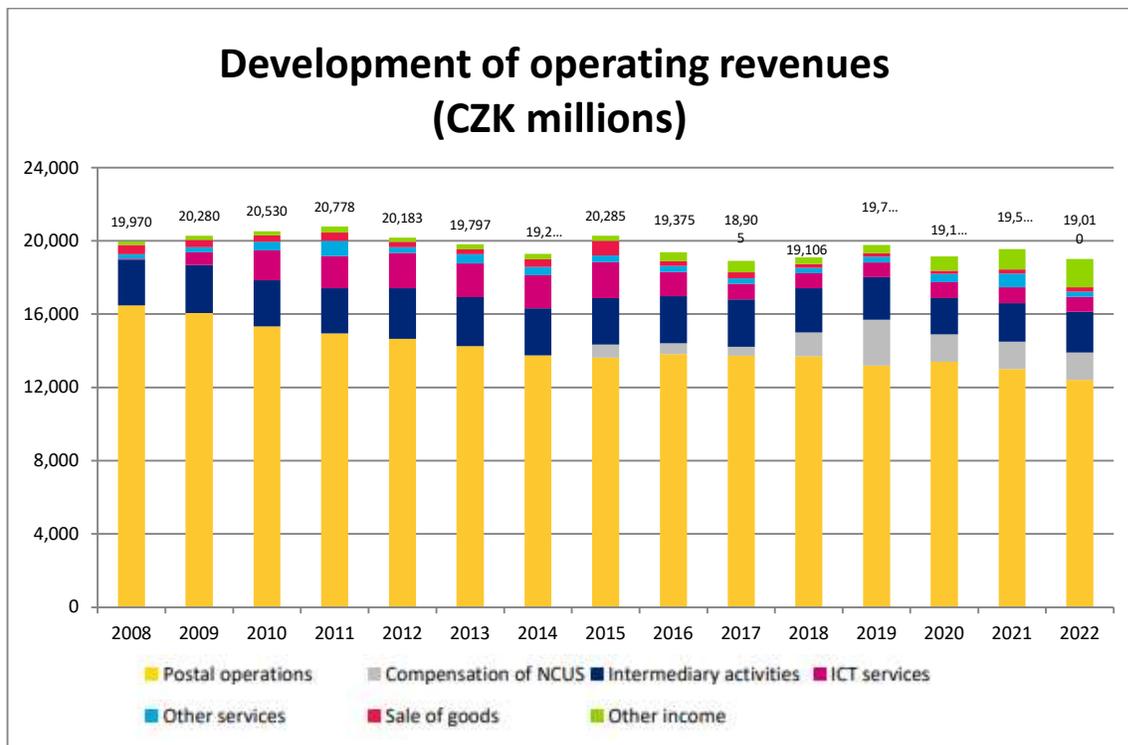
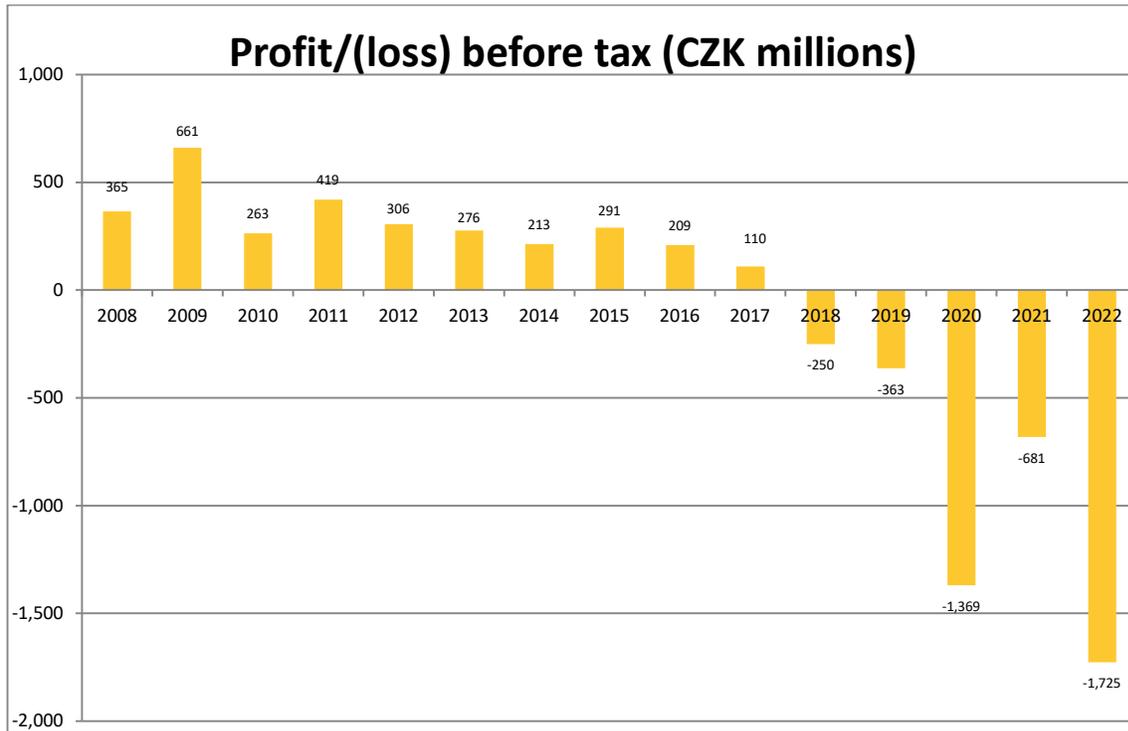
drawdown of agreements for the 2021 Population, Housing and Dwellings Census. The second factor is the increased use of agency workers. On the other hand, the wages increased from 1 April 2021 (CZK +118 million), payment of severance pay was higher (CZK +67 million) and bonuses for alliance partner products were higher (CZK +48 million), etc.

The increase in other operating expenses (CZK +768 million) is primarily reflected in the change in provisions (CZK +604 million). This was mainly due to the provision for wages and salaries. While the release of provisions recognised in 2020 prevailed in 2021 (mainly the provision for severance pay CZK - 181 million, the provision for extraordinary remuneration for employees covered by the agreement CZK - 130 million), in 2022 the recognition of provisions prevailed (mainly the provision for severance payment in 2023 CZK +263 million). In addition to provisions, there was also an increase in VAT costs (CZK +122 million), which corresponds to an increase in costs for external road transport, agency employment and other categories of costs other than personal expenses. Furthermore, the residual value of sold fixed assets increased (CZK +59 million), which corresponds to higher sales of real estate and vehicles.

Financial results decreased year-on-year by CZK 25 million. The sharp rise in interest rates resulted in an increase in interest expense by CZK 169 million and in interest income by CZK 102 million.

Trends in key financial indicators - consolidated

	2016	2017	2018	2019	2020	2021	2022
Assets (CZK millions)	20,838	20,222	19,572	20,456	20,972	20,987	15,692
Equity (CZK millions)	10,191	10,119	9,754	9,272	7,722	6,979	5,072
Operating revenues (CZK millions)	19,375	18,905	19,106	19,769	19,148	19,549	19,010
of which: Sales of own products and services	18,026	17,448	17,229	16,634	16,685	16,708	15,732
Operating costs (CZK millions)	19,153	18,818	19,318	20,136	20,621	20,108	20,587
of which: Personnel expenses (CZK millions)	12,385	12,789	12,944	14,052	14,133	13,600	12,621
Profit (+) / loss (-) before tax (CZK millions)	209	110	(250)	(363)	(1,369)	(681)	(1,725)
Net profit (+) / loss (-) (CZK millions)	179	98	(186)	(286)	(1,356)	(553)	(1,730)





6 Foreign branch or division

Česká pošta has no foreign branches or divisions.

7 Information on R&D activities

The Enterprise undertakes no R&D activities.

8 Information on environmental protection

The Enterprise’s strategy in respect of environmental protection is, aside from compliance with its statutory obligations in all areas of environmental protection, in particular:

- Reduction in emissions of pollutants

Česká pošta focussed on the replacement of boilers for solid fuels (emission standard I and II boilers). Within its environmental strategy, Česká pošta makes every effort to replace those sources of air pollution with gas boilers and thus contribute to reducing the amount of produced CO, NOx and dust emissions (TLZ).

There has also been a reduction in the amount of packaging placed on the market.

- Efficient energy management

Česká pošta has implemented and certified the “Energy Management System” according to the ČSN EN ISO 50001:2019 standard which has been audited in 2021.

Česká pošta took the initial steps towards implementing Energy Performance Contracting (EPC), i.e., energy services with a guarantee that are very effective tools for implementing energy conservation measures. These are comprehensive services facilitating cost savings related to energy efficiency without having to provide investment funding at the time the measures are being installed, as achieving the expected result in the form of projected energy savings is contractually guaranteed by the selected energy service provider.

9 Information on labour relations

The average adjusted employee headcount was 23,432 recalculated persons. Compared to the previous year, this value is lower by 2,243 recalculated persons. The significant decrease is mainly related to:

- Organisational and rationalisation changes in the administration
- Purchase of transport services over 3.5 tonnes
- Dynamic capacity management in internal networks
- Optimisation of letter delivery

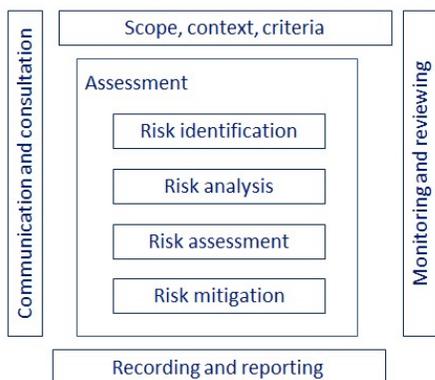
The turnover rate increased to 30.3%, partly due to the implementation of organisational changes with an impact on employment. Unwanted (voluntary) turnover reached 17.5% and also had an upward trend year-on-year. The main reasons for voluntary turnover are the nature of the work (high physical workload) and lower wages, when the wage ratio of ČP compared to the logistics segment was at the level of 81% in 2022.

The average monthly wage in ČP amounted to CZK 29,946, which represents an increase of CZK 1,010, i.e., 3.5%, compared to the previous year. The increase occurred despite the unfavourable economic situation of the Enterprise. Following the payment of the outstanding payment by the state for the provision of universal services since 2018, the employer released financial resources to the DG for the payment of extraordinary remuneration. In this way, the management of the Enterprise tried to mitigate, at least partially, the negative impact of the high inflation rate on the living standards of its employees. Therefore, during the year, after consultation with the trade union partners, extraordinary bonuses were paid to employees by the DG in the average amount of CZK 8,600 per employee.

In addition to wages, the employer provided **employee benefits totalling about CZK 30,000 per employee annually**. These were mainly contributions to meal vouchers, supplementary pension savings plans and life insurance, contributions to leisure activities, physical therapy and wellness, children's camps, cultural and sports events and the like. In addition to these benefits, Česká pošta provided its employees with an extra week of leave beyond the labour code.

10 Protecting ČP, its employees and customers

10.1 Risk management



In the pursuit of risk management at ČP, a unified and integrated approach to the identification, assessment, treatment, monitoring, and reporting of risks has been introduced. The risk management process is set according to the Enterprise Risk Management (ERM) model, i.e., comprehensive management system of all identified risks within the Enterprise, using the What IF method, and in accordance with ČSN ISO 31000, ČSN EN ISO/IEC 27001, ČSN EN ISO/IEC 27005, ČSN EN ISO 9001 standards, as amended, and requirements of Act No. 181/2014 Coll. as amended. In 2022, the Business Continuity Management (BCM) process was linked to the risk management process using the value of assets. Key processes and supporting applications for the assets were identified. The basic documents, recording the performance

and level of the risk management process, are in the form of regular quarterly reports on ČP risk management and are updated annually in *Česká pošta, s.p. Book of risks*.

10.2 Security

The fundamental mission of the Česká pošta Security unit is to ensure essential security requirements for the smooth operation of all services, to ensure the protection of Česká pošta employees and clients and to protect the Enterprise's assets and those entrusted to it.

Tasks within the remit of the Security unit include crisis management and planning, addressing external and internal criminal activities conducted against Česká pošta, measures to combat the legitimisation of proceeds from crime and financing of terrorism, administering confidential information used in Česká pošta's operations and occupational health and safety. The Security unit also oversees reviews of personal data protection under the methodological guidance of the specialised legal department.

Due to the war in Ukraine, accommodation was provided to Ukrainian refugees near DSPU Prague in Prague - Malešice, where a tent city was set up for this purpose. At the same time, refugees from Ukraine were provided with accommodation in the recreational facilities of Česká pošta. Specialist departments were asked by the Security unit to define the critical points affecting the operation of the Enterprise and to determine the impact of possible escalation of the conflict on Česká pošta.

In connection with the current developments in the energy sector and based on a task from a management meeting, the Security unit in cooperation with other specialist units developed the "Energy Crisis Management Plan of Česká pošta, s.p.". This plan contains procedures for the operational staff of the State Postal Service Division, the Logistics and the administrative staff of the other specialist units in the event of an energy crisis (crisis measures for operations, crisis measures for administration, internal communication, external communication, a plan for the eventual reduction in the number of post offices and collection points).

10.3 Compliance

The goal of compliance at Česká pošta is to create an effective defence against financial losses, damage to assets, possible criminal liability of a legal person and damage to the good name of Česká pošta due to a breach of legal obligations, internal regulations, illegal and other unfair practices, or conflicts of interest.

Special attention is paid to corruption. The corporate compliance programme is developed as a comprehensive compliance management system, including elements of prevention, detection, and response, which is continuously developed and updated to reflect changes in the internal and external environment of Česká pošta.

10.4 Internal audit

Internal audit activities were carried out in 2022 on the basis of the *Internal Audit Activity Plan for 2022*, which was based on the approved *Strategic Internal Audit Plan for 2021 - 2025*, proposals and requirements of ČP's top management, risk identification in ČP's processes and activities, regular evaluations of the development of these risks and the knowledge and experience of internal auditors gained in all audit activities.

In June 2022, we hosted the 8th Annual Meeting of the Internal Audit Directors Club, which this year was organised by the Czech Institute of Internal Auditors together with Milan Herian, the manager of the specialised Internal Audit and Risk Management unit. The invitation to the meeting held under the auspices of the Director General Roman Knap was accepted by the audit directors from 21 Czech companies, including the Chairman of the ČP Supervisory Board Martin F. Herrmann. The aim of the meeting was to exchange experiences and find out how internal audit and associated activities work elsewhere. The main points of the meeting were the presentation of internal audit, risk management and compliance at Česká pošta.

10.5 Postal ombudsman office

In 2022, a total of 2,380 Česká pošta, s.p. customers contacted the ombudsman. Of this number, the postal ombudsman handled 1,876 petitions which were assessed according to the nature of the complaint and, in cooperation with relevant departments, investigated and processed.

The postal ombudsman directly discussed 643 petitions. In 125 cases, the previous decisions of the relevant ČP departments were upheld, and 512 petitions submitted at the customers' initiative were handled by the ombudsman with no standard prior procedure. In line with the in-house rules, the ombudsman granted compensation to ČP's customers in 6 cases. The total amount of compensation in 2022 was CZK 15,646. Overall, 504 submissions did not meet the conditions for being assessed by the postal ombudsman.

22 submissions complimented or thanked Česká pošta employees.

10.6 Employee ombudsperson

For the purpose of advocating the legitimate interests of employees in the performance of their duties, Česká pošta has established the Office of the Ombudsperson for Employees. Employees may contact the ombudsperson with their complaints, suggestions, information, and inquiries in writing, by phone or in person. Generalised conclusions from investigations provide feedback on the corporate environment. In justified cases, employees are compensated individually.

11 Provision of information pursuant to Act No. 106/1999 Coll. on freedom of access to information

Česká pošta, s.p. (hereinafter "Česká pošta"), as an obliged entity pursuant to Act No. 106/1999 Coll. On freedom of access to information, as amended (hereinafter the "Information Act", "IA"), herewith in accordance with Section 18 of IA issues this Annual Report on its activities regarding the provision of information pursuant to IA, in 2022:

- 1. Number of received requests for information:** In 2022, a total of 105 requests were filed subject to the Information Act.
- 2. Number of issued decisions denying a request (or part thereof):** In 2022, a total of 10 decisions on the denial of a request for the provision of information and 8 decisions on the partial denial of a request for the provision of information were issued.
- 3. Number of appeals submitted against decisions:** In 2022, 8 appeals against the decisions denying a request (or part thereof) were filed.
- 4. Description of substantive parts of each court judgment regarding a review of the legality of Česká pošta's decision to deny a request for the provision of information:** On 31 October 2022, the Municipal Court in Prague decided on the action against the decision of the General Director of Česká pošta, s.p. from 7 October 2019, file no. JID: 838838/2019/ČP, so that the Decision of the General Director of Česká pošta, s.p. from 7 October 2019, file no. JID: 838838/2019/ČP, is annulled and the matter is returned to the defendant for further proceedings. "In this respect, the Court concludes that it agrees with the defendant's claim that the new first-instance decision has already sufficiently defined part of the audit as a trade secret within the meaning of the original judgment of the Municipal Court and the case-law of the administrative courts cited above. In this regard, the Municipal Court therefore considers the refusal to provide the information to be in line with the legal regulations. Insufficient justification to define the technical specification as a trade secret was claimed by the applicant in the first application, which the Court hereby considers to be settled and unfounded, since it has already been duly and exhaustively justified which information contained in the requested document is considered by the obliged entity to be a trade secret and is protected pursuant to Section 9(1) of the Information Act, and it has also been adequately explained how all the features of the legal definition of a trade secret are considered to be fulfilled in relation to the specific part of the requested information. However, the technical specification constitutes only a part of the required audit, therefore it was necessary for the obliged entity to apply other binding opinions expressed by the Municipal Court in the original judgment, namely the obligation to publish the part of the audit to which the claimed exemption does not apply, albeit in significantly anonymised form. In the present case, the first-instance authority did not disclose the remaining part of the required audit, referring to the existence of new reasons for refusal to provide information pursuant to Section 10a of the Cybersecurity Act and pursuant to Section 11(1)(d) of the Information Act, when, according to the first-instance authority, the grounds for refusal to provide the information as a whole were fulfilled, which the applicant contradicts with their other application. In point 23 of the new first-instance decision, the obliged entity is wrong when stating that "the obliged entity has no discretion as to whether or not it provides the required information in a given case".

This conclusion cannot be upheld in light of the constitution-compliant interpretation of the legal provisions. The Municipal Court does not dispute the importance of the role of cybersecurity in today's technology-dependent society. However, both the defendant and the first-instance authority justify the refusal to provide information pursuant to Section 10a of the Cybersecurity Act by merely listing the characteristics based on which the value of assets (information) is assessed, without, however, applying them to the information contained in the audit result, specifically by defining in what way they consider them fulfilled. In order for the defendant to refuse to provide the information contained in the audit report, it would be necessary to specify for each individual section, chapter, or, depending on the context, paragraph, why there is a stronger interest in refusing to provide the information than in preserving the constitutionally guaranteed right to information. The reason why the decision is unreviewable is therefore, in the context of the fourth application, the absence of a statement explaining the reasons why the anonymised version of the audit was not provided, since, according to the case-law cited by the Municipal Court in the original judgment, the provision of significantly anonymised information is also appropriate. In a situation where the applicant explicitly lists parts of the audit they request, it is then necessary to review each piece of requested information (for example, whether the audit is carried out regularly, whether there are methodologies for assets identification and measurement, whether staff are trained, etc.) and to give proper reasons, as indicated above, for the defendant's refusal to provide it."

5. **Summary of costs incurred by Česká pošta in connection with litigation regarding rights and obligations pursuant to IA:** ČP incurred no litigation costs in 2022.
6. **Provided exclusive licenses:** In 2022, Česká pošta did not provide any exclusive licenses.
7. **Complaints regarding the procedure for handling requests for information (Section 16a of IA), grounds for their submission:** In 2022, two complaints were filed regarding the procedure used by Česká pošta to process requests for information pursuant to Section 16a of IA.

In both cases, the Petitioners disagreed with the amount of reimbursement for the costs of an extraordinarily extensive search for the required information and with the costs associated with printing the requested information. Česká pošta, s.p. passed the complaints to the Personal Data Protection Office, which partially upheld it. In the first case, the Obligated Entity was ordered to provide the information free of charge and in the second case to reduce the requested amount.

12 Subsequent events

The Enterprise will quantify the net costs of providing basic services for the accounting period of 2022 and will request the CTO to reimburse these costs, which represent an unfair financial burden for the Enterprise as the holder of a postal license. The application deadline is 31 August 2023.

Based on the decision of the Director General of 17 February 2023, the additional Deputy Directors General Ondřej Škorpil and Martin Vránek were appointed.

Filip Hajný was appointed as a Member of the Supervisory Board with effect from 23 January 2023.

As at 28 February 2023, Mr. Roman Knap was recalled from the position of Director General.

From 1 March 2023, Miroslav Štěpán was entrusted with the management of Česká pošta, s.p. on the basis of DG Decision 7/2023.

No other events have occurred between the balance sheet and the date of preparation of the annual report and the financial statements that would have a material impact on the financial statements as at 31 December 2022.

Financial section – Independent Auditor’s Reports, Standalone Financial Statements – financial statements, notes; Consolidated Financial Statements- financial statements, notes

Note 13 contains the independent auditor’s report on the standalone and consolidated financial statements

Note 14 contains the Enterprise’s standalone financial statements as at 31 December 2022

- Standalone financial statements prepared as at 31 December 2022 (in CZK millions)
 - Balance sheet as at 31 December 2022
 - Income statement for the year ended 31 December 2022
 - Statement of cash flows for the year ended 31 December 2022
 - Statement of changes in equity for the year ended 31 December 2022
- Notes to the standalone financial statements as at 31 December 2022

Note 15 contains the consolidated financial statements of Česká pošta Group as at 31 December 2022:

- Consolidated financial statements prepared as at 31 December 2022 (in CZK millions)
 - Consolidated balance sheet as at 31 December 2022
 - Consolidated income statement for the year ended 31 December 2022
 - Consolidated statement of cash flows for the year ended 31 December 2022
 - Consolidated statement of changes in equity for the year ended 31 December 2022
- Notes to the consolidated financial statements as at 31 December 2022



Independent Auditor's Report

To the founder of Česká pošta, s.p.

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of Česká pošta, s.p., with its registered office at Praha 1, Politických vězňů 909/4 (the "Enterprise") and its subsidiary (together the "Group") as at 31 December 2022, of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 in accordance with Czech accounting legislation, and
- the separate financial statements give a true and fair view of the financial position of the Enterprise as at 31 December 2022, and of the Enterprise's financial performance and cash flows for the year ended 31 December 2022 in accordance with Czech accounting legislation.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022,
- the consolidated income statement for the year ended 31 December 2022,
- the consolidated statement of changes in equity for the year ended 31 December 2022,
- the consolidated statement of cash flows for the year ended 31 December 2022, and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

The separate financial statements of the Enterprise comprise:

- the balance sheet as at 31 December 2022,
- the income statement for the year ended 31 December 2022,
- the statement of changes in equity for the year ended 31 December 2022,
- the statement of cash flows for the year ended 31 December 2022, and
- the notes to the separate financial statements including significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

Independence

We are independent of the Group and the Enterprise in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The statutory body is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the consolidated and separate financial statements (together the "financial statements") and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Enterprise obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and the Enterprise and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the statutory body, supervisory board and audit committee of the Enterprise for the financial statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Group's and the Enterprise's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or the Enterprise or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Enterprise is responsible for overseeing the financial reporting process. The audit committee of the Enterprise is responsible for monitoring the financial statements' preparation process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism 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 Group's and the Enterprise's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Enterprise'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 Group or the Enterprise to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the 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 statutory body, supervisory board and audit committee 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.

24 March 2023

PricewaterhouseCoopers Audit, s.r.o.
represented by Director

A handwritten signature in blue ink, consisting of several overlapping loops and a horizontal stroke at the end.

Petra Jirková Bočáková
Statutory Auditor, Licence No. 2253

14 Standalone Financial Statements

14.1 Financial Statements as at 31 December 2022 (in CZK millions)

BALANCE SHEET					
(in CZK millions)					
Reference a	ASSETS b	31/12/2022			31/12/2021
		Gross 1	Allowances 2	Net 3	Net 4
	TOTAL ASSETS	30,277	(14,639)	15,638	20,944
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>-</i>	<i>3,604</i>	<i>3,341</i>
B.	Fixed assets	22,157	(14,420)	7,737	8,042
B. I.	Intangible fixed assets	2,113	(1,761)	352	264
B. I. 2.	Royalties	1,998	(1,740)	258	241
B. I. 2.1.	Software	1,990	(1,735)	255	236
B. I. 2.2.	Other royalties	8	(5)	3	5
B. I. 4.	Other intangible fixed assets	23	(21)	2	-
B. I. 5.	Advances paid and intangible fixed assets in the course of construction	92	-	92	23
B. I. 5.2.	Intangible fixed assets in the course of construction	92	-	92	23
B. II.	Tangible fixed assets	19,983	(12,659)	7,324	7,717
B. II. 1.	Land and constructions	12,363	(6,299)	6,064	6,460
B. II. 1.1.	Land	740	-	740	811
B. II. 1.2.	Constructions	11,623	(6,299)	5,324	5,649
B. II. 2.	Equipment	7,384	(6,351)	1,033	1,121
B. II. 4.	Other tangible fixed assets	5	-	5	5
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	231	(9)	222	131
B. II. 5.2.	Tangible fixed assets in the course of construction	231	(9)	222	131
B. III.	Long-term investments	61	-	61	61
B. III. 1.	Investments - subsidiaries and controlling party	61	-	61	61
C.	Current assets	7,866	(219)	7,647	12,793
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>-</i>	<i>3,604</i>	<i>3,341</i>
C. I.	Inventories	234	(64)	170	186
C. I. 1.	Raw materials	190	(60)	130	145
C. I. 3.	Finished goods and goods for resale	44	(4)	40	41
C. I. 3.2.	Goods for resale	44	(4)	40	41
C. II.	Receivables	3,841	(155)	3,686	9,196
	<i>of which entrusted resources</i>	<i>169</i>	<i>-</i>	<i>169</i>	<i>114</i>
C. II. 1.	Long-term receivables	23	-	23	22
C. II. 1.5.	Receivables – other	23	-	23	22
C. II. 1.5. 2.	Long-term advances paid	8	-	8	7
C. II. 1.5. 4.	Other receivables	15	-	15	15
C. II. 2.	Short-term receivables	3,818	(155)	3,663	9,174
	<i>of which entrusted resources</i>	<i>169</i>	<i>-</i>	<i>169</i>	<i>114</i>
C. II. 2.1.	Trade receivables	1,475	(67)	1,408	1,488
	<i>of which entrusted resources</i>	<i>169</i>	<i>-</i>	<i>169</i>	<i>114</i>
C. II. 2.2.	Receivables - subsidiaries and controlling party	1	-	1	1
C. II. 2.4.	Receivables – other	2,342	(88)	2,254	7,685
C. II. 2.4. 1.	Receivables from shareholders	3	-	3	2
C. II. 2.4. 3.	Taxes - receivables from the state	-	-	-	2
C. II. 2.4. 4.	Short-term advances paid	181	-	181	152
C. II. 2.4. 5.	Estimated receivables	2,030	-	2,030	7,490
C. II. 2.4. 6.	Other receivables	128	(88)	40	39
C. III.	Short-term financial investments	-	-	-	-
C. IV.	Cash	3,791	-	3,791	3,411
	<i>of which entrusted resources</i>	<i>3,435</i>	<i>-</i>	<i>3,435</i>	<i>3,227</i>
C. IV. 1.	Cash in hand	3,468	-	3,468	3,238
C. IV. 2.	Cash at bank	323	-	323	173
D.	Prepayments and accrued income	254	-	254	109
D. 1.	Prepaid expenses	254	-	254	109

BALANCE SHEET – Liabilities and Equity (in CZK millions)

Reference a	LIABILITIES AND EQUITY b	31/12/2022	31/12/2021
		5	6
	TOTAL LIABILITIES AND EQUITY	15,638	20,944
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
A.	Equity	5,019	6,946
A. I.	Share capital	3,588	3,588
A. I. 1.	Share capital	3,588	3,588
A. II.	Share premium and capital contributions	2,807	3,542
A. II. 2.	Capital contributions	2807	3,542
A. II. 2.1.	Other capital contributions	2807	3,542
A. III.	Other reserves	375	380
A. III. 1.	Other reserve funds	359	359
A. III. 2.	Statutory and other reserves	16	21
A. V.	Profit / (loss) for the current period	(1,751)	(564)
B. + C	Liabilities	10,158	13,488
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
B.	Provisions	815	542
B. 4.	Other provisions	815	542
C.	Liabilities	9,343	12,946
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
C. I.	Long-term liabilities	240	8
C. I. 4.	Trade payables	240	8
C. II.	Current liabilities	9,103	12,938
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
C. II. 2.	Liabilities due to financial institutions	253	4,317
	<i>of which entrusted resources</i>	<i>253</i>	<i>107</i>
C. II. 3.	Short-term advances received	1,493	1,575
C. II. 4.	Trade payables	4,780	4,487
	<i>of which entrusted resources</i>	<i>3,351</i>	<i>3,234</i>
C. II. 6.	Liabilities - subsidiaries and controlling party	68	52
C. II. 8.	Liabilities – other	2,509	2,507
C. II. 8.3.	Liabilities to employees	602	653
C. II. 8.4.	Liabilities for social security and health insurance	312	341
C. II. 8.5.	Taxes and state subsidies payable	57	96
C. II. 8.6.	Estimated payables	1,286	1,198
C. II. 8.7.	Other liabilities	252	219
D.	Accruals and deferred income	461	510
D. 1.	Accrued expenses	-	3
D. 2.	Deferred income	461	507

INCOME STATEMENT			
(in CZK millions)			
Reference	TEXT	Accounting period ended	
		31/12/2022	31/12/2021
a	b	1	2
I.	Sales of products and services	15,674	16,676
II.	Sales of goods	146	169
A.	Cost of sales	5,794	5,054
A. 1.	Cost of goods sold	88	102
A. 2.	Raw materials and consumables used	1,332	1,306
A. 3.	Services	4,374	3,646
C.	Own work capitalised	(16)	(20)
D.	Staff costs	12,473	13,480
D. 1.	Wages and salaries	9,162	9,938
D. 2.	Social security, health insurance and other social costs	3,311	3,542
D. 2.1.	Social security and health insurance costs	2,992	3,211
D. 2.2.	Other social costs	319	331
E.	Value adjustments in operating activities	686	759
E. 1.	Value adjustments of fixed assets	711	762
E. 1.1.	Depreciation, amortisation and write off of fixed assets	710	773
E. 1.2.	Provision for impairment of fixed assets	1	(11)
E. 2.	Provision for impairment of inventories	(12)	15
E. 3.	Provision for impairment of receivables	(13)	(18)
III.	Operating income - other	3,046	2,613
III. 1.	Sales of fixed assets	1,215	811
III. 2.	Sales of raw materials	1	-
III. 3.	Other operating income	1,830	1,802
3.1.	Compensation for the net cost on providing basic postal services	1,500	1,500
3.2.	Other operating income	330	302
F.	Operating expenses - other	1,523	757
F. 1.	Net book value of fixed assets sold	169	109
F. 2.	Cost of raw materials sold	4	-
F. 3.	Taxes and charges	59	86
F. 4.	Operating provisions and complex prepaid expenses	273	(328)
F. 5.	Other operating expenses	1,018	890
*	Operating result (+/-)	(1,594)	(572)
IV.	Income from sales of long-term investments - shares	-	-
G.	Cost of investments sold	-	-
V.	Income from sales of other long-term investments	-	-
H.	Expenses related to other long-term investments	-	-
VI.	Interest and similar income	114	11
VI. 2.	Other interest and similar income	114	11
J.	Interest expense and similar expenses	217	47
J. 2.	Other interest expense and similar expenses	217	47
VII.	Other financial income	74	64
K.	Other financial expenses	128	151
*	Financial result	(157)	(123)
**	Net profit / (loss) before taxation	(1,751)	(695)
L.	Income tax	-	(131)
L. 2.	Tax on profit or loss – deferred	-	(131)
**	Net profit / (loss) after taxation	(1,751)	(564)
***	Net profit / (loss) for the financial period	(1,751)	(564)
*	Net turnover for the financial period	19,054	19,533

Statement of Cash flow for the year ended 31 December 2022

(in CZK millions)	Year ended 31 December 2022	Year ended 31 December 2021
Cash and cash equivalents at the beginning of the year	3,411	4,420
<i>of which entrusted resources</i>	<i>3,227</i>	<i>4,354</i>
Net profit/loss on ordinary activities before tax	(1,751)	(695)
A.1 Adjustments for non-cash movements:	17	(223)
A.1.1 Amortisation, depreciation of fixed assets and abolished investment projects	710	784
A.1.2 Change in allowances and provisions with respect to operating activities	249	(342)
A.1.3 Profits from disposal of fixed assets	(1,045)	(702)
A.1.5 Net interest income	103	36
A.1.6 Adjustments for other non-cash movements	-	1
A* Net cash flow from operating activities before tax and changes in working capital	(1,734)	(918)
A.2 Change in non-cash components of working capital	1,567	(18)
A.2 <i>of which entrusted resources</i>	<i>208</i>	<i>(1,127)</i>
A.2.1 Change in receivables and accrued income	5,068	(854)
A.2.1 <i>of which entrusted resources</i>	<i>(55)</i>	<i>(17)</i>
A.2.2 Change in current and long-term liabilities and deferred income	(3,529)	868
A.2.2 <i>of which entrusted resources</i>	<i>263</i>	<i>(1,110)</i>
A.2.3 Change in inventories	28	(32)
A** Net cash flow from operating activities before tax	(167)	(936)
A.** of which entrusted resources	208	(1,127)
A.3 Interest paid excluding capitalised interest	(217)	(47)
A.4 Interest received	114	11
A*** Net cash flow from operating activities	(270)	(972)
<i>of which entrusted resources</i>	<i>208</i>	<i>(1,127)</i>
Cash flows from investing activities		
B.1 Purchase of fixed assets	(418)	(627)
B.2 Proceeds from the sale of fixed assets	1,244	786
B*** Net cash flow from investing activities	826	159
Cash flows from financing activities		
C.2 Change in equity	(176)	(196)
C.2.5 Direct payments from funds	(176)	(196)
C*** Net cash flow from financing activities	(176)	(196)
Net increase (+)/decrease (-) in cash and cash equivalents	380	(1,009)
<i>of which entrusted resources</i>	<i>208</i>	<i>(1,127)</i>
Cash and cash equivalents at the end of the year	3,791	3,411
<i>of which entrusted resources</i>	<i>3,435</i>	<i>3,227</i>

Statement of Changes in Equity for the year ended 31 December 2022

(in CZK millions)	Share capital	Other capital funds	Reserve fund	Other funds from profit	Profit/(loss) for the period	Total
Balance as at 1 January 2021	3,588	5,090	359	32	(1,364)	7,705
Movements between funds/profit distribution	-	-	-	185	1,364	1,549
Use of funds/settlement of loss	-	(1,548)	-	(196)	-	(1,744)
Profit / (loss) for the period	-	-	-	-	(564)	(564)
Balance as at 31 December 2021	3,588	3,542	359	21	(564)	6,946
Movements between funds/profit distribution	-	-	-	171	564	735
Use of funds/settlement of loss	-	(735)	-	(176)	-	(911)
Profit / (loss) for the period	-	-	-	-	(1,751)	(1,751)
Balance as at 31 December 2022	3,588	2,807	359	16	(1,751)	5,019

14.2 Notes to the Standalone Financial Statements

14.2.1 General Information

14.2.1.1 Introductory Information about the Enterprise

Česká pošta, s.p., (“the Enterprise”, “Česká pošta” or “ČP”) is a state-owned enterprise. It is a legal entity conducting its business activities using assets of the Czech government under its own name and on its own account. The founder of the Enterprise is the Czech State. The Enterprise was established on 1 January 1993 and the founder was then represented by the Ministry of Transport and Communications of the Czech Republic. As at 31 December 2022 and 31 December 2021, the role of the founder of the Enterprise under the government’s name was carried out by the Ministry of Interior of the Czech Republic. As at 31 December 2022, the Enterprise had its registered office at Politických vězňů 909/4, Prague 1, Czech Republic. The Enterprise’s identification number is 471 14 983 and it is registered in the Commercial Register of the Municipal Court in Prague, Section A, Insert No. 7565. Česká pošta is an Enterprise pursuant to Act No. 77/1997 Coll., on State-Owned Enterprise, as amended.

The Enterprise’s activities are regulated by the Czech Telecommunication Office.

The main business activities of the Enterprise are as follows:

- a) provision of postal services,
- b) provision of international postal services,
- c) provision of services of central procurement for government (public) administration.

The corporate bodies of the Enterprise are the Director General and the Supervisory Board. The Director General is the Enterprise’s statutory body.

The Enterprise is part of the whole of the government consolidation.

Organisational structure as at 31 December 2022 was as follows:

Česká pošta, s.p.											
General Director											
Corporate management Executive Director	International and Domestic relation Executive Director	Security Division manager	Marketing and Product Development Executive Director	Property Management and Strategic Investments Executive Director	Human Resource Management Executive Director	Finance Executive Director	ICT and eGovernment Executive Director	Development and Transformation Executive Director	Financial Services and Sales Executive Director	State Postal Services Executive Director	Logistic Executive Director
Spec. Internal Audit and Risk Management Spec. Dept. Manager	Spec. Press and PR Spec. Dept. Manager	Spec. Crisis Management Spec. Dept. Manager	Spec. Marketing Product Spec. Dept. Manager	Spec. PC Support Spec. Dept. Manager	Spec. Front Office Spec. Dept. Manager	Accounting and Taxes Manažer útvary	Spec. ICT Support Spec. Dept. Manager	Strategy and Change Management Division manager	Purchase Cash Services Division manager	Spec. SPS Network Operation Spec. Dept. Manager	Shipment Logistics Division manager
Spec. Compliance and Corporate Agenda Spec. Dept. Manager	Spec. Postal Museum Spec. Dept. Manager	Spec. Postal Security Operations Spec. Dept. Manager	Spec. Marketing Communication Spec. Dept. Manager	Spec. Real Estate Management Spec. Dept. Manager	Spec. Remuneration and Personal Information Spec. Dept. Manager	Controlling Division manager	Spec. ICT Security Spec. Dept. Manager	Business Management Division manager	Spec. Alliance Partners Spec. Dept. Manager	Spec. Management of External Networks Spec. Dept. Manager	Postal Technology Division manager
Spec. Legal Spec. Dept. Manager		Spec. Inspection Spec. Dept. Manager	Spec. Segment Management Spec. Dept. Manager	Purchase Division manager	HR Development Division manager	Costing and Transfer Pricing Division manager	Strategic ICT Development and BI Division manager			IS SPS Retail Sales Division manager	Logistics Economics Spec. Dept. Manager
Spec. Regulation Spec. Dept. Manager		Spec. Occupational HS and FP Spec. Dept. Manager		Spec. Operation Activities of SW, NE, Moravia and Prague Spec. Dept. Manager	HR Processes - Back Office Division manager	Spec. Treasury and Financing Spec. Dept. Manager	ICT Development Division manager			Spec. SPS Economic and Administrative Spec. Dept. Manager	Spec. Vehicle Fleet Management Spec. Dept. Manager
							ICT Operation Division manager			Spec. Packing Plant Spec. Dept. Manager	Corporate Trade Division manager
							e-GOV Division manager			SPS Internal Network Management Division manager	Regional Logistic Division manager

Top management of the Enterprise as at 31 December 2022 was as follows:

Top management of the Enterprise	Position	Date of appointment of Deputy Director General	Entered in the Commercial Register *
Roman Knap	Director General	18/06/2018	yes
Jaroslav Hloušek	Deputy Director General, Chief Director of ICT and e-Government Division	01/03/2019	yes
Miroslav Štěpán	Deputy Director General, Chief Director of state postal services	01/05/2021	yes

* The Director General stipulates the order in which his deputies shall represent him. Deputy directors general are entered in the Commercial Register.

On 29 December 2022, Roman Schanner, Deputy Director General of Dipl.-Betriebsw (FH), was dismissed by the Director General as at 31 December 2022 in accordance with Section 12 of Act on State Enterprise No. 77/1997 Coll.

Between the balance sheet date and the date of preparation of the financial statements there were changes in the top management of the Enterprise – information given in subchapter – 14.2.26 Subsequent events.

Members of the Supervisory Board as at 31 December 2022 were as follows:

Name	Position
Martin Friedrich Herrmann	Chairman
Petr Stiegler	First Vice-Chairman
Lukáš Hendrych	Vice-Chairman
Jindřiška Budweiserová	Vice-Chairman
Jaroslava Fišerová	Member
Petra Brunnerová	Member
Josef Zedník	Member
František Lukl	Member
Radek Cestr	Member
Pavla Chadimová	Member
Pavel Kolář	Member
Martin Netolický	Member
Lukáš Vajda	Member
Štěpán Grochal	Member

Members of the Supervisory Board as at 31 December 2021 were as follows:

Name	Position
Petr Zatloukal	Chairman
Jiří Nováček	First Vice-Chairman
Lubomír Krejsa	Vice-Chairman
Štěpán Grochal	Member
Jindřiška Budweiserová	Member
Jaroslava Fišerová	Member
Petra Brunnerová	Member
Josef Zedník	Member
František Lukl	Member
Vladimír Dzurilla	Member
Jan Birke	Member
Bedřich Grulich	Member
Oldřich Černocho	Member
Karel Klíma	Member
Martin Kuba	Member

Members of the Strategy Committee of the Enterprise as at 31 December 2022 were as follows:

Name	Position
Martin F. Herrmann	Chairman
Štěpán Grochal	Member
Petr Stiegler	Member
Lukáš Hendrych	Member
Pavel Kolář	Member

Members of the Audit Committee of the Enterprise as at 31 December 2022 were as follows:

Name	Position
Petr Stiegler	Chairman
Martin F. Herrmann	Member
Jaroslava Fišerová	Member
Pavel Kolář	Member
Radek Cestr	Member

Members of the Human Resources Development Committee of the Enterprise as at 31 December 2022 were as follows:

Name	Position
Jindřiška Budweiserová	Chairman
Josef Zedník	Member
Pavla Chadimová	Member
Petra Brunnerová	Member
Martin F. Herrmann	Member

Members of the Strategy and Finance Committee of the Enterprise as at 31 December 2021 were as follows:

Name	Position
Lubomír Krejsa	Chairman
Vladimír Dzurilla	Member
Petr Zatloukal	Member
Karel Klíma	Member
Štěpán Grochal	Member

Members of the Audit Committee of the Enterprise as at 31 December 2021 were as follows:

Name	Position
Petr Zatloukal	Chairman
Lubomír Krejsa	Member
Martin Kuba	Member
Oldřich Černoch	Member
Jaroslava Fišerová	Member

Members of the Human Resources Development Committee of the Enterprise as at 31 December 2021 were as follows:

Name	Position
Petr Zatloukal	Chairman
Josef Zedník	Member
Jan Birke	Member
Jindřiška Budweiserová	Member
Petra Brunnerová	Member

The Enterprise's mission is to perform the function of a public postal operator involving the provision of basic and other postal services in accordance with Postal Services Act in a manner that is in line with basic quality requirements and the public needs. The Enterprise was issued a certificate of authorisation to conduct business in the field of postal services in accordance with Section 19 of the Postal Services Act; the Enterprise also holds the postal license pursuant to Section 21 of the Postal Services Act. The postal license was granted to the Enterprise until 31 December 2024.

The content of the postal license establishes the duty to secure the general availability of basic postal services in the whole territory of the Czech Republic.

The rights and obligations of the Enterprise as the postal services provider and the postal license holder are enshrined in Title V of the Postal Services Act. The Enterprise must annually publish and submit complete and truthful information to CTO about the results of providing and securing basic services and an evaluation of the fulfilment of the quality parameters. The content, form and manner of publishing the information is determined by an implementing legal regulation to the Postal Services Act (Decree No. 433/2012 Coll.). Czech Telecommunication Office annually publishes the summary report on the fulfilment of obligations entrusted to the postal license holder.

14.2.2 Basis of Preparation of Standalone Financial Statements

The financial statements have been prepared in accordance with the Accounting Act No. 563/1991 Coll. and related Decree No. 500/2002 Coll. and pursuant to the Czech Accounting Standards for Entrepreneurs applicable for 2022. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic relevant for large companies and have been prepared under the historical cost convention except as disclosed below.

14.2.2.1 Comparative Information

The information for both the current and previous year is comparable. The items of Prepayments and accrued income and Accruals and deferred income have been reported in separate sections – D. Prepayments and accrued income/Accruals and deferred income.

14.2.2.2 Going Concern

As the postal license holder for the coming period 2023-2024, Česká pošta has been one of the key parts of the state's critical infrastructure; ensuring the functioning of postal services is essential for the state.

As part of its medium-term strategy, Česká pošta is preparing changes in many areas, such as branch network optimisation, building a modern logistics company reflecting the requirements of end customers, eGovernment development, technology development, digitalisation of routine eCommerce agendas at local and international level, development in the provision of financial products, etc.

Česká pošta is implement complex measures to reverse the deteriorating economic trend and to achieve a significantly better economic result for 2023 than in the previous year. ČP continues to plan to implement steps that will enable the Enterprise to operate profitably in the future.

For this purpose, a 3+ year transformation plan is being prepared, which, in the context of the strategy, should describe alternative scenarios for making Česká pošta's business profitable after a certain period of time, including the possibilities of using any public support from the state. At the beginning of 2023, the operations of ČP are developing in accordance with the approved financial plan and the established trend, despite external influences negatively affecting the economic result.

Česká pošta currently uses a credit lines maintained by ČSOB a.s. and UniCredit Bank, a.s. to ensure traditional operating financing and credit lines provided by Raiffeisenbank a.s. and ING Bank N.V.

Following the European Commission's approval of the state compensation payment for the provision of basic services for the period from 2018 to 2022, the Czech Telecommunication Office has issued a decision on the reimbursement of the net costs of providing basic services for the years 2018, 2019, 2020 and 2021 and on the reimbursement of the preliminary net costs for the year 2022, in the full amount foreseen by law.

In 2022, the Enterprise received a compensation for the years 2018, 2019, 2020 and 2021 in the amount of the upper limit resulting from the current Postal Services Act, i.e., CZK 1,500 million/year. CZK 750 million has already been paid to the Enterprise from the claim of Česká pošta for the year 2022 as part of the preliminary reimbursement of the net costs for the year 2022.

The European Commission is currently in the process of pre-notifying the ČNUS for 2023-2024.

Česká pošta has an irreplaceable role in providing services for the state. This role has not been disputed by the Founder. The Enterprise received a patronage statement from the Founder, in which the Founder has promised to take steps to support Česká pošta, s.p. and ensure its financing and operation on a going concern assumption for a period of 12 months from the date of the auditor's report.

Currently, the Founder is preparing proposals for financing options for Česká pošta, which will be submitted to the government of the Czech Republic for a decision and the issuance of a resolution. The resolution will include the assigning of specific tasks to the relevant members of the government or ministries. This will then be followed by further steps consisting of the preparation of the implementation plan for Česká pošta with detailed tasks consisting mainly of cost savings in individual areas of activity, reducing the number of postal establishments and number of employees, and binding deadlines and defined responsibilities for their fulfilment in 2023. This will include the aforementioned 3+ year transformation plan.

Provided that these conditions are met, the management of the Enterprise believes that the going concern principle of the Enterprise will not be compromised.

14.2.3 Accounting Policies

The valuation methods applied by the Enterprise during preparation of the ordinary financial statements as at 31 December 2022 were as follows:

14.2.3.1 Intangible Fixed Assets

Purchased intangible fixed assets are recorded at cost, which includes all costs related with their acquisition.

Intangible fixed assets with a unit cost exceeding CZK 40 thousand and estimated useful life longer than one year are amortised using the straight-line method over their estimated useful life in accordance with the Enterprise's amortisation plan, i.e., over four years. In exceptional cases, the useful life is set for a longer period (e.g., according to the useful life of the related equipment). If technical improvements of intangible fixed assets are made, following the period in which the improvements are put into use, the amortisation period of the asset is extended by 4 years or more in the case of significant asset items that the Enterprise uses and expects to use for more than 4 years (e.g. the SAP backbone economic system).

Intangible fixed assets with a unit cost of less than CZK 40 thousand are expensed upon acquisition and only carried in the operational evidence or off-balance sheet

The amortisation plan is updated during the useful life of the intangible fixed assets based on the expected useful life.

The cost limit for the capitalisation of the technical improvements of intangible fixed assets is CZK 40 thousand. An allowance for impairment is created when the carrying value of an asset is greater than its

estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset.

14.2.3.2 Tangible Fixed Assets

Purchased tangible fixed assets are initially recorded at cost, which includes all costs related with their acquisition. The Enterprise does not include loan interest in the acquisition cost of tangible fixed assets.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded into other capital funds. The replacement cost of these assets is based on expert opinion or on market prices of comparable fixed assets in terms of their wear and tear and performance. The valuation of tangible fixed assets is decreased by subsidies for the acquisition of assets.

The depreciation plan is updated during the useful life of the tangible fixed assets based on the expected useful life.

An allowance for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by this asset.

An allowance is created mainly in cases of projects whose realisation is uncertain or in cases of expected sales if the expected sales price net of transaction cost is lower than the book value disclosed in the records.

Technical improvement expenses of tangible fixed assets increase the acquisition costs if their expenses exceed the total amount of CZK 40 thousand and technical improvements are put into use in that year. Ordinary repairs and maintenance costs are expensed as incurred.

Tangible fixed assets with a unit cost of less than CZK 40 thousand are treated as inventory and are expensed upon consumption and are only carried in the operational record. The exceptions are selected low-value assets – selected information technology and postal technology, which is also considered tangible fixed assets.

Tangible fixed assets with a unit cost exceeding CZK 40 thousand and selected low-value tangible assets with an estimated useful life longer than one year are depreciated using the straight-line method over their estimated useful lives of assets.

The estimated useful lives of tangible assets are as follows:

	Number of years
Buildings, halls and constructions	20 – 45
Plant, machinery and equipment	3 – 20
Vehicles	6 – 20
Furniture, fixtures and equipment	5 – 20
Handling equipment	6 – 20
Computers and related equipment	3 – 7

14.2.3.3 Long-Term Investments

Long-term financial assets consist of equity investments and other long-term securities and investment.

14.2.3.3.1 Investments in Subsidiaries

Investments in subsidiaries represent ownership interests in enterprises that are controlled by the Enterprise (“the subsidiaries”).

Investments in subsidiaries and associates are recorded at cost less an allowance for diminution in value.

14.2.3.3.2 Other Securities and Investments

The Enterprise classifies other long-term securities and investments, other than equity interests, as held-to-maturity or available-for-sale.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, unless the date of maturity falls within 12 months of the balance sheet date.

Securities and investments intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements, are classified as available-for-sale. These investments are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets. The Enterprise management determines the form of securities and investments at the time of their acquisition and review them on a regular basis as at the financial statements' date.

All securities and investments are initially recorded at cost, including transaction costs.

Held-to-maturity investments are subsequently accounted for at amortised cost. Other investments are subsequently accounted for at fair value. The fair value is determined as the market value of the securities as at the balance sheet date. Measurement of non-traded securities is based on management estimates.

Gains and losses arising from changes in the fair value of trading instruments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognised as a movement in equity and recognised into the income statement on realisation or when permanently impaired.

An allowance for impairment is established for held-to-maturity investments when their carrying value is greater than their estimated recoverable amount.

14.2.3.4 Inventories

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for all disposals.

An allowance is created for slow-moving and obsolete inventory based on an analysis of turnover and an individual evaluation of inventories.

For long-term contracts, the carrying value of work-in-progress also includes the allocation of administrative overheads. Subcontracted supplies received and other direct costs are expensed and simultaneously recorded in work-in-progress against revenues. Subcontracted supplies are valued at cost. Work-in-progress is derecognised once the respective revenues are recorded.

14.2.3.5 Receivables

Receivables are stated at nominal value less an allowance for doubtful amounts. An allowance for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers.

14.2.3.6 Short-Term Financial Investments

Short-term financial assets consist of securities available for sale. Securities available for sale are securities held for the purpose of effecting transactions on the public market in order to make a profit from price fluctuations in the short-term, but with a maximum period of one year.

14.2.3.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded in public markets. Cash equivalents also include Entrusted Resources – see subsection 14.2.3.8 – Entrusted Resources.

The Enterprise prepared its statement of cash flow using the indirect method.

14.2.3.8 Entrusted Resources

In some cases, the financial resources of third parties are temporarily entrusted to the Enterprise in order to perform specific transactions (services for clients of Československá obchodní banka, a.s., hereinafter “ČSOB, a.s.”), collection of radio and television license fees, payment of pensions, collection of SIPO payments, betting games, sale of stamps, postal payment services, services for mobile operators, customs declarations, etc.).

These resources are recorded in a separate accounting group apart from the Enterprise’s own financial resources, and are disclosed on separate lines in the balance sheet. The Enterprise charges an agreed commission for performing the specific transactions, which is recognised within its own resources using the accrual principle in the same period to which they relate.

14.2.3.9 Foreign Currency Translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the first day of the current calendar month as published by the Czech National Bank.

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

14.2.3.10 Equity

The Enterprise’s financial position and funds are being managed in accordance with Act No. 77/1997 Coll., on State-Owned Enterprise, as amended. Pursuant to this Act, the share capital of the Enterprise corresponds to the business capital to which the Enterprise has a title on its establishment. The share capital includes both registered and non-registered capital in compliance with accounting legislation. Other capital funds are created in accordance with the accounting standards for entrepreneurs.

In addition, the Enterprise creates a reserve fund from profit, which was created gradually up to 10% of the share capital.

The Enterprise creates a cultural and social needs fund (“FKSP”). The creation and use of this fund is being governed by Decree No. 114/2002 Coll., on Cultural and Social Needs Fund, as amended.

14.2.3.11 Provisions

Provisions are intended to cover liabilities or expenses, the nature of which is clearly defined and that are either likely or certain to occur as at the balance sheet date but that are not certain in terms of the amount or the moment of occurrence.

14.2.3.12 Employee Benefits

The Enterprise creates a provision for accrued vacation. The Enterprise creates an estimated payable for rewards and bonuses to employees who became entitled to payment as at the balance sheet date. In case of rewards and bonuses to employees who are entitled to a payment after the current financial year-end day after meeting specified criteria, the Enterprise creates a provision on the current financial year-end day.

14.2.3.13 Loans

Long-term liabilities including loans and current liabilities including loans are carried at their nominal values. Any portion of long-term debt, which is due within one year of the balance sheet date, is regarded as short-term debt.

14.2.3.14 Expenses and Revenue Recognition

Revenues and expenses are recognised on an accrual principle in the period to which they relate.

Sales are recognised as at the date the services are rendered (with the exceptions disclosed below) or goods are sold to customers and are stated net of discounts and value added tax.

Sales of postal services realised in cash through sales of postal stamps are recognised when the stamps are sold. The Enterprise does not have the necessary information that would allow it to record income from these sales on an accrual basis in respect to the accounting periods in which customers actually use the purchased postal stamps. The Enterprise's management believes that the costs of collecting such information relating to the time allocation needed for these services realised through sales of postal stamps would exceed the benefits of such information.

Revenues from agency services include the commission received for the services provided in the relevant accounting period on an accrual basis.

Other operating income includes compensation for net costs of the provision of basic postal services. In the income statement, the revenue is presented on a separate line III.3.1. Compensation for net costs of the provision of basic postal services within other operating income, observing the matching and accrual principles applied to accounting for incurred costs; for details, see subsection 14.2.7 – Net Costs of Universal Service.

14.2.3.15 Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes to the financial statements but not recognised in the balance sheet. The Enterprise activates the respective value of leased assets in the period when the lease agreement is being concluded and the purchase option is exercised. Lease payments made in advance are accrued over the lease period.

14.2.3.16 Use of Estimates

The preparation of financial statements requires management of the Enterprise to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Enterprise management

prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

14.2.3.17 Income Tax Payable

The income tax expense is calculated, using the valid tax rate, from the accounting profit increased or decreased by the permanent or temporary non-deductible expenses and non-taxable income (e.g. non-deductible provisions and allowances, representation expenses, differences between accounting and tax depreciation, etc.).

Corporate income tax is recognised in the balance sheet as a part of the item “Taxes and state subsidies payable” if the tax liability exceeds the tax advances paid. Otherwise, the amount exceeding the tax liability as a result of the advances paid is recorded as “Taxes - receivables from the state”.

The tax expense is disclosed in the profit and loss as tax from ordinary activities.

14.2.3.18 Deferred Tax

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

14.2.3.19 Related Parties

The Enterprise’s related parties are considered to be the following:

- the state represented by the Enterprise’s founder, government institutions, state-owned enterprises and companies, and other legal entities, where the state has significant influence, while the nature of the relationship is also decisive and not merely the legal form;
- members of the Enterprise’s statutory, supervisory bodies and management and related parties to these members, including companies or institutions or businesses, where these members and parties have controlling, proportional or significant influence.

Significant transactions and balances with related parties, related to other than the main postal services, are disclosed in subsection 14.2.22 – Related Party Transactions.

14.2.3.20 Subsequent Events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.

14.2.4 Fixed Assets

14.2.4.1 Intangible Fixed Assets

Cost

(in CZK millions)	Opening balance	Additions *	Disposals *	Closing balance
Software	2,017	64	(91)	1,990
Royalties	8	-	-	8
Other intangible fixed assets	21	2	-	23
Intangible fixed assets in the course of construction	23	135	(66)	92
Total as at 31 December 2022	2,069	201	(157)	2,113
Total as at 31 December 2021	2,040	89	(60)	2,069

*) Additions and Disposals also include transfers of intangible fixed assets in the course of construction.

Accumulated amortisation and net book value

(in CZK millions)	Opening balance of accumulated amortisation	Additions	Disposals	Closing balance of accumulated amortisation	Allowances	Net book value
Software	(1,769)	(47)	91	(1,725)	(10)	255
Royalties	(3)	(2)	-	(5)	-	3
Other intangible fixed assets	(21)	-	-	(21)	-	2
Intangible fixed assets in the course of construction	-	-	-	-	-	92
Total as at 31 December 2022	(1,793)	(49)	91	(1,751)	(10)	352
Total as at 31 December 2021	(1,737)	(60)	4	(1,793)	(12)	264

14.2.4.2 Tangible Fixed Assets

Cost

(in CZK millions)	Opening balance	Additions *	Disposals **	Closing balance
Land	811	-	(71)	740
Constructions	11,937	86	(400)	11,623
Plant, machinery and equipment	4,714	224	(495)	4,443
Vehicles	1,305	45	(151)	1,199
Furniture and fixtures	707	5	(13)	699
Selected low-value tangible assets of less than CZK 40 thousand	850	44	(8)	886
Other movable assets	172	-	(15)	157
Art works and collections	5	-	-	5
Advances paid for tangible fixed assets	-	1	(1)	-
Tangible fixed assets in the course of construction	137	498	(404)	231
Total as at 31 December 2022	20,638	903	(1,558)	19,983
Total as at 31 December 2021	20,796	1,223	(1,381)	20,638

*) Additions also includes transfers of tangible fixed assets in the course of construction.

***) Disposals of tangible fixed assets in the course of construction also include depreciation of lost investments.

Accumulated depreciation, allowances and net book value

(in CZK millions)	Opening balance of accumulated depreciation	Additions	Disposals	Closing balance of accumulated depreciation	Allowances	Net book value
Land	-	-	-	-	-	740
Constructions	(6,288)	(277)	266	(6,299)	-	5,324
Plant, machinery and equipment	(4,211)	(206)	494	(3,923)	(8)	512
Means of transport	(1,057)	(68)	130	(995)	-	204
Furniture and fittings	(607)	(13)	13	(607)	-	92
Selected low-value tangible assets of less than CZK 40 thousand	(572)	(97)	8	(661)	-	225
Other movable assets	(172)	-	15	(157)	-	-
Art works and collections	-	-	-	-	-	5
Tangible fixed assets in the course of construction	-	-	-	-	(9)	222
Total as at 31 December 2022	(12,907)	(661)	926	(12,642)	(17)	7,324
Total as at 31 December 2021	(12,735)	(714)	542	(12,907)	(14)	7,717

Based on the stock-count performed, the Enterprise adjusted the carrying value of the tangible fixed assets for diminution in value through an allowance (see subsection 14.2.8 – Allowances).

Over the accounting period ended as at 31 December 2022, the Enterprise did not receive any material fixed assets free of charge.

As at 31 December 2022 and 31 December 2021, besides the easement in favour of PCS – Praha Center s.r.o. created in relation to the post office building at Jindřišská, Prague 1 based on an agreement dated 16 April 1997, which is in force until 31 March 2042, the Enterprise has another 388 (2021: 398) easements, or similar rights to tangible fixed assets (rights for sewage pipeline, water pipeline, power and gas connection, hot-water piping, right of entry, access, crossing, riding, parking of a company car, pre-emptive right and the right of use) mainly created in favour of the communal and municipal authorities, telecommunications infrastructure providers, and electricity producers and distributors.

As at 31 December 2022, the Enterprise received investment subsidies in the amount of CZK 6 million. As at 31 December 2021, the Enterprise did not receive subsidies for investment purposes.

14.2.4.3 Long-Term Investments

As at 31 December 2022 and 31 December 2021, the Enterprise exercised significant influence in Česká pošta Security, s.r.o. („ČPS“, formerly ABAS CiT Management s.r.o.) with its registered office at Politických vězňů 909/4, Prague 1, in which it held 100% of the shares. The shares were transferred to the Enterprise on 31 August 2012. Česká pošta Security, s.r.o. exercised the following influence at 31 December 2022:

- in ČP Nept, s.r.o., with its registered office at Politických vězňů 909/4, Prague 1, in which it held 100% of the shares. This share arose as at 4 June 2020, when ČP Nept, s.r.o. was established;
- in ČP Guarding, s.r.o., with its registered office at Politických vězňů 909/4, Prague 1, in which it held 100% of the shares. This share arose as at 29 June 2021, when ČPS acquired a shareholding in that company.

Česká pošta Security, s.r.o. Group	31 December 2022	31 December 2021
Share (in %)	100.00 %	100.00 %
	(in CZK millions)	(in CZK millions)
Total assets	179	151
Equity	110	89
Profit/(loss) for the period	21	12
Acquisition cost of share	7	7
Intrinsic value of share	110	89

As at 31 December 2022, total share in the company Česká pošta Security, s.r.o. amounted to CZK 61 million.

Financial information about this company was obtained from the audited financial statements of the company.

The intrinsic value of share indicates the Enterprise's share in the equity of the controlled company as at 31 December 2022 and 31 December 2021.

14.2.5 Inventories

The fair value of obsolete and slow-moving inventory is reduced to the selling price through the allowance account (see subsection 14.2.8 – Allowances).

14.2.6 Receivables

As at 31 December 2022 and 31 December 2021, the Enterprise had no receivables with a maturity of more than five years. As at 31 December 2022 and 31 December 2021, outstanding overdue receivables amounted to CZK 260 million and CZK 278 million, respectively. Outstanding overdue receivables are not secured. The Enterprise wrote off irrecoverable receivables of CZK 28 million and CZK 19 million as at 31 December 2022 and as at 31 December 2021, respectively, due to cancellation of bankruptcy proceedings, failing to satisfy the claims in bankruptcy proceedings, etc.

No income tax advances were paid in 2022. Advance payments as at 31 December 2021: CZK 0.5 million were netted off with the income tax liability created as at 31 December 2020: nil.

Receivables from related parties are described in subsection 14.2.22 – Related Party Transactions. The estimated receivables primarily comprise transactions related to international postal operations; balances of these transactions as at 31 December 2022 and 31 December 2021 amounted to CZK 1,020 million and CZK 984 million, respectively. Operating records on incoming mail not yet confirmed by individual postal offices were recorded as estimated receivables with the double entry in Sales of own products and services, based on operating statistics. As at 31 December 2022 and 2021, the compensation of net costs of providing basic postal services is included in estimated receivables and was recognised in short-term receivables in the amount of CZK 750 million and CZK 6,000 million, respectively (see subsection 14.2.7 Net Costs of Universal Service).

14.2.7 Net Costs of Universal Service

The Enterprise as a postal license holder, as defined by Section 21 paragraph 2 of the Postal Services Act, is obliged to ensure the universal availability of basic services listed in Section 3 paragraph 1 of the Postal Services Act throughout all the territory of the Czech Republic (i.e., Postal services obligation). The Enterprise is obliged to fulfil the postal services obligation (Section 33 paragraph 1 point a) of the Postal Services Act), in accordance with the basic quality requirements set out in Decree no. 464/2012 Coll.,

of 17 December 2012, establishing specifications for each basic service and basic quality requirements for their provision.

If, due to the obligation of providing basic services, the postal license holder incurs net costs representing an unfair financial burden for the postal license holder, these costs are reimbursed in such a way as stipulated by the Postal Services Act. The CTO's process of calculating the net cost of providing basic services is further specified in Decree No. 466/2012 Coll. of 17 December 2012 on the procedure of the Czech Telecommunication Office (CTO) when calculating the net cost of fulfilling obligations to provide basic services. According to the law, net costs of providing basic services are paid up to CZK 1,500 million per year. Other net costs are not considered to be an unfair financial burden.

The provision of state compensatory payment for the provision of basic services is subject to a decision of the European Commission on the compatibility of state aid in the form of compensation of net costs of providing basic services according with Article 106 paragraph 2 of the TFEU. This decision was issued by the European Commission on 25 July 2022. Following the decision of the European Commission, Czech Telecommunication Office decided to reimburse the Enterprise's net costs of providing basic services for the years 2018, 2019, 2020 and 2021 and to reimburse preliminary net costs for 2022 in the full amount provided for by law. In the course of 2022, the Enterprise received compensation for the years 2018, 2019, 2020 and 2021 in the total amount of CZK 6,000 million, which it booked against previously booked estimates.

For the year 2022, the Enterprise's management decided to book an estimate for the net cost compensation in the amount of the upper limit resulting from the current Postal Services Act, i.e., in the amount of CZK 1,500 million. Of this amount, CZK 750 million has already been paid to the Enterprise as part of the preliminary payment of net costs for the year 2022. In the income statement, the revenue was presented on a separate line III.3.1. Compensation for net costs of the provision of basic postal services within other operating income. With regard to the presumed date of reimbursement, the estimated receivable was presented within short-term receivables under C.II.2.4.5.

14.2.8 Allowances

Allowances reflect a temporary decrease in the value of assets (disclosed in subsections 14.2.4 – Fixed Assets, 14.2.5 – Inventories and 14.2.6 – Receivables).

Allowances against: (in CZK millions)	Balance as at 31 December 2020	Additions	Reversal/use	Balance as at 31 December 2021	Additions	Reversal/Use	Balance as at 31 December 2022
Intangible fixed assets	22	-	(10)	12	-	(2)	10
Tangible fixed assets	15	1	(2)	14	4	(1)	17
Inventory	61	17	(2)	76	1	(13)	64
Receivables – other	160	33	(53)	140	25	(39)	126
Total tax non- deductible allowances	258	51	(67)	242	30	(55)	217
Receivables – legal	26	19	(17)	28	20	(19)	29
Total tax-deductible allowances	26	19	(17)	28	20	(19)	29
Total	284	70	(84)	270	50	(74)	246

Legal allowances are created pursuant to the Act No. 593/1992 Coll., on Provisions, as amended and are deductible for tax purposes; other allowances are not deductible for tax purposes.

14.2.9 Short-Term Financial Assets and Cash

The main bank used by the Enterprise is Československá obchodní banka, a.s., in which the Enterprise has two cash-pooling sets of accounts, a set of own funds accounts and a set of accounts with entrusted

resources. An overdraft enabling the Enterprise to have a negative balance is agreed for the set of accounts with both the Enterprise's own and entrusted resources (see subsection 14.2.14 – Bank Loans and Borrowings).

As at 31 December 2022 and 31 December 2021, the Enterprise did not have short-term securities or shares.

14.2.10 Equity

As at 31 December 2022 and 31 December 2021, share capital amounted to CZK 3,588 million without change.

Other capital funds mainly comprise contributions from profit or gifts received.

The revaluation differences from the revaluation of assets and liabilities include the revaluation of available-for-sale securities at fair value.

The reserve fund has been created gradually up to the level of 10% of share capital.

Other funds from profit include the cultural and social fund.

Profit/(loss) for the year ended 31 December 2021 (i.e., loss of CZK 564 million) was compensated in accordance with the Founder's approval on 31 May 2022. The amount of CZK 564 million was compensated from other capital funds, the amount to cover the allocation to the cultural and social fund of CZK 171 million was used from other capital funds.

The proposed compensation of the loss incurred for the year ended 31 December 2022 will be submitted to the founder of the Enterprise along with the request for approval of the annual report in accordance with Section 15 paragraph 1 point i) of the Act on State-Owned Enterprise, as amended.

14.2.11 Provisions

(in CZK millions)	Balance as at 31 December 2020	Additions	Reversal/use	Balance as at 31 December 2021	Additions	Reversal/use	Balance as at 31 December 2022
Social and health insurance	99	66	(99)	66	55	(66)	55
Accrued vacation	57	76	(57)	76	58	(76)	58
Provisions for severance pay incl. Competition clauses	234	52	(234)	52	328	(52)	328
Non-claimable component of salaries	128	30	(128)	30	20	(33)	17
Other	352	71	(105)	318	73	(34)	357
Total non-deductible provisions	870	295	(623)	542	534	(261)	815
Total	870	295	(623)	542	534	(261)	815

The provision for social and health insurance is created mainly for contributions to the unpaid part of contracted wages, profit-related bonuses, accrued vacation and other salary benefits.

A provision for compensation for severance pay and competition clauses was created in connection with the gradual reduction in the number of employees in subsequent years, which has been approved by the Enterprise's management.

Other provisions were primarily created to cover risks known as at 31 December 2022 and probable loss

from ongoing litigations and out-of-court disputes and related obligations.

The Enterprise also created a provision for the non-claimable component of salaries which is composed of expected extraordinary wage bonuses estimated by the Director General and an additional subjective component of salaries including individual agreed salary bonuses.

14.2.12 Long-Term Liabilities

At 31 December 2022 and 31 December 2021, long-term liabilities consisted mainly of liabilities relating to the supply of assets paid in instalments, and liabilities relating to retentions, respectively.

As at 31 December 2022 and 31 December 2021, the Enterprise did not recognise liabilities that are due after more than five years.

14.2.13 Current Liabilities

As at 31 December 2022, the Enterprise had overdue current payables in the total amount of CZK 12 million. As at 31 December 2021, the Enterprise had no overdue current payables.

The Enterprise had no current or long-term liabilities bearing a security or lien in favour of a creditor as at 31 December 2022 and 31 December 2021.

Liabilities to related parties are described in subsection 14.2.22 – Related Party Transactions.

Estimated payables particularly consist of costs associated with international postal operations, where balances of transactions amounted to CZK 618 million and CZK 615 million as at 31 December 2022 and 31 December 2021, respectively. In addition, estimated payables included quantity discounts, uninvoiced operating deliveries of services and energy, and estimated staff bonuses.

Trade payables decreased on a year-on-year basis mainly due to entrusted resources (see subsection 14.2.24 – Entrusted Resources).

The Enterprise did not record any unpaid tax liabilities payable to the relevant tax authority as at 31 December 2022 and 31 December 2021.

14.2.14 Bank Loans and Borrowings

14.2.14.1 Denominated in CZK

Bank	Terms/conditions	Account	Valid until	Total limit 2022/2021 (in CZK millions)	31 December 2022 (in CZK millions)	31 December 2021 (in CZK millions)
ČSOB, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.12 % p.a.	Own resources	31 December 2027	1,000/1,000	-	814
ČSOB, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.30 % p.a.	Own resources	15 June 2025	750/750	-	700
ČSOB, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.12 % p.a.	Entrusted resources	31 December 2027	700/700	230	85
ING Bank N.V.	Overdraft account Interest rate: O/N PRIBOR + 0.40 % p.a.	Own resources	30 June 2023	5/2,312	-	496

Raiffeisenbank, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.28 % p.a.	Own resources	31 December 2023	750/1,450	-	1,450
UniCredit Bank, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.25 % p.a.	Own resources	15 June 2025	750/750	-	750
					230	4,295

The overdraft on the own funds account from Československá obchodní banka, a.s., is to offset short-term cash-flow fluctuations. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 814 million of the overdraft. The overdraft is part of the main agreement with ČSOB, a.s.; the credit framework is valid until 31 December 2027.

Original multi-purpose credit line from Československá obchodní banka, a.s., was repaid in connection with the termination of the agreement on 20 February 2021. The new credit agreement from Československá obchodní banka, a.s. replaces half of the original one and allows for the drawing of an overdraft, short-term loan on the financial market, documentary letters of credit and different types of guarantees. Commitment commission is 0.10%. As at 31 December 2022, the credit line was not used. This credit agreement framework is valid until 15 June 2025.

The overdraft facility on the entrusted resources account from Československá obchodní banka, a.s., was provided to ensure sufficient financial liquidity of the Enterprise. As at 31 December 2022, the Enterprise used CZK 230 million of the overdraft and as at 31 December 2021, the Enterprise used CZK 85 million of the overdraft. The overdraft is part of the main agreement with ČSOB, a.s.; the credit framework is valid until 31 December 2027.

The credit line from ING Bank N.V. allows for overdrafts and short-term loans on the financial market. The associated commitment fee is 0.12%. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 496 million of the overdraft. The respective credit framework is valid until 30 June 2023.

The credit line from Raiffeisenbank a.s. allows for overdrafts and short-term loans on the financial market. The associated commitment fee is 0.10%. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 1,450 million of the overdraft. The respective credit framework is valid until 30 June 2023.

The credit line from UniCredit Bank, a.s., allows for overdrafts, short-term loans on the financial market, documentary letters of credit and different types of guarantees. The associated commitment fee is 0.15%. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 750 million of the overdraft. This loan agreement replaces half of the original Multi-purpose credit line from ČSOB, a.s., which was repaid in connection with the termination of the agreement on 20 February 2021. The respective credit framework is valid until 15 June 2025.

The Enterprise complies with all the terms and conditions of the loan agreements.

14.2.14.2 Denominated in EUR

Bank	Terms / conditions	Account	Valid until	Total limit (in EUR million)	31 December 2022		31 December 2021	
					(in EUR million)	(in CZK million)	(in EUR million)	(in CZK million)
ČSOB, a.s.	Overdraft account EURIBOR 3months + 0.1 % p.a.	Entrusted resources	31 December 2027	5	1	23	1	22

The above-mentioned bank overdraft is exclusively used for cash operations of the banking services provided at selected post-office counters in EUR. The overdraft is part of the main agreement with ČSOB, a.s.; the credit limit is valid until 31 December 2027.

The Enterprise complies with all the terms and conditions of the loan agreements.

14.2.15 Accruals and Deferred Income

Deferred income primarily includes prepaid postal fees for offsetting remote credit machines.

14.2.16 Income Tax

Analysis of the income tax expense is as follows:

(in CZK millions)	2022	2021
Current tax expense	-	-
Deferred tax	-	(131)
Total tax expense	-	(131)

The Enterprise quantified income tax due as follows:

(in CZK millions)	2022	2021
Profit / (loss) before tax	(1,751)	(695)
Non-taxable revenues	(8)	(12)
Difference between book and tax depreciation	521	572
Tax non-deductible expenses and change in allowances and provisions	285	(238)
Out of which:		
- change in allowances	(25)	(16)
- change in provisions	273	(328)
- other (e.g., previous prepaid expenses, representation expenses, shortages and losses)	37	106
Gifts	-	-
Deduction to support training	-	-
Taxable income/tax loss	(953)	(373)
Income tax rate	19%	19%
Calculated income tax	-	-
Tax relief (persons with disability or partial disability)	-	-
Current tax expense	-	-
Income tax expense from ordinary activities	-	-

The Enterprise calculated the deferred tax asset / (liability) using the 19% tax rate for both periods, i.e., as at 31 December 2022 and 31 December 2021 and quantified as follows:

(in CZK millions)	31 December 2022			31 December 2021		
	Base	Defers tax asset	Deferred tax liability	Base	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	(37)	-	(7)	(535)	-	(102)
Allowances	217	41	-	242	46	-
Other provisions	815	155	-	542	103	-
Total	995	196	(7)	249	149	(102)
Net deferred tax asset			189			47

As at 31 December 2022, the Enterprise did not recognise a potential deferred tax asset from the 2022 tax loss in the amount of CZK 181 million and a deferred tax asset from allowances and provisions in the amount of CZK 189 million on the basis that its recovery was uncertain. The tax loss from 2022 can be used until 2027.

As at 31 December 2021, the Enterprise did not recognise a potential deferred tax asset from the 2021 tax loss in the amount of CZK 71 million and a deferred tax asset from allowances and provisions in the amount of CZK 46 million on the basis that its recovery was uncertain. The tax loss from 2021 can be used until 2026.

As at 31 December 2020, the Enterprise did not recognise a potential deferred tax asset from the 2020 tax loss totalling CZK 109 million on the basis that its recovery was uncertain. The tax loss from 2020 can be used until 2025.

14.2.17 Leases

The Enterprise leases fixed assets, which are not recognised in the balance sheet accounts (see subsection 14.2.3.15 – Leases and subsection and 14.2.18 – Commitments and Contingencies).

The assets leased by the Enterprise in the form of operational leases amounted to CZK 403 million and CZK 428 million as at 31 December 2022 and 31 December 2021, respectively. The buildings leased by the Enterprise amounted to CZK 318 million and CZK 283 million as at 31 December 2022 and 31 December 2021, respectively.

The amount of rent from assets leased by the Enterprise in the form of finance leases as at 31 December 2022 and 31 December 2021 was CZK 33 million and CZK 3 million, respectively.

14.2.18 Commitments and Contingencies

The Enterprise recognises particularly stamps and lottery tickets, the nature of which is recognised as valuables (these items are recognised below in nominal value) in its operational evidence as at 31 December 2022 and 31 December 2021. Furthermore, the Enterprise recognised low-value assets in operating evidence and leased assets in off-balance sheet evidence (recognised in acquisition costs), which is not recognised in the balance sheet:

(in CZK millions)	31 December 2022	31 December 2021
Valuables incl. stamps and lottery tickets	9,937	10,780
Leased assets	2,147	1,931
Low-value tangible assets	1,431	1,471
Low-value intangible assets	38	41

The structure of the contracted future obligations from operating leases and rental of buildings is presented in the table below (in CZK millions):

	31 December 2022	31 December 2021
Due within 1 year	477	535
Due between 1 to 5 years	669	680
Due after 5 years	366	156
Total	1,512	1,371

The structure of the contracted future obligations from financial leases is presented in the table below (in CZK millions):

	31 December 2022	31 December 2021
Due within 1 year	95	15
Due between 1 to 5 years	347	58
Due after 5 years	-	-
Total	442	73

Provided and received bank guarantees for the Enterprise, which are drawn under the framework agreements, on the provision of financial services, as at 31 December 2022 were as follows:

Type of provided guarantee	Guarantor	Creditor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	CONTERA Investment III. s.r.o.	Rental agreement	10/09/2024	2
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Customs guarantee	indefinite	5
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Customs guarantee	indefinite	1
Payment	Československá obchodní banka, a.s.	CENTRUM CHODOV, a.s.	Rental agreement	15/02/2023	1
Payment	Československá obchodní banka, a.s.	Charles Square Center s.r.o.	Rental agreement	15/02/2024	1
Payment	Československá obchodní banka, a.s.	Keriani, a.s.	Rental agreement	20/12/2023	5
Payment	Československá obchodní banka, a.s.	Prologis Czech Republic LX, s.r.o.	Rental agreement	20/12/2023	3
Payment	Československá obchodní banka, a.s.	OAMP Hall 2 s.r.o.	Rental agreement	25/08/2023	12
					30

Type of provided guarantee	Guarantor	Debtor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	šmíragroup a.s.	Action - reconstruction of Post Office Ostrava 2, SPU Ostrava 02 and Depot Ostrava 71	10/07/2023	2
Payment	Komerční banka, a.s.	SSK-stavby s.r.o.	SPU Prague 022, TB - reconstruction of road ramp, incl. gates	24/04/2024	1
Payment	Komerční banka, a.s.	SILBA-Elstav s.r.o.	SPU Plzeň 02 - provision of vehicle parking services	12/10/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - PRG region	31/12/2024	2
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - SB region	31/12/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - WB region	31/12/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - NB region	31/12/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - EB region	31/12/2024	1
Payment	Česká spořitelna, a.s.	NEO BUILDER a.s.	Construction work - Olšanská, Prague 3	31/07 /2027	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - NM region	31/12/2024	1

Payment	UniCredit Bank, a.s.	GH-KLIMA s.r.o.	Postservis Č.Budějovice - air conditioning	31/01/2025	1
Payment	Československá obchodní banka, a.s.	LUSPOL SE	Reduction of energy consumption - Post Office and Depot Prachatice 70	30/09/2026	1
					14

Received and provided bank guarantees for the Enterprise, which are drawn under the framework agreements, on the provision of financial services, as at 31 December 2021 were as follows:

Type of provided guarantee	Guarantor	Creditor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	CONTERA Investment III. s.r.o.	Rental agreement	29/09/2022	2
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Customs guarantee	indefinite	3
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Customs guarantee	indefinite	1
Payment	Československá obchodní banka, a.s.	CENTRUM CHODOV, a.s.	Rental agreement	15/02/2022	1
Payment	Československá obchodní banka, a.s.	Charles Square Center s.r.o.	Rental agreement	15/02/2023	1
Payment	Československá obchodní banka, a.s.	Keriani, a.s.	Rental agreement	20/12/2023	5
Payment	Československá obchodní banka, a.s.	Prologis Czech Republic LX, s.r.o.	Rental agreement	20/12/2023	3
					16

Type of provided guarantee	Guarantor	Debtor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	šmíragroup a.s.	Actions - reconstruction of Post Office Ostrava 2, SPU Ostrava 02 and Depot Ostrava 71	10/07/2023	2
Payment	Komerční banka, a.s.	SSK-stavby s.r.o.	SPU Praha 022, TB - reconstruction of road ramp, incl. gates	24/04/2024	1
Payment	Komerční banka, a.s.	SILBA-Elstav s.r.o.	SPU Plzeň 02 - provision of vehicle parking services	12/10/2024	1
Payment	Československá obchodní banka, a.s.	CENTRA a.s.	Provision of cleaning services - PRG region	31/12/2022	2
Payment	Československá obchodní banka, a.s.	CENTRA a.s.	Provision of cleaning services - JČ region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - SB region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - SB region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - WB region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	Clarima s.r.o.	Provision of cleaning services - SM region.	31/12/2022	2
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - NM region	31/12/2022	2
Payment	UniCredit Bank, a.s.	GH-KLIMA s.r.o.	Postservis Č. Budějovice - air conditioning	31/01/2025	1
Payment	Československá obchodní banka, a.s.	LUSPOL SE	Reduction of energy consumption - Post Office and Depot Prachatice 70	30/09/2026	1
					16

14.2.19 Contingent Liabilities

The management of the Enterprise is not aware of any other significant contingent liabilities as at 31 December 2022.

14.2.20 Revenues and Other Operating Income

Breakdown of revenues and other operating income from the Enterprise's activities:

	2022			2021		
	Domestic (in CZK millions)	Foreign (in CZK millions)	Total (in CZK millions)	Domestic (in CZK millions)	Foreign (in CZK millions)	Total (in CZK millions)
Revenue from postal operations	11,328	1,266	12,594	11,403	1,770	13,173
Revenue from provision of intermediary services	2,239	-	2,239	2,119	-	2,119
Revenue from electronic services	377	-	377	901	-	901
Sales of goods	146	-	146	169	-	169
Revenues from data mailboxes	464	-	464	483	-	483
Total revenues	14,554	1,266	15,820	15,075	1,770	16,845
Other operating income	3,046	-	3,046	2,613	-	2,613
Total revenues and other operating income	17,600	1,266	18,866	17,688	1,770	19,458

As at 31 December 2022, other operating income consists mainly of the amount of compensation for net costs for the provision of basic postal services (CZK 1,500 million) and revenues from the sale of assets (CZK 1,215 million). As at 31 December 2021, other operating income consists mainly of the amount of compensation for net costs for the provision of basic postal services (CZK 1,500 million) and revenues from the sale of assets (CZK 811 million).

For Net Costs of Universal Service, see subsection 14.2.7 – Net Costs of Universal Service. In the income statement, compensation for net costs of the provision of basic postal services is presented within other operating income on a separate line III.3.1. Compensation for the net costs on the provision of basic postal services.

In 2022 the Enterprise received subsidies for operating purposes in the amount of CZK 1 million. In 2021, the Enterprise did not receive subsidies for operating purposes.

14.2.21 Employees

Breakdown of staff costs is as follows:

	2022		2021	
	Total personnel	Of which: Enterprise's management and Supervisory Board	Total personnel	Of which: Enterprise's management and Supervisory Board
Average number of employees (in CZK millions)	23,432	26	25,675	30
Wages and salaries	9,162	78	9,938	73
Social security and health insurance	2,992	16	3,211	15
Social costs	319	-	331	-
Total staff costs	12,473	94	13,480	88

Wages and salaries of the Enterprise's management also include severance pay and anti-competitive clause.

14.2.22 Related-Party Transactions

Apart from the bonuses disclosed in subsection 14.2.21 – Employees, in 2022 and 2021 members and former members of the Enterprise’s statutory and supervisory bodies and the Enterprise’s management did not receive any loans, guarantees, advance payments or other benefits besides the collective agreement, they did however have access to company cars that are made available by management for both business and private purposes.

During the year, the Enterprise executed several transactions with related parties within its ordinary business activities. The transactions realised during 2022 and 2021 along with the related receivables from and liabilities to related parties are as follows:

Related parties	For the year ended 31 December 2022		As at 31 December 2022	
	Revenues (in CZK millions)	Expenses (in CZK millions)	Receivables (in CZK millions)	Liabilities (in CZK millions)
Subsidiaries (direct/indirect influence)				
Česká pošta Security, s.r.o.	5	173	1	60
ČP Guarding, s.r.o.	-	80	-	8
Other related parties				
ČD Cargo, a.s.	1	44	-	6
ČEPRO, a.s.	6	422	-	33
Czech Social Security Administration	519	2,154	-	1,721
Czech Metrology Institute	-	6	-	2
ČEZ Prodej, a.s.	157	3	27	26
ČEZ, a. s.	76	16	23	-
General Financial Directorate	141	15	-	1
Capital City of Prague	423	2	3	253
Government ministries	476	-	46	3
Nemocnice Pardubického kraje, a.s.	2	-	-	-
Pardubice Region	1	-	-	-
Pražská plynárenská, a.s.	23	319	2	70
Road and Motorway Directorate of the Czech Republic	3	21	-	2
Labour Office of the Czech Republic	345	-	2	5
Vodovody a kanalizace Hodonín, a.s.	2	-	-	2
Health insurance companies	180	-	10	9
Total	2,360	3,255	114	2,201

Related parties	For the year ended 31 December 2021		As at 31 December 2021	
	Revenues (in CZK millions)	Expenses (in CZK millions)	Receivables (in CZK millions)	Liabilities (in CZK millions)
Subsidiaries (direct/indirect influence)				
Česká pošta Security, s.r.o.	5	215	1	35
ČP Guarding, s.r.o.	-	27	-	16
Other related parties				
ČD Cargo, a.s.	1	52	-	8
ČEPRO, a.s.	5	388	-	45
Czech Social Security Administration	425	2,312	-	1,792
Czech Metrology Institute	-	7	-	2
Czech Statistical Office	572	-	9	-
ČEZ a.s.	60	-	21	-
ČEZ Energetické služby, s.r.o	-	1	-	1
ČEZ Prodej, a.s.	67	-	19	8
General Financial Directorate	125	19	-	2
Capital City of Prague	29	1	3	5
Government ministries	510	-	47	3

Nemocnice Pardubického kraje, a.s.	2	-	-	-
Pardubice Region	1	-	-	-
Pražská plynárenská, a.s.	10	317	1	73
Road and Motorway Directorate of the Czech Republic	5	40	-	3
Labour Office of the Czech Republic	304	-	1	9
Prison Service of the Czech Republic	5	15	-	1
Vodovody a kanalizace Hodonín, a.s.	2	-	-	-
Vodovody a kanalizace Náchod, a.s.	1	-	-	-
Health insurance companies	164	-	9	10
Total	2,293	3,394	111	2,013

Liabilities to / costs pertaining to Česká pošta Security, s.r.o. and ČP Guarding, s.r.o. relate mainly to the purchase of services.

14.2.23 Fees Paid and Payable to the Audit Company

Information on the fees paid and payable to the audit company is included in the consolidated financial statements of the Group.

14.2.24 Entrusted Resources

The entrusted resources analysis as at 31 December 2022 and 31 December 2021 is as follows:

(in CZK millions)	31 December 2022	31 December 2021
ASSETS		
Short-term receivables	169	114
Cash in hand and at bank	3,435	3,227
Total assets	3,604	3,341

(in CZK millions)	31 December 2022	31 December 2021
LIABILITIES AND EQUITY		
Current liabilities	3,351	3,234
Short-term bank loans	253	107
Total liabilities and equity	3,604	3,341

Short-term receivables consist primarily of short-term receivables for agency services (e.g., card transactions, cheque transactions, etc.) provided to ČSOB, a.s.

At the end of 2022, the Enterprise received advance payments of CZK 1,400 million for pension payments from the Czech Social Security Administration to be paid in January 2023. As at 31 December 2021, the Enterprise received advance payments of CZK 1,400 million for pension payments to be paid in January 2022.

All these liabilities in respect of entrusted resources were within the maturity period.

14.2.25 Statement of Cash flow

As at 31 December 2022 and 31 December 2021, the Enterprise did not consider the used overdraft facilities as cash equivalents for the purpose of the statement of cash flow (see subsection 14.2.14 – Bank Loans and Overdrafts).

Cash and cash equivalents disclosed in the statement of cash flow can be analysed as follows:

(in CZK millions)	31 December 2022	31 December 2021
Cash on hand	3,468	3,238
Cash at bank	323	173
Cash and cash equivalents	3,791	3,411

14.2.26 Subsequent Events

The Enterprise will quantify the net costs of providing basic services for the accounting period of 2022 and requests the CTO to reimburse these costs, which represent an unfair financial burden for the Enterprise as the holder of a postal license. The application deadline is 31 August 2023.

Based on the decision of the Director General of 17 February 2023, additional Deputy Directors General Ondřej Škorpil and Martin Vránek were appointed.

Filip Hajný was appointed a Member of the Supervisory Board with effect from 23 January 2023.

As at 28 February 2023, Roman Knap was recalled from the position of Director General.

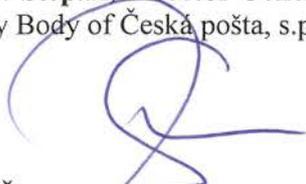
From 1 March 2023, Miroslav Štěpán was entrusted with the management of Česká pošta, s.p. on the basis of DG Decision 7/2023.

No other events have occurred between the balance sheet date and the date of preparation of the financial statements that would have a material impact on the standalone financial statements as at 31 December 2022.

24 March 2023



Miroslav Štěpán, Director General of Česká pošta, s.p.
Statutory Body of Česká pošta, s.p.



Ondřej Škorpil, Chief Director of Finance Division
Person responsible for accounting of Česká pošta, s.p.



Jitka Salmonová, Accounting and Taxes Manager
Person responsible for financial statements of Česká pošta, s.p.

15 Consolidated Financial Statements

15.1 Consolidated Financial Statements as at 31 December 2022 (in CZK millions)

CONSOLIDATED BALANCE SHEET					
(in CZK millions)					
Reference	ASSETS	31/12/2022			31/12/2021
		Gross	Allowances	Net	Net
a	b	1	2	3	4
	TOTAL ASSETS	30,342	(14,650)	15,692	20,987
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>-</i>	<i>3,604</i>	<i>3,341</i>
B.	Fixed assets	22,142	(14,431)	7,711	8,018
B. I.	Intangible fixed assets	2,114	(1,761)	353	265
B. I. 2.	Royalties	1,999	(1,740)	259	242
B. I. 2.1.	Software	1,991	(1,735)	256	237
B. I. 2.2.	Other royalties	8	(5)	3	5
B. I. 4.	Other intangible fixed assets	23	(21)	2	-
B. I. 5.	Advances paid and intangible fixed assets in the course of construction	92	-	92	23
B. I. 5.2.	Intangible fixed assets in the course of construction	92	-	92	23
B. II.	Tangible fixed assets	19,995	(12,667)	7,328	7,721
B. II. 1.	Land and constructions	12,365	(6,299)	6,066	6,462
B. II. 1.1.	Land	740	-	740	811
B. II. 1.2.	Constructions	11,625	(6,299)	5,326	5,651
B. II. 2.	Equipment	7,393	(6,359)	1,034	1,123
B. II. 4.	Other tangible fixed assets	5	-	5	5
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	232	(9)	223	131
B. II. 5.2.	Tangible fixed assets in the course of construction	232	(9)	223	131
B. IV.	Positive consolidation difference	33	(3)	30	32
B. V.	Negative consolidation difference	-	-	-	-
C.	Current assets	7,946	(219)	7,727	12,860
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>-</i>	<i>3,604</i>	<i>3,341</i>
C. I.	Inventories	237	(64)	173	190
C. I. 1.	Raw materials	193	(60)	133	149
C. I. 3.	Finished goods and goods for resale	44	(4)	40	41
C. I. 3.2.	Goods for resale	44	(4)	40	41
C. II.	Receivables	3,848	(155)	3,693	9,210
	<i>of which entrusted resources</i>	<i>169</i>	<i>-</i>	<i>169</i>	<i>114</i>
C. II. 1.	Long-term receivables	23	-	23	22
C. II. 1.1.	Trade receivables	-	-	-	-
C. II. 1.5.	Receivables – other	23	-	23	22
C. II. 1.5. 2.	Long-term advances paid	8	-	8	7
C. II. 1.5. 4.	Other receivables	15	-	15	15
C. II. 2.	Short-term receivables	3,825	(155)	3,670	9,188
	<i>of which entrusted resources</i>	<i>169</i>	<i>-</i>	<i>169</i>	<i>114</i>
C. II. 2.1	Trade receivables	1,478	(67)	1,411	1,500
	<i>of which entrusted resources</i>	<i>169</i>	<i>-</i>	<i>169</i>	<i>114</i>
C. II. 2.4.	Receivables – other	2,347	(88)	2,259	7,688
C. II. 2.4. 1.	Receivables from shareholders	3	-	3	2
C. II. 2.4. 3.	Taxes - receivables from the state	-	-	-	2
C. II. 2.4. 4.	Short-term advances paid	181	-	181	152
C. II. 2.4. 5.	Estimated receivables	2,033	-	2,033	7,490
C. II. 2.4. 6.	Other receivables	130	(88)	42	42
C. IV.	Cash	3,861	-	3,861	3,460
	<i>of which entrusted resources</i>	<i>3,435</i>	<i>-</i>	<i>3,435</i>	<i>3,227</i>
C. IV. 1.	Cash in hand	3,468	-	3,468	3,238
C. IV. 2.	Cash at bank	393	-	393	222
D.	Prepayments and accrued income	254	-	254	109
D. 1.	Prepaid expenses	254	-	254	109

Consolidated balance sheet – liabilities and equity (in CZK millions)

Reference	LIABILITIES AND EQUITY	31/12/2022	31/12/2021
a	b	5	6
	TOTAL LIABILITIES AND EQUITY	15,692	20,987
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
A.	Equity	5,072	6,979
A. I.	Share capital	3,588	3,588
A. I. 1.	Share capital	3,588	3,588
A. II.	Share premium and capital contributions	2,807	3,543
A. II. 2.	Capital contributions	2,807	3,543
A. II. 2.1.	Other capital contributions	2,807	3,543
A. III.	Other reserves	375	380
A. III. 1.	Other reserve funds	359	359
A. III. 2.	Statutory and other reserves	16	21
A. IV.	Retained earnings / Accumulated losses	32	21
A. IV. 1.	Retained earnings or accumulated loss (+/-)	32	21
A. V.	Consolidated profit / (loss) for the current period less minority interests	(1,730)	(553)
B. + C.	Liabilities	10,159	13,497
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
B.	Provisions	830	553
B. 4.	Other provisions	830	553
C.	Liabilities	9,329	12,944
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
C. I.	Long-term liabilities	240	8
C. I. 4.	Trade payables	240	8
C. I. 8.	Deferred tax liability	-	-
C. II.	Current liabilities	9,089	12,936
	<i>of which entrusted resources</i>	<i>3,604</i>	<i>3,341</i>
C. II. 2.	Liabilities due to financial institutions	253	4,319
	<i>of which entrusted resources</i>	<i>253</i>	<i>107</i>
C. II. 3.	Short-term advances received	1,493	1,574
C. II. 4.	Trade payables	4,817	4,522
	<i>of which entrusted resources</i>	<i>3,351</i>	<i>3,234</i>
C. II. 8.	Liabilities – other	2,526	2,521
C. II. 8.3.	Liabilities to employees	611	660
C. II. 8.4.	Liabilities for social security and health insurance	316	345
C. II. 8.5.	Taxes and state subsidies payable	60	99
C. II. 8.6.	Estimated payables	1,286	1,198
C. II. 8.7.	Other liabilities	253	219
D.	Accruals and deferred income	461	511
D. 1.	Accrued expenses	-	3
D. 2.	Deferred income	461	508

CONSOLIDATED INCOME STATEMENT (in CZK millions)			
Reference a	TEXT b	Accounting period ended	
		31/12/2022 1	31/12/2021 2
I.	Sales of products and services	15,732	16,708
II.	Sales of goods	233	229
A.	Cost of sales	5,764	5,005
A. 1.	Cost of goods sold	173	160
A. 2.	Raw materials and consumables used	1,379	1,326
A. 3.	Services	4,212	3,519
B.	Changes in inventories of finished goods and work in progress	-	-
C.	Own work capitalised	(16)	(20)
D.	Staff costs	12,621	13,600
D. 1.	Wages and salaries	9,273	10,027
D. 2.	Social security, health insurance and other social costs	3,348	3,573
D. 2.1.	Social security and health insurance costs	3,025	3,240
D. 2.2.	Other social costs	323	333
E.	Value adjustments in operating activities	688	761
E. 1.	Value adjustments of fixed assets	713	764
E. 1.1.	Depreciation, amortisation and write off of fixed assets	712	775
E. 1.2.	Provision for impairment of fixed assets	1	(11)
E. 2.	Provision for impairment of inventories	(12)	15
E. 3.	Provision for impairment of receivables	(13)	(18)
III.	Operating income - other	3,045	2,612
III. 1.	Sales of fixed assets	1,215	812
III. 2.	Sales of raw materials	1	-
3.	Other operating income	1,829	1,800
3.1.	Compensation for the net cost on providing basic postal services	1,500	1,500
3.2.	Other operating income	329	300
F.	Operating expenses - other	1,530	762
F. 1.	Net book value of fixed assets sold	169	110
F. 2.	Cost of raw materials sold	4	-
F. 3.	Taxes and charges	59	86
F. 4.	Operating provisions and complex prepaid expenses	277	(327)
F. 5.	Other operating expenses	1,021	893
	Clearing of positive consolidation difference	2	1
*	Consolidated operating result	(1,579)	(560)
IV.	Income from sales of long-term investments - shares	-	-
G.	Cost of investments sold	-	-
V.	Income from sales of other long-term investments	-	-
H.	Expenses related to other long-term investments	-	-
VI.	Interest and similar income	114	12
VI. 2.	Other interest and similar income	114	12
J.	Interest expense and similar expenses	217	48
J. 2.	Other interest expense and similar expenses	217	48
VII.	Other financial income	86	67
K.	Other financial expenses	129	152
*	Consolidated financial result	(146)	(121)
**	Consolidated net profit / (loss) before taxation	(1,725)	(681)
L.	Income tax	5	(128)
L. 1.	Tax on profit or loss – current	5	3
L. 2.	Tax on profit or loss – deferred	-	(131)
**	Net profit / (loss) after taxation	(1,730)	(553)
	Out of which: Profit / loss less minority interests	(1,730)	(553)
***	Net profit / (loss) for the financial period	(1,730)	(553)
*	Net turnover for the financial period	19,210	19,628

Consolidated Statement of Cash flows for the year ended 31 December 2022

(in CZK millions)	Year ended 31 December 2022	Year ended 31 December 2021
Cash and cash equivalents at the beginning of the year	3,460	4,484
<i>of which entrusted resources</i>	<i>3,227</i>	<i>4,354</i>
Net profit/loss on ordinary activities before tax	(1,725)	(681)
A.1 Adjustments for non-cash movements:	25	(232)
A.1.1 Amortisation, depreciation of fixed assets and abolished investment projects	714	775
A.1.2 Change in allowances and provisions with respect to operating activities	253	(341)
A.1.3 Profits from disposal of fixed assets	(1,046)	(702)
A.1.4 Net interest expense (+) and income (-)	103	36
A.1.5 Adjustments for other non-cash movements	1	-
A* Net cash flow from operating activities before tax and changes in working capital	(1,700)	(913)
A.2 Change in non-cash components of working capital	1,560	(12)
A.2 <i>of which entrusted resources</i>	<i>208</i>	<i>(1,127)</i>
A.2.1 Change in receivables and accrued income	(3,651)	(854)
A.2.1 <i>of which entrusted resources</i>	<i>(55)</i>	<i>(17)</i>
A.2.2 Change in current liabilities and deferred income	(3,651)	876
A.2.2 <i>of which entrusted resources</i>	<i>263</i>	<i>(1,110)</i>
A.2.3 Change in inventories	29	(34)
A** Net cash flow from operating activities before tax	(140)	(925)
A.** <i>of which entrusted resources</i>	208	(1,127)
A.3 Interest paid	(217)	(48)
A.4 Interest received	114	12
A.5 Income tax overpayment (+) / income tax on ordinary activities paid and additional taxes for previous periods (-)	(5)	3
A*** Net cash flow from operating activities	(248)	(958)
<i>of which entrusted resources</i>	208	(1,127)
Cash flows from investing activities		
B.1 Purchase of fixed assets	(419)	(657)
B.2 Proceeds from the sale of fixed assets	1,244	787
B*** Net cash flow from investing activities	825	130
Cash flows from financing activities		
C.2 Change in equity	(176)	(196)
C.2.1 Direct payments from funds	(176)	(196)
C*** Net cash flow from financing activities	(176)	(196)
Net decrease (-) / increase (+) in cash and cash equivalents	401	(1,024)
<i>of which entrusted resources</i>	208	(1,127)
Cash and cash equivalents at the end of the year	3,861	3,460
<i>of which entrusted resources</i>	3,435	3,227

Consolidated statement of changes in equity for the year ended 31 December 2022

(in CZK millions)	Share capital	Other capital contributions	Reserve fund	Other funds from profit	Accumulated loss/ retained earnings	Profit / (loss) for the period less minority interests	Total
Balance as at 1 January 2021	3,588	5,090	359	32	9	(1,356)	7,722
Movements between funds/profit distribution	-	-	-	185	-	1,356	1,541
Use of funds/settlement of loss	-	(1,547)	-	(196)	12	-	(1,731)
Profit / (loss) for the period	-	-	-	-	-	(553)	(553)
Balance as at 31 December 2021	3,588	3,543	359	21	21	(553)	6,979
Movements between funds/profit distribution	-	-	-	171	-	553	724
Use of funds/settlement of loss	-	(736)	-	(176)	11	-	(901)
Profit / (loss) for the period	-	-	-	-	-	(1,730)	(1,730)
Balance as at 31 December 2022	3,588	2,807	359	16	32	(1,730)	5,072

15.2 Notes to the Consolidated Financial Statements

15.2.1 General Information

15.2.1.1 Description of the Group

The Group comprises Česká pošta, s.p., the controlling entity, and its subsidiaries Česká pošta Security, s.r.o., (hereinafter “ČPS”) and its subsidiaries ČP Nept, s.r.o. and ČP Guarding, s.r.o.

The subsidiaries were as follows:

As at 31 December 2022:

Subsidiary	Registered office	Ownership interest
Česká pošta Security, s.r.o.	Politických vězňů 909/4, Prague 1	100.00 % (direct impact)
ČP Nept, s.r.o.	Politických vězňů 909/4, Prague 1	100.00 % (indirect impact)
ČP Guarding, s.r.o.	Politických vězňů 909/4, Prague 1	100.00 % (indirect impact)

As at 31 December 2021:

Subsidiary	Registered office	Ownership interest
Česká pošta Security, s.r.o.	Politických vězňů 909/4, Prague 1	100.00 % (direct impact)
ČP Nept, s.r.o.	Politických vězňů 909/4, Prague 1	100.00 % (indirect impact)
ČP Guarding, s.r.o.	Politických vězňů 909/4, Prague 1	100.00 % (indirect impact)

Česká pošta, s.p. (“the Enterprise”, “ČP”, “the Controlling entity” or “Česká pošta”) is a state-owned enterprise. It is a legal entity conducting its business activities using assets of the Czech government under its own name and on its own account. The founder of the Enterprise is the Czech State. The Enterprise was established on 1 January 1993 and the founder was then represented by the Ministry of Transport and Communications of the Czech Republic. As at 31 December 2022 and 31 December 2021, the role of the founder of the Enterprise under the government’s name was carried out by the Ministry of Interior of the Czech Republic. As at 31 December 2022, the Enterprise had its registered office at Politických vězňů 909/4, Prague 1, Czech Republic. The Enterprise’s identification number is 471 14 983 and it is registered in the Commercial Register of the Municipal Court in Prague, Section A, Insert No. 7565. Česká pošta is a business entity pursuant to Act No. 77/1997 Coll., on State-Owned Enterprise, as amended.

The Enterprise’s activities are regulated by the Czech Telecommunication Office.

The main business activities of the Group are as follows:

- provision of postal services,
- provision of international postal services,
- provision of services of central procurement for government (public) administration,
- security of property and persons,
- road motor transport,
- assembly, repairs, revision and testing of electrical equipment, pressure equipment and gas containers,
- provision of technical services for the protection of property and persons,

- production, installation and repairs of electrical machinery and tools, electronic and telecommunication equipment,
- technical and organisational activities in the field of fire protection,

The corporate bodies of the Enterprise are the Director General and the Supervisory Board. The Director General is the Enterprise's statutory body – for details see subsection 15.2.2.1.1 Introductory information about the Enterprise.

The Enterprise's mission is to perform the function of a public postal operator involving the provision of basic and other postal services in accordance with Postal Services Act in a manner that is in line with basic quality requirements and the public needs. The Enterprise was issued a certificate of authorisation to conduct business in the field of postal services in accordance with Section 19 of the Postal Services Act; the Enterprise also holds the postal license pursuant to Section 21 of the Postal Services Act. The postal license was granted to the Enterprise until 31 December 2024.

The content of the postal license establishes the duty to secure the general availability of basic postal services in the whole territory of the Czech Republic.

The rights and obligations of the Enterprise as the postal services provider and the postal license holder are enshrined in Title V of the Postal Services Act. The Enterprise must annually publish and submit complete and truthful information to CTO about the results of providing and securing basic services and an evaluation of the fulfilment of the quality parameters. The content, form and manner of publishing the information is determined by an implementing legal regulation to the Postal Services Act (Decree No. 433/2012 Coll.). Czech Telecommunication Office annually publishes the summary report on the fulfilment of obligations entrusted to the postal license holder.

The Group is part of the whole of the government consolidation.

15.2.2 Accounting Policies

The accounting policies and valuation methods applied by the Group during preparation of the consolidated financial statements as at 31 December 2022 were as follows:

15.2.2.1 Basis of Preparation of Consolidated Financial Statements

The Group's consolidated financial statements have been prepared in accordance with Accounting Act No. 563/1991 Coll. and related Decree No. 500/2002 Coll. and pursuant to the Czech Accounting Standards for Entrepreneurs applicable for 2022 and have been prepared under the historical cost convention except as disclosed below.

15.2.2.1.1 Going Concern

As a postal license holder for the coming period 2023-2024, Česká pošta has been one of the key parts of the state's critical infrastructure; ensuring the functioning of postal services is essential for the state.

As part of its presented medium-term strategy, Česká pošta is preparing changes in many areas, such as branch network optimisation, building a modern logistics company reflecting the end customer requirements, eGovernment development, technology development, digitalisation of routine eCommerce agendas at local and international level, development in the provision of financial products, etc.

Česká pošta is taking complex measures to improve the deteriorating economic trend and to achieve a significantly better economic result for 2023 than in the previous year. ČP continues to plan to implement steps that will enable the Enterprise to operate profitably in the future.

For this purpose, a 3+ year transformation plan is being prepared, which, in the context of the presented strategy, should describe the alternative scenarios for turning Česká pošta's business to profit after a certain period of time, including the possibilities of using any public support from the state. At the beginning of 2023, the operations of ČP are developing in accordance with the approved financial plan and the established trend, despite external influences negatively affecting the economic result.

Česká pošta currently uses a credit line maintained by ČSOB a.s. and UniCredit Bank, a.s. to ensure traditional operating financing and credit lines provided by Raiffeisenbank a.s. and ING Bank N.V.

Following the European Commission's approval of the state compensation payment for the provision of basic services for the period 2018 to 2022, the Czech Telecommunication Office has issued a decision on the reimbursement of the net costs of providing basic services for the years 2018, 2019, 2020 and 2021 and on the reimbursement of the preliminary net costs for the year 2022, in the full amount foreseen by law.

In 2022, the Enterprise received compensation for the years 2018, 2019, 2020 and 2021 in the amount of the upper limit resulting from the current Postal Services Act, i.e., CZK 1,500 million/year. CZK 750 million has already been paid to the Enterprise from the claim of Česká pošta for the year 2022 as part of the preliminary reimbursement of the net costs for the year 2022.

The European Commission is currently in the process of pre-notifying the ČNUS for 2023-2024. Česká pošta has an irreplaceable role in providing services for the state. This role has not been disputed by the Founder. The Enterprise received a patronage statement from the Founder, in which the Founder has promised to take steps to support Česká pošta, s.p. to ensure its financing and operation on a going concern assumption for a period of 12 months from the date of the auditor's report.

Currently, the founder is preparing proposals for the financing options for the Česká pošta, which will be submitted to the government of the Czech Republic for decision and issuance of a resolution. The resolution will include the assignment of specific tasks to the relevant members of the government or ministries. This will then be followed by further steps consisting in the preparation of the implementation plan for Česká pošta with detailed tasks consisting mainly of cost savings in individual areas of activity, reducing the number of postal establishments and number of employees, binding deadlines and defined responsibilities for their fulfilment in 2023. This will include the aforementioned 3+ year transformation plan.

Provided that these conditions are met, the management of the Enterprise believes that the going concern principle of the Enterprise will not be compromised.

15.2.2.1.2 Consolidation System

To prepare the consolidated financial statements, the full consolidation was used.

Mutual transactions, balances and unrealised gains on transactions between consolidated companies were eliminated from the consolidated financial statements, along with unrealised losses on mutual transactions.

Profits from the sale of assets between the Group entities were also fully eliminated.

Financial statements of the companies included in the consolidation were prepared as at 31 December 2022.

For consolidation purposes, the major accounting policies were unified within the Group; these accounting policies, applied by individual consolidated entities, are described below.

15.2.2.2 Subsidiaries

For the purposes of consolidation, a subsidiary is a company over which the Controlling entity exercises a controlling influence through:

- direct or indirect enforcement of more than 50% of the voting rights in the subsidiary company, or
- demonstrable control of operative and strategic policies, wherein the Controlling entity is also a shareholder/partner in the given company.

15.2.2.3 Intangible Fixed Assets

Purchased intangible fixed assets are recorded at cost, which includes all costs related with their acquisition.

Intangible fixed assets with a unit cost exceeding CZK 40 thousand and estimated useful life longer than one year are amortised using the straight-line method over their estimated useful life in accordance with the Group's amortisation plans, i.e., over 4years. In exceptional cases, the useful life is set for a longer period (e.g., according to the useful life of the related equipment). If technical improvements of intangible fixed assets are made, following the period in which the improvements are put into use, the amortisation period of the asset is extended by 4years or more in the case of significant asset items that the Group uses and expects to use for more than four years (e.g. the SAP backbone economic system).

Intangible fixed assets with a unit cost of less than CZK 40 thousand are expensed upon acquisition and only carried in the operational evidence or off-balance sheet.

The amortisation plan is updated during the useful life of the intangible fixed assets based on the expected useful life.

The cost limit for the capitalisation of the technical improvements of intangible fixed assets is CZK 40 thousand. An allowance for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset.

15.2.2.4 Tangible Fixed Assets

Purchased tangible fixed assets are initially recorded at cost, which includes all costs related with their acquisition. The Group does not include loan interest in the acquisition cost of tangible fixed assets.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded into other capital funds. The replacement cost of these assets is based on expert opinion or on market prices of comparable fixed assets in terms of their wear and tear and performance. The valuation of tangible fixed assets is decreased by subsidies for the acquisition of assets.

The depreciation plan is updated during the useful life of the tangible fixed assets based on the expected useful life.

An allowance for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by this asset.

An allowance is created mainly in cases of projects whose realisation is uncertain or in cases of expected sales if the expected sales price net of transaction cost is lower than the book value disclosed in the records.

Technical improvement expenses of tangible fixed assets increase the acquisition costs if their expenses exceed the total amount of CZK 40 thousand and technical improvements are put into use in that year. Ordinary repairs and maintenance costs are expensed as incurred.

Tangible fixed assets with a unit cost of less than CZK 40 thousand are treated as inventory and are expensed upon consumption and are only carried in the operational record. The exceptions are selected low-value assets – selected information technology and postal technology, which is also considered tangible fixed assets. Tangible fixed assets with a unit cost exceeding CZK 40 thousand and selected low-value assets with an estimated useful life longer than one year are depreciated using the straight-line method over their estimated useful lives of assets. The estimated useful lives of tangible assets are as follows:

The estimated useful lives of tangible assets are as follows:

	Number of years
Buildings, halls and constructions	20 – 45
Plant, machinery and equipment	3 – 20
Vehicles	6 – 20
Furniture, fixtures and equipment	5 – 20
Handling equipment	6 – 20
Computers and related equipment	3 – 7
Centralised protection desk (“PCO”)	5

15.2.2.5 Long-Term Investments

Long-term financial assets consist of other long-term securities and investments, which represent available-for-sale securities.

The Group classifies securities and investments, other than investments in subsidiaries and associates, as held-to-maturity or available-for-sale.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, unless the date of maturity falls within 12 months of the balance sheet date.

Securities and investments intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements, are classified as available-for-sale. These investments are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets. The Group determines the form of securities and investments at the time of their acquisition and review them on a regular basis as at the consolidated financial statements’ date.

All securities and investments are initially recorded at cost, including transaction costs. Held-to-maturity investments are subsequently accounted for at amortised cost. Other investments are subsequently accounted for at fair value. The fair value is determined as the market value of the securities as at the balance sheet date. Measurement of non-traded securities is based on management estimates.

Gains and losses arising from changes in the fair value of trading instruments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognised as a movement in equity and recognised into the income statement on realisation or when permanently impaired.

An allowance for impairment is established for held-to-maturity investments when their carrying value is greater than their estimated recoverable amount.

15.2.2.6 Inventories

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for all disposals.

An allowance is created for slow-moving and obsolete inventory based on an analysis of turnover and an individual evaluation of inventories.

For long-term contracts, the carrying value of work-in-progress also includes the allocation of administrative overheads. Subcontracted supplies received and other direct costs are expensed and simultaneously recorded in work-in-progress against revenues. Subcontracted supplies are valued at cost. Work-in-progress is derecognised once the respective revenues are recorded.

15.2.2.7 Receivables

Receivables are stated at nominal value less an allowance for doubtful amounts. An allowance for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers.

15.2.2.8 Short-Term Financial Investments

Short-term financial assets consist of securities available for sale. Securities available for sale are securities held for the purpose of effecting transactions on the public market in order to make a profit from price fluctuations in the short-term, but with a maximum period of one year.

15.2.2.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded in public markets. Cash equivalents also include Entrusted Resources – see subsection 15.4.2.2.10. – Entrusted Resources.

The Group prepared its consolidated statement of cash flow using the indirect method.

15.2.2.10 Entrusted Resources

In some cases, the financial resources of third parties are temporarily entrusted to the Enterprise in order to perform specific transactions (services for clients of Československá obchodní banka, a.s., hereinafter “ČSOB, a.s.”), collection of radio and television license fees, payment of pensions, collection of SIPO payments, betting games, sale of stamps, postal payment services, services for mobile operators, customs declarations, etc.).

These resources are recorded in a separate accounting group apart from the Enterprise’s own financial resources, and are disclosed on separate lines in the balance sheet. The Enterprise charges an agreed commission for performing the specific transactions, which is recognised within its own resources using the accrual principle in the same period to which they relate.

15.2.2.11 Foreign Currency Translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the first day of the current calendar month as published by the Czech National Bank.

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

15.2.2.12 Equity

The Enterprise's financial position and funds are being managed in accordance with Act No. 77/1997 Coll., on State-Owned Enterprise, as amended. Pursuant to this Act, the share capital of the Enterprise corresponds to the business capital to which the Enterprise has a title on its establishment. The share capital includes both registered and non-registered capital in compliance with accounting legislation. Other capital funds are created in accordance with the accounting standards for entrepreneurs.

In addition, the Enterprise creates a reserve fund from profit, which was created gradually up to 10% of the share capital.

The Enterprise creates a cultural and social needs fund ("FKSP"). The creation and use of this fund is being governed by Decree No. 114/2002 Coll., on Cultural and Social Needs Fund, as amended.

15.2.2.13 Provisions

Provisions are intended to cover liabilities or expenses, the nature of which is clearly defined and that are either likely or certain to occur as at the balance sheet date but that are not certain in terms of the amount or the moment of occurrence.

15.2.2.14 Employee Benefits

The Group creates a provision for accrued vacation. The Group creates an estimated payable for rewards and bonuses to employees who became entitled to payment as at the balance sheet date. In case of rewards and bonuses to employees who are entitled to a payment after the current financial year-end day after meeting specified criteria, the Group creates a provision on the current financial year-end day.

15.2.2.15 Loans

Long-term liabilities including loans and current liabilities including loans are carried at their nominal values. Any portion of long-term debt, which is due within one year of the balance sheet date, is regarded as short-term debt.

15.2.2.16 Expenses and Revenue Recognition

Revenues and expenses are recognised on an accrual principle in the period to which they relate.

Sales are recognised as at the date the services are rendered (with the exceptions disclosed below) or goods are sold to customers and are stated net of discounts and value added tax.

Sales of postal services realised in cash through sales of postal stamps are recognised when the stamps are sold. The Group does not have the necessary information that would allow it to record income from these sales on an accrual basis in respect to the accounting periods in which customers actually use the purchased postal stamps. The Group's management believes that the costs of collecting such information relating to the time allocation needed for these services realised through sales of postal stamps would exceed the benefits of such information.

Revenues from agency services include the commission received for the services provided in the relevant accounting period on an accrual basis.

Other operating income includes compensation for net costs of the provision of basic postal services. In the income statement, the revenue is presented on a separate line III.3.1. Compensation for net costs of the provision of basic postal services within other operating income, observing the matching and accrual principles applied to accounting for incurred costs; for details, see subsection 15.2.6 – Net Costs of Universal Service.

15.2.2.17 Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes to the consolidated financial statements but not recognised in the consolidated balance sheet. The Group activates the respective value of leased assets in the period when the lease agreement is being concluded and the purchase option is exercised. Lease payments made in advance are accrued over the lease period.

15.2.2.18 Use of Estimates

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

15.2.2.19 Income Tax Payable

The income tax expense is calculated, using the valid tax rate, from the accounting profit increased or decreased by the permanent or temporary non-deductible expenses and non-taxable income (e.g. non-deductible provisions and allowances, representation expenses, differences between accounting and tax depreciation, etc.).

Corporate income tax is recognised in the balance sheet as a part of the item “Taxes and state subsidies payable” if the tax liability exceeds the tax advances paid. Otherwise, the amount exceeding the tax liability as a result of the advances paid is recorded as “Taxes - receivables from the state”.

The tax expense is disclosed in the consolidated profit and loss as tax from ordinary activities.

15.2.2.20 Deferred Tax

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

15.2.2.21 Related Parties

The Group’s related parties are considered to be the following:

- the state represented by the Enterprise’s founder, government institutions, state-owned enterprises and companies, and other legal entities, where the state has significant influence, while the nature of the relationship is also decisive and not merely the legal form;

- members of the Enterprise's statutory, supervisory bodies and management and related parties to these members, including companies or institutions or businesses, where these members and parties have controlling, proportional or significant influence.

Significant transactions and balances with related parties, related to other than the main postal services, are disclosed in subsection 15.2.21 – Related Party Transactions.

15.2.2.22 Subsequent Events

The effects of events, which occurred between the balance sheet date and the date of preparation of the consolidated financial statements, are recognised in the consolidated financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the consolidated financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the consolidated financial statements.

15.2.3 Fixed Assets

15.2.3.1 Intangible Fixed Assets

Cost

(in CZK millions)	Opening balance	Additions *)	Disposals *)	Closing balance
Software	2,018	64	(91)	1,991
Royalties	8	-	-	8
Other intangible fixed assets	21	2	-	23
Intangible fixed assets in the course of construction	23	135	(66)	92
Total as at 31 December 2022	2,070	201	(157)	2,114
Total as at 31 December 2021	2,041	93	(64)	2,070

*) Additions and Disposals also include transfers of intangible fixed assets in the course of construction.

Accumulated amortisation and net book value

(in CZK millions)	Opening balance of accumulated amortisation	Additions	Disposals	Closing balance of accumulated amortisation	Allowances	Net book value
Software	(1,769)	(47)	91	(1,725)	(10)	256
Royalties	(3)	(2)	-	(5)	-	3
Other intangible fixed assets	(21)	-	-	(21)	-	2
Intangible fixed assets in the course of construction	-	-	-	-	-	92
Total as at 31 December 2022	(1,793)	(49)	91	(1,751)	(10)	353
Total as at 31 December 2021	(1,738)	(62)	7	(1,793)	(12)	265

15.2.3.2 Tangible Fixed Assets

Cost

(in CZK millions)	Opening balance	Additions *)	Disposals *)	Closing balance
Land	811	-	(71)	740
Constructions	11,939	86	(400)	11,625
Plant, machinery and equipment	4,723	224	(495)	4,452
Vehicles	1,305	45	(151)	1,199
Furniture and fixtures	707	5	(13)	699

Selected low-value tangible assets of less than CZK 40 thousand	850	44	(8)	886
Other movable assets	172	-	(15)	157
Art works and collections	5	-	-	5
Advances paid for tangible fixed assets	-	1	(1)	-
Tangible fixed assets in the course of construction	137	499	(404)	232
Total as at 31 December 2022	20,649	904	(1,558)	19,995
Total as at 31 December 2021	20,805	1,228	(1,384)	20,649

*) Additions and Disposals also include transfers of tangible fixed assets in the course of construction. Disposals of tangible fixed assets in the course of construction also include depreciation of lost investments.

Accumulated depreciation, allowances and net book value

(in CZK millions)	Opening balance of accumulated depreciation			Closing balance of accumulated depreciation		Allowances	Net book value
	depreciation	Additions	Disposals	depreciation			
Land	-	-	-	-	-	-	740
Constructions	(6,288)	(277)	266	(6,299)	-	-	5,326
Plant, machinery and equipment	(4,218)	(207)	494	(3,931)	(8)	-	513
Means of transport	(1,057)	(68)	130	(995)	-	-	204
Furniture and fittings	(607)	(13)	13	(607)	-	-	92
Selected low-value tangible assets of less than CZK 40 thousand	(572)	(97)	8	(661)	-	-	225
Other movable assets	(172)	-	15	(157)	-	-	-
Art works and collections	-	-	-	-	-	-	5
Tangible fixed assets in the course of construction	-	-	-	-	(9)	-	223
Total as at 31 December 2022	(12,914)	(662)	926	(12,650)	(17)	-	7,328
Total as at 31 December 2021	(12,741)	(717)	544	(12,914)	(14)	-	7,721

Based on the stock-count performed, the Group adjusted the carrying value of the tangible fixed assets for diminution in value through an allowance (see subsection 15.2.7 – Allowances).

In 2022 and 2021, the Group did not receive any material fixed assets free of charge.

As at 31 December 2022 and 31 December 2021, besides the easement in favour of PCS – Praha Center, spol. s r.o. created in relation to the post office building at Jindřišská, Prague 1 based on an agreement dated 16 April 1997, which is in force until 31 March 2042, the Group has another 388 (2021: 398) easements, or similar rights to tangible fixed assets (rights for sewage pipeline, water pipeline, power and gas connection, hot-water piping, right of entry, access, crossing, riding, parking of a company car, pre-emptive right and the right of use) mainly created in favour of the communal and municipal authorities, telecommunications infrastructure providers, and electricity producers and distributors.

As at 31 December 2022, the Group received investment subsidies in the amount of CZK 6 million. As at 31 December 2021, the Group did not receive subsidies for investment purposes.

15.2.3.3 Long-Term Investments

The Group did not have other long-term securities and investments in its portfolio as at 31 December 2022 and 31 December 2021.

15.2.4 Inventories

The fair value of obsolete and slow-moving inventory is reduced to the selling price through the allowance account (see subsection 15.2.7 – Allowances).

15.2.5 Receivables

As at 31 December 2022 and 31 December 2021, the Group had no receivables with a maturity of more than five years. As at 31 December 2022 and 31 December 2021, outstanding overdue receivables amounted to CZK 260 million and CZK 279 million, respectively. Outstanding overdue receivables are not secured. The Group wrote off irrecoverable receivables of CZK 28 million and CZK 19 million as at 31 December 2022 and as at 31 December 2021, respectively, due to cancellation of bankruptcy proceedings, failing to satisfy the claims in bankruptcy proceedings, etc.

Receivables from related parties are described in subsection 15.2.21 – Related Party Transactions. The estimated receivables primarily comprise transactions related to international postal operations; balances of these transactions as at 31 December 2022 and 31 December 2021 amounted to CZK 1,020 million and CZK 984 million, respectively. Operating records on incoming mail not yet confirmed by individual postal offices were recorded as estimated receivables with the double entry in Sales of own products and services, based on operating statistics. As at 31 December 2022 and 2021, the compensation of net costs of providing basic postal services is included in estimated receivables and was recognised in short-term receivables in the amount of CZK 750 million and CZK 6,000 million, respectively (see 15.2.6 Net Costs of Universal Service).

15.2.6 Net Costs of Universal Service

The Enterprise as a postal license holder, as defined by Section 21 paragraph 2 of the Postal Services Act, is obliged to ensure the universal availability of basic services listed in Section 3 paragraph 1 of the Postal Services Act throughout all the territory of the Czech Republic (i.e., Postal services obligation). The Enterprise is obliged to fulfil the postal services obligation (Section 33 paragraph 1 point a) of the Postal Services Act), in accordance with the basic quality requirements set out in Decree no. 464/2012 Coll., of 17 December 2012, establishing specifications for each basic service and basic quality requirements for their provision.

If, due to the obligation of providing basic services, the postal license holder incurs net costs representing an unfair financial burden for the postal license holder, these costs are reimbursed in such a way as stipulated by the Postal Services Act. The CTO's process of calculating the net cost of providing basic services is further specified in Decree No. 466/2012 Coll. of 17 December 2012 on the procedure of the Czech Telecommunication Office (CTO) when calculating the net cost of fulfilling obligations to provide basic services. According to the law, net costs of providing basic services are paid up to CZK 1,500 million per year. Other net costs are not considered to be an unfair financial burden.

The provision of state compensatory payment for the provision of basic services is subject to a decision of the European Commission on the compatibility of state aid in the form of compensation of net costs of providing basic services according with Article 106 paragraph 2 of the TFEU. This decision was issued by the European Commission on 25 July 2022. Following the decision of the European Commission, Czech Telecommunication Office decided to reimburse the Enterprise's net costs of providing basic services for the years 2018, 2019, 2020 and 2021 and to reimburse preliminary net costs for 2022 in the full amount provided for by law. In the course of 2022, the Enterprise received compensation for the years 2018, 2019, 2020 and 2021 in the total amount of CZK 6,000 million, which it booked against previously booked estimates.

For the year 2022, the Enterprise's management decided to book an estimate for the net cost compensation in the amount of the upper limit resulting from the current Postal Services Act, i.e., in the amount of CZK 1,500

million. Of this amount, CZK 750 million has already been paid to the Enterprise as part of the preliminary payment of net costs for the year 2022. In the income statement, the revenue was presented on a separate line III.3.1. Compensation for net costs of the provision of basic postal services within other operating income. With regard to the presumed date of reimbursement, the estimated receivable was presented within short-term receivables under C.II.2.4.5.

15.2.7 Allowances

Allowances reflect a temporary decrease in the value of assets (disclosed in subsections 15.2.3 – Fixed Assets, 15.2.4 – Inventories and 15.2.5 – Receivables).

Allowances against: (in CZK millions)	Balance as at 31 December 2020	Additions	Reversal/use	Balance as at 31 December 2021	Additions	Reversal/Use	Balance as at 31 December 2022
Intangible fixed assets	22	-	(10)	12	-	(2)	10
Tangible fixed assets	15	1	(2)	14	4	(1)	17
Inventory	61	17	(2)	76	1	(13)	64
Receivables – other	160	33	(53)	140	25	(39)	126
Total tax non-deductible allowances	258	51	(67)	242	30	(55)	217
Receivables – legal	26	19	(17)	28	20	(19)	29
Total tax-deductible allowances	26	19	(17)	28	20	(19)	29
Total	284	70	(84)	270	50	(74)	246

Legal allowances are created pursuant to the Act No. 593/1992 Coll., on Provisions, as amended and are deductible for tax purposes; other allowances are not deductible for tax purposes.

15.2.8 Short-Term Financial Assets and Cash

The main bank used by the Enterprise is Československá obchodní banka, a.s., in which the Enterprise has two cash-pooling sets of accounts, a set of own funds accounts and a set of accounts with entrusted resources. An overdraft enabling the Enterprise to have a negative balance is agreed for the set of accounts with both the Enterprise's own and entrusted resources (see subsection 15.2.13 – Bank Loans and Borrowings).

As at 31 December 2022 and 31 December 2021, the Group did not have short-term securities or shares.

15.2.9 Equity

As at 31 December 2022 and 31 December 2021, share capital amounted to CZK 3,588 million.

Other capital funds mainly comprise contributions from the Group's profit or gifts received.

The revaluation differences from the revaluation of assets and liabilities include the revaluation of available-for-sale securities at fair value.

The reserve fund has been created gradually up to the level of 10% of share capital. Other funds from profit include the cultural and social fund.

The proposed compensation of the loss incurred for the year ended 31 December 2022 will be submitted to the founder of the Enterprise along with the request for approval of the annual report in accordance with Section 15 paragraph 1 point i) of the Act on State-Owned Enterprise, as amended.

15.2.10 Provisions

(in CZK millions)	Balance as at 31 December 2020	Additio ns	Reversal/use	Balance as at 31 December 2021	Additio ns	Reversal/use	Balance as at 31 December 2022
Social and health insurance	100	67	(100)	67	57	(67)	57
Accrued vacation	58	78	(58)	78	61	(78)	61
Provisions for severance pay incl. Competition clauses	234	52	(234)	52	328	(52)	328
Non-claimable component of salaries	129	33	(130)	32	23	(35)	20
Other	359	74	(109)	324	78	(38)	364
Total non-deductible provisions	880	304	(631)	553	547	(270)	830
Total	880	304	(631)	553	547	(270)	830

The provision for social and health insurance is created mainly for contributions to the unpaid part of contracted wages, profit-related bonuses, accrued vacation and other salary benefits.

A provision for compensation for severance pay and competition clauses was created in connection with the gradual reduction in the number of employees in subsequent years, which has been approved by the Group's management.

Other provisions were primarily created to cover risks known as at 31 December 2022 and probable loss from ongoing litigations and out-of-court disputes and related obligations.

The Group also created a provision for the non-claimable component of salaries which is composed of expected extraordinary wage bonuses estimated by the Director General and an additional subjective component of salaries including individual agreed salary bonuses.

15.2.11 Long-Term Liabilities

At 31 December 2022 and 31 December 2021, long-term liabilities consisted mainly of liabilities relating to the supply of assets paid in instalments, and liabilities relating to retentions, respectively.

As at 31 December 2022 and 31 December 2021, the Group did not recognise liabilities that are due after more than five years.

15.2.12 Current Liabilities

As at 31 December 2022 and 31 December 2021, the Group had overdue current payables in the total amount of CZK 15 million and CZK 2 million, respectively.

The Group had no current or long-term liabilities bearing a security or lien in favour of a creditor as at 31 December 2022 and 31 December 2021.

Liabilities to related parties are described in subsection 15.2.21 – Related Party Transactions.

Estimated payables particularly consist of costs associated with international postal operations, where balances of transactions amounted to CZK 618 million and CZK 615 million as at 31 December 2022 and 31 December 2021, respectively. In addition, estimated payables included quantity discounts,

uninvoiced operating deliveries of services and energy, and estimated staff bonuses.

The Group did not record any unpaid tax liabilities payable to the relevant tax authority as at 31 December 2022 and 31 December 2021.

15.2.13 Bank Loans and Borrowings

15.2.13.1 Denominated in CZK

Bank	Terms/conditions	Account	Valid until	Total limit	31 December 2022	31 December 2021
				2022/2021 (in CZK millions)		
ČSOB, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.12 % p.a.	Own resources	31 December 2027	1,000/1,000	-	814
ČSOB, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.30 % p.a.	Own resources	15 June 2025	750/750	-	700
ČSOB, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.12 % p.a.	Entrusted resources	31 December 2027	700/700	230	85
ING Bank N.V.	Overdraft account Interest rate: O/N PRIBOR + 0.40 % p.a.	Own resources	30 June 2023	5/2,312	-	496
Raiffeisenbank, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.28 % p.a.	Own resources	31 December 2023	750/1,450	-	1,450
UniCredit Bank, a.s.	Overdraft account Interest rate: O/N PRIBOR + 0.25 % p.a.	Own resources	15 June 2025	750/750	-	750
KB, a.s.	Revolving loan Interest rate: 1 M PRIBOR + 1.90.	ČP Guarding, s.r.o.		2	-	2
					230	4,297

The overdraft on the own funds account from Československá obchodní banka, a.s., is to offset short-term cash-flow fluctuations. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 814 million of the overdraft. The overdraft is part of the main agreement with ČSOB, a.s.; the credit framework is valid until 31 December 2027.

Original multi-purpose credit line from Československá obchodní banka, a.s., was repaid in connection with the termination of the agreement on 20 February 2021. The new credit agreement from Československá obchodní banka, a.s. replaces half of the original one and allows for the drawing of an overdraft, short-term loan on the financial market, documentary letters of credit and different types of guarantees. Commitment commission is 0.10%. As at 31 December 2022, the credit line was not used. This credit agreement framework is valid until 15 June 2025.

The overdraft on the entrusted resources account from Československá obchodní banka, a.s., was provided to ensure sufficient financial liquidity of the Enterprise. As at 31 December 2022, the Enterprise used CZK 230 million of the overdraft and as at 31 December 2021, the Enterprise used CZK 85 million of the overdraft. The overdraft is part of the main agreement with ČSOB, a.s.; the credit framework is valid until 31 December 2027.

The credit line from ING Bank N.V. allows for overdrafts and short-term loans on the financial market.

The associated commitment fee is 0.12%. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 496 million of the overdraft. The respective credit framework is valid until 30 June 2023.

The credit line from Raiffeisenbank a.s. allows for overdrafts and short-term loans on the financial market. The associated commitment fee is 0.10%. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 1,450 million of the overdraft. The respective credit framework is valid until 30 June 2023.

The credit line from UniCredit Bank, a.s., allows for overdrafts, short-term loans on the financial market, documentary letters of credit and different types of guarantees. The associated commitment fee is 0.15%. As at 31 December 2022, the credit line was not used. As at 31 December 2021, the Enterprise used CZK 750 million of the overdraft. This loan agreement replaces half of the original Multi-purpose credit line from ČSOB, a.s., which was repaid in connection with the termination of the agreement on 20 February 2021. The respective credit framework is valid until 15 June 2025.

The Group ČPS has a revolving loan. As at 31 December 2022, the credit line was not used, as at 31 December 2021, a short-term loan of CZK 2 million was drawn.

The Group complies with all the terms and conditions of the loan agreements.

15.2.13.2 Denominated in EUR

Bank	Terms / conditions	Account	Valid until	Total limit (in EUR million)	31 December 2022		31 December 2021	
					(in EUR million)	(in CZK million)	(in EUR million)	(in CZK million)
ČSOB, a.s.	Overdraft account EURIBOR 3months + 0.1 % p.a.	Entrusted resources	31 December 2027	5	1	23	1	22

The above-mentioned bank overdraft is exclusively used for cash operations of the banking services provided at selected post-office counters in EUR. The overdraft is part of the main agreement with ČSOB, a.s.; the credit limit is valid until 31 December 2027.

The Group complies with all the terms and conditions of the loan agreements.

15.2.14 Accruals and Deferred Income

Deferred income primarily includes prepaid postal fees for offsetting remote credit machines.

15.2.15 Income Tax

Analysis of the Group's income tax expense is as follows:

(in CZK millions)	2022	2021
Current tax expense	5	3
Deferred tax	-	(131)
Total tax expense	5	(128)

The Group quantified income tax due as follows:

(in CZK millions)	2022	2021
Profit / (loss) before tax	(1,725)	(681)
Non-taxable revenues	(8)	(12)
Difference between book and tax depreciation	521	572
Tax non-deductible expenses (+), including changes in provisions and allowances (-)	291	(237)
Out of which:		
- change in allowances	(25)	(16)
- change in provisions	277	(327)
- other (e.g., previous prepaid expenses, representation expenses, shortages and losses)	39	106
Gifts	-	-
Deduction to support professional training	-	-
Tax loss of subsidiaries	-	-
Tax loss	(953)	(373)
Taxable income	33	16
Tax base	33	16
Income tax rate	19%	19%
Calculated income tax	6	3
Tax relief (persons with disability or partial disability)	(1)	-
Current tax expense	5	3
Income tax expense from ordinary activities	5	3

The Group calculated the deferred tax asset / (liability) using the 19% tax rate for both periods and quantified as follows:

(in CZK millions)	31 December 2022			31 December 2021		
	Base (in CZK millions)	Defers tax asset (in CZK millions)	Deferred tax liability (in CZK millions)	Base (in CZK millions)	Deferred tax asset (in CZK millions)	Deferred tax liability (in CZK millions)
Difference between net book value of fixed assets for accounting and tax purposes	(37)	-	(7)	(535)		(102)
Allowances	217	41	-	242	46	
Other provisions	830	158	-	553	105	
Total	1,010	199	(7)	260	151	(102)
Net deferred tax asset			192			49

As at 31 December 2022, the Group did not recognise a potential deferred tax asset from the 2022 tax loss in the amount of CZK 181 million on the basis that its recovery was uncertain. Further, the Group did not recognise a deferred tax asset from allowances and provisions in the amount of CZK 192 million on the basis that its recovery was uncertain. The tax loss from 2022 can be used until 2027.

As at 31 December 2021, the Group did not recognise a potential deferred tax asset from the 2021 tax loss in the amount of CZK 71 million and a deferred tax asset from allowances and provisions in the amount

of CZK 47 million on the basis that its recovery was uncertain. The tax loss from 2021 can be used until 2026.

As at 31 December 2020, the Group did not recognise a potential deferred tax asset from the 2020 tax loss totalling CZK 109 million on the basis that its recovery was uncertain. The tax loss from 2020 can be used until 2025.

15.2.16 Leases

The Group leases fixed assets, which are not recognised in the balance sheet accounts (see subsection 15.2.2.17 – Leases and subsection 15.2.17 – Commitments and Contingencies).

The assets leased by the Group in the form of operational leases amounted to CZK 416 million and CZK 441 million as at 31 December 2022 and 31 December 2021, respectively. The buildings leased by the Group amounted to CZK 318 million and CZK 283 million as at 31 December 2022 and 31 December 2021, respectively.

As at 31 December 2022 and 31 December 2021, the Group recorded financial lease rents in the amount of CZK 33 million and CZK 3 million, respectively.

15.2.17 Commitments and Contingencies

The Group recognises particularly stamps and lottery tickets, the nature of which is recognised as valuables (these items are recognised below in nominal value) in its operational evidence as at 31 December 2022 and 31 December 2021. Furthermore, the Group recognised low-value assets in operating evidence and leased assets in off-balance sheet evidence (recognised in acquisition costs), which is not recognised in the balance sheet:

(in CZK millions)	31 December 2022	31 December 2021
Valuables incl. stamps and lottery tickets	9,937	10,780
Leased assets	2,196	1,982
Low-value tangible assets	1,443	1,482
Low-value intangible assets	38	41

The structure of the contracted future obligations from operating leases and rental of buildings is presented in the table below (in CZK millions):

(in CZK millions)	31 December 2022	31 December 2021
Due within 1 year	489	546
Due between 1 to 5 years	678	690
Due after 5 years	366	156
Total	1,533	1,392

The structure of the contracted future obligations from financial leases is presented in the table below (in CZK millions):

(in CZK millions)	31 December 2022	31 December 2021
Due within 1 year	95	15
Due between 1 to 5 years	347	58
Due after 5 years	-	-
Total	442	73

Provided and received bank guarantees for the Group, which are drawn under the framework agreements, on the provision of financial services, as at 31 December 2022 were as follows:

Type of provided guarantee	Guarantor	Creditor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	CONTERA Investment III. s.r.o.	Rental agreement	10/09/2024	2
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Custom guarantee	indefinite	5
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Custom guarantee	indefinite	1
Payment	Československá obchodní banka, a.s.	CENTRUM CHODOV, a.s.	Rental agreement	15/02/2023	1
Payment	Československá obchodní banka, a.s.	Charles Square Center s.r.o.	Rental agreement	15/02/2024	1
Payment	Československá obchodní banka, a.s.	Keriani, a.s.	Rental agreement	20/12/2023	5
Payment	Československá obchodní banka, a.s.	Prologis Czech Republic LX, s.r.o.	Rental agreement	20/12/2023	3
Payment	Československá obchodní banka, a.s.	OAMP Hall 2 s.r.o.	Rental agreement	25/08/2023	12
					30

Type of provided guarantee	Guarantor	Debtor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	šmíragroup a.s.	Action - reconstruction of Post Office Ostrava 2, SPU Ostrava 02 and Depot Ostrava 71	10/07/2023	2
Payment	Komerční banka, a.s.	SSK-stavby s.r.o.	SPU Praha 022, TB - reconstruction of road ramp, incl. gates	24/04/2024	1
Payment	Komerční banka, a.s.	SILBA-Elstav s.r.o.	SPU Plzeň 02 - provision of vehicle parking services	12/10/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - PRG region	31/12/2024	2
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services -SB region	31/12/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - WB region	31/12/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning service s- NB region	31/12/2024	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - EB region	31/12/2024	1
Payment	Česká spořitelna, a.s.	NEO BUILDER a.s.	Construction work - Olšanská, Prague 3	31/07/2027	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - NM region	31/12/2024	1
Payment	UniCredit Bank, a.s.	GH-KLIMA s.r.o.	Postservis Č.Budějovice - air conditioning	31/01/2025	1
Payment	Československá obchodní banka, a.s.	LUSPOL SE	Reduction of energy consumption - Post Office and Depot Prachatice 70	30/09/2026	1
					14

Received and provided bank guarantees for the Group, which are drawn under the framework agreements, on the provision of financial services, as at 31 December 2021 were as follows:

Type of provided guarantee	Guarantor	Creditor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	CONTERA Investment III. s.r.o.	Rental agreement	29/09/2022	2
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Customs guarantee	indefinite	3
Payment	Československá obchodní banka, a.s.	Customs directorate for the South Bohemian Region	Customs guarantee	indefinite	1
Payment	Československá obchodní banka, a.s.	CENTRUM CHODOV, a.s.	Rental agreement	15/02/2022	1
Payment	Československá obchodní banka, a.s.	Charles Square Center s.r.o.	Rental agreement	15/02/2023	1
Payment	Československá obchodní banka, a.s.	Keriani, a.s.	Rental agreement	20/12/2023	5
Payment	Československá obchodní banka, a.s.	Prologis Czech Republic LX, s.r.o.	Rental agreement	20/12/2023	3
					16

Type of provided guarantee	Guarantor	Debtor	Subject	Valid until	Amount (in CZK millions)
Payment	Československá obchodní banka, a.s.	šmíragroup a.s.	Action - reconstruction of post office Ostrava 2, SPU Ostrava 02 and Depot Ostrava 71	10/7/2023	2
Payment	Komerční banka, a.s.	SSK-stavby s.r.o.	SPU Praha 022, TB - reconstruction of road ramp incl. gates	24/4/2024	1
Payment	Komerční banka, a.s.	SILBA-Elstav s.r.o.	SPU Plzeň 02 - provision of vehicle parking services	12/10/2024	1
Payment	Československá obchodní banka, a.s.	CENTRA a.s.	Provision of cleaning services - PRG region	31/12/2022	2
Payment	Československá obchodní banka, a.s.	CENTRA a.s.	Provision of cleaning services - SB region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning service - WB region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning service - NB region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning service - EB region	31/12/2022	1
Payment	Československá obchodní banka, a.s.	Clarima s.r.o.	Provision of cleaning services - SM region	31/12/2022	2
Payment	Československá obchodní banka, a.s.	ZENOVA services s.r.o.	Provision of cleaning services - NM reg.	31/12/2022	2
Payment	UniCredit Bank, a.s.	GH-KLIMA s.r.o.	Postservis Č. Budějovice - air conditioning	31/1/2025	1
Payment	Československá obchodní banka, a.s.	LUSPOL SE	Reduction of energy consumption - Post Office and Depot Prachatice 70	30/9/2026	1
					16

15.2.18 Contingent Liabilities

The management of the Group is not aware of any other significant contingent liabilities as at 31 December 2022.

15.2.19 Revenues and Other Operating Income

Breakdown of revenues and other operating income from the Group's activities:

	2022			2021		
	Domestic (in CZK millions)	Foreign (in CZK millions)	Total (in CZK millions)	Domestic (in CZK millions)	Foreign (in CZK millions)	Total (in CZK millions)
Revenue from postal operations	11,386	1,266	12,652	11,435	1,770	13,205
Revenue from provision of intermediary services	2,239	-	2,239	2,119	-	2,119
Revenue from electronic services	377	-	377	901	-	901
Sales of goods	233	-	233	229	-	229
Revenues from data mailboxes	464	-	464	483	-	483
Total revenues	14,699	1,266	15,965	15,167	1,770	16,937
Other operating income	3,045	-	3,045	2,612	-	2,612
Total revenues and other operating income	17,744	1,266	19,010	17,779	1,770	19,549

For Net Costs of Universal Service, see subsection 15.2.6 – Net Costs of Universal Service. In the income statement, compensation for net costs of the provision of basic postal services is presented within other operating income on a separate line III.3.1. Compensation for net costs of the provision of basic postal services.

In 2022, the Group received subsidies for operating purposes in the amount of CZK 11 million. In 2021, the Group received subsidies for operating purposes in the amount of CZK 2 million.

15.2.20 Employees

Breakdown of Group's staff costs is as follows:

	2022		2021	
	Total personnel	Of which: Group's management and Supervisory Board	Total personnel	Of which: Group's management and Supervisory Board
Average number of employees	23,629	40	25,874	43
(in CZK millions)				
Wages and salaries	9,273	95	10,027	86
Social security and health insurance	3,025	22	3,240	19
Social costs	323	-	333	-
Total staff costs	12,621	117	13,600	105

Wages and salaries of the Group's management also include severance pay and anti-competitive clause.

15.2.21 Related-Party Transactions

Apart from the bonuses disclosed in subsection 15.2.20 – Employees, in 2022 and 2021 members and former members of the Group's statutory and supervisory bodies and the Group's management did not receive any loans, guarantees, advance payments or other benefits besides the collective agreement, they did however have access to company cars that are made available by management for both business and private purposes.

During the year, the Group executed several transactions with related parties within its ordinary business activities. The transactions realised in 2022 and 2021 along with the related receivables from and liabilities to related parties are as follows:

Related parties	For the year ended 31 December 2022		As at 31 December 2022	
	Revenues (in CZK millions)	Expenses (in CZK millions)	Receivables (in CZK millions)	Liabilities (in CZK millions)
ČD Cargo, a.s.	1	44	-	6
ČEPRO, a.s.	6	422	-	33
Czech Social Security Administration	519	2,154	-	1,721
Czech Metrology Institute	-	6	-	2
ČEZ Prodej, a.s.	157	3	27	26
ČEZ, a.s.	76	16	23	-
General Financial Directorate	141	15	-	1
Capital City of Prague	423	2	3	253
Government ministries	476	-	46	3
Nemocnice Pardubického kraje, a.s.	2	-	-	-
Pardubice Region	1	-	-	-
Pražská plynárenská, a.s.	23	319	2	70
Road and Motorway Directorate of the Czech Republic	3	21	-	2
Labour Office of the Czech Republic	345	-	2	5
Vodovody a kanalizace Hodonín, a.s.	2	-	-	2
Health insurance companies	180	-	10	9
Total	2,355	3,002	113	2,133

Related parties	For the year ended 31 December 2021		As at 31 December 2021	
	Revenues (in CZK millions)	Expenses (in CZK millions)	Receivables (in CZK millions)	Liabilities (in CZK millions)
ČD Cargo, a.s.	1	52	-	8
ČEPRO, a.s.	5	388	-	45
Czech Social Security Administration	425	2,312	-	1,792
Czech Metrology Institute	-	7	-	2
Czech Statistical Office	572	-	9	-
ČEZ Energetické služby, s.r.o.	-	1	-	1
ČEZ Prodej, a.s.	67	-	19	8
ČEZ, a.s.	60	-	21	-
FCC Prostějov, s.r.o.	-	-	-	-
General Financial Directorate	125	19	-	2
Capital City of Prague	29	1	3	5
Logio	-	-	-	-
Government ministries	510	-	47	3
Nemocnice Pardubického kraje, a.s.	2	-	-	-
Pardubice Region	1	-	-	-
PIAQUA s.r.o.	-	-	-	-
Povodí Moravy, s.p.	-	-	-	-
Pražská plynárenská, a.s.	10	317	1	73
Road and Motorway Directorate of the Czech Republic	5	40	-	3
Severočeské doly a.s.	-	-	-	-
Union of Towns and Municipalities of the Czech Republic	-	-	-	-
Labour Office of the Czech Republic	304	-	1	9
Prison Service of the Czech Republic	5	15	-	1
Vodovody a kanalizace Hodonín, a.s.	2	-	-	-
Vodovody a kanalizace Náchod, a.s.	1	-	-	-
Vodovody a kanalizace Prostějov, a.s.	-	-	-	-
Health insurance companies	164	-	9	10
Total	2,288	3,152	110	1,962

15.2.22 Fees Paid and Payable to the Audit Company

The fees paid to audit companies for the statutory audit of the financial statements, including the consolidated financial statements audit, totalled CZK 2 million and CZK 2 million, respectively in 2022 and 2021.

15.2.23 Entrusted Resources

The entrusted resources analysis as at 31 December 2022 and 31 December 2021 is as follows:

(in CZK millions)	31 December 2022	31 December 2021
ASSETS		
Short-term receivables	169	114
Cash in hand and at bank	3,435	3,227
Total assets	3,604	3,341
(in CZK millions)	31 December 2022	31 December 2021
LIABILITIES AND EQUITY		
Current liabilities	3,351	3,234
Short-term bank loans	253	107
Total liabilities and equity	3,604	3,341

Short-term receivables consist primarily of short-term receivables for agency services (e.g., card transactions, cheque transactions, etc.) provided to ČSOB, a.s.

At the end of 2022 and 2021, the Group received advance payments in the amount of CZK 1,400 million and CZK 1,400 million, respectively, for January 2023 and 2022 pension payments from the Czech Social Security Administration.

All these liabilities in respect of entrusted resources were within the maturity period.

15.2.24 Statement of Cash flows

As at 31 December 2022 and 31 December 2021, the Group did not consider the used overdraft facilities as cash equivalents for the purpose of the consolidated statement of cash flow (see subsection 15.2.13 – Bank Loans and Overdrafts).

Cash and cash equivalents disclosed in the consolidated statement of cash flow can be analysed as follows:

(in CZK millions)	31 December 2022	31 December 2021
Cash on hand	3,468	3,238
Cash at bank	393	222
Cash and cash equivalents	3,861	3,460

15.2.25 Subsequent Events

The Enterprise will quantify the net costs of providing basic services for the accounting period of 2022 and requests the CTO to reimburse these costs, which represent an unfair financial burden for the Enterprise as the holder of a postal license. The application deadline is 31 August 2023.

Based on the decision of the Director General of 17 February 2023, additional Deputy Directors General Ondřej Škorpil and Martin Vránek were appointed.

Filip Hajný was appointed a Member of the Supervisory Board with effect from 23 January 2023.

As at 28 February 2023, Roman Knap was recalled from the position of Director General.

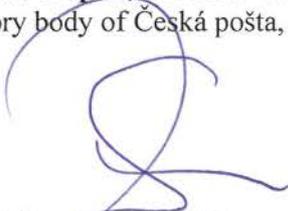
From 1 March 2023, Miroslav Štěpán was entrusted with the management of Česká pošta, s.p. on the basis of DG Decision 7/2023.

No other events have occurred between the balance sheet date and the date of preparation of the consolidated financial statements that would have a material impact on the consolidated financial statements for the 2022 accounting period.

24 March 2023



Miroslav Štěpán, Director General of Česká pošta, s.p.
Statutory body of Česká pošta, s.p.



Ondřej Škorpil, Chief Director of Finance Division
Person responsible for accounting of Česká pošta, s.p.



Jitka Salmonová, Accounting and Taxes Manager
Person responsible for financial statements of Česká pošta, s.p.

