Annual Report 2022

WOOD & Company Financial Services, a.s.

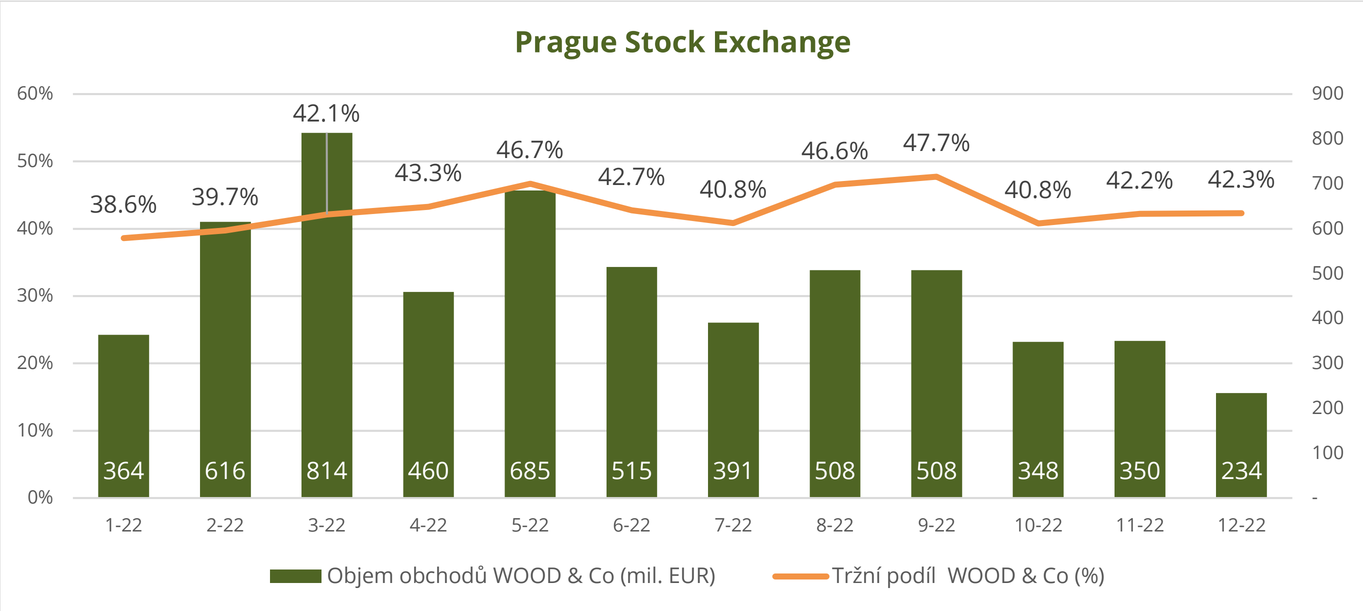
CONTENTS

REPORT OF THE BOARD OF DIRECTORS

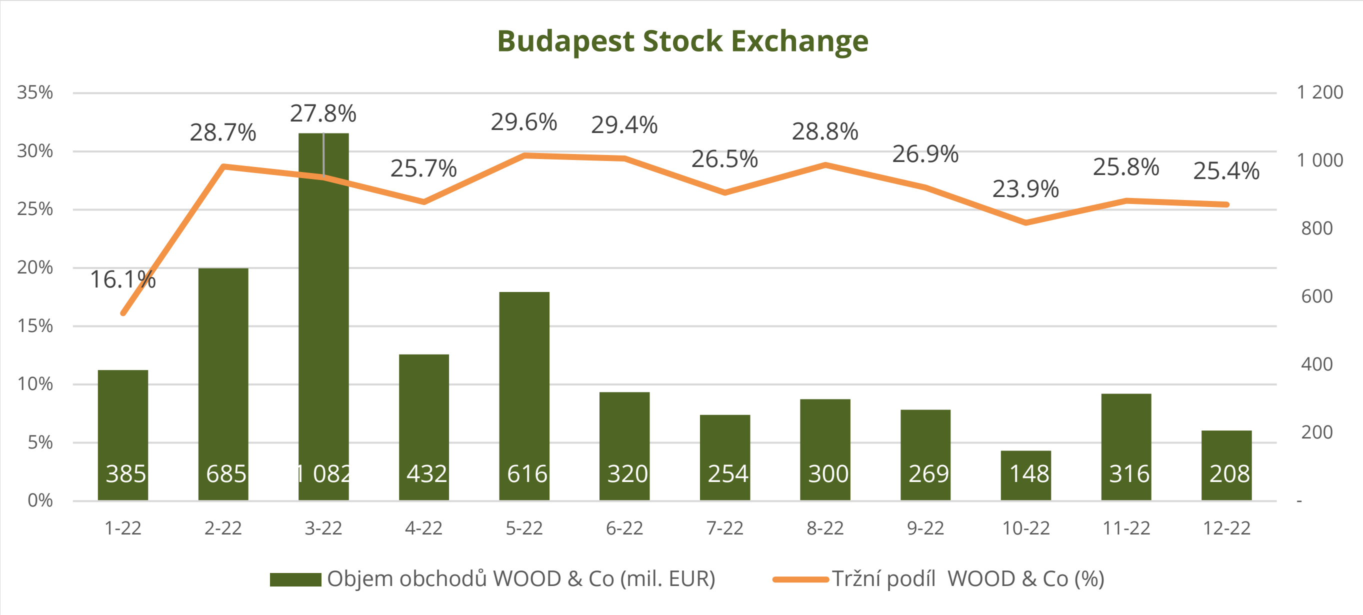
The Board of Directors of WOOD & Company Financial Services, a.s. (hereinafter referred to as the "Company" or "WOOD & Company") submits the accompanying Report of the Board of Directors on business activities for 2022.

Company performance in 2022
Last year, 2022, was another that was inherently linked to the COVID-19 pademic. Everything indicated that this difficult period was coming to an end, and the whole world would try to return to normal. However, we were shaken by a completely diffenrent event by the aggressive invasion of Ukraine by Russia. The total impact on human lives is incalculable. In our region, Central Europe, we have only had to deal with economic consequences such as enormous growth in inflation and the energy crisis. However, we can state that even this challenging year turned out favorably for our Company. We managed to introduce several new products, maintain a stable and very addequate performance of our investment products and found new and promising business opportunities.

On the Central European stock exchanges, our Company once again confirmed its position as a strong and stable player. On the Prague Stock Exchange, we exceeded 40% market share for the eighth time in a row, and in Hungary we approached 30 %. We also reported interesting business volumes in Warsaw, Vienna and Bucharest. The total volume of securities traded was EUR 20 billion last year.



Trade volume Wood&Co (EUR million) Market share Wood&Co (%)



In the investment banking department, we had the opportunity to participate in a number of interesting projects, including the share issue of the Kazakh oil and gas company KazMunayGaz, returning a strategic energy company, formerly Russian-owned, to ČEZ. The agreement for the purchase of 100 % share was concluded in June, and once the transaction was approved by the antitrust authorities, the shares were held by our Company, playing an important role in the successful completion of the acquisition.

Our Group also invests in a number of promising start-up projects, which through investment certificates enables our employees and clients to participate in these interesting opportunities. Last year we supported several companies including, for example, Snuggs, a very promising Czech company, the Central European fruit bar chain Fruitisimo, and also, investments going to the company Rohlík. For investors who want to systematically participate in the most interesting projects of the venture world, we have created WOOD Venture One certificates.

We also managed to bring several interesting innovations to the Czech market, led by the first SPAC transaction in Central and Eastern Europe. Also, by yearend of 2022, we opened the possibility for our clients to invest in cryptocurrencies for the first time through the WOOD Blockchain+ product.

For more conservative clients, bond opportunities grew in their attractiveness last year. In 2022, we brokered a large-scale bond issue of the DIRECT group with collateral in the form of shares of Direct insurance company, or a bond issue of the SATPO developer group.

Our retail investors also have the opportunity to participate in many of these opportunities through the Portu platform, which last year exceeded 180 thousand users and CZK 16 billion under management

Outlook for the following period

As we have already seen several times, predicting the events of the following year is often an almost impossible activity, as there are events that can turn our world upside down. First of all, we believe and hope for the stabilization of the situation in Ukraine, whose heroic defense of its own country protects us all.

As in previous years, our Company will focus primarily on the development of asset management for qualified and retail investors, to whom we want to continue to bring interesting investment opportunities and means for building a strong investment portfolio. We expect stable activity in securities trading and investment banking.

In Prague, on 26 April 2023

Vladimír Jaroš
Chairman of the Board of Directors

COMPANY OVERVIEW

Company name: WOOD & Company Financial Services, a.s. (the "Company")
Registered office: Praha 1 – Nové Město, náměstí Republiky 1079/1a, zip code 110 00
Business reg. No. (IČ): 265 038 08
Legal form: Joint Stock Company
Registered capital: CZK 445,500,000; paid up: CZK 445,500,000
Owner: WOOD & Company Group S.A.
Accounting period: 1 January 2022 – 31 December 2022
Auditor: Ernst & Young Audit, s.r.o.

Key indicators for 2022:

- Net fees and commissions were CZK 587 million.
- Net profit from financial operations from trading and investment activities amounted to CZK 183 million.
- Operating income totaled CZK 825 million.
- Operating expenses were CZK 801 million.
- Total equity as of 31 December 2022 amounted to CZK 894 million.

Scope of business

Activities of a securities trader in the scope of main investment services:

a) Pursuant to Section 4, par. 2 a) of the Act on Capital Market Business, accepting and handing over instructions concerning investment instruments, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
b) Pursuant to Section 4, par. 2 b) of the Act on Capital Market Business, carrying out instructions concerning investment instruments for client account, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
c) Pursuant to Section 4, par. 2 c) of the Act on Capital Market Business, trading with investment instruments for own account, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
d) Pursuant to Section 4, par. 2 d) of the Act on Capital Market Business, management of client assets if they include an investment instrument, at the sole discretion under contractual arrangements, as defined in Section 3, par. 1 a), b), c), d), e), f), g), j) and k) of the same Act;
e) Pursuant to Section 4, par. 2 e) of the Act on Capital Market Business, investment advisory relating to investment instruments, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
f) Pursuant to Section 4, par. 2 h) of the Act on Capital Market Business, subscription or placement of investment instruments with an obligation to subscribe, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
g) Pursuant to Section 4, par. 2 i) of the Act on Capital Market Business, subscription or placement of investment instruments without an obligation to subscribe, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act.

Activities of a securities trader in the scope of supplementary investment services:

a) Pursuant to Section 4, par. 3 a) of the Act on Capital Market Business, custody and administration of investment instruments including related services, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
b) Pursuant to Section 4, par. 3 b) of the Act on Capital Market Business, provision of a loan or borrowing to a client to facilitate trade with an investment instrument in which the provider participates, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
c) Pursuant to Section 4, par. 3 c) of the Act on Capital Market Business, advisory services on capital structure, industrial strategy and related issues, as well as the provision of advisory and services relating to company transformations or business transfers, as defined in Section 3, par. 1 a) of the same Act;
d) Pursuant to Section 4, par. 3 d) of the Act on Capital Market Business, provision of investment recommendations and analyzes of investment opportunities or similar general recommendations relating to trading in investment instruments, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act;
e) Pursuant to Section 4, par. 3 e) of the Act on Capital Market Business, conducting foreign exchange operations related to the provision of investment services, as defined in Section 3, par. 1 a) of the same Act;

f) Pursuant to Section 4, par. 3 f) of the Act on Capital Market Business, services related to subscription or placement of investment instruments, as defined in Section 3, par. 1 a), b), c), d), e), f), g), h), i), j) and k) of the same Act.

ADDITIONAL AUTHORIZATIONS

i. Receiving funds or investment instruments from clients
ii. Systematic internalisation
iii. Authorization to organize public auctions of securities
iv. Intermediary or other procurement activities for financial institutions domiciled in the European Union concerning the purchase of claims on documentary credits issued by banking entities in the Republic of Cuba
v. Administration of property comparable to management in accordance with Article 15 of the Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended
vi. Arrangement of deposits through the sale of deposit certificates and related advisory (Section 6 a), par. 2)

STATUTORY BODY AND SUPERVISORY BOARD

BOARD OF DIRECTORS FROM 1 JANUARY 2022 TO 31 DECEMBER 2022

Ing. Vladimír Jaroš
Chairman of the Board of Directors since 3 November 2021

Vladimír Jaroš has been with the group since 1994; in 1997 he took over the responsibility for managing WOOD & Co Financial Services. At the same time, he was directly involved in many significant transactions in the region, including the largest privatizations in telecommunications, energy and banking in the Czech Republic, Slovakia and Poland.

Robert Nossek
Member of the Board of Directors since 3 November 2021

Robert has been with WOOD & Company since 2018 as Head of Compliance. He is dedicated to the implementation of requirements imposed by legislation such as MiFID II, MiFIR, PRIIPS, MAD/MAR and AML/CFT. As Head of Compliance, he is responsible for ensuring that WOOD & Company's activities comply with national and EU regulations. In November 2021, he joined the Company's Board of Directors. As member of the Board of Directors, his main focus is on compliance, legal and AML/CFT.

Ing. Petr Musil
Vice-Chairman of the Board of Directors since 3 November 2021

Petr has been with WOOD & Company since 1995. Since 2001, he has managed a large Operations team, including sub-divisions, as Chief of Operations. He leads business negotiations with professional counterparties providing infrastructure solutions for securities trading (banks, stock exchanges, central depositories, custodians, suppliers, etc.), determines development priorities, sets up critical operational processes and puts project solutions into practice. In November 2021, he became Vice Chairman of the Board of Directors of WOOD & Company.

Ing. Petr Beneš
Member of the Board of Directors since 3 November 2021

Petr has been with WOOD & Company since 2015 as General Sales Manager. He is responsible for the company's business strategy (distribution, products, customer care), acquiring new customers and retaining existing customers, managing and cooperating with the WOOD & Company distribution network and working with the marketing department. In November 2021, he became a member of the Board of Directors of WOOD & Company, primarily involved in issues related to Sales.

Kristen Lara Andraško
Member of the Board of Directors since 3 November 2021

Kristen has been with WOOD & Co. since 2006, holding a position in Equity Sales. She became Head of Equity Sales in 2012 and Head of Equities in 2018. As Head of Equities, she leads major Equities platform, manages a team of over 40 professionals across 8 states and the largest EME Research team covering over 200 listed companies. In November 2021, she joined the Board of Directors of WOOD & Company. As a member of the Board, she focuses on Equties.

Ing. Ondřej Jedlička
Member of the Board of Directors since 3 November 2021

Ondřej has been with WOOD & Company since 2015 as Chief Financial Officer. At WOOD & Company, he is responsible for financial management, liquidity management and financing of the Group, tax management and compliance in individual jurisdictions, statutory audits and consolidated financial statements of WOOD & Company, regulatory financial reporting and internal management reporting. In November 2021, he joined the Board of Directors of WOOD & Company, where he focuses on business matters related to the finance function.

There were no changes in the Board of Directors in the decisive period.

SUPERVISORY BOARD FROM 1 JANUARY 2022 TO 31 DECEMBER 2022

Ing. Ľubomír Šoltýs
Vice-Chairman of the Supervisory Board since 3 November 2021

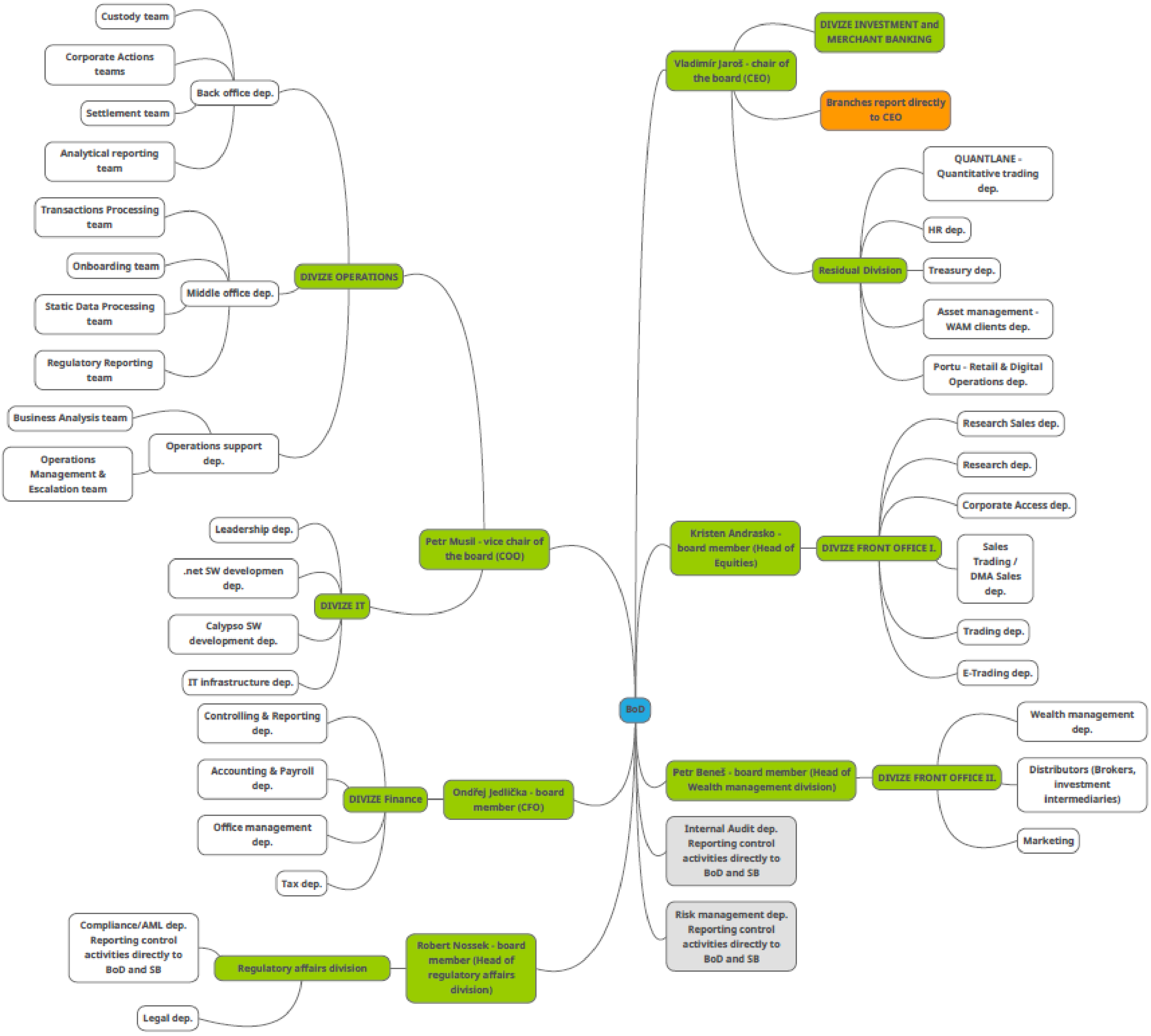
Ing. Jan Sýkora
Chairman of the Supervisory Board since 3 November 2021

Ing. Marek Herold
Member of the Supervisory Board since 3 November 2021

Mgr. Vojtěch Láska, LL.M.
Member of the Supervisory Board since 3 November 2021

There were no changes in the Supervisory Board in the decisive period.

Organizational structure of the Company



Company profile

The accompanying Annual Report for 2022 has been submitted on behalf of WOOD & Company Financial Services, a.s., business registration number (IČ): 26503808, with its registered office at náměstí Republiky 1079/1a, 110 00 Prague 1, Czech Republic (hereinafter referred to as the "Company"). The Annual Report for 2022 has been prepared with all the requisites stipulated by applicable legal regulations, in particular Act No. 563/1991 Coll., on Accounting, as amended (hereinafter referred to as the "Act on Accounting"), Act No. 90/2012 Coll., on Business Corporations, Act No. 256/2004 Coll., on Capital Market Business (hereinafter referred to as the "Capital Market Business"), Decree No. 501/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for the accounting entities that are banks and other financial institutions, Decree No. 163/2014 Coll., on the performance of the activities of banks, credit unions and investment firms and Decree No. 427/2013 Coll., on the submission of statements by investment firms. The Company is registered in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert 7484.

Research and development costs

In 2022, the Company invested CZK 7.6 million in information technology.

Branches

The Company has branches in the following countries:

- WOOD & Company Financial Services United Kingdom, with its registered office at 16 Berkeley Street, London, W1J 8DZ, London[1]
- WOOD & Company Financial Services Romania, with its registered office at Lamda Office Building, 7A Sos. Bucuresti-Ploiesti 013682 Bucharest 1
- WOOD & Company Financial Services Poland, with its registered office at Centrum Marszałkowska, 7th floor, ul. Marszałkowska 126/134, 00-008 Warsaw
- WOOD & Company Financial Services Slovakia, with its registered office at Gorkého 4, 811 01 Bratislava
- WOOD & Company Financial Services Italy, with its registered office at Via Luigi Settembrini 35, 20124 Milan
- WOOD & Company Financial Services Ireland with its registered office at Suite 207 3013, Lake Drive, City West Campus, Dublin 24 D24 PPT3, Citywest, Dublin

Environmental protection and labor law relations

Due to its scope of business, the Company is not considered to be a significant polluter of the environment. The Company complies with legal requirements for environmental protection, health protection and occupational safety and has implemented projects and procedures aimed at improving the environment as well as employee health care.

Acquisition of treasury shares

The company did not acquire any treasury shares.

Risk management

The risk management department governs the main policies, strategies and procedures (including policies for hedging all major types of planned transactions using hedging derivatives) that the Company applies in risk management, in particular the process of identifying risks arising from individual activities, work processes and systems, including operational risks, analysis of the risk level acceptable by the securities trader, definition of risk owners and persons responsible for monitoring and managing risk. The risk management department addresses, creates and proposes risk management methods, determines the duties of individual members of the statutory body, the Supervisory Board and employees pertaining to risk management in the Company. It evaluates the success rate, appropriateness and effectiveness of the risk management methods used and approves any changes. In addition, the department sets up control mechanisms to protect the risk management system against failure, especially with regards to individual investment instruments, markets and counterparties entering business transactions with WOOD & Company Financial Services, a.s. It reviews the Company's positions, as well as, the overall open positions with customers, and monitors compliance with position limits and capital adequacy.

The risk management department selects procedures for identifying, measuring, monitoring and limiting risks; procedures for determining the fair values of instruments, setting limits used in risk management, including procedures for exceeding limits. It determines the obligations of employees participating in the investment process regarding compliance with the set limits.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is a permanent team of at least four members, consisting of the CEO, the Risk Manager, the Head of the Operations Department and the Head of the Finance Department. Heads of other departments may also be invited to attend Committee meetings, depending on the agenda to be addressed. The Chairman of the Risk Management Committee is the Chief Executive Officer; during his absence, the meetings are chaired by the Risk Manager. The members of the Committee are appointed and recalled by the CEO on the motion of the Board of Directors. The Risk Management Committee meets irregularly to resolve ad hoc situations; meetings may be convened by any member

[1] The Company expects the operations of the London branch to be transferred to the newly established company WOOD & Company Financial Services LTD in 2023.

of the Committee or a member of the Board of Directors. Minutes are made of each meeting, including any conclusions the observance of which is supervised by the Risk Manager. The Risk Management Committee shall take its decisions by a simple majority of votes. In the event of a tie, the Chairman shall have the casting vote. The Chairman has the right to veto any item on the agenda as well as any decision. The CEO may, on the recommendation of the Risk Management Committee, order the immediate implementation of his decision to any organizational unit of the Company, except for internal audit.

Risks monitored and managed in the Company are as follows:

a) strategic risk;
b) group operations;
c) capital adequacy risk;
d) operational risk;
e) risk of human error;
f) market (commercial) risk;
g) credit risk;
h) liquidity risk;
i) interest rate risk;
j) currency risk;
k) financial risk;
l) legal, regulatory and tax risk;
m) concentration risk;
n) outsourcing risk;
o) excessive leverage risk.

MARKET RISK MANAGEMENT

From the perspective of a securities trader, this is the most significant risk. The market risk comprises any loss that may occur:

- due to the overall market situation, its sentiment or any market emergencies;
- from a position held (taken) in one of the investment instruments, in the event of an unfavorable movement in market prices;
- from the position taken with respect to a client transaction, if such a transaction is not properly substantiated, or is challenged by the client.

The market risks arise mainly from business transactions, which represent a liability, future liability, receivable or future receivable for the Company.

Based on the type of investment instrument and changing market price, the Company categorizes the market risks as follows:

- price risks,
- counterparty risks.

Price risk

Price risk is managed through a structure of limits for individual departments, namely for individual markets or investment instruments. Any changes in the limits are proposed by the Risk Manager or the Board of Directors and approved by the Board of Directors or CEO. The limits are compiled regarding the trading volumes executed in previous periods in individual segments, volatility and liquidity of markets and instruments.

Price risk is monitored using the Value at Risk (VAR) model daily. Any excess over the limits is reported to the Head of Trading and CEO.

Counterparty risk

The so-called account opening procedure has been used to determine counterparty parameters. The Company obtains and analyzes selected information about the counterparty, and the counterparty provides the Company with its financial statements, based on which the counterparty's creditworthiness is assessed internally (the so-called counterparty selfassessment) and the internal limit is assigned. The Company may also use an external rating if it has been assigned by a reputable rating company (Moody's, Standard & Poor's, Fitch, Czech Rating Agency, etc.).

Based on this assessment, as well as later experience with the counterparty, the client is assigned a limit on the total open position. The allotted limit is determined by the type of the counterparty, its rating, equity, estimated trade volumes, reliability in settlement of trades as well as the Company's ability to finance outstanding trades with the counterparty in the event of non-compliance by the counterparty.
In general, a loss from a certain market position in a specified period can be quantified as:

Potential loss = Unsettled position * Adverse change in market price

The main risk is that the market situation, conditions, or price will develop in an unfavorable direction deviating from expectations.

This type of risk is covered by the Company's capital.

CREDIT RISK MANAGEMENT

The Company provides loans within the WOOD Group as well as to other entities. At the end of 2022, the loan principal amount amounted to CZK 287 million (loans within the group amounted to CZK 161 million, loans to other entities amounted to CZK 126 million). The collateral valuation and the assessment of the risk level for these loans are monitored by the corporate finance department, which also monitors the repayment and the situation of individual debtors. Repayment is monitored by the Board of Directors as well. The decision to grant the loans can only be made by the Board of Directors.

In 2022 the Company provided loans secured by collateral as of 31 December 2022 in the amount of 383 million CZK. The value of collateral for these loans in the form of securities amounts to 413 mil CZK.

In addition, the Company provides loans to clients in the form of a reverse repo operation, where a loan is provided to a client only if it is secured (covered) by the client investment instruments, the value of which exceeds the loan amount at any time. The repo/buy sell operations totaled CZK 3,260 million as of 31 December 2022. The Company has set limits for loans in the form of repo operations. Activities related to the provision of a client loan are carried out by a broker. Daily, the risk management staff checks the amounts against the set limits or the aggregate limit of the Trading department for the provision of loans. Repayment of loans is monitored by the risk management department. Additionally, inspections are carried out by the Internal Audit Department, which submits its findings to the CEO.

The characteristics of the Company's financial performance along with the projected development form a part of the Board of Directors Report.

Quantitative indicators:

Indicator	2022	2021
Return on assets – ROAA *(Ebit / Total assets excluding client assets – avg.)*	3%	3%
Return on equity – ROAE *(Profit after tax / Equity – avg.)*	2%	9%
Indebtedness I *(Total debt excluding client assets / Total assets excluding client assets)*	86%	88%
Indebtedness II *(Total debt excluding client assets / Equity)*	610%	748%
Return on sales *(Profit after tax / Income from fees and commissions)*	2%	8%
Administrative costs per employee *(in CZK thousands)*	3,108	3,311

Return on assets ***(Net profit/ total assets)***	0%	1%

This Annual Report is available at the Company's registered office, where a copy can be obtained as well, and has been also published in a manner that allows remote access, i.e., at www.wood.cz.

Own funds requirement

Indicator	thsd CZK
Own funds	781,966
Own fund requirement	303,468
Permanent minimum capital requirement	18,086
Fixed overhead requirement	163,122
Total K-Factor requirement	303,468

Information on the contribution to the Guarantee Fund

Calculation of the contribution to the Guarantee Fund of Securities Traders

Description	CZK thousands
Income from fees and commissions for 2022	952,146
Rate	* 2 %
Total contribution	19,043

Subsequent events

There were no significant events after the balance sheet date that would have a material impact on the financial statements for the year ended 31 December 2022.

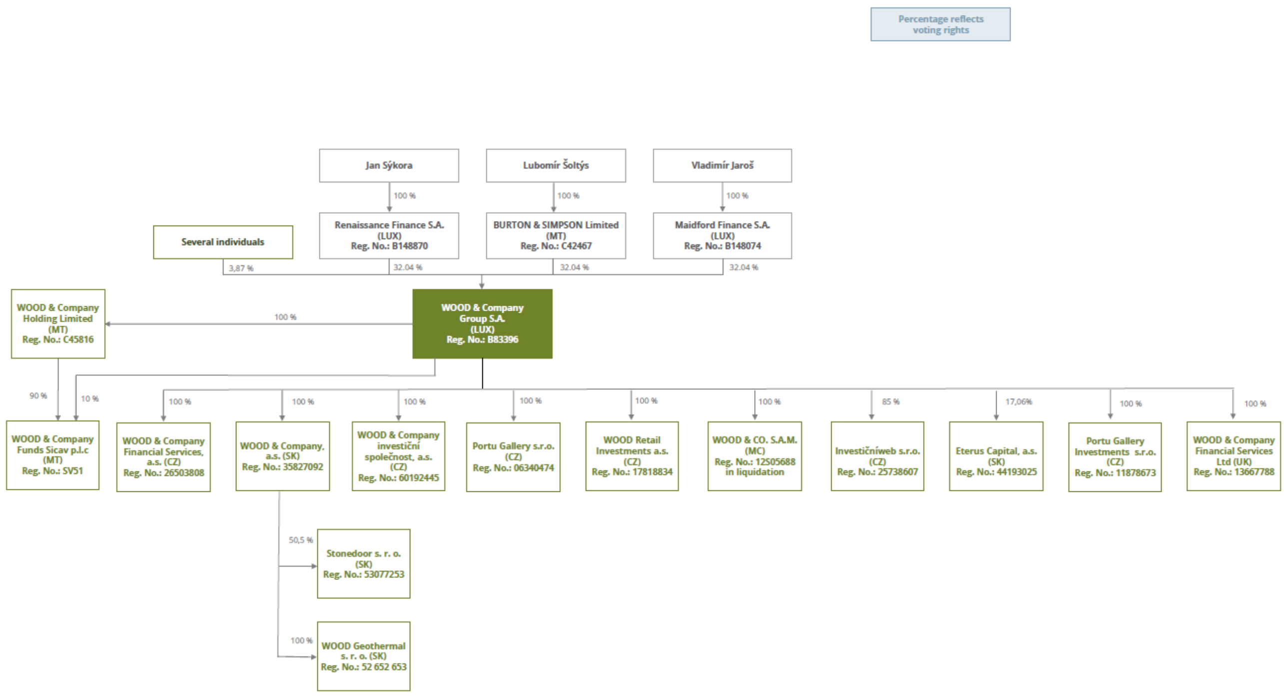
Report on Relations between Related Parties pursuant to Section 82 of Act No. 90/2012 Coll., on Business Companies and Cooperatives

WOOD & Company Financial Services, a.s., with its registered office at náměstí Republiky 1079/1a, Prague 1, business registration number (IČ) 265 03 808, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert no. 7484 (hereinafter referred to as the "**Submitter**") is part of a business group in which the following relations exist between the Submitter and the controlling entity (hereinafter referred to as the „**Controlling Entity**") as well as between the Submitter and the entities controlled by the same Controlling Entity (hereinafter referred to as the "**Related Parties**").

This Report on Relations between the entities listed below has been prepared in compliance with the provisions of Section 82 of Act No. 90/2012 Coll., on Business Companies and Cooperatives, as amended (hereinafter the "**ABC**"), for the accounting period from 1 January 2022 to 31 December 2022 (hereinafter referred to as the "**Reporting Period**"). The Submitter and the entities listed below entered into the following contracts and agreements and received or made the following legal acts and other distinct measures in the Reporting Period.

1. ORGANISATION CHART

WOOD & COMPANY
Group as of 31.12.2022



2. CONTROLLING ENTITY

2.1 WOOD & Company Group S.A.
- Registered office: 17 boulevard F.W. Raiffeisen, L-2411, Luxembourg
- Registration number: B83396

3. RELATED PARTIES

3.1 WOOD & Company investiční společnost, a.s.
- Registered office: náměstí Republiky 1079/1a, 110 00 Prague 1, Czech Republic
- Business registration number (IČO): 601 92 445
-

3.2 Portu Gallery s.r.o.
- Registered office: náměstí Republiky 1079/1a, 110 00 Prague 1, Czech Republic
- Business registration number (IČO): 063 40 474

3.3 Portu Gallery Investments s.r.o.
- Registered office: náměstí Republiky 1079/1a, 110 00 Prague 1, Czech Republic
- Business registration number (IČO): 118 78 673

3.4 Investičníweb s.r.o.
- Registered office: náměstí Republiky 1079/1a, 110 00 Prague 1, Czech Republic
- Business registration number (IČO): 257 38 607

3.5 WOOD Retail Investments a.s.
- Registered office: Jihlavská 1558/21, Michle, 140 00 Prague 4, Czech Republic

- Business registration number (IČO): 178 18 834

3.6 Wood & Company, a.s.
- Registered office: Gorkého 4 Bratislava - Staré mesto 811 01, Slovak Republic
- Business registration number (IČO): 358 27 092

3.7 Stonedoor s.r.o.
- Registered office: Gorkého 4 Bratislava - Staré Mesto 811 01, Slovak Republic
- Business registration number (IČO): 53 077 253

3.8 WOOD Geothermal s.r.o.
- Registered office: Gorkého 4 Bratislava - Staré Mesto 811 01, Slovak Republic
- Registration number: 52 652 653

3.9 Eterus Capital, a.s.
- Registered office: Gorkého 4 Bratislava - Staré Mesto 811 01, Slovak Republic
- Business registration number (IČO): 44 193 025

3.10 WOOD & COMPANY FINANCIAL SERVICES LTD
- Registered office: 16 Berkeley Street, London, United Kingdom
- Registration number: 136 67 788

3.11 WOOD & CO S.A.M. in liquidation[2]
- Registered office: 74 boulevard d'Italie, 980 00 Monaco, Monaco
- Registration number: 12S05688

3.12 WOOD & Company Holding Limited
- Registered office: The Bastions Office No. 2, Emvin Cremona Street, FLORIANA FRN 1281, Malta
- Registration number: C45816

3.13 WOOD & Company Funds SICAV p.l.c.
- Registered office: TG Complex, Suite 2, Level 3, Brewery Street, Birkirkara BKR 3000, Malta
- Registration number: SV51

3.14 Wood and Company Holding AG [3]
- Registered office: Freier Platz 10, 8200 Schaffhausen, Switzerland
- Registration number: CHE-112.289.121

4. STRUCTURE OF RELATIONS BETWEEN RELATED PARTIES, ROLE OF THE CONTROLLED ENTITY, METHOD AND MEANS OF CONTROL

During the above period, the Submitter was controlled by WOOD & Company Group S.A., with its registered office at 17 boulevard F.W. Raiffeisen, L-2411, Luxembourg. The structure of relations is shown in Article 1 of this Report.

WOOD & Company Group S.A. exercises the control as the sole shareholder of the Submitter, holding 100% of the voting rights by which it exercises the powers of the General Meeting of the Submitter. The General Meeting is the supreme body of the Submitter. The competence of the General Meeting includes, inter alia, the election of members of the Supervisory Board and members of the Board of Directors. The Submitter's Board of Directors performs its functions with due care and is responsible for the performance of its activities to the extent stipulated by the legal regulations of the Czech Republic.

Although the ownership interests of the Controlling Entity are in turn owned by its shareholders, none of the Controlling Entity's shareholders is an entity exercising indirect control pursuant to the ABC. This means that the Submitter is directly controlled by the Controlling Entity - WOOD & Company Group S.A. None of the Controlling Entity's shareholders

[2] WOOD & CO S.A.M. was dissolved in February 2023
[3] Wood and Company Holding AG was dissolved in September 2022.

is a majority shareholder pursuant to Section 74(3) of the ABC, or a person authorized to appoint or remove majority of the persons who are members of the Controlling Entity's statutory body or a person in a similar position pursuant to Section 75(1) of the ABC; none of them controls a share in the voting rights representing at least 40% of all votes in the Controlling Entity pursuant to Section 75(2) of the ABC, nor do they, jointly with another person, control a share in the voting rights representing at least 40% of all votes in the Controlling Entity pursuant to Section 75(3) and Section 78 of the ABC; and, at the last 3 consecutive meetings of the Controlling Entity's supreme body, none of the Controlling Entity's shareholders held a share in the voting rights representing more than one half of the voting rights of the attending participants pursuant to Section 75(4) of the ABC.

The role of the Submitter is to carry out its business as part of the group described above, i.e., the activities of a securities trader in the scope of main and supplementary investment services.

5. OVERVIEW OF ACTIONS TAKEN IN THE REPORTING PERIOD AT THE INITIATIVE OR IN THE INTEREST OF THE CONTROLLING ENTITY OR THE RELATED PARTIES CONCERNING ASSETS EXCEEDING 10% OF THE SUBMITTER'S EQUITY

Pursuant to Section 82(2)(d) of the ABC, the Submitter is obliged to include in the Report on Relations a summary of actions taken in the Reporting Period that were taken at the initiative or in the interest of the Controlling Entity or the Related Parties, where such actions concerned assets exceeding 10% of the Submitter's equity as determined from the financial statements for the accounting period immediately preceding the Reporting Period (i.e. exceeding 10% of the Submitter's equity as determined from the financial statements for 2021).

The Submitter's equity according to the financial statements for 2021 amounted to approximately CZK 879,472,000. The limit of 10% of the Submitter's equity according to the financial statements for 2021 thus amounted to approximately CZK 87,947,200 (hereinafter the "**Limit**").

In 2022, there were only actions taken at the instigation or in the interest of the Controlling Person, which in aggregate exceeded the above Limit. These were 2 loans provided by the Submitter to the Controlling Person (see also Overview of mutual contracts), in the aggregate amount of approximately CZK 161 228 675.

6. OVERVIEW OF AGREEMENTS BETWEEN THE SUBMITTER AND THE CONTROLLING ENTITY AND/OR THE RELATED PARTIES

6.1 Between the Submitter and the Controlling Entity

Contract title	Subject matter	Contract date
Facility Agreement	Framework loan agreement between the Submitter (lending entity) and the Controlling Entity in EUR	16/08/2013
Amendment no. 1 to the Facility Agreement from 16/08/2013	Change of interest rate in the Framework Loan Agreement	30/06/2014
Amendment no. 2 to the Facility Agreement from 16/08/2013	Change of interest rate in the Framework Loan Agreement	30/06/2015
Amendment no. 3 to the Facility Agreement from 16/08/2013	Change of interest rate in the Framework Loan Agreement	30/06/2016
Amendment no. 4 to the Facility Agreement from 16/08/2013	Change of interest rate in the Framework Loan Agreement	30/06/2017
Facility Agreement	Framework loan agreement between the Submitter (lending entity) and the Controlling Entity in CZK	09/09/2013
Amendment no. 1 to the Facility Agreement from 9/9/2013	Change of interest rate in the Framework Loan Agreement	30/06/2014

Amendment no. 2 to the Facility Agreement from 9/9/2013	Change of interest rate in the Framework Loan Agreement	30/06/2015
Amendment no. 3 to the Facility Agreement from 9/9/2013	Change of interest rate in the Framework Loan Agreement	30/06/2016
Amendment no. 4 to the Facility Agreement from 9/9/2013	Change of interest rate in the Framework Loan Agreement	30/06/2017
Amendment no. 5 to the Facility Agreement from 9/9/2013	Change of interest rate in the Framework Loan Agreement	30/06/2018
Facility Agreement	Framework loan agreement between the Controlling Entity (lending entity) and the Submitter in EUR	20/09/2014
Amendment no. 1 to the Facility Agreement from 20/9/2014	Change of interest rate in the Framework Loan Agreement	30/06/2015
Amendment no. 2 to the Facility Agreement from 20/9/2014	Change of interest rate in the Framework Loan Agreement	30/06/2016
Amendment no. 3 to the Facility Agreement from 20/9/2014	Change of interest rate in the Framework Loan Agreement	30/06/2017
Amendment no. 4 to the Facility Agreement from 20/9/2014	Change of interest rate in the Framework Loan Agreement	30/06/2018
Agreement on off-set of mutual receivables	Offsetting of mutual receivables and payables	30/06/2015
Agreement on transfer of ownership interest in Investičníweb s.r.o.	Controlling Entity as the transferee and the Submitter as the transferor	31/12/2019
Facility Agreement	Framework loan agreement between the Controlling Entity (borrowing entity) and the Submitter in EUR	18.10.2022
Facility Agreement	Framework loan agreement between the Controlling Entity (borrowing entity) and the Submitter in CZK	7.11.2022

6.2 Between the Submitter and the Related Parties

Contract title	Subject matter	Contract date
Facility Agreement	Framework loan agreement between the Submitter (lending entity) and Wood and Company Financial Services AG in EUR	09/12/2014
Amendment no. 1 to the Facility Agreement from 20/12/2014	Change of interest rate in the Framework Loan Agreement	30/06/2015
Amendment no. 2 to the Facility Agreement from 9/12/2014	Change of interest rate in the Framework Loan Agreement	30/06/2016
Amendment no. 3 to the Facility Agreement from 9/12/2014	Change of interest rate in the Framework Loan Agreement	30/06/2017
Consignment agreement on the procurement and brokerage of purchase and sale of securities	Agreement on the procurement and brokerage of purchase and sale of securities between the Submitter and Wood & Company, a.s.	01/02/2002
Agreement on management of securities	Management of securities for Wood & Company, a.s.	06/03/2002
Framework Loan Agreement	Framework loan agreement with WOOD & Company investiční společnost, a.s. (creditor)	11/05/2010
Prime Brokerage Agreement	Agreement on Custody, Settlement and Execution of securities between the Submitter and WOOD & Company Funds SICAV p.l.c.	31/08/2006

Consignment agreement on the procurement and brokerage of purchase and sale of securities	Agreement on the procurement and brokerage of purchase and sale of securities between the Submitter and Wood and Company Financial Services AG.	06/09/2004
Commission Brokerage Agreement on Settlement	Agreement on the provision of Settlement services between the Submitter and Wood and Company Financial Services AG.	06/09/2004
Agreement on Financial Transactions	Provision of securities trading services between the Submitter and Wood and Company Financial Services AG.	09/03/2009
Agreement on issuance/redemption of share certificates	Issuance and redemption of a share certificate of the Bond Fund – open-end mutual fund ISIN CZ0008472826 with WOOD & Company investiční společnost, a.s.	26/06/2012
Agreement on sublease of non-residential premises	WOOD & Company Financial Services, a.s., sublets a defined part of office space with WOOD & Company investiční společnost, a.s.	15/11/2009
Framework agreement on financial collateral (transfer of financial collateral)	Agreement between the Submitter, WOOD & Company Financial Services AG and the bank on transfer of financial collateral	25/06/2010
Facility Agreement	Framework loan agreement between the Submitter (lending entity) and Wood & Company Funds SICAV p.l.c. in CZK	26/09/2013
Agreement on issuance/redemption of share certificates	Issuance and redemption of share certificates of the WOOD & Company fund – Agricultural Commodities Fund – open-end mutual fund with WOOD & Company investiční společnost, a.s.	24/10/2012
Framework agreement on trading on the financial market	Agreement on trading on the financial market regarding repo transactions, concluded with WOOD & Company investiční společnost, a.s.	30/12/2013
Facility Agreement	Framework loan agreement between the Submitter (lending entity) and Wood & Company Holding Limited in CZK	09/10/2014
Custody Agreement	In accordance with the agreement on asset management, custody and management of investment instruments owned by clients of WOOD & Company investiční společnost, a.s., is provided by WOOD & Company Financial Services, a.s.	30/04/2016
Agreement on the provision of brokerage services between the Controlled entity and WOOD & Company Financial Services, a.s. (for the purposes of this agreement hereinafter referred to as the "Intermediary")	The Intermediary undertakes to provide intermediary services, which means actively contacting the owners of ownership interests in the Target Company, submitting an offer to the owners of ownership interests in the Target Company and communicating with these owners; the Controlled entity undertakes to pay the agreed fee for these services under this agreement.	13/06/2016
Agreement on the issuance and redemption of the Fund's investment shares between the Controlled entity and WOOD & Company Financial Services, a.s.	Modification of the conditions for the issuance and redemption of the investment shares of Real Estate Sub-fund I.	21/06/2016
Amendment no. 1 to the Agreement on the issuance and redemption of the Fund's investment shares between the	Modification of the conditions for the issuance and redemption of the investment shares of Real Estate Sub-fund Šestka.	06/10/2016

Controlled entity and WOOD & Company Financial Services, a.s.		
Framework agreement on the provision of financial services	Framework agreement on the provision of financial services between the Submitter, as a securities trader, and WOOD & Company, investiční fond s proměnným základním kapitálem, a.s.	25/08/2017
Intercompany Agreement	Agreement on the provision of the services by the Submitter as a securities trader and WOOD & Company CO S.A.M. (formerly McLaren Securities S.A.M. Monaco).	01/10/2017
Sublicense Agreement	WOOD & Company, investiční společnost, a.s., provides the Submitter with a sublicense for the WEBPORTFOLIO application.	18/04/2018
Agreement on sublease of non-residential premises between the Submitter and WOOD & Company investiční fond s proměnným základním kapitálem, a.s.	The Submitter sublets WOOD & Company, investiční fond s proměnným základním kapitálem, a.s., part of office space at the address nám. Republiky 1079/1a, 110 00 Prague 1	01/01/2019
Contract for the provision and administration of information and communication technology	The Submitter ensures the provision and management of ICT for WOOD & Company investiční fond s proměnným základním kapitálem, a.s.	02/04/2019
Loan agreement	Loan between the Submitter and Investičníweb s.r.o.	22/01/2020
Loan agreement	Loan between the Submitter and Investičníweb s.r.o.	4/06/2020
Service agreement	Submitter (as Provider) provides Wood Retail Investment, a.s. (as Recipient) with the following services: - organization of banking services and payment system - organization of administrative assistance and organization of accounting - to provide other services, if the Recipient requests them in writing and the Provider has the relevant authorizations for this, and assistance in the preparation of tax returns.	1/1/2023

7. ASSESSMENT OF WHETHER OR NOT THE CONTROLLED ENTITY SUFFERED ANY DETRIMENT AND ASSESSMENT OF ITS SETTLEMENT PURSUANT TO SECTIONS 71 AND 72 OF THE ABC

Based on our review of the legal relations between the Submitter, the Controlling Entity and the Related Parties, the Submitter did not suffer any detriment as a result of concluded contracts, other legal acts or other measures taken or adopted by the Submitter in the interest of or at the initiative of individual Related Parties, or the Controlling Entity, in the reporting period from 1 January 2022 to 31 December 2022.

8. BENEFITS AND DRAWBACKS ARISING FROM RELATIONS BETWEEN ENTITIES

The Submitter’s benefits arising from being a member of the above group of entities include the use of the WOOD & Company brand and the reputational benefit arising from synergies within the group, or the benefit of joint action in negotiations with suppliers and associated economies of scale.

A possible drawback is the more demanding administrative and organizational structure of an international group, and the reputational risk spillover from one entity to another.

Following the overall assessment of the impact of the Submitter's inclusion in the WOOD & Company Group, the benefits appear to prevail. The above-mentioned potential risks and drawbacks are addressed at the level of control elements of individual group entities.

This Report was discussed and approved by the Board of Directors of WOOD & Company Financial Services, a.s. on 31 March 2023.

Vladimír Jaroš
Chairman of the Board of Directors
WOOD & Company Financial Services, a.s.

INDEPENDENT AUDITOR'S REPORT – WOOD & COMPANY FINANCIAL SERVICES, A.S.

(Translation of a report originally issued in Czech - see Note 3 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of WOOD & Company Financial Services, a.s.:

Opinion

We have audited the accompanying financial statements of WOOD & Company Financial Services, a.s. (hereinafter also the "Company") prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 2 to the financial statements.

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

Basis for Opinion

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

Other Information

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

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

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Roman Hauptfleisch, Auditor
License No. 2009

26 April 2023
Prague, Czech Republic

FINANCIAL STATEMENTS – WOOD & COMPANY FINANCIAL SERVICES, A.S.

WOOD & COMPANY FINANCIAL SERVICES, A.S.
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

in accordance with International Financial Reporting Standards, as adopted by the European Union under European Community law

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 In CZK thousands	31 December 2021 In CZK thousands
Interest income calculated using the effective interest method		136,377	73,814
Interest expense calculated using the effective interest method		(122,657)	(58,020)
Net interest income	6	**13,720**	**15,794**
Other financial income		124,980	61,559
Other financial costs		(91,092)	(39,072)
Net other financial income	7	**33,888**	**22,488**
Fee and commission income		952,146	913,730
Fee and commission expense		(365,049)	(322,280)
Net fee and commission income	8	**587,097**	**591,450**
Net profit from financial operations	9	183,329	202,168
Other operating income / expenses, net	10	6,482	(1,118)
Total operating revenues		**824,516**	**830,781**
Administrative costs	11	(745,934)	(688,625)
Depreciation and amortization	11, 19	(55,178)	(45,129)
Total operating expenses		**(801,111)**	**(733,755)**
Profit / (loss) before tax		**23,404**	**97,027**
Income tax expense	12	(4,217)	(20,231)
Deferred tax	12	(3,344)	(345)
Net profit / (loss) for the period		**15,844**	**76,451**

Other comprehensive income		
Items that can be reclassified to income (or expenses) in the future:		
Conversion of foreign operations into the reporting currency	(1,159)	(1,169)
Total comprehensive income	**14,685**	**75,282**

The Notes are an integral part of these unconsolidated financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 In CZK thousands	31 December 2021 In CZK thousands
ASSETS			
Current assets			
Cash and bank balances	13	522,255	274,135
Financial assets held for trading	14	240,644	410,069
Other financial assets at fair value through profit or loss	17	349,949	421,857
Trade and other receivables	15	4,995,961	6,188,046
Income tax receivables	12	16,534	0
Deferred charges and income and other assets	16	17,553	21,722
Total current assets		**6,142,897**	**7,315,828**
Long-term assets			
Long-term receivables	18	7,173	5,064
Deferred tax asset	12	246	3,591
Intangible assets, net	19	96,100	72,040
Property, plant and equipment, net	19	105,324	58,578
Total long-term assets		**208,843**	**139,273**
Total assets		**6,351,740**	**7,455,101**
EQUITY AND LIABILITIES			
Capital and funds			
Issued capital	20	445,500	445,500
Reserve fund from profit		15,293	15,293
Retained earnings / (accumulated loss)	21	419,006	342,556
Profit / (loss) for the current period		15,844	76,451
Fund from revaluation of foreign operations		(1,487)	(328)
Total capital and funds		**894,156**	**879,472**
Issued debt securities	27	2,110	2,110
Liabilities from lease agreements	24	64,519	19,279
Provision	26	3,827	5,403
Equity and long-term liabilities		**964,613**	**906,264**
Current liabilities			
Amounts owed to banks	23	514,815	18,217
Liabilities held for trading	14	190,147	160,455
Trade and other payables	22	4,666,221	6,348,337
Lease liabilities	24	15,608	19,054
Accruals and other liabilities	25	336	438
Income tax payable		0	2,337
Total current liabilities		**5,387,128**	**6,548,838**
Total equity and liabilities		**6,351,740**	**7,455,101**

The Notes are an integral part of these unconsolidated financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued capital In CZK thousands	Reserve fund from profit In CZK thousands	Share/ option scheme capital fund In CZK thousands	Retained earnings In CZK thousands	Revaluation fund In CZK thousands	Total equity In CZK thousands
Note	**20**			**21**		
As at 1 January 2021	**445,500**	**15,293**	**0**	**342,556**	**841**	**804,190**
Profit / loss from revaluation of foreign operations	0	0	0	0	(1,169)	(1,169)
Profit for 2021	0	0	0	76,451	0	76,451
As at 31 December 2021	**445,500**	**15,293**	**0**	**419,006**	**(328)**	**879,472**
As at 1 January 2022	**445,500**	**15,293**	**0**	**419,006**	**(328)**	**879,472**
Profit / loss from revaluation of foreign operations	0	0	0	0	(1,159)	(1,159)
Profit for 2022	0	0	0	15,844	0	15,844
As at 31 December 2022	**445,500**	**15,293**	**0**	**434,849**	**(1,487)**	**894,156**

The Notes are an integral part of these unconsolidated financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2021 In CZK thousands	31 December 2020 In CZK thousands
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	21	**23,403**	**97,027**
Depreciation and amortization	19	55,178	45,129
Change in impairment and provisions		(1,197)	1,779
Other non-monetary changes		(16,910)	(11,478)
Operating profit before changes in operating assets		**60,474**	**132,457**
Trade and other receivables and financial assets measured at amortised costs	15	1,175,173	(2,513,902)
Financial assets held for trading	14	199,117	(163,857)
Other assets		7,513	(6,116)
Trade and other payables	22	(1,682,115)	3,073,004
Other liabilities		(102)	(278)
Income taxes paid	12	(18,973)	(21,960)
Other movements		8,973	0
NET CASH FLOW FROM OPERATING ACTIVITIES		**(249,839)**	**499 348**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for other financial assets at fair value through profit or loss		(2,177,887)	(6,359,859)
Proceeds from the sale and maturity of financial assets at fair value through profit or loss		2,249,795	6,071,480
Payments for property, plant and equipment and intangible assets	19	(60,313)	(58,687)
Long-term receivables		(2,109)	125
NET CASH FLOW USED IN INVESTING ACTIVITIES		**9,486**	**(346,941)**
CASH FLOW FROM FINANCING ACTIVITIES			
Short-term borrowings increase		496,598	0
Repayment of borrowings		0	(59,672)
Proceeds from the sale of own bonds	27	0	0
Payments for buy-back of own bonds		0	0
Lease principal payments	24	(23,876)	(18,985)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**472,722**	**(78,656)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALETS		**232,369**	**73,750**
Exchange differences in cash		**15,752**	**10,310**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	13	**274,135**	**190,075**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	**522,255**	**274,135**

Additional information to operating Cashflow

Interest received	130,712	85,301
Interest paid	(118,815)	(64,514)
Held for trading dividends	13,192	8,964

The Notes are an integral part of these unconsolidated financial statements.

1. USE OF CZK AS REPORTING CURRENCY

WOOD & Company Financial Services, a.s. (the "Company") publishes audited statutory financial statements including a statement of financial position as of 31 December 2022, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the year ended and the notes to those financial statements with a description of the significant accounting policies used and other explanatory information.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) and adopted by the European Union.

The financial statements have been prepared in CZK (CZK). The method of translating assets, liabilities, income, expenses and other items of the comprehensive income and equity of the Company's foreign operations is set out in Note 3.

Unless otherwise stated, all amounts are expressed in thousands of CZK.

The financial statements were approved for publication by the Company's Board of Directors on 26 April 2023. The financial statements are also subject of approval by the Company's shareholders.

2. INTRODUCTION

WOOD & Company Financial Services, a.s. (hereinafter referred to as "WOOD & Co." or the "Company"), with its registered office at Náměstí Republiky 1079 / 1a, 110 00 Prague 1, is a joint-stock company which was officially registered in the Commercial Register kept by the Registry Court in 2002. The subject of activity is mainly trading, the provision of investment services and trading in financial instruments on one's account. The Company also includes the following branches:

- WOOD & Company Financial Services United Kingdom with its registered office at 16 Berkeley Street, W1J 8DZ, London
- WOOD & Company Financial Services Romania with its registered office at Lamda Office Building, 7A Sos. Bucuresti-Ploiesti 013682 Bucharest 1
- WOOD & Company Financial Services Poland with its registered office at Centrum Marszałkowska, 7th floor, ul. Marszałkowska 126/134, 00-008 Warsaw
- WOOD & Company Financial Services Slovakia with its registered office at Gorkého 4, 811 01 Bratislava
- WOOD & Company Financial Services Italy with its registered office at Via Luigi Settembrini 35, 20124 Milan
- WOOD & Company Financial Services Ireland with its registered office at Suite 207 3013, Lake Drive, City West Campus, Dublin 24 D24 PPT3, Citywest, Dublin

Capital structure and financial resources of the Company

As of 31 December 2022, the Company's equity amounted to CZK 894,200 thousand (2021: CZK 879,472 thousand).

In addition to its internal funding, the Company secured other renewable overdrafts from various commercial banks. In most cases, the use of this framework is limited to the financing of the daily settlement of trades.

Shareholder structure

The ultimate majority shareholders of the Company as of 31 December 2022 were Jan Sýkora, Vladimír Jaroš and Ľubomír Šoltýs (owners). These persons are considered members of key management.

The sole shareholder of the Company at the issuance of this report is WOOD & Company Group S.A., with its registered office at 17 boulevard F.W. Raiffeisen, L-2411, Luxembourg.

Board of Directors as of 31 December 2022:

The principal rule agreed upon among the main shareholders and members of the Board of Directors of the Company is that the shareholders / members of the Board of Directors of the Company will be represented on the Board of Directors as follows:

Chairman – Vladimír Jaroš
Vice-chairman – Petr Musil
Member – Robert Nossek
Member – Petr Beneš
Member – Kristen Lara Andraško
Member – Ondřej Jedlička

Supervisory Board as of 31 December 2022:

Chairman – Jan Sýkora
Vice-chairman – Ľubomír Šoltýs
Member – Vojtěch Láska
Member – Marek Herold

In 2022, there were no changes in neither the Board of Directors nor the Supervisory Board of the Company.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

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

The Company's Board of Directors has considered the potential effects of the war in Ukraine on its activities as a business and has concluded that they do not have a material impact on the entity's going concern assumption. Considering this, the financial statements as of 31 December 2022 were prepared on the assumption that the Company will continue to be able to conduct its activities.

The financial statements consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The unconsolidated financial statements are prepared under the historical cost accounting convention, as modified by the fair value measurement of financial assets not carried at amortized cost and financial liabilities held for trading, and all derivative contracts at the statement of financial position date. Significant accounting policies are described in Note 5.

The comparative figures on the statement of financial position represent balances as of 31 December 2021, also for the statements of comprehensive income and cash flows amounts for the year ended 31 December 2021.

The unconsolidated financial statements are presented in CZK (hereinafter referred to as “CZK”), which is the Company's reporting currency.

The Company’s functional currency, i.e., the currency of the economic environment in which the Company primarily conducts its activities, is the Czech crown. As stated in Note 2, the Company has six branches abroad, which are considered foreign entities from an accounting perspective. The functional currency of foreign operations is the Polish zloty in Poland, the British pound in Great Britain, the Romanian new lei in Romania and the euro in Italy, Ireland and Slovakia.

The presentation of financial statements in accordance with IFRS as adopted by the European Union requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses for the period. These estimates are based on information available at the balance sheet date, and actual future values may differ from these estimates. The key source of estimation uncertainty at the end of the accounting period is the valuation of financial assets (see Note 5).

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

4. ADOPTION OF NEW AND REVISED STANDARDS

4.1. Newly applied standards and interpretations, the application of which did not have a significant effect on the financial statements

In addition, amendments to the following standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union, effective for annual periods beginning on or after 1 January 2022, have become effective in the current period:

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

  - IFRS 3 Business Combinations (Amendments) updated a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company should recognise such sales proceeds and related cost in profit or loss.
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The Amendments have no impact on the Company's financial statements.

- IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The amendments had no impact on the financial statements of the Company.

- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date that the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The Amendment will have no impact on the Company's financial statements.

4.2. Published standards and interpretations that have not yet taken effect

a) At the date of these financial statements, the following amendments to existing standards adopted by the EU have been issued and have not yet gone into effect.

- IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting, the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. Management has assessed.

- IFRS 17: Insurance Contracts (Amendments)

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The amendments to IFRS 17 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain, and ease transition by deferring the effective date of the Standard to 2023, and provide additional relief to reduce the effort required when applying IFRS 17 for the first time.

The application of IFRS 17 and Amendments will have no impact on the Company's financial statements.

- IFRS 17: Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments)

The amendment is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted respectively with IFRS 17. For entities that first apply IFRS 17 and IFRS 9 at the same time, the amendment adds a transition option for a “classification overlay,” relating to comparative information of financial assets. An entity applying the classification overlay to a financial asset shall present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset. Also, in applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.
The application will have no impact on the Company's financial statements.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduced a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are, and how these differ from changes in accounting policies and corrections of errors.

The Amendments will have no impact on the Company's financial statements.

- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.
The Amendments will have no impact on the Company's financial statements.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies

The amendments are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.
The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. The amendments explain how an entity can identify a material accounting policy. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the “four-step materiality process” to accounting policy information.
The Amendments will have no impact on the Company's financial statements.

b) The following standards and amendments to existing standards have not yet been approved for use in the EU:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendment defers the effective date of the January 2020 amendments so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date, to be classified as current or non-current.
The amendments have not yet been endorsed by the EU. The Amendments will have no impact on the Company's financial statements.

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.
The amendments have not yet been endorsed by the EU. The Amendments will have no impact on the Company's financial statements.

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)

The amendments are effective for annual reporting periods beginnig on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.
The Amendment clarifies how a seller-lessee subsequently measures sale and leaseback transaction that satisfy the requirements in IFRS 15 to be accounted for as a sale.
The amendments have not yet been endorsed by the EU. The Amendments will have no impact on the Company's financial statements.

- IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (Amendments)

The amendments are effective for reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted.
The amendments clarify how conditions which require an entity to comply within twelve months after the reporting period affect the classification of a liability.
The amendments have not yet been endorsed by the EU. The Amendments will have no impact on the Company's financial statements.

The Company has decided not to apply these new standards or amendments to existing standards and interpretations before their effective date. As noted above, the Company does not expect the application of the above standards and interpretations to have a material impact on the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

5.1. Significant accounting judgments and estimates

When applying accounting policies to prepare unconsolidated financial statements in accordance with IFRS, management requires professional judgment, estimates, and assumptions that affect the amounts of assets and liabilities recognized at the balance sheet date, as well as income and expenses recognized for the given period. These estimates and accounting judgments are based on information available at the balance sheet date and relate specifically to:

- Determining the fair values of unlisted financial instruments that are classified as financial assets, or financial liabilities at fair value through profit, or loss or financial assets measured against other comprehensive income; The calculation of fair value is based on market data (exchange rates, interest rates) and other information existing at the balance sheet date.
- The assessment of compliance with the contractual conditions in the provision of investment banking services is based on information available to the Company's management as of the date of preparation of the financial statements.
- The valuation of tangible and intangible assets, including rights of use, is based on the expected use of these assets, the expected period of their economic useful life, or the expected duration of leases.
- The valuation of goodwill is based on an estimate of future cash flows and the required rate of return on own and debt financing.
- The number of provisions, which is based on the expected amount of payments,
- The amount of impairment of financial assets measured at amortized cost or fair value through profit or loss based on expected losses and the value of those assets at the date of default.

5.2. Recognition of interest income and expenses

Interest income and expense are recognized in the statement of comprehensive income on an accrual basis in the line item “Interest income calculated using effective interest rate” and “Interest expense using effective interest rate”. The Company accounts for interest income and expense using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments (net of credit losses) over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

5.3. Reporting income and expenses from fees and commissions

Fee and commission income is recognized when the Company fulfils its contractual obligation to the client. In the event that the contract contains several partial contractual obligations, the total contract price is divided between individual contractual obligations and the Company recognizes revenue upon fulfilment of each partial contractual obligation. Payments received before the contractual obligation is recognized are seen as a liability. Costs incurred prior to the fulfilment of a contractual obligation are then recognized as an asset in IFRSs if they are costs directly related to the performance of the contract, the costs are directed to the fulfilment of the contractual obligation and the Company expects that these costs will be reimbursed.

The main categories of revenue from contracts with customers are, as described in Note 7, capital market transaction fees, analytical service income, asset management fees and investment service income. For capital market transactions, the contractual obligation is usually settled when the time the transaction is made and revenue is then recognized at that time.

Analytical services are usually provided on an ongoing basis and the price is set for a specific period. The fulfilment of contractual obligations takes place gradually during the duration of the contract. Revenues from these services are always recognized at the end of the period (month or calendar year). In the case of management services, the contractual obligation is also fulfilled continuously throughout the accounting period. A fixed part of the remuneration is charged to income on a regular basis during the accounting period. If the remuneration includes a component dependent on the performance of the managed portfolio, such income is recognized at the end of the accounting period only if the conditions for the variable remuneration component have been met.

For investment banking analytical services, the moment of fulfilment of the contractual obligation is the moment agreed in the contract. Depending on the contractual arrangements, the contractual obligation may be performed gradually over the life of the contract, or it may be fulfilled at the time specified in the contract (e.g., at the time of the transaction relating to the services provided). If a variable component of remuneration is agreed (e.g., upon successful implementation of the project and acquisitions), this part is accounted for as income only after successful completion of the project.

Fee and commission income is reported on the line "Fee and commission income".

Fee and commission expenses are reported in the period to which they are materially and temporally related (see above) on the line “Fee and commission expenses”.

5.4. Other financial costs / income

Other financial income / costs are recorded by the Company if they arise from an asset / liability that does not meet the definition set out in the Conceptual Framework of International Accounting Standards and the receivable (assets) gives the Company an expense or vice versa as a liability (liabilities) for the Company.

In the current period and the comparative period, these were loans of securities entered into the client in the form of a repo transaction with a negative interest rate.

5.5. Financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument (trade date).

Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial asset, or deducted from the fair value of the liability at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, at fair value through profit or loss, are recognized immediately in the statement of comprehensive income.

Classification and valuation of financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “financial assets at fair value through profit or loss”, “financial assets at amortized cost”.

Financial assets measured at amortized cost:

Financial assets can be measured at amortized cost if they are held under a model designed to hold financial assets for the purpose of collecting contractual cash flows, and the cash flows are only repayments of principal and interest on the principal.

Analysis of contractual cash flow characteristics

As part of the analysis of the characteristics of contractual cash flows, the Company evaluates if the contractual cash flows from loans and debt securities represent only payments of principal and interest on the amount of principal due. The fair value of a financial asset at the time of its recognition is considered to be the principal. The interest includes the time value of money, a surcharge for credit risk arising from the principal currently due, a surcharge on other costs and risks arising from lending, and the required profit margin.

In assessing whether cash flows consist solely of repayments of principal and interest, the Company evaluates the contractual terms of the financial instrument. This includes evaluating whether a financial asset includes contractual arrangements that may change the timing and amount of the contractual cash flows. As part of the evaluation, the Company assesses:

- contingent events that may change the timing and amount of contractual cash flows,
- leverage effect,
- early repayment and extension of maturity,
- conditions that restrict the entity from collecting cash flows from specific assets,
- conditions that modify the payment for the time value of money.

Business model

The definition of the Company's business models reflects the manner in which groups of financial assets are managed together to achieve a defined business objective. In assessing the objective of the business model, the Company considers the following information specifically:

- established methods and objectives for the portfolio,
- the method of evaluating the performance of the business model and how the given performance is reported to the key management of the Company,
- risks that affect the performance of the business model and the financial assets held under that business model and the method,
- managing these risks,
- the method of remuneration of managers and traders.

In the statement of financial position, financial assets at amortized cost are reported under “Cash and deposits with banks”, “Trade and other receivables”, “Long-term receivables” and “Securities measured at amortized cost”; and include loans and receivables from banks and clients of debt securities that are not held for trading. The accrued value is the acquisition price reduced by principal repayments, increased by accrued interest, and reduced by expected impairment losses through a provision. The Company uses the effective interest rate method to calculate the accrued value. Fees and related transaction costs are an integral part of the effective interest rate. Interest income on financial assets carried at amortized cost is recognized in the statement of comprehensive income under 'Interest income'. Impairment losses are recognized in the statement of comprehensive income under 'Other operating expenses'.

Financial assets at fair value through other comprehensive income (“FVOCI”)

Debt instruments can be measured at fair value through other comprehensive income if they are held in a business model whose objectives are achieved through the collection of contractual cash flows and sales, so long as the cash flows are exclusively repayments of principal and interest on principal. Unrealized gains and losses on debt securities are recognized in other comprehensive income. At the time of sale, the accumulated gains and losses on other profit or loss are reclassified to profit or loss. In the accounting period 2022 and 2021, the Company did not value any debt instrument at fair value recognized in other comprehensive income.

For equity securities that are not held for trading, the Group may, at the time of their initial recognition, decide that subsequent changes in fair value will be recognized against equity. This classification is irreversible. The Company did not use this option in 2022 or 2021.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets may be measured at fair value through profit or loss if cash flows do not meet the test conditions for contractual cash flows, or are part of a business model designed to hold financial assets to realize their value through sale. In addition, on initial recognition, it is possible to irrevocably classify a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as measured at fair value through profit or loss, if this eliminates or significantly reduces a measurement or accounting mismatch that would otherwise occur.

Financial assets at fair value through profit or loss are recognized in the statement of financial position under 'Financial assets held for trading' and 'Other securities at fair value through profit or loss'.

Equity instruments which the Company determines are held for trading or for which it does not exercise the option to recognize movements in fair value in other comprehensive income are measured at fair value through profit or loss.

Changes in the net fair value of financial assets at fair value through profit or loss are recognized in the statement of comprehensive income under 'Net profit from financial operations'.

Impairment loss on financial assets

For financial assets measured at amortized cost and debt financial assets at fair value through profit or loss, the Company determines an impairment loss in the amount of expected losses. The number of expected losses is based on historical experience and takes into account expected market developments.

IFRS 9 requires the use of a three-tier model to calculate allowances, which evaluates the change in credit risk at the balance sheet date.

Level 1 – financial assets for which there has been no significant increase in credit risk since initial recognition, or which have a low credit risk at the balance sheet date. For all assets in this category, a 12-month expected credit loss is recognized, and interest income is calculated from the gross carrying amount of the financial asset.

Level 2 – financial assets for which there has been a significant increase in credit risk since initial recognition, but which have not yet been impaired. For these assets, the expected credit loss is recognized for the entire life of the asset, and interest income is calculated from the gross carrying amount of the financial asset.

According to the Company's methodology, there is a significant increase in credit risk if one or more criteria are met. The quantitative criterion is based on changes in the values of the probability of default, qualitative criteria on changes in external market indicators, changes in the terms of the contract, and changes in the internal risk assessment .

Level 3 – financial assets for which there is objective evidence of impairment. They are recorded as assets that are expected to have credit losses over the life of the asset, and interest income is calculated based on the net book value of the assets. According to the Company's methodology, a receivable is impaired especially if the debtor is more than 180 days in arrears, the debtor has died, or the debtor is insolvent.

The Company uses a simplified model for trade receivables and receivables from outstanding securities transactions with an original maturity of less than one year; Impairment losses are determined in the number of expected losses over the entire life of the receivable.

In calculating the present value of expected credit losses, the Company uses the values of Probability of Default (“PD”), Loss Given Default (“LGD”), Exposure at Default (“EAD”) and discount value factor ("D"). For receivables from outstanding securities transactions and trade receivables, an impairment loss is determined as a percentage of the value of receivables, broken down by overdue period. For receivables from reverse repo loans and loans to non-banking entities, the Company determines the expected loss based on an individual assessment of the debtor's credit risk after taking into account collateral.

Classification and valuation of financial liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are classified as at fair value through profit or loss if the financial liability is held for trading or is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are carried at fair value, with any revaluation gain or loss recognized in the statement of comprehensive income under 'Net profit or loss from financial operations'. Other financial liabilities (including loans) are subsequently measured at amortized cost using the effective interest rate method.

Accounting for financial assets and financial liabilities

All current purchases and sales of financial assets (spot transactions) are reported or derecognized on the trade date. Ordinary purchases or sales are purchases or sales of financial assets that require delivery of the assets within the time frame established by regulation or convention in the market. Purchases and sales of financial assets with a settlement time longer than usual for spot transactions are considered financial derivatives (see Note ‘Financial derivative instruments’).

5.6. Repurchase agreements

Securities sold under repurchase agreements (repurchase agreements) are not derecognized and continue to be reported as assets on the line “Financial assets held for trading” in the statement of financial position. Securities provided as collateral are recorded on the off-balance sheet. The value of securities from the “Financial assets held for trading” category, which are provided as collateral, are quantified in the notes to the financial statements. At the same time, the Company recognizes a liability in the amount of the received performance, which is included in the relevant line "Payables to banks" or "Trade payables and other payables".

The difference between the purchase and sale price in repurchase agreements is treated as interest expense, which is reported as part of Interest expense and is determined using the effective interest rate method.

Securities purchased under agreements to resell (reverse repurchase agreements) are not recognized in the statement of financial position and are recorded in off-balance sheet records. The corresponding receivable arising from the loan is reported in the statement of financial position as an asset on the relevant line "Cash and deposits with banks" or "Trade and other receivables".

The difference between the sale and purchase price for resale contracts is treated as interest income, which is reported as part of the item Interest income and is determined using the effective interest rate method.

In the case of the sale of securities acquired as collateral in a reverse repo operation, the Company recognizes in the statement of financial position the amount payable from the short sale remeasured to fair value in the relevant line “Trade payables”.

5.7. Financial derivative instruments

The Company enters into a number of derivative financial instruments to manage its exposure to currency risks. All financial derivatives are classified as trading financial instruments.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss is recognized immediately in the statement of comprehensive income as 'Net profit from financial operations'.

5.8. Conversion of data in foreign currencies into Czech currency

All transactions denominated in foreign currencies are accounted for and converted into Czech crowns at the official exchange rate announced by the CNB valid at the time of the transaction.

At the end of the accounting period, assets and liabilities representing monetary items denominated in foreign currencies are translated into Czech crowns at the exchange rate announced by the CNB valid on that date. Assets and liabilities representing the right to receive (or an obligation to pay) a fixed or determinable number of foreign currency units are treated as foreign currency monetary units. Realized and unrealized gains and losses on the translation of foreign currency assets and liabilities into Czech crowns are recognized in the statement of comprehensive income as financial operations.

Assets and liabilities that do not represent monetary units and equity items are translated at the historical exchange rate.

Assets, liabilities, income, expenses and equity transactions of foreign branches representing a foreign operation are translated into the reporting currency as follows:

- assets and liabilities, including data for the comparative period at the exchange rate at the balance sheet date,
- income and expenses, including data for a comparative period at the exchange rate on the date of the transaction,
- transactions with equity at the exchange rate on the date of the transaction.

Differences arising on the translation of foreign operations from the functional currency to the reporting currency of the Company are reported as part of other comprehensive income on the line Translation of foreign operations into the reporting currency.

5.9. Income tax

Current tax payable is tax calculated based on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to income tax payables for the previous period.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences only to the extent of the probable future taxable income.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be offset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and receivables reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to cover or settle the carrying amount of its assets and liabilities.

Tax for the period and deferred tax is recognized in the statement of comprehensive income unless it relates to items that are recognized in other comprehensive income or directly in equity; in this case, the tax for the period and deferred tax is recognized in other comprehensive income or directly in equity.

5.10. Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at historical cost less accumulated depreciation/amortization and accumulated impairment losses. The acquisition price includes fees for experts and other costs directly related to the acquisition of the asset. Fixed assets are depreciated using the indirect method using accumulated copies. Depreciation and amortization are calculated on a straight-line basis to depreciate the cost of property, plant and equipment, and intangible assets over their estimated useful lives.

Goodwill represents the difference between the consideration transferred and the value of all non-controlling interests in the acquiree and any interests held so far in the acquiree, and the fair values of any interests held so far in the acquiree and the amount of identifiable assets acquired and liabilities assumed measured on the acquisition date.

During the accounting period, the Company used the following estimated useful lives of the assets expressed in years:

Type of property	Depreciation/ amortization period (in years)
Technical improvement	10 – 30
Inventory	3 – 10
Cars	4
Hardware equipment	3
Software	3-7
Right-of-use asset	2-5

At the end of each reporting period, the Company assesses the carrying amount of property, plant and equipment, and intangible assets to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. If it is not possible to determine the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. Enterprise-wide assets are allocated to a separate cash-generating unit if a reasonable and consistent basis for allocation can be determined. Otherwise, enterprise-wide assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis for allocation can be determined.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimate of future cash flows is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset that have not been adjusted for future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized directly in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to an adjusted estimate of its recoverable amount, but so that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined had it been recognized in prior years as no impairment loss on the asset (or cash-generating unit). The reversal of an impairment loss is directly reflected in profit or loss.
For intangible assets with indefinite useful lives, intangible assets that are not yet in use, and for goodwill, an impairment assessment is performed annually, regardless of whether there is any indication of impairment.

5.11. Lease contracts

The Company as a lessor

The Company acts as a lessor only to related companies in the sublease of office space. The main lease and the sublease are considered as two separate contracts and accounted for separately. None of these contracts meets the criteria for a finance lease. Revenue from sublease is charged on a straight-line basis over the term of the contract.

The Company as a lessee

For short-term leases and leases relating to low-value assets, costs are charged to the Company's expenses on a straight-line basis over the term of the lease. The Company considers a short-term leases concluded in a period shorter than 12 months, and as assets with a low value with an acquisition price lower than CZK 100 thousand.

In determining the lease term, the Company is based on the non-cancellable lease term agreed in the contract. If the lease includes the Company's right to renew the contract or the right to terminate the contract, the Company also takes these factors into account when determining the expected lease term, depending on whether it anticipates their use.

For other leases, the Company accounts for the right-of-use asset and lease liabilities as of the commencement date of the lease.

Lease payables are measured at the present value of the expected contractual lease payments at the inception of the lease. In the case of the Company, these payments include fixed or variable lease payments that depend on an index or a rate. The variable component of the rent depending on the development of the price index is determined at the commencement of the lease according to the value of the index on the date of commencement of the lease. To determine the present value, the Company uses the Company's current borrowing rate as the discount rate, unless the implicit interest rate of the lease is known. For 2021, the Company's borrowing rate was determined using external financing rates. The subject of lease agreements, for which the right-of-use asset is accounted for, is exclusively the lease of office space, and therefore in 2021, the Company used a uniform discount rate of 2% p.a. (2020: 2% p.a.).

The lease liability is subsequently increased by accrued interest and reduced by the rent paid.

The short-term and long-term part of the lease liability are reported in separate lines of the statement of financial position.

If, after the commencement of the lease, the expected payments included in the valuation of the lease liability change, the Company will adjust the value of the liability and at the same time adjust the valuation of the right-of-use asset.

The right-of-use asset is valued at the date of commencement of the lease, and in the amount corresponding to the initial value of the lease liability adjusted for rent payments made before the commencement of the lease, and incentives and costs incurred in concluding the lease agreement. Subsequently, the value of the right-of-use asset is reduced by depreciation and any loss from impairment. The right-of-use asset is depreciated on a straight-line basis over the expected life of the lease (or the shorter of the useful life of the asset); the duration also considers the contractual right to unilaterally extend or terminate the lease.

Changes in expected payments included in the measurement of a lease liability, the Company will adjust the value of the lease liability to reflect newly expected payments, and at the same time adjust the value of the right-of-use asset.

5.12. Provisions

The Company creates a provision if:

- It has a present obligation (legal or constructive) as a result of a past event,
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- A reliable estimate of the amount of the obligation can be made.

The provision is recognized at the amount that represents the best estimate of the amount required to settle the present obligation.

5.13. Post-employment benefits

For employees in the Italian branch, the Company creates a mandatory T.F.R post-employment benefit fund. Severance pay, according to the terminology of Italian labor law, is paid based on the funds raised. The procedures for the correct calculation of severance pay are set out in Article 1 of Law No 297/1982 and Article 2,120 of the Italian Civil Code, which may be summarized as follows:

1. The monthly statement shall include all remuneration, including benefits in kind paid to the worker, depending on the employment relationship, unless it is an occasional employment relationship and unless otherwise stated in the collective agreements.
2. The sum of the relevant salaries paid monthly shall be divided by a coefficient of 13.5 at the end of each year or at the end of the employment relationship.
3. The amount not collected in the previous year shall always be valorised based on the valorisation coefficient fixed by the National Statistical Office of Italy (ISTAT).
4. Each year, a deduction of 0.50 is paid monthly by the employer for the employee in the form of an advance to the Italian State Social Security Administration (INPS), together with contributions.
5. By adding the amount referred to in part 2) to the amount obtained in part 3) and deducting the amount referred to in part 4), we obtain the amount to be set as expense for the Company and as a liability recognized as a provision for post-employment benefits.
6. The new legislation, which has been in effect since March 2015, provides for the possibility of:
    - paying the employee a monthly amount of severance pay accumulated for a given month,
    - collecting these funds on the Company's account,
    - paying funds to the pension fund, according to the employee's choice

The Company recognizes the costs of creating the fund in the "Administrative expenses" in the statement of comprehensive income, and reports the value of the fund in the statement of financial position as "Post-employment benefit provision". Upon termination of employment, the amount is paid by a reduction in the value of the fund (provision) and a decrease in cash. The value of the fund is revalued using the actuarial method in accordance with the requirements of IAS 19 and revaluation gains or losses are recognized in other comprehensive income.

5.14. Securities transactions for clients

Securities accepted by the Company for safekeeping, administration, or management are accounted for in off-balance sheet records in market, resp. nominal values if a market value is not available. In the statement of financial position in the item "Trade and other payables", payables to clients due to receive funds intended for the purchase of securities, or to return backups to the client.

5.15. Debt securities issued

Debt securities issued are classified as other financial liabilities measured at amortized cost. Debt securities issued are initially recognized at issue price, including the direct cost of issue. Subsequently, liabilities from issued bonds are increased by accrued interest costs determined by the effective interest rate method. In the statement of financial position, the bonds are recorded under "Liabilities from issued bonds". Accrued interest is recorded in the item "Interest expenses" in the statement of comprehensive income.

5.16. Method of determining fair value

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for the same assets or liabilities (level 1),
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2),
- inputs for assets or liabilities that are not based on observed market data (unobservable inputs) (level 3).

See Note 36 for details.

5.17. Cash and bank balances

Cash and bank account balances also include restricted funds, the Company's use of which is limited by the contractual conditions. Restricted cash is not included in the cash flow statement. Cash equivalents are cash on hand, deposits with central banks, and deposits with other banks with a maturity of up to one day.

Clients' funds received as part of client asset management are not part of the item, and are reported off-balance sheet.

6. NET INTEREST INCOME

Interest income of CZK 136,377 thousand (2021: CZK 73,814thousand) is generated mainly from repo loans and loans on the money market.

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands

Interest income calculated using the effective interest rate method	**136,377**	**73,814**
Loans and advances provided	130,974	70,015
Other	5,403	3,799
Interest expenses calculated using the effective interest rate method	**(122,657)**	**(58,020)**
Overdrafts	(15,979)	(6,386)
Loans and advances received	(105,045)	(50,548)
Interest on leases	(1,569)	(1,014)
Other	(64)	(72)
Net interest income	**13,720**	**15,794**

7. OTHER FINANCIAL INCOME / COSTS

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands
Other financial income	124,980	61,559
Other financial costs	(91,092)	(39,072)
Net other financial income	**33,888**	**22,488**

In the first half of 2022, there was an increase in the trading volume of the Company's clients using financing through REPO operations. This caused an increase in revenues, but also in costs from this activity in 2022 compared to 2021.

8. NET FEE AND COMMISSION INCOME

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands
Fee and commission income:	**952,146**	**913,730**
Securities transactions	617,912	551,816
Analytical services	79,464	85,176
Asset management	15,185	51,853
Investment banking	239,585	224,885
Fee and commission expenses:	**(365,049)**	**(322,280)**
Securities transactions	(355,950)	(317,791)
Other	(9,099)	(4,489)
Total net fee and commission income	**587,097**	**591,450**

9. NET PROFIT FROM FINANCIAL OPERATIONS

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands
Net profit from proprietary trading	155,604	193,489
Net profit from foreign Exchange transactions and foreign currency differences	12,204	(1,868)
Dividend income	15,520	10,546
Net profit from financial operations	**183,329**	**202,168**

10. OTHER OPERATING INCOME / EXPENSES, NET

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands
Reinvoicing of operating costs	4,007	2,445
Other operating income	2,853	931
Release / (creation) of provisions to goodwill	0	(2,639)
Release / (creation) of provisions to receivables	(378)	(1,856)
Other operating income / expenses, net	**6,482**	**(1,118)**

11. GENERAL ADMINISTRATIVE EXPENSES

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands
Wages, salaries and bonuses	(283,543)	(356,806)
Social security and health insurance costs	(83,126)	(82,298)
Contribution to T.F.R. fund	(2,515)	(2,134)
Share / option scheme	0	0
Personnel expenses	**(369,183)**	**(441,238)**
Other administrative expenses	(376,751)	(247,387)
Total administrative expenses	**(745,934)**	**(688,625)**
Depreciation and amortization	(55,178)	(45,129)
Total administrative and other expenses	**(801,111)**	**(733,755)**
Number of employees at the end of the period	265	253
Average number of employees per period	251	240
Average personnel cost per employee	**(1,470)**	**(1,838)**

Other administrative expenses mainly include IT expenses (CZK 155,759 thousand; CZK 140,086 thousand in 2021), services related to the operation of office space and expenses related to lease agreements classified as short-term or related to low-value items (CZK 21,101 thousand; CZK 18,712 thousand in 2021), legal expenses (CZK 6,127 thousand; CZK 5,504 thousand in 2021), and travel expenses (CZK 11,701 thousand; CZK 5,452 thousand in 2021). The overall increase is mainly due to the growth of marketing costs and the global prices of service suppliers.

The line Other administrative expenses also includes the remuneration of the statutory auditor, which totalled CZK 2,150 thousand in 2022, and relates to the mandatory audit of the financial statements and the annual report, and the report on the adequacy of the measures taken to protect the customer's assets (so-called MiFID reports). The auditor's fee for 2021 amounted to CZK 2,150 thousand. The statutory auditor of the Company was Ernst & Young Audit, s.r.o. for 2022 and 2021.

12. TAXATION

The corporate income tax rate for the year ended 31 December 2021 is 19%. The Company's tax liability is calculated based on current profit / (loss) according to Czech accounting standards, taking into account tax non-deductible expenses and exempt income or income subject to the final withholding tax rate.

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands
Profit / (loss) before tax	23,404	97,027
Theoretical tax calculated using a tax rate of 19%	**4,447**	**18,435**

(2021: 19%)

Tax effect of non-taxable income	(825)	(481)
Tax effect of tax non-deductible expenses	3,809	1,359
Tax effect of other deductions	(1,564)	(1,672)
Tax effect of dividend income, income of foreign branches and tax of the previous period	1,695	2,935
Income tax expense / (income)	**7,561**	**20,576**
- Deferred tax	*3,344*	*345*

DEFFERED TAX

	Year ended 31 December 2022 In CZK thousands	Year ended 31 December 2021 In CZK thousands
Deferred tax assets		
Estimates on labor costs	0	1,086
Provisions	2,685	2,919
The difference between the accounting and tax residual value of fixed assets, including right of rights	0	156
Adjustments to receivables	73	0
Contractual fines and penalties	338	1,027
Deferred tax liabilities		
The difference between the accounting and tax residual value of fixed assets	(2,850)	(1,598)
Net deferred tax assets / (liabilities)	**246**	**3,591**

Movement of deferred tax assets / (liabilities)		
Balance at the beginning of the period	3 591	3,935
Net change recognized as income / (expenses)	(3,344)	(345)
Balance at the end of the period	**246**	**3,591**

Deferred income taxes are calculated on all taxable and deductible differences between tax bases and carrying amounts using the effective tax rates of 19% applicable for 2022 and beyond.

13. CASH AND BANK BALANCES

	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Cash on hand	1,065	718
Current accounts with banks	521,190	273,417
Restricted cash	0	0
Total cash and bank balances	**522,255**	**274,135**

Cash and current accounts with banks in total represent cash and cash equivalents for cash flow reporting purposes. Restricted cash represents funds contractually blocked in the account for the needs of a third party.

14. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Financial assets held for trading

	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Shares and equity securities traded on regular markets	49,623	300,279
Fair value of financial derivatives	191,022	109,789
Total trading assets	**240,644**	**410,069**

Of the financial assets held for trading, securities that are used as collateral for repo operations totalled CZK 0 thousand (2021: CZK 22,728 thousand).

Liabilities held for trading

	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Liabilities from short sales	1,665	58,044
Fair value of financial derivatives	188,483	102,411
Total trading liabilities	**190,147**	**160,455**

The shares are denominated in the currencies of the individual local markets.

Nominal values of foreign exchange transactions	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Receivables from fixed-term operations	11,038,558	16,665,440
Liabilities from fixed term operations	11,033,524	16,654,544

Information on the risks arising from financial assets and financial liabilities held for trading and the methods of their management are described in Notes 28 – 34.

15. TRADE AND OTHER RECEIVABLES

	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Receivables from securities trading	951,672	755,391
Receivables from repo/ buy sell operations	3,259,515	5,184,657
Receivables from loans to non-banking entities	287,412	151,182
Receivables from loans to non-banking entities secured by collateral	382,734	0
Trade and other receivables	68,045	45,252
Estimated receivables	33,030	36,784
Advance payments – short-term	13,553	14,778
Trade and other receivables, total	**4,995,961**	**6,188,046**

Receivables from securities trading of CZK 951,672 thousand mainly include capital transactions for clients that remained unpaid at the end of 2022 (2021: CZK 755,391 thousand). These transactions were subsequently fully settled at the beginning of January 2023. Due to the method of settlement of transactions (delivery versus payment), these receivables carry a minimum credit risk. For securities trading receivables, the impairment loss is determined at the expected 12-month loss. Based on historical experience and the nature of receivables, the Company assessed the risk of expected twelve-month losses as insignificant. In 2022 and 2021, none of the receivables reported in this category showed a significant increase in credit risk. The Company did not report any impairment loss on these receivables.

Receivables from reverse repo transactions represent short-term loans secured by securities. For receivables from reverse repo operations and buy-sell operations, the impairment loss is primarily set at the 12-month expected loss. Receivables are always secured by securities with a value higher than the value of the receivable. The debtor's credit risk and the value of collateral are regularly evaluated by the Company. The Company assessed the risk of expected twelve-month losses on existing receivables as insignificant. In 2022 and 2021, none of the receivables reported in this category showed a significant increase in credit risk. The Company did not report any impairment loss on these receivables. Securities accepted as collateral under reverse repo transactions amount to CZK 4,457,549 thousand (2021: CZK 6,107,491thousand). Securities are measured at fair value. All securities accepted as collateral may be sold or further pledged.

Receivables from loans to non-banking entities represent loans provided to selected business partners, including related parties. For receivables from loans to non-banking entities, the impairment loss is primarily determined at the expected 12-month loss. Expected losses are based on an individual assessment of individual debtors. Given that most loans are provided to related companies, the Company assesses the risk of expected credit losses on existing receivables as insignificant. In 2021 and 2022, there was no deterioration in credit risk and the Company reported no loss.

Trade receivables and other receivables of CZK 68,062 thousand include receivables from issued invoices for asset management services, investment banking, and analytical services (2021: CZK 45,252 thousand). It also includes relationships in the group (CZK 45 thousand; 2021: CZK 243 thousand) due to re-invoicing of costs. In the case of trade receivables, the impairment loss is determined in the amount of the expected loss for the remaining life of the receivable, where the expected loss is based on the period after the receivable is valid. Based on historical experience and the nature of receivables, the Company assessed the risk of expected losses as insignificant.

As of 31 December 2022 the Company calculated expected impairment losses on financial assets. The total expected amount of impairment did not exceed the amount of CZK 1,000 thousand. The method of credit risk management is described in Note 31.

16. DEFERRED CHARGES AND INCOME AND OTHER ASSETS

Deferred expenses as of 31 December 2022, in the amount CZK 17,553 thousand (2021: CZK 21,722 thousand), mainly include prepaid maintenance of IT systems and connections to stock exchanges.

17. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Unlisted bonds	66,295	7,327
Unquoted shares and participations	283,654	414,530
Other financial assets at fair value through profit or loss	**349,949**	**421,857**

The item unlisted bonds include bonds of Czech companies maturing in 2024.

The item unquoted shares and participations, as of 31 December 2022 and 31 December 2021, include shares in funds of qualified investors.

Information on risks arising from other financial assets measured at fair value and the methods of their management are described in Notes 28-36.

18. LONG-TERM RECEIVABLES

Long-term receivables in the total amount of CZK 7,173 thousand (CZK 5,064 thousand in 2021) consists mainly of long-term advances paid for rent. There is no credit risk associated with these receivables.

As of 31 December 2022, the Company calculated expected impairment losses on financial assets. The total expected amount of impairment did not exceed the amount of CZK 1,000 thousand. The method of credit risk management is described in Note 31.

19. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Goodwill In CZK thousands	Software In CZK thousands	Right-of-use asset In CZK thousands	Technical improvement In CZK thousands	Inventory In CZK thousands	Other equipment In CZK thousands	Means of transport In CZK thousands	Total In CZK thousands
Purchase price								
1 January 2022	**6,909**	**214,529**	**81,161**	**28,434**	**27,752**	**50,833**	**13,339**	**422,958**
Additions		56,546	64,516	355	1,552	3,260	0	**126,230**
Translation of assets from branch currencies to CZK	(121)	(95)	0	(100)	(129)	(691)	(93)	**(1,229)**
Disposals		(361)	0	0	0	(42)	0	**(403)**
31 December 2022	**6,788**	**270,619**	**145,678**	**28,690**	**29,175**	**53,360**	**13,246**	**547,556**
Accumulated depreciation								
1 January 2022	**0**	**144,669**	**46,483**	**15,085**	**24,257**	**44,877**	**12,240**	**287,610**
Depreciation and amortization	0	32,324	17,410	883	917	2,796	847	**55,178**
Translation of assets from branch currencies to CZK		(55)	0	(75)	(115)	(645)	(93)	**(983)**
Derecognition		(361)	0	0	0	(42)	0	**(403)**
31 December 2022	**0**	**176,577**	**63,893**	**15,893**	**25,059**	**46,986**	**12,994**	**341,402**
Impairment	**4,729**	**0**	**0**	**0**	**0**	**0**	**0**	**4,729**
Net book value								
31 December 2022	**2,059**	**94,042**	**81,785**	**12,797**	**4,116**	**6,374**	**252**	**201,424**
1 January 2022	2,180	69,859	34,678	13,350	3,494	5,955	1,099	130,615

	Goodwill In CZK thousands	Software In CZK thousands	Right-of-use asset In CZK thousands	Technical improvement In CZK thousands	Inventory In CZK thousands	Other equipment In CZK thousands	Means of transport In CZK thousands	Total In CZK thousands
Purchase price								
1 January 2021	**7,135**	**176,994**	**73,236**	**27,625**	**26,592**	**48,323**	**13,512**	**373,416**
Additions		37,630	15,143	935	1,345	3,634		58,687
Translation of assets from branch currencies to CZK	(226)	(95)	0	(126)	(185)	(787)	(173)	(1,592)
Disposals			(7,219)			(337)		(7,556)
31 December 2021	**6,909**	**214,529**	**81,161**	**28,434**	**27,752**	**50,833**	**13,339**	**422,956**
Accumulated depreciation								
1 January 2021	**0**	**125,720**	**34,184**	**13,971**	**23,666**	**43,182**	**10,371**	**251,094**
Depreciation and amortization	0	19,406	19,518	833	702	2,653	2,019	45,129
Translation of assets from branch currencies to CZK		(456)	0	280	(110)	(620)	(150)	(1,056)
Derecognition			(7,219)			(337)		(7,556)
31 December 2021	**0**	**144,669**	**46,483**	**15,085**	**24,257**	**44,877**	**12,240**	**287,611**
Impairment	**4,729**	**0**	**0**	**0**	**0**	**0**	**0**	**4,729**
Net book value								
31 December 2021	**2,180**	**69,859**	**34,678**	**13,350**	**3,494**	**5,955**	**1,099**	**130,615**
1 January 2021	5,045	51,274	39,052	13,654	2,926	5,141	3,141	120,232

The right-of-use asset relates to the leases of office space. The item means of transport also includes the right-of-use asset related to the use of cars; the right-of-use asset related to cars totalled CZK 252 thousand (2021: CZK 1,099 thousand). The total net book value of the right-of-use asset was CZK 82,037 thousand as of 31 December 2021 (2021: CZK 35,777 thousand). The depreciation of the right-of-use asset totalled CZK 18,258 thousand (2021: CZK 20,822 thousand).

In 2022, the Company spent CZK 7,623 thousand on research and development (2021: CZK 8,890 thousand).

Goodwill reported in the statement of financial position relates to the acquisition of a branch in Italy in 2013. At the acquisition date, the value of goodwill was determined as the difference between (i) the purchase price of the controlling interest and (ii) the fair value of acquired assets less the fair value of liabilities assumed on the acquisition date.

The Company has assessed the impairment of goodwill. Recoverable amount is determined as the value in use and is based on a long-term cash flow plan, and is based on the assessment of the recoverable amount of the cash-generating unit to which the goodwill is allocated (the Italian branch of the Company). The Company didn’t report any change in the value of goodwill in 2022. The book value of goodwill as of 31 December 2022 is CZK 2,059 thousand (2021: CZK 2,180 thousand)

20. ISSUED CAPITAL

The Company's share capital represents 198,000 shares with a nominal value of CZK 2,250 per share. In 2022 and 2021, there was no change in the share capital of the Company. The share capital was fully paid up.

21. RETAINED EARNINGS

The profit for 2021 was transferred to the Company's Retained Earnings based on the decision of the General Meeting of the Company. The Company's management anticipates that the profit of 2022 will also be transferred to Retained Earnings.

22. TRADE AND OTHER PAYABLES

	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Payables to suppliers	60,581	61,348
Liabilities from securities trading	1,077,166	744,321
Liabilities from repo operations	3,417,962	5,441,490
Liabilities from loans	4,864	5,709
Liabilities to the state budget	12,919	25,028
Unbilled liabilities	92,729	70,440
Trade and other payables, total	**4,666,221**	**6,348,337**

Payables to suppliers include payables that remained outstanding at the end of 2022. No liabilities were overdue as of 31 December 2022.

Securities trading liabilities include capital transactions for clients that remained unpaid at the end of 2022 and were subsequently settled in January 2023.

Estimated accounts payable mainly include an estimate of the contribution to the guarantee fund, bonuses, provision for untaken holiday, and estimated services not invoiced by 31 December 2022.

Securities provided as collateral under repurchase agreements amounted to CZK 4,452,297 thousand (2021: CZK 5,762,570 thousand).

23. AMOUNTS OWED TO BANKS

Liabilities to banks in the amount of CZK 514,815 thousand (2021: CZK 18,217 thousand) represent short-term bank loans, which are used primarily to cover stock exchange collateral and trade settlement.

The table below summarizes income and expenditure related to liabilities to banks:

	2022 In CZK thousands	2021 In CZK thousands
Liabilities to banks as at 1 January	**18,217**	**77,888**
Drawing bank loans	480,619	0
Accrued interest	15,979	6,386
Repayments of bank loans	0	(66,058)
Liabilities to banks as at 31 December	**514,815**	**18,217**

24. LEASE LIABILITIES

The table below summarizes lease liabilities:

	2022 In CZK thousands	2021 In CZK thousands
Lease liabilities as at 1 January 2022	**38,333**	**41,354**
Additions	**64,101**	**14,950**
Interest	**1,569**	**1,014**
Installments	**(23,876)**	**(18,985)**
Lease liabilities as at 31 December 2022	**80,127**	**38,333**
Short-term lease liabilities	*15,608*	*19,054*
Long-term liabilities from lease agreements	*64,519*	*19,279*

Lease payables are measured at the present value of the outstanding lease payments at the inception of the lease. In the case of the Company, these payments include fixed or variable rents. The variable component of the rent depending on the development of the price index is determined at the commencement of the lease according to the value of the index on the date of commencement of the lease. To determine the present value, the Company uses the Company's current borrowing rate as the discount rate.

The lease liability is subsequently increased by accrued interest and reduced by the rent paid.

The short-term portion of the lease liability represents the present value of the lease payments due within 12 months after the end of the current accounting period.

The amount of depreciation of rights of use is disclosed in Note 19, costs arising from short-term leases and contracts for low-value assets in Note 11, interest arising from leases in Note 6.

The obligations arise exclusively from contracts relating to office space and passenger cars. The Company is not exposed to any potential payments that would not be included in the valuation of lease liabilities.

25. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities as of 31 December 2022 in the amount CZK 339 thousand (2021: CZK 438 thousand) mainly represent accepted commissions, which belong to the contractual partners, and accruals of office space leases.

26. PROVISIONS

The most significant item in the provisions is the provision for post-employment benefits formed by the TFR fund for employees of a branch in Italy, which is compulsory under Italian law. It is an estimate of the amount that will be paid to employees upon termination of employment. The Company holds the same amount of cash (reported in the statement of financial position under "Cash and deposits with banks").

In 2022, the Company reported CZK 2,514 thousand (2021: CZK 2,134 thousand) related to these benefits. In total, it reported a provision of CZK 3,827 thousand (2021: CZK 3,243 thousand), representing the expected payments that the Company will be forced to make in connection with these benefits in the future.

27. LIABILITIES FROM ISSUED DEBT SECURITIES

In 2020, the Company issued a new issue of bonds with a fixed interest rate of 3%, with a nominal value of CZK 200,000 thousand, and with a maturity date on 2 November 2023. Liabilities from these issued bonds as of 31 December 2022 amounted to CZK 2,110 thousand (31 December 2021: CZK 2,110 thousand).

The Company also provides its own issued bonds as collateral in repo transactions. The total amount of company issued bonds thus provided was CZK 98,624 thousand as of 31 December 2022 (31 December 2021: CZK 386,897 thousand). Liabilities from these operations are reported under Trade and other payables.

28. RISK MANAGEMENT

The Company's management regularly assesses and evaluates possible risks which the Company is exposed to, arising from the financial asset of financial liabilities, and include currency, liquidity, credit, and market risk. The Company's goal is to minimize risks. To this end, the Company uses a system of internal rules, including a system of limits for maximum risk exposure. In selected cases, the Company uses financial derivatives to hedge risks. Compliance with internal rules is routinely evaluated by the Company's management and the internal audit department.

29. CURRENCY RISK

The Company conducts business activities in Czech crowns and other major currencies in the region of Central and Eastern Europe. The Company has established rules for holding current assets, primarily cash in individual currencies, in accordance with its internal guidelines for foreign exchange risk management.

Currency risk is managed by the Treasury Department, which continuously monitors currency positions in current assets, and decides on their structure and amount, specifically in relation to the currency structure of long-term liabilities.

Below is an analysis of selected assets and liabilities of the Company as of 31 December 2021 in CZK thousands according to individual currencies:

2022	CZK	EUR	PLN	Other	Total
Cash and cash equivalents	147,955	178,993	23,584	171,723	**522,255**
Financial assets held for trading	226,861	2,079	1,116	10,588	**240,644**
Other financial assets at fair value through profit or loss	306,930	31,952	0	11,067	**349,949**
Trade and other receivables	654,397	2,106,394	146,199	2,088,971	**4,995,961**
Financial assets measured at amortized cost	0	0	0	0	**0**
Income tax receivables	15,959	226	168	181	**16,534**
Deferred income and other assets	3,676	4,739	469	8,669	**17,553**
Long-term receivables	494	6,679	0	0	**7,173**
Deferred tax asset	246	0	0	0	**246**
Intangible assets, net	90,499	4,380	1,221	0	**96,100**
Tangible assets, net	102,707	1,278	1,203	136	**105,324**
Total assets	**1,549,725**	**2,336,720**	**173,960**	**2,291,335**	**6,351,740**
Basic capital	445,500	0	0	0	**445,500**
Reserve fund from profit	15,293	0	0	0	**15,293**
Retained earnings / (accumulated loss)	419,006	0	0	0	**419,006**
Fund from revaluation of financial assets and foreign operations	0	0	0	0	**0**
Profit for the accounting period	15,844	0	0	0	**15,844**
Revaluation reserve	(1,487)	0	0	0	**(1,487)**
Deferred tax liability	0	0	0	0	**0**

Liabilities from debt securities issued	2,110	0	0	0	**2,110**
Liabilities from lease agreements – long-term	0	64,519	0	0	**64,519**
Provision for post – employment benefits	0	3,827	0	0	**3,827**
Liabilities to banks	23	455,617	0	59,175	**514,815**
Financial liabilities for trading	188,483	1,665	0	0	**190,147**
Trade and other payables	772,786	1,437,009	154,285	2,302,142	**4,666,221**
Liabilities from lease agreements – short-term	0	15,608	0	0	**15,608**
Accruals and other liabilities	0	336	0	0	**336**
Income tax liability	0	0	0	0	**0**
Total liabilities	**1 857 558**	**1,978,580**	**154,285**	**2,361,317**	**6,351,740**
Impact of off-balance sheet items	**135 059**	**(291,843)**	**(25,591)**	**182,375**	**0**
Net currency position in the statement of financial position as at 31 December 2022	**- 172 775**	**66,297**	**(5,916)**	**112,394**	**0**

2021	CZK	EUR	PLN	Other	Total
Cash and cash equivalents	30,035	115,360	45,179	83,561	**274,135**
Financial assets held for trading	224,808	79,420	14,491	91,350	**410,069**
Other financial assets at fair value through profit or loss	257,041	157,055	0	7,761	**421,857**
Trade and other receivables	338,610	1,427,935	237,051	4,184,450	**6,188,046**
Financial assets measured at amortized cost	0	0	0	0	**0**
Income tax receivables	0	0	0	0	**0**
Deferred income and other assets	4,258	7,784	518	9,161	**21,722**
Long-term receivables	0	5,064	0	0	**5,064**
Deferred tax asset	3,591	0	0	0	**3,591**
Intangible assets, net	50,900	5,401	18	15,721	**72,040**
Tangible assets, net	39,453	23,403	1,056	(5,333)	**58,578**
Total assets	**948,696**	**1,821,421**	**298,312**	**4,386,672**	**7,455,101**
Basic capital	445,500	0	0	0	**445,500**
Reserve fund from profit	15,293	0	0	0	**15,293**
Retained earnings / (accumulated loss)	342,556	0	0	0	**342,556**
Fund from revaluation of financial assets and foreign operations	0	0	0	0	**0**
Profit for the accounting period	76,451	0	0	0	**76,451**
Revaluation reserve	(328)	0	0	0	**(328)**
Deferred tax liability	0	0	0	0	**0**
Liabilities from debt securities issued	2,110	0	0	0	**2,110**
Liabilities from lease agreements – long-term	0	19,279	0	0	**19,279**
Provision for post – employment benefits	2,160	3,243	0	0	**5,403**

Liabilities to banks	0	0	0	18,217	**18,217**
Financial liabilities for trading	152,114	8,256	85	0	**160,455**
Trade and other payables	657,002	1,111,053	196,050	4,384,231	**6,348,337**
Liabilities from lease agreements – short-term	0	19,054	0	0	**19,054**
Accruals and other liabilities	3	433	3	0	**438**
Income tax liability	2,337	0	0	0	**2,337**
Total liabilities	**1,695,198**	**1,161,061**	**196,138**	**4,402,448**	**7,455,101**
Impact of off-balance sheet items	**683,699**	**(655,029)**	**(89,773)**	**61,103**	**0**
Net currency position in the statement of financial position as at 31 December 2021	**(62,803)**	**5,074**	**12,401**	**45,328**	**0**

The Company regularly evaluates the possible impact of exchange rate changes on profit or loss and equity. The following table summarizes the impact of changes in exchange rates on the Company's profit and loss (in thousands of CZK) when the CZK exchange rate changes against other currencies by +/- 10%.

2022	**Strengthening of CZK (+10%)**	**Weakening of CZK (-10%)**
Impact on profit (+ increase / - decrease)	(17,277)	17,277
Impact on equity	0	0

2021	**Strengthening of CZK (+10%)**	**Weakening of CZK (-10%)**
Impact on profit (+ increase / - decrease)	(6,246)	6,246
Impact on equity	0	0

30. LIQUIDITY RISK MANAGEMENT

The Company's liquidity management is because most business operations and transactions that the Company negotiates comply with the settlement convention T + 2 or T + 3 (settlement date + 2 or 3 business days). The Treasury Department is responsible for the Company's liquidity management, working closely with the Settlement Department. In particular, the Treasury Department analyses the time and currency structure of future receivables and payables so that the Company always has a sufficient amount of readily liquid funds at its disposal.

The internal regulations stipulate the volume of purchases and sales that a trader may conclude on their own account during the day, and the value of the securities portfolio that the trader may hold in the Company's own account at the end of the trading day.

Appropriate inspections of compliance with the set limits take place throughout the day and involve authorized employees of the Trading, Treasury and Settlement departments.

Below is an analysis of the Company's financial liabilities as of 31 December 2022 and 31 December 2021, respectively, according to the remaining maturity in thousands of CZK. Items with an unspecified maturity date are included in the "Unspecified" column.

Maturity:	On request	< 3 months	< 1 year	< than 5 years	> 5 years	Not specified	Total
Liabilities from debt securities issued	0	0	45	2,065	0	0	**2,110**
Liabilities to banks	0	514,815	0	0	0	0	**514,815**
Financial liabilities for trading	0	190,147	0	0	0	0	**190,147**
Trade and other payables	0	4,573,492	92,729	0	0	0	**4,666,221**
Liabilities from lease agreements		1,113	14,495	64,519			**80,127**
Accruals and other liabilities	0	336	0	0	0	0	**336**
Income tax payable	0	0	0	0	0	0	**0**
Total 31 December 2022	**0**	**5,279,904**	**107,269**	**66,584**	**0**	**0**	**5,453,756**

Maturity:	On request	< 3 months	< 1 year	< than 5 years	> 5 years	Not specified	Total
Liabilities from debt securities issued	0	0	45	2,065	0	0	**2,110**
Liabilities to banks	0	18,217	0	0	0	0	**18,217**
Financial liabilities for trading	0	160,455	0	0	0	0	**160,455**
Trade and other payables	0	6,277,897	70,440	0	0	0	**6,348,337**
Liabilities from lease agreements		1,218	17,836	19,279			**38,333**
Accruals and other liabilities	0	438	0	0	0	0	**438**
Income tax payable	0	0	2,337	0	0	0	**2,337**
Total 31 December 2021	**0**	**6,458,225**	**90,658**	**21,344**	**0**	**0**	**6,570,227**

The carrying amount does not differ substantially from the contractual cash flows of financial liabilities. The expected maturity of financial assets and financial liabilities does not differ significantly from the expected maturity.

31. CREDIT RISK

Credit risk arises mainly from receivables from outstanding securities transactions, receivables from loans and repo loans, trade receivables, and debt securities. The Company manages and evaluates credit risk separately for each category separately. The Company's objective is to minimize losses resulting from the inability of debtors to repay the Company's receivables, evaluating creditworthiness and regular monitoring of counterparties which the Company has transactions or provides its services. The Company methodically manages and continuously evaluates the credit risk of counterparties. New clients must go through an account opening process, given an internal or external credit rating after obtaining and analyzing the counterparties' information. The counterparty is assigned a limit on the total open position. The Treasury and Compliance departments continuously monitor the hedging and risk assessment of the loans provided.

In the case of receivables from securities trading, the Company considers the method of settlement of trades (delivery versus payment) when assessing credit risk. As a result, these receivables carry minimal credit risk. Based on historical experience and the nature of receivables, the Company assessed the risk of expected twelve-month losses as insignificant. In 2022 and 2021, none of the receivables reported in this category showed a significant increase in credit risk. The Company did not report any impairment loss on these receivables.

In the case of receivables from reverse repo operations and buy-sell operations, the Company assesses the credibility of the debtor and the value of the securities of the receivable secured before concluding the transaction. When arranging a transaction, The Company always requires that the value of collateral exceeds the value of the receivable. For receivables from reverse repo operations and buy-sell operations, the impairment loss is primarily set at the 12-month expected loss. In 2022 and 2021, none of the receivables reported in this category showed a significant increase in credit risk. The Company did not report any impairment loss on these receivables.

The Company provides loans to selected business partners. Loans are granted after prior assessment by the borrower and, unless it is a related party loan, the Company requires adequate collateral. All loans are provided only after the approval of the statutory body of the Company. For receivables from loans to non-banking entities, the impairment loss is primarily determined at the expected 12-month loss. Expected losses are based on an individual assessment of each debtor. Given that most loans are provided to related companies, the Company assesses the risk of expected credit losses on existing receivables as insignificant. In 2022, none of the receivables showed a significant increase in credit risk, nor was an impairment loss recognized. In 2021, none of the receivables showed a significant increase in credit risk, nor was an impairment loss recognized.
Trade receivables mainly represent receivables for asset management services, investment banking and analytical services. Before accepting an order, the Company always assesses the client's ability to pay the fee. In the case of trade receivables, the impairment loss is based on the overdue period of the receivable. Based on historical experience and the nature of receivables, the Company assessed the risk of expected losses as insignificant (2022: CZK 2,595 thousand; 2021: CZK 786 thousand).

As of 31 December 2022, the Company was exposed to credit risk, which was due to:

(i) the carrying amounts of receivables recognized in the statement of financial position;
(ii) the maximum value of the performance of the financial guarantees provided.

The Company did not provide any financial guarantees in 2022. The Company assessed the risk of expected losses from the provided guarantees as negligible. Therefore, the Company does not report any impairment loss for the financial guarantees provided.

The Company also evaluates credit risk when purchasing debt securities. As of 31 December 2022, and 31 December 2021, all debt securities were classified as financial assets held for trading; any credit losses were thus reflected in fair value directly in the Company's costs.

The Company is obliged to comply with the rules restricting credit concentration in accordance with the rules of credit exposure. As of 31 December 2022, and 31 December 2021, the credit exposure to one debtor did not exceed 10% of the total value of all receivables of the Company.

32. INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The period when the interest rate of a financial instrument is fixed indicates the extent to which the instrument is exposed to interest rate risk. Most Company transactions with an interest rate component have a fixed interest rate. Therefore, the Company is not exposed to the risk of duration mismatch.

Due to the nature of operations and the contractual maturity of financial assets and liabilities, the Company is not exposed to significant interest rate risk. The effects of changes in interest rates on the Company's profit or loss and equity would not be significant.

33. MARKET RISK

Market risk is the risk of changes in the prices of securities held by the Company in its portfolios. To measure and manage market risks, the Company mainly uses a series of limits that result from the Company's needs and external requirements.

The Company trades in the following instruments associated with market risk:

- shares traded on the Prague Stock Exchange,
- selected foreign shares traded on foreign stock exchanges and derivative contracts.

The following table calculates the sensitivity analysis of equity (Delta) in thousands of CZK. Sensitivity represents a shift of +/- 10% of all securities in the portfolio.

2022	Sensitivity Long position	Sensitivity Short position	Total sensitivity
Impact on equity	+/- 33,328	+/- 166	+/- 33,161
Impact on profit (+ increase / - decrease)	+/- 4,962	+/- 166	+/- 4,796

2021	Sensitivity Long position	Sensitivity Short position	Total sensitivity
Impact on equity	+/- 71,481	+/- 5,804	+/- 65,677
Impact on profit (+ increase / - decrease)	+/- 30,028	+/- 5,804	+/- 24,224

34. CAPITAL MANAGEMENT

The Company's capital management is based on monitoring and compliance with the capital adequacy limit.

The Company also manages its capital, able to continue its business activities while maximizing returns for shareholders through the optimization of debt and capital balances.

For management purposes, the Company considers as capital all components that form the regulatory capital of a securities trader (especially share capital, retained earnings, profit or loss for the current period, and funds from revaluation of financial assets measured at fair value through other comprehensive income). The value of regulatory capital as of 31 December 2022 is CZK 781,966 thousand (2021: CZK 730,921 thousand).

In regulatory capital, the Company includes all items of Equity, except for Profit for the current period. Regulatory capital is reduced by the amount of intangible assets (goodwill and software) and by the amount of deferred tax assets. No other instruments enter the regulatory capital.

In 2022 and 2021, there was no decrease in capital that would lead to non-fulfilment of the capital ratio conditions according to the applicable IFR/IFD regulation.

35. ESTIMATED FAIR VALUE OF THE COMPANY'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and liabilities measured at amortized cost do not differ considerably from their fair values. In most cases, these are short-term receivables and payables with an original maturity of less than one year.

The fair value of these assets and liabilities (excluding receivables from restitution claims) is determined as the present value of future cash flows. Since the time value is negligible and the credit risk is reflected in the impairment loss, the difference between the book value and the fair value is insignificant.

The fair value of receivables from Romanian restitution claims is determined based on the latest available prices at which these receivables were acquired. The difference between the market price and the accrued value is not significant.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities held for trading and other financial assets at fair value through profit or loss are carried at fair value in accordance with accounting policies.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

a. quoted prices (unadjusted) in active markets for the same assets or liabilities (level 1),
b. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2),
c. inputs for assets or liabilities that are not based on observed market data (unobservable inputs) (level 3).

2022	Total In CZK thousands	Level 1 In CZK thousands	Level 2 In CZK thousands	Level 3 In CZK thousands
Financial assets measured at fair value				
Financial assets held for trading				
- Listed shares and equity securities	**49,623**	49,623	0	0
- Fair value of financial derivatives	**191,022**		191,022	
Other financial assets measured at fair value				
- Unquoted bonds	**66,295**			66,295
- Unquoted shares	**283,654**			283,654
Financial liabilities for trading				
- Liabilities from short sales of shares	**(1,665)**	(1,665)		
- Fair value of financial derivatives	**(188,483)**		(188,483)	
Total	**400,446**	**47,958**	**2,539**	**349,949**

2021	Total In CZK thousands	Level 1 In CZK thousands	Level 2 In CZK thousands	Level 3 In CZK thousands
Financial assets measured at fair value				
Financial assets held for trading				
- Listed shares and equity securities	**300,279**	300,279	0	0
- Fair value of financial derivatives	**109,789**	0	109,789	0
Other financial assets measured at fair value				
- Unquoted bonds	**7,327**	0	0	7,327
- Unquoted shares	**414,530**	0	0	414,530
Financial liabilities for trading				
- Liabilities from short sales of shares	**(58,044)**	(58,044)	0	0
- Fair value of financial derivatives	**(102,411)**	0	(102,411)	0
Total	**671,471**	**242,235**	**7,378**	**421,857**

Financial instruments measured at fair value based on level 3

2022	Unlisted bonds In CZK thousands	Unquoted shares In CZK thousands
Opening balance	7,327	414,530
Purchase	521,008	1,656,879

Maturing bonds	0	0
Sales	462,040	1,787,755
Closing balance	**66,295**	**283,654**

2021	Unlisted bonds In CZK thousands	Unquoted shares In CZK thousands
Opening balance	53,600	79,879
Purchase	2,314,707	4,045,152
Maturing bonds	-	-
Sales	2,360,980	3,710,500
Closing balance	**7,327**	**414,530**

Unlisted units for which level 3 fair value measurement is used are primarily real estate sub-fund certificates that the Company sells to investors.

The following table summarizes the way fair value is determined for financial assets and financial liabilities (particularly the method of determining fair value and the inputs used for valuation):

Financial assets / financial liabilities	Level	Method of determining fair value	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Listed shares and equity securities	1	Market prices on regulated markets	N/A	N/A
Liabilities from short sales	1	Market prices on regulated markets	N/A	N/A
Financial derivatives	2	Discounted cash also based on forward exchange rates	N/A	N/A
Unquoted shares	3	Yield method based on expected cash flows discounted by average cost of capital (WACC)	The value of the WACC parameter determined using the CAPM model The amount of expected cash flows based on the expected growth of sales	An increase in the WACC parameter would lead to a decrease in the fair value of unlisted units A reduction in expected sales growth would lead to a decrease in the fair value of unlisted units
Unquoted bonds	3	Yield method based on expected cash flows discounted by a rate including a risk-free and risky component (issuer risk, underlying assets risk, etc.)	The amount of expected cash flows based on the cash flows of the underlying assets The amount of the risk-free rate for individual currencies and other components determining the	A decrease in expected cash flows from the underlying assets or an increase in the discount rate would lead to a decrease in the market price of unquoted bonds

			market discount rate	

The impact of level 3 changes in the fair value of financial assets determine fair value on the Company's income and expenses in 2022 was CZK 29,484 thousand (2021: CZK 43,297 thousand).

37. RELATED PARTIES

During the year, the Company entered the following transactions with related parties of the WOOD & Company Group S.A.

37.1. Key management of the Company

The key management of the Company includes the ultimate owners of the Company. During the accounting period, short-term remuneration to key members of management amounted to CZK 5,147 thousand (2021: CZK 5,147 thousand). The members of the key management are three persons who have the authority and responsibility for the planning, management and control activities of the Company. The key management did not receive any other rewards.

37.2. WOOD & Company Group S.A. ("WOOD SA")

As of 31 December 2022, the Company reported a receivable of CZK 161,229 thousand (2021: CZK 5,935 thousand) from WOOD SA (included in the item "Receivables from loans on the money market" in Note 15).

As of 31 December 2022, the Company reported a liability to WOOD SA of CZK 0 thousand (2021: CZK 3,147 thousand), which is included in the item "Trade and other payables" in Note 22.

The Company reports interest income of CZK 601 thousand (2021: CZK 58 thousand) from a loan provided by WOOD SA.

37.3. Other related parties

As of 31 December 2021 and 31 December 2020, the Company reports the following transactions with Other related parties, which the Company are within the same holding group in accordance with [IAS 24.9b vi.] with the exception of the parent company WOOD & Company Group S.A.

	2022 In CZK thousands	2021 In CZK thousands
Trade and other receivables	45	695
Trade and other payables	143	1,361
Interest income	622	473
Interest expenses	72	446
Fee and commission expense	292	0
Operating costs	654	667
Other income	504	482

37.4. Related parties outside the WOOD & Company Group S.A.

As of 31 December 2022, the Company reports the following transactions outside the WOOD & Company Group S.A. according to IAS 24.

2021	Closely related parties in accordance with IAS 24.9a (iii) In CZK thousands	Other related parties according to IAS 24.9b In CZK thousands
Trade and other receivables	404,714	256,694
Trade and other payables	21,574	164
Interest income	10,114	10,068
Interest expenses	233	0
Fee and commission income	611	153

2020	Closely related parties in accordance with IAS 24.9a (iii) In CZK thousands	Other related parties according to IAS 24.9b In CZK thousands
Trade and other receivables	375,312	313,891
Trade and other payables	10,028	1,607
Interest income	10,114	10,068
Interest expenses	233	0
Fee and commission income	611	153

38. RESULTS OF BRANCHES

The company has branches in United Kingdom, Romania, Poland, Slovakia, Italy, and Ireland.

Overview of the results of the branches of WOOD & Company Financial Services a.s.

United Kingdom:	31.12.2022	31.12.2021
net turnover, thousands CZK	47,318,077	80,199,994
profit / (loss) before tax, thousands CZK	(1,964,983)	23,231,769
income tax expense, thousands CZK	(52,755)	0
state support	0	0
average number of employees	9	11
Romania:		
net turnover, thousands CZK	11,779,458	17,473,344
profit / (loss) before tax, thousands CZK	2,444,803	8,375,481
income tax expense, thousands CZK	(428,361)	(1,236,261)
state support	0	0
average number of employees	4	4
Poland:		
net turnover, thousands CZK	65,943,195	111,930,209

profit / (loss) before tax, thousands CZK	(2,675,415)	36,267,648
income tax expense, thousands CZK	0	(3,133,758)
state support	0	0
average number of employees	24	23
Slovakia:		
net turnover, thousands CZK	10,529,015	10,752,791
profit / (loss) before tax, thousands CZK	(12,447,030)	512,041
income tax expense, thousands CZK	0	(712,338)
state support	0	0
average number of employees	10	3
Italy:		
net turnover, thousands CZK	104,948,782	83,748,913
profit / (loss) before tax, thousands CZK	2,801,415	(12,931,593)
income tax expense, thousands CZK	(2,814,123)	0
state support	0	0
average number of employees	16	18
Ireland:		
net turnover, thousands CZK	3,055,044	5,356,377
profit / (loss) before tax, thousands CZK	(1,198,919)	1,134,697
income tax expense, thousands CZK	(24)	(141,826)
state support	0	0
average number of employees	1	0

39. ASSETS IN ADMINISTRATION, CUSTODY AND MANAGEMENT

	As at 31 December 2022 In CZK thousands	As at 31 December 2021 In CZK thousands
Assets accepted for administration and safekeeping	37,964,866	18,089,491
Assets accepted for management	12,985,066	14,039,256

Assets accepted for administration and custody do not include assets of CZK 6,458,277 thousand (2021: CZK 6,766,811 thousand), which are accepted for management, as well as for administration and custody at the Company.

40. SET-OFF OF FINANCIAL ASSETS AND LIABILITIES

The Company enters agreements with counterparties that contain a settlement on the final of profits and losses.

The Company enters foreign exchange transactions with counterparties – banks which it may have cash accounts. The fair value of these short-term foreign exchange transactions is insignificant due to the volume of funds deposited with the bank. The fair values of foreign exchange transactions recognized in Note 14 may be offset in the event of a counterparty default.

The Company enters repurchase agreements and reverse repurchase agreements with counterparties, using securities as collateral. As of 31 December 2022, no repo operation agreements were entered that could be offset against another operation of the given counterparty, reported in the Company's financial position.

The Company enters transactions for the purchase and sale of securities. These transactions are recorded in the statement of financial position as receivables or payables from securities trading. Receivables and payables from securities trading are kept in the accounting records according to individual currencies and counterparties, therefore, they are reported in the statement of financial position at netted value.

The Company is obliged to deposit part of the funds as collateral for the closed volume of trades with settling counterparties. This collateral cannot be withdrawn for specific transactions, therefore it cannot be included in the statement of financial position.

41. Contingent liabilities

The members of the Board of Directors of the Company believe that the Company is not exposed to any contingent liabilities of any kind as at the date of the Company's financial statements and no provisions have been made for them.

42. Subsequent events

After the date of the financial statements, a project of transformation was created with a record date of 1 January 2023. Within this transformation project, WOOD Retail Investments a.s. will take over part of the investment activities of WOOD & Company Financial Services, a.s. These are investment activities operated under the Portu brand, which include investment advice, micro-investing, behavioral investing and pension investing.
The aim of the transformation is to economically separate the purely retail part of the Company's business, which is already operating under the separate Portu brand, and thus simplify its management, limit mutual contamination by risks from the "whole sale" business.

The accounting treatment will be that the successor company (Wood & Company Retail Investments a.s.) takes over the assets and liabilities in the same structure and valuation as they were reported in the final financial statements of the Company on the day preceding the decisive day of conversion. Goodwill does not arise upon conversion. The list of transferred assets and liabilities has not yet been finally approved and is therefore not published in the statements.

There were no other significant events after the balance sheet date that would have a material impact on the financial statements for the year ended 31 December 2022.

Vladimír Jaroš
Chairman of the Board of Directors