MND a.s.

Annual Report

2022

This document is an English translation
of the Czech Annual Report

Contents:

I. Report on the Company's business activities and state of its assets (consolidated)

1. Company

MND a.s. ("the Company") was established by a sole founder on 30 September 2008, under the original name ORTOKLAS a.s. The Company was incorporated on 3 November 2008 and is recorded in the Commercial Register maintained by the Regional Court in Brno under file number B 6209.

2. Consolidated group

As of 31 December 2022, the Company formed a consolidated group with the following entities that are controlled entities vis-à-vis the Company pursuant to Section 74 et seq. of Act No. 90/2012 Coll., on Business Corporations, as amended:

- **MND Drilling & Services a.s.**, with its registered office at Velkomoravská 900/405, Lužice, post code 696 18, ID No. 25547631;
- **MND Energy Storage a.s.**, with its registered office at Úprkova 807/6, Hodonín, post code 695 01, ID No. 27732894;
- **MND Energie a.s.**, with its registered office at Strašnice, Vinohradská 1511/230, Praha 10, post code 100 00, ID No. 29137624;
- **MND Ukraine a.s.**, with its registered office at Úprkova 807/6, Hodonín, post code 695 01, ID No. 08957517;
- **Oriv Holding a.s.**, with its registered office at Úprkova 807/6, Hodonín, post code 695 01, ID No. 11735376;
- **FVE Tichá s.r.o.**, with its registered office at Hodonín, Úprkova 807/6, post code 695 01, ID No. 28605233;
- **Horyzonty LLC**, with its registered office at Lvivska Oblast, Lviv, 79005, Akademika Pavlova 6c, Office 7, Ukraine;
- **Geologichne byreau Lviv LLC**, with its registered office at Lvivska Oblast, Lviv, 79011, ul. Kubiyovicha 18, Office 6, Ukraine;
- **Precarpathian energy company LLC**, with its registered office at Ivano-Frankovska Oblast, Bogorodchany, 77701, ul. Schevchenka, Ukraine;

(the Company and its controlled entities together the "**MND Group**" or "**Group**").

3. Jointly controlled entities

As at 31 December 2022, the following entities were jointly controlled or associated entities vis-à-vis the Company (pursuant to Section 22, par. 3, point (b) and (c) of Act No. 563/1991 Coll., on Accounting, as amended):

- **Moravia Gas Storage a.s.**, with its registered office at Úprkova 807/6, Hodonín, post code 695 01, ID No. 285 06 065.

4. Business activities of the MND Group

Principal business activities of MND Group are:

- sale of gas and electricity to households and small businesses;
- energy commodities trading;
- operation of underground gas storage and provision of gas storage services;
- exploration and production of oil and natural gas;
- drilling contractor services, focusing on drilling of oil and gas exploration and production wells and hydro and geothermal wells and well workover and abandonment.
- investment in renewable energy sources and the development of new technologies.

The activities were carried out in the Czech Republic and abroad. The MND Group engage in research and development in the field of carbon dioxide storage in underground structures. MND Group companies do not have any branches abroad.

5. Sale of gas and electricity to households and small businesses

Since 2014, the MND Group has been striving to move the energy supply market to a better customer experience with simplicity, long-term benefits and fair dealing. In 2022, the MND Group continued to offer advantageous energy contracts to households at fair conditions and prices. Price advantage is supported by correct conditions that are based on values and principles that the MND Group considers key for its long-term successful operation in the market. These principles include fair and comprehensible customer care as well as stability and customer care including the maximum degree of processes digitalization of the processes. The customers appreciate these principles and thanks to this, today MND is already one of the most important energy suppliers.

In the household segment, the MND Group focuses on gas sales. In 2022, the MND customer base grew by 2 472 customers to a total of 117 012 First-hand gas customers. MND has thus strengthened its position on the market, where it is the fifth largest gas supplier in the Czech Republic in terms of the number of customers.

In 2022, the MND Group continued to sell electricity to households, which it has been offering to customers since mid-2014. In 2022, the number of electricity customers increased by 7 246 to a total of 136 690. Thanks to this, MND is the sixth largest electricity supplier in the Czech Republic.

At the end of 2022, the MND Group supplied 253 702 customers in total for both energy commodities.

Within the MND Group, energy supplies to households and small businesses are provided by the subsidiary MND Energie a.s.

6. Energy commodities trading

The MND Group developed its activities as a licensed gas and electricity trader both on the Czech market and abroad. In 2022, they continued to sell gas from its own production and utilised gas storage facilities in the Czech Republic, Germany, Austria and the Netherlands with a total storage capacity exceeding 6 TWh. Storage capacity was also sold on a secondary basis as a flexibility service and as a security of supply service in accordance with applicable legislation. In 2022, over 75 TWh of gas and 5 TWh of electricity were traded in physical and financial markets. MND actively developed models of automatic and autonomous trading in selected market segments and also traded emission allowances and coal in the form of financial contracts.

7. Underground gas storage

The MND Group operates the Uhřice underground gas storage facility (UGS Uhřice). UGS Uhřice consists of two storage structures that, in addition to natural gas storage, are also suitable for storing electricity through hydrogen gas. UGS Uhřice (Energy Storage Uhřice) is ready from 1 January 2022 to receive energy in the form of hydrogen up to concentrations of 5% H2 in a mixture with natural gas at the entry point of MS Brumovice. The total current storage capacity of the Uhřice UGS is 325 million m^3, with the potential for further development up to 350 million m^3.

Through its ownership interest in Moravia Gas Storage a.s., the MND Group also participates in the operation of the Dambořice UGS, which was put in use in 2016. Its total storage capacity after the end of the build-up period is 448 million m^3.

8. Exploration and production of hydrocarbons

The MND Group is the largest Czech group producing oil and natural gas. The Group holds five exploration areas covering a total area of 1 818 km^2 in the region of south-eastern Moravia. The subsidiaries hold six exploration and production licenses with a total area of 295 km^2 in Ukraine. These exploration areas are covered by a network of 2D seismic measurements and, to a large extent, a network of 3D seismic measurements. In 2022, the MND Group carried out seismic measurements in the Tynivska license area in western Ukraine. Based on the results and interpretation of seismic measurements and other geological information, the MND Group conducts the design and implementation of exploratory wells to discover new oil and gas fields. In 2022, the MND Group drilled one appraisal well and four exploratory wells in South Moravia and three appraisal/production wells in western Ukraine.

The MND Group produces oil and/or natural gas from 36 deposits in the region of south-eastern Moravia. Oil production in 2022 reached 82 thousand m^3 and natural gas supplies from own production 99 million m^3. Subsidiaries in Ukraine produced 84 million m^3 of natural gas.

9. Drilling and workover activities

In 2022, the Group drilled fourteen wells for external customers. The MND Group carried out drilling works in Hungary, Italy, Germany, Croatia and Czechia. The MND Group started work on geothermal project for FRI EL Geopower S.r.l. in Italy.

In 2022, the Group carried out a total of 57 well workovers and abandonments in the Czech Republic. Of this total amount, 32 well workovers and 16 abandonments were carried out for the Group's own needs, 3 workovers of underground gas storage wells and 6 abandonments of old environmental burdens for external customers.

10. Investments in renewable energy sources and new development projects

The MND Group enters a project to build a wind power plant in western Ukraine. The Group will have a 50% stake in the Ukrainian company LIMITED LIABILITY COMPANY "ORIV WINDPARK", with its registered office at Lviv, 79007, Sichovykh Striltsiv, 12 ap. 9, registration number 38057121 (ORIV WINDPARK). The partner in the joint venture will be Ivena Limited, with which the Group has been cooperating since 2014 in gas production in western Ukraine. It is the construction of a wind power plant with an output of 54.6 MW in the Lviv region. The planned annual production is 150 GWh. During 2022, preparatory construction work, construction of distribution stations and high-voltage cable lines took place. The installation of 10 turbines should take place in 2023 and electricity production should commence as well.

The MND Group is a partner of the Czech-Norwegian project CO2-SPICER - Pilot project of CO2 storage in a carbonate deposit. The main objective of the project is to prepare a pilot carbon dioxide storage on the oil and gas deposit in production, thus creating a model example for the potential implementation of other carbon dioxide storages in the Czech Republic and in Europe. Other partners are the Czech Geological Survey, the Institute of Geophysics of the CAS, the VSB -Technical University of Ostrava and the NORCE Norwegian Research Centre AS.

Together with other partners, the MND Group is preparing the Carbon Capture & Storage project, which aims to building and operation of a commercial underground storage facility for permanent storing carbon dioxide captured during industrial production.

11. Human resources

As at 31 December 2022, the MND Group companies employed 801 people.

12. Education and social affairs

The MND Group encourages employee education and provides an environment that is conducive to the personal development of every employee. The educational system focuses on professional, managerial and language training. The MND Group also promotes cooperation with selected secondary schools and universities in the Czech Republic and abroad, with a focus on both increasing the qualifications of its employees, and on acquiring new talents, further developing their skills by giving them the opportunity to work with teams of experts. With respect to employee care, the MND Group focuses on creating a professional working environment with a broad selection of employee benefit options.

13. Corporate social responsibility and sponsorship

The MND Group has an active social responsibility program to support a wide range of beneficial and charitable events and civic associations in the Czech Republic. Consistent with the scope and location of its business and respect for the environment, MND directs its activities to improve the quality of the environment in the communities where it operates.

MND has been cooperating on joint projects with the Dolní Morava Biosphere Reserve, o.p.s. concerning the protection of natural and cultural diversity and sustainable economic development.

MND financially supports wide range of other projects focusing mainly on sports, culture and education, especially supporting children in sports.

14. MND Group's financial results and state of assets in 2022

The MND Group reported a consolidated profit of CZK 3 193 million for 2022 after tax. Revenue amounted to CZK 208 761 million in the period concerned. The consolidated result from operating activities amounted to CZK 3 790 million for the period under review and consolidated profit from financial operations amounted to CZK 197 million.

The financial results were favourably affected by the increase in gas and oil prices and the MND Group took advantage of commodity price volatility to realise profits from gas and electricity trading.

The MND Group assets as at 31 December 2022 were as follows:

- property, plant and equipment of CZK 7 143 million, intangible fixed assets of CZK 155 million and non-current financial assets of CZK 1 584 million;

- current assets of CZK 18 216 million, comprising current financial assets of CZK 4 321 million and cash and cash equivalents of CZK 1 871 million.

The MND Group’s equity as at 31 December 2022 was CZK 9 373 million, of which equity attributable to the shareholder amounted to CZK 9 141 million, total liabilities amounted to CZK 17 850 million.

In 2022, the MND Group companies did not have their own shares or interim certificates in their ownership.

15. Information on risk management

The principal role of the MND Group’s risk management is to identify risks, determine a risk measurement method, quantify and analyse risk exposure, define a hedging strategy and the hedging implementation as such. The overall responsibility for setting up the MND Group’s risk management system and supervising its operation lies on the level of the board of directors. With regard to the diversity of operations and the corresponding risks, the management of each group company is responsible for setting up and monitoring risk management policies. Information on the MND Group’s risk management is disclosed in the notes to the financial statements in Note 30, which includes a description of investment instruments used by the MND Group and price, credit and liquidity risks as well as the risks connected with cash flows that the MND Group is exposed to.

16. Development outlook for the upcoming period

In 2022, the MND Group maintained its exploration and production activities at the same level as in 2021 in exploration and production, while recording a slight decline in oil production. In 2023, compared to the 2022 level, it expects a stable level of hydrocarbon production in Czechia and a slight decrease in gas production in Ukraine. In sales of gas and electricity to end customers, the MND Group expects a further increase in the number of off-taking customers. MND Group's financial performance will depend to a large extent on oil, gas and electricity price developments in European markets.

17. Subsequent events

Significant subsequent events are disclosed in note 32 of the notes to the consolidated financial statements.

Prague, 19 May 2023

Miroslav Jestřabík Member of the Board of Directors	Jiří Ječmen Member of the Board of Directors

II. Report on relations between the controlling and controlled entities and between the controlled entity and other entities controlled by the same controlling entity

The company MND a.s., with its registered office in Hodonín, Úprkova 807/6, postal code 695 01, ID no. 28483006, incorporated in the Commercial Register kept with the Regional Court in Brno, registration no. B 6209 (hereinafter the “**Company**”) acted in the accounting period from 1st January, 2022 to 31st December, 2022 (hereinafter the “**Accounting Period**”) as a controlled entity in accordance with the provision of Section 74 et seq. of Act No. 90/2012 Coll., on business corporations and cooperatives, as amended (hereinafter the “**BCA**”).

In compliance with Section 82 of the BCA, the Board of directors of the Company, as the controlled entity, has issued for the Accounting Period this report on relations between the controlling and controlled entities and between the controlled entity and other entities controlled by the same controlling entity (hereinafter the “**Report on Relations**” and “**Related Entities**"). This Report on Relations has been structured in accordance with Section 82, par. 2 and 4 of the BCA.

1. The structure of relations between the Company and other Related Entities

The Company is a member of the KKCG Group comprised of companies directly or indirectly controlled by KKCG AG, with its registered office at Kapellgasse 21, 6004 Lucerne, the Swiss Confederation, registration number CHE-326.367.231 (hereinafter the “**KKCG AG”**).

The Company is controlled by KKCG AG indirectly via its parent company, MND Group AG, with its registered office at Kapellgasse 21, 6004 Lucerne, the Swiss Confederation, registration number CHE-448.401.517.

The list of all the remaining entities of KKCG Group, i.e. companies directly or indirectly controlled by KKCG AG, constitutes Annex 1 to this Report on Relations.

2. Role of the Company

The role of the Company, as the controlled entity, is to conduct oil and gas prospecting, exploration and production operations, trade in gas and electricity and investment in renewable energy sources and development of new technologies.

3. Methods and means of control

The control of the Company is exercised via its 100% share in voting rights at the general meeting of the Company.

4. Overview of significant acts

In the Accounting Period the Company did not perform any acts upon the initiative or in the interest of KKCG AG, or of entities under KKCG AG control, concerning assets whose value exceeds 10% of the Company’s equity as specified in its most recent financial statement, except for those listed below.

(in millions of Czech crowns)	**2022**
Expenses / Purchases	
Purchases of services	6 010
Revenues / Sales	
Total sales	8 434

5. Overview of contracts

During the Accounting Period, the Company and KKCG AG, or any other entities controlled by KKCG AG, entered into the contracts attached as Annex 2 to this Report on Relations.

The contracts concluded between the Company and KKCG AG, or any other entities controlled by KKCG AG, prior to the commencement of the Accounting Period were still in force during the Accounting Period and are listed in Annex 3 to this Report on Relations.

6. Loss evaluation and settlement

The Company suffered no loss due to the influence of the controlling entities during the Accounting Period.

7. Advantages and disadvantages of relations between Related Entities

The Company derives numerous benefits from its membership in the KKCG Group with KKCG AG, the controlling entity, which include, in particular, the opportunity to share its know-how and information (in compliance with the law and third-party contracts), to draw on the good name associated with the KKCG brand and to access intragroup and bank funding (*e.g.* the option to have its financial obligations secured by other entities within the group).

The Company is not aware of any disadvantages arising from its relations with the Related Entities.

The Company is not exposed to any specific risks resulting from relations with entities of KKCG Group, except for those, which results from standard membership in the international business group.

Annexes:

Annex 1 – List of Related Entities

Annex 2 – List of contracts between Related Entities concluded in the Accounting Period

Annex 3 – List of contracts between Related Entities concluded prior to the Accounting Period

Prague, 31 March 2023

Miroslav Jestřabík
Member of the Board of Directors

Jiří Ječmen
Member of the Board of Directors

Annex 1 – List of Related Entities

Annex No. 1 - List of related parties

List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
"Horyzonty" LLC	L'vivska Oblast, L'viv, 79005, Akademika Pavlova 6C, Office 7, Ukraine, reg. No. 36828617
AEC a.s.	Voctářova 2500/20a, Libeň, post code 180 00, Prague 8, Czech Republic, identification No. 04772148
AEC s.r.o.	Prievozská 1978/6, post code 821 09, Bratislava, Slovak Republic, identification No. 31384072
AleaX AG (v likvidaci / in liquidation)	Fabrikstraße 4, 9496 Balzers, Liechtenstein, registr. No. FL-0002.629.106-8
Allwyn AG (dříve /formerly SAZKA Entertainment AG	Weinmarkt 9, 6004 Lucerne, Switzerland, reg. No. CHE-366.705.452
Allwyn Asia Holding a.s. (dříve /formerly SAZKA Asia a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05266289
Allwyn Austria Holding 2 GmbH (dříve/formerly CAME Holding GmbH)	Universitätsring 10, 1010 Vienna, Austria, reg No. 038898d
Allwyn Austria Holding 3 GmbH (dříve/formerly Medial Beteiligungs-Gesellschaft m.b.h.)	Universitätsring 10, 1010 Vienna, Austria, reg. No. FN117154k
Allwyn Czech Republic Holding a.s. (dříve / formerly SAZKA Czech a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24852104
Allwyn Entertainment AG	Weinmarkt 9, 6004 Lucerne, Switzerland, reg. No. CHE-157.119.805
Allwyn Entertainment Financing (UK) Plc	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13841508
Allwyn Entertainment Ltd.	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13157556
Allwyn Financing Czech Republic 2 a.s. (dříve / formerly SAZKA Group Financing (Czech Republic) 2, a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09771522
Allwyn Financing Czech Republic a.s. (dříve / formerly SAZKA Group Financing (Czech Republic) a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07877838
Allwyn Greece & Cyprus Holding 2 Ltd (dříve / formerly RUBIDIUM HOLDINGS LIMITED)	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE 287956
Allwyn Greece & Cyprus Holding Ltd (dříve / formerly SAZKA DELTA HELLENIC HOLDINGS LIMITED)	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE320752
Allwyn International a.s. (dříve / formerly SAZKA Group a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24287814
Allwyn Investments Cyprus Ltd (dříve / formerly RUBIDIUM HOLDING 2 LTD)	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE432870
Allwyn Services Czech Republic a.s. (dříve / formerly SAZKA Group CZ a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08993165
Allwyn Services UK Ltd (dříve / formerly SAZKA Group UK Limited)	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 08869774
Allwyn Services US LLC	125 High Street, Suite 1704, Boston, MA 02110, USA
Allwyn Sub AG	Weinmarkt 9, 6004 Lucerne, Switzerland, reg. No. CHE-348.874.140
Allwyn Sub LLC (v likvidaci / in liquidation)	251 Little Falls Drive, New Castle, Delaware 19808, USA
Allwyn UK Holding B Ltd (dříve / formerly Allwyn Financing (UK) Ltd)	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13849924
Allwyn UK Holding C Ltd	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 14530228
Allwyn UK Holding Ltd (dříve / formerly SAZKA Group UK Holding Ltd)	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13154201
Allwyn US HoldCo LLC (v likvidaci / in liquidation)	251 Little Falls Drive, New Castle, Delaware 19808, USA
Allwyn US Holding Inc.	251 Little Falls Drive, New Castle, Delaware 19808, USA
Aricoma Brand s.r.o.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17867096
Aricoma CAD a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17865522

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Annex No. 1 - List of related parties

List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
Aricoma CAD Capital a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17802733
Aricoma Capital a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 11834587
Aricoma Digital CE a.s. (dříve / formerly Cleverlance Group a.s.)	Voctářova 2500/20a, Libeň, post code 180 00, Prague 8, Czech Republic, identification No. 04771915
Aricoma España S.L.	Calle Barcas 2 2 - EDIFICIO EPOCA. 46002, Valencia, Spain, reg. No.B72432248
Aricoma Group a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 04615671
Aricoma Group AB	c/o Seavus AB, Scheelevägen 27, post code 223 36 Lund, Sweden, reg. No. 559239-3473
Aricoma Group Finance a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17848369
Aricoma Group Holding a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17848601
Aricoma Group International AB	c/o Aspia AB, Sandra Mattsson Flodmark, Box 6350, 102 00 Stockholm, Sweden, reg. No. 559235-9748
AUTOCONT a.s.	Hornopolní 3322/34, Moravská Ostrava, 702 00 Ostrava, Czech Republic, identification No. 04308697
AUTOCONT s.r.o.	Krasovského 14, Bratislava - mestská časť Petržalka, post code 851 01, Slovak Republic, identification No. 36396222
AUTOCONT SRL	Avenue Louise 231, 1050 Bruxelles, Belgium, reg. No. 0767.591.979
Blue Rosemarine Development s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08797200
Cachi Valle Aventuras S.A. (v likvidaci / in liquidation)	Av. Francisco de Uriondo 330, 4400 Salta, Argentina, registr. No. IGTJ de Salta Folio 71/2 asiento 2465 L 10
CAI Hungary Kft.	Lackner Kristóf u. 33/A, 9400 Sopron, Hungary, registr. No. 08-09-027729
CAI Ontario Inc. (v likvidaci / in liquidation)	200 Bay Street, Royal Bank Plaza, M5J 2Z4 Ontario, Canada, registr. No.1164748
CAIO AG (v likvidaci / in liquidation)	c/o Reuss Treuhand AG, Furrengasse 11, 6004 Luzern, Switzerland, registr. No. CHE-159.186.971
CAIO DK ApS (v likvidaci / in liquidation)	c/o Nordic Gambling ApS, Flæsketorvet 68, 2, 1711 København V, Denmark, registration no. 40909990
Casino Odense K/S	Claus Bergs Gade 7, 5000 Odense C, Denmark, registr. No. 14920293
Casino Sopron Kft.	Lackner Kristóf u. 33/A, 9400 Sopron, Hungary, registr. No. 08-09-009273
Casino St. Moritz AG	Via Veglia 3, 7500 St. Moritz, Switzerland, registr. No. CHE-107.653.178
Casinoland IT-Systeme GmbH	Lister Meile 2, 30161 Hannover, Germany, registr. No. HRB 61326
Casinos Austria (Liechtenstein) AG	Vorarlberger Strasse 210, 9486 Schaanwald, Liechtenstein, registr. No. FL-0002.543.564-5
Casinos Austria (Swiss) AG	c/o Reuss Treuhand AG, Furrengasse 11, 6004 Luzern, Switzerland, registr. No. CHE-100.189.949
Casinos Austria AG Liegenschaftsverwaltungs und	Rennweg 44, 1038 Vienna, Austria, registr. No. FN114288x
Casinos Austria Aktiengesellschaft	Rennweg 44, 1038 Vienna, Austria, registr. No. FN99639d
Casinos Austria International (Mazedonien) Holding GmbH	Rennweg 44, 1038 Vienna, Austria, registr. No. FN 400167g
Casinos Austria International Belgium S.A.	Rue Grétry 16-20, 1000 Bruxelles, Belgium, registr. No. 0502.785.246
Casinos Austria International GmbH	Rennweg 44, 1038 Vienna, Austria, registr. No. FN 131441x
Casinos Austria International Holding GmbH	Rennweg 44, 1038 Vienna, Austria, registr. No. FN37681p
Casinos Austria International Ltd.	Sofitel Hotel, Level 3, 249 Turbot Street, 4000 Brisbane, QLD, Australia, registr. No. ACN: 065998807, ABN: 065998807
Casinos Austria Management GmbH	Rennweg 44, 1038 Vienna, Austria, registr. No. FN38657z
CAST Casinos Austria Sicherheitstechnologie GmbH	Rennweg 44, 1038 Vienna, Austria, registr. No. FN94404f
Casinos Event Immobilien GmbH	Lister Meile 2, 30161 Hannover, Germany, registr. No. HRB 201793

Annex No. 1 - List of related parties

List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
"CCB" Congress Center Baden Betriebsgesellschaft m.b.H.	Kaiser Franz Ring 1, 2500 Baden, Austria, regsitr. No. FN67046y
CES EA s.r.o.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 08028656
Clearcode LLC	222 Broadway, 19th floor, New York, NY 10038, United states of America, reg. No. 4645876
Clearcode Services S.A.	Św. Antoniego 2/4, 50-073 Wrocław, Poland, reg. No. 871153
Cleverlance Deutschland GmbH	Eduard-Schopf-Allee 1, 28217 Bremen, Germany, registration No. 32267
Cleverlance Enterprise Solutions s.r.o.	Voctářova 2500/20a, Libeň, post code 180 00, Prague 8, Czech Republic, identification No. 27408787
Cleverlance H2B s.r.o.	Tuřanka 1519/115a, Brno, Slatina, post code 627 00, Czech Republic, identification No. 28223756
Cleverlance Slovakia s.r.o.	Prievozská 1978/6, post code 821 09, Bratislava, Slovak Republic, identification No. 35942487
Cloud4com SK, s.r.o.	Staré Grunty 36, post code 841 04, Bratislava, Slovak Republic, identification No. 50569694
CLS Beteiligungs GmbH	Goldschmiedg. 3, 1010 Vienna, Austria, reg. No. FN84419x
Collington II Limited	Custom House Plaza Block 6, International Financial Services Centre, Dublin 1, Republic of Ireland, reg. No. 506335
Complejo Monumento Güemes S.A. (v likvidaci / in liquidation)	Av. Francisco de Uriondo 330, 4400 Salta, Argentina, registr.No. FOLIO 187/88 ASIENTO 2288 LIBRO 9
Coopera Development s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08682802
Cuisino Ges. m.b.H.	Rennweg 44, 1038 Vienna, Austria, registr. No. FN54015i
CYANVENUE LIMITED	3096 Limassol, Alasias, 8 CHRISTODOULIDES BUILDING, Republic of Cyprus, reg. No. HE353101
Deutsche Sportwetten GmbH	Karmarschstr. 37+39, D-30159 Hannover, Germany, registr. No. 219939
Društvo za Informatičku Technologiju Seavus DOO	Vojvode Misica 9, 18 000 Nis, Republic of Serbia, reg. No. 20177861
ECC Jenerálka, s.r.o.	Na příkopě 859/22, Nové Město, post code 110 00 Prague 1, Czech Republic, identification No.03834131
Entretenimientos y Jegos de Azar (EN.J.A.S.A.) S.A. (v likvidaci / in liquidation)	Del Milagro 142, 4400 Salta, Argentina, registr. No. IGTJ de Salta Folio 65/6 asiento 2462 L 10
FM&S Czech a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 04283112
Fortuna 1 ApS	c/o Casino Odense K/S, Claus Bergs Gade 7, 5000 Odense C, Denmark, registr. No. 14909087
FVE Tichá s.r.o.	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 28605233
Geologichne byreau "Lviv" LLC	L'vivska Oblast, L'viv, 79011, ul. Kubiyovicha 18, Office 6, Ukraine, reg. No. 31978102
Gestate s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07957912
G-JET s.r.o.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 27079171
Glücks- und Unterhaltungsspiel Betriebsgesellschaft m.b.H.	Rennweg 44, 1038 Vienna, Austria, registr. No. FN241637z
HELLENIC LOTTERIES S.A.	112 Athinon Avenue, GR 104 42, Athens, Greece, registration No.132846101000
HORSE RACES S.A.	112 Athinon Avenue, GR 104 42, Athens, Greece, registration No. 25891401000
IGNIS HOLDING a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 07435304
Inmobiliara Ovale S.A.	Ignacio Carrera Pinto 109, 2720426 San Antonio, Chile, registr. No. 14996/10019
INTERMOS Praha s.r.o.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 63076349
INTERMOS VALVES, s.r.o.	Bratislava-mestská časť Staré Mesto, Karpatská 8, post code 811 05, Slovak Republic, identification No. 35898411
Internet Projekt, s.r.o.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 08526541

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Annex No. 1 - List of related parties

List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
IPM – Industrial Portfolio Management a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 04572033
Italian Gaming Holding a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 04828526
JTU Czech, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 02612020
KAIZEN Gaming Limited (pouze aktivity v Řecku a na Kypru/ only activities in Greece and Cyprus)	Office 1/1007, Level G, Quantum House 75, Abate Rigord Street, Ta'Xbiex XBX 1120 Malta, registr. No. C58362
KBOC Investering B.V.	1101CT Amsterdam, Herikerbergweg 292, Kingdom of the Netherlands, reg. No. 52308944
KKCG a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 27107744
KKCG Development a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08295484
KKCG Industry B.V.	1101CT Amsterdam, Herikerbergweg 292, Kingdom of the Netherlands, reg. No. 27271144
KKCG Methanol Holdings LLC	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI No. 36-4831670
KKCG Real Estate Group a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24291633
KKCG Structured Finance AG	Kapellgasse 21, 6004 Lucerne, Switzerland, reg. No. CHE-292.174.442
KKCG TechLabs s.r.o.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 14042479
KKCG Technologies Finance s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 14038641
KKCG Technologies s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07171234
KKCG US Advisory LLC	125 High Street, Boston, MA-02110, United States of America, reg. No. 84-2817214
KOMIX Digital s.r.o.	Drtinova 467/2a, Smíchov, post code 150 00, Prague 5, Czech Republic, identification No. 17222184
KOMIX s.r.o.	Drtinova 467/2a, Smíchov, post code 150 00, Prague 5, Czech Republic, identification No. 47117087
KOMIX SK s.r.o.	Plynárenská 1, post code 821 09, Bratislava, Slovak Republic, identification No. 54590345
Kynero Consulting a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24193461
Leisure & Enterteinment S.A. (v likvidaci / in liquidation)	Del Milagro 142, 4400 Salta, Argentina, registr. No. IGTJ de Salta Folio 253/4 asiento 3484 L 13
Liberty One Methanol LLC	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No.32-0521898
Liberty One O&M LLC	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No. 30-0975326
Liberty Two Methanol LLC	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No. 30-0988055
LTB Beteiligungs GmbH	Universitätsring 10, 1010 Vienna, Austria, reg. No. FN84439a
MEDICEM Group a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 07118422
Medicem Inc.	125 High Street, Boston, MA-02110, United States of America, EI. No. 38-4126132
MEDICEM Institute s.r.o.	Kamenné Žehrovice, Karlovarská třída 20, post code 273 01, Czech Republic, identification No. 26493331
MEDICEM Technology s.r.o	Kamenné Žehrovice, Karlovarská třída 20, post code 273 01, Czech Republic, identification No. 48036374
Metanol d.o.o.	Lendava, Mlinska ulica 5, 9220 Lendava – Lendva, Slovenia, reg. No. 6564534000
Mindsquared a.s. (dříve / formerly Media Marketing & Communication, a.s.	Evropská 866/63, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09771492
MND a.s.	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 28483006
MND Drilling & Services a.s.	Velkomoravská 900/405, post code 696 18, Lužice, Czech Republic, identification No. 25547631
MND Drilling Germany GmbH	31582 Nienburg, Domänenweg 7, Germany, reg. No. HRB206722

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Annex No. 1 - List of related parties

List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
MND Energie a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 29137624
MND Energy Storage a.s. (dříve / formerly MND Gas Storage a.s.)	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 27732894
MND Energy Storage Germany GmbH (dříve / formerly MND Gas Storage Germany GmbH)	64665 Alsbach-Hähnlein, Birkenweg 2, Germany, reg. No. HRB96046
MND Germany GmbH	Lüneburger Heerstraβe 77A, 29223 Celle, Germany, reg. No. HRB207844
MND Group AG	Kapellgasse 21, 6004 Lucerne, Switzerland, reg. No. CHE-448.401.517
MND Prodej a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09002359
MND Ukraine a.s.	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 08957517
Moravia Systems a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 26915189
Musala Services EOOD	36 Dragan Tsankov blvd, Office 505, 1057 Sofia, Bulgaria, reg. No. 205329279
Musala Soft DOOEL	3, Filip II Makedonski, Str., fl.4, office 4003, Skopje 1000, Republic of North Macedonia, reg. No. 7008040
Musala Soft EAD	36 Dragan Tsankov blvd, Office 505, 1057 Sofia, Bulgaria, reg. No. 202569949
Musala Soft Kosovo LLC	Str.Mujo Ulqinaku No 5-, Ap.10 Qyteza Pejton, 1000 Pristina, Kosovo, reg. No. 810171728
Musala Soft LLC	16 Khartoum St, Floor 4, Heliopolis Cairo, Egypt, reg. No. 180934
NEUROSOFT S.A.	466 Irakliou Avenue & Kiprou Street, 141 22 Iraklio Attikis, Athens, Greece, registration No. 84923002000
Nikolajka Development s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08797072
NOVECON a.s.	Evropská 866/63, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08270783
ÖLG Holding GmbH	Rennweg 44, 1038 Vienna, Austria, registr. No. FN268558p
OPAP CYPRUS LTD	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE140568
OPAP INTERNATIONAL LTD	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE145913
OPAP INVESTMENT LTD	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE297411
OPAP S.A.	112 Athinon Avenue, GR 104 42, Athens, Greece, registration No. 3823201000
OPAP SPORTS LTD	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE133603
Oriv Holding a.s.	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 11735376
Österreichische Klassenlotterie Vertriebsgesellschaft m.b.H.	Rennweg 44, 1038 Vienna, Austria, registr. No. FN468412t
Österreichische Lotterien Gesellschaft m.b.H.	Rennweg 44, 1038 Vienna, Austria, registr. No. FN54472g
Österreichische Sportwetten Gesellschaft m.b.H.	Rennweg 44, 1038 Vienna, Austria, registr. No. FN196645i
Pernerova Development s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08682844
POM Czech, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 06773800
Precarpathian energy company LLC	Ivano-Frankovska Oblast, Bogorodchany, 77701, ul. Shevchenka, Ukraine, reg. No. 36042045
Rabcat Computer Graphics GmbH	Rennweg 40-50/1/6 (1.OG), 1030 Vienna, Austria, registr. No. FN276027y
Relax Rezidence Cihlářka, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05662079
Rezervoarji d.o.o	Lendava, Mlinska ulica 5, 9220 Lendava – Lendva, Slovenia, reg. No. 6564470000

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List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
Sabris Consulting s.r.o.	Pekařská 621/7, Jinonice, post code 155 00, Prague 5, Czech Republic, identification No. 04701780
SALEZA, a.s. (v konkurzu, v úpadku, zahájeno insolvenční řízení / in bankruptcy, insolvency proceedings initiated)	K Žižkovu 851, post code 19093, Prague 9, Czech Republic, identification No. 47116307
SAZKA a.s.	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 26493993
SAZKA Austrian Gaming Holding a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 04047788
SAZKA DELTA AIF VARIABLE CAPITAL INVESTMENT COMPANY LTD	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE314350
SAZKA DELTA MANAGEMENT LTD	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE314151
SAZKA FTS a.s.	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 01993143
SAZKA Group Financing a.s.	Dúbravská cesta 14, 841 04 Bratislava - mestká časť Karlova Ves, Slovak Republic, identification No. 51142317
SAZKA Services s.r.o.	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05111901
SAZKAmobil 5G a.s.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07911319
SC Czech ACI, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 10969551
SC Czech ACJ, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 10969560
SC Czech ADV, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 11977051
SC Czech AER, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 117084458
SC Czech AES, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 17084539
Seavus DOOEL	11 Oktomvri 33A, 1000 Skopje, Republic of North Macedonia, reg. No. 5323983
Seavus AB	Scheelevägen 27, floor 16, 223 63 Lund, Sweden, reg. No. 556588-5935
Seavus DOO (BA)	Ivana Franje Jukica 7, Banja Luka, Bosnia and Hercegovina, Republic of Serbia, reg. No. 57-01-0252-17
Seavus Educational and Development Center DOO	Vojvode Misica 9, 18 000 Nis, Republic of Serbia, reg. No. 29508429
Seavus Educational and Development Center DOOEL	11 Oktomvri 33A, 1000 Skopje, Republic of North Macedonia, reg. No. 6643140
Seavus FLLC	FLLC SEAVUS, 25A Internatsionalnaya st., office 420, Minsk, 220 030, Republic of Belarus, reg. No. 190835458
Seavus GmbH	Itziker Dorf Strasse 57, 8627 Grüningen, Switzerland, reg. No. CHE–020.4.049.285-2
Seavus S.R.L.	MD-2071, str. Alba-Iulia, 79/1, mun. Kishinev, Republic of Moldova, reg. No. 1020600026584
Seavus SHPK (v likvidaci / in liquidation)	Njësia Bashkiake nr. 5, Rruga Abdyl Frasheri, Ndërtesa 8, Hyrja 7, Ap. 25, 1019 Tirana, Republic of Albania, reg. No. L62225007B
SEAVUS SOFTWARE TECHNOLOGIES J.S.C.	Fulya Mah. Büyükdere Cad. Pekintaş Group Blok No: 32 İç Kapı No: 4 Şişli / İstanbul, Turkey, reg. No. 352133
Seavus Sp. z o.o.	59 Zlota Street, 00-120 Warsaw, Poland, reg. No. 913203
Seavus USA Inc.	2352 Main Street, Suite 200, Concord, MA 01742, United states of America, reg. No. 000873055
Spielbanken Niedersachsen GmbH	Karmarschstraße 37-39, 30159 Hannover, Germany, registr. No. HRB 50373
SPORTLEASE a.s.	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 62361546
Springtide Ventures s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 01726587
Stoiximan Limited	Flat B8, The Atrium West Street Msida, MSD1731 Malta, registr. No. C95597
STR Czech s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07728344
Stratiteq Sweden AB	Gustav Adolfs Torg 10 A, 211 39 Malmö, Sweden, reg. No. 556622-2682

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List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
SUPERMARINE, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08062773
Sweetspot CZ s.r.o.	Evropská 866/63, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09858636
Theta Real s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 27631842
ThreatMark s.r.o.	Hlinky 505/118, Pisárky, post code 603 00, Brno, Czech Republic, identification No. 04222091
ThreatMark, Inc.	19801 Wilmington, New Castle, Delaware, Orange Street 1209, United states of America, reg. No. 6381229
TORA DIRECT S.A.	108 Athinon Avenue and Chrimatistiriou Street, Athens, Greece, registr. No. 5641201000
TORA WALLET SINGLE MEMBER S.A.	108 Athinon Avenue and Chrimatistiriou Street, Athens, Greece, registr. No. 139861001000
US Methanol LLC	400 Capitol Street, Suite 200, Charleston WV 25301, United States, EI. No. 81-1952040
US Methanol Midco LLC	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No. 81-1952040
VESTINLOG, s.r.o.	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05629276
Viage Production S.A.	Rue Grétry 16-20, 1000 Bruxelles, Belgium, registr. No. 0474.725.225
Vinohradská 230 a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 26203944
win2day International GmbH (v likvidaci /in liquidation)	Rennweg 44, 1038 Vienna, Austria, registr. No. FN371257t

Annex 2 – List of contracts between Related Entities concluded in the Accounting Period

Contracting party	Contract no.	Object of contract	Date of contract
AUTOCONT a.s.	NS/2022/0188	Contract for work No. PAS-220048	22.12.2022
AUTOCONT a.s.	NS/2022/0216	Licensing Microsoft	09.12.2022
AUTOCONT a.s.	OP/2022/0039	Agreement for the provision of datacentre, cloud and other services	27.12.2022
KKCG a.s.	PS/2022/0022	Contract for the lease of movable property	01.05.2022
KKCG a.s.	PS/2022/0023	Sublease agreement Bořislavka centrum	01.05.2022
KKCG a.s.	PS/2022/0024	Sublease Agreement and Service Agreement	01.05.2022
Kynero Consulting a.s.	RO/2220057	Print ID cards	31.12.2022
LLC Geologichne bureau "Lviv"	PS/2022/0016	Service Agreement	01.04.2022
LLC Horyzonty	PS/2022/0017	Service Agreement	01.04.2022
LLC Horyzonty	PS/2022/0018	Sale of a vehicle	28.04.2022
LLC Horyzonty	PS/2022/0019	Sale of drones	19.04.2022
LLC Horyzonty	PS/2022/0025	Sale of drones	08.08.2022
LLC Horyzonty	PS/2022/0040	Sale of power generator	19.11.2022
LLC Precarpathian energy company	PS/2022/0015	Service Agreement	01.04.2022
MND Drilling & Services a.s.	NS/2022/0001	Contract for work – Well workover Ladná 3	17.01.2022
MND Drilling & Services a.s.	NS/2022/0002	Contract for work – Well workover Žarošice 8aH	19.01.2022
MND Drilling & Services a.s.	NS/2022/0018	Contract for work – Well workover Hrušky 65	14.02.2022
MND Drilling & Services a.s.	NS/2022/0019	Contract for work – Drilling of the well Borkovany 11	14.02.2022
MND Drilling & Services a.s.	NS/2022/0024	Contract for work – Abandonment of a set of 12 wells	18.03.2022
MND Drilling & Services a.s.	NS/2022/0031	Contract for work – Well workover Poddvorov 128	09.03.2022
MND Drilling & Services a.s.	NS/2022/0032	Contract for work – Well workover Poddvorov 109	09.03.2022
MND Drilling & Services a.s.	NS/2022/0036	Contract for work – Well workover Poddvorov 107	21.03.2022
MND Drilling & Services a.s.	NS/2022/0044	Contract for work – Well workover Poddvorov 36	04.04.2022
MND Drilling & Services a.s.	NS/2022/0045	Contract for work – Well abandonment Bošovice 6	04.04.2022
MND Drilling & Services a.s.	NS/2022/0048	Contract for work – Well workover Poddvorov 82	13.04.2022
MND Drilling & Services a.s.	NS/2022/0063	Contract for work – Well workover Ždánice 140	02.05.2022
MND Drilling & Services a.s.	NS/2022/0067	Contract for work – Well workover Ždánice 48	09.05.2022

Contracting party	Contract no.	Object of contract	Date of contract
MND Drilling & Services a.s.	NS/2022/0079	Contract for work – Well workover Ždánice 27	01.06.2022
MND Drilling & Services a.s.	NS/2022/0089	Contract for work – Drilling of the well Mikulov 6	16.06.2022
MND Drilling & Services a.s.	NS/2022/0092	Contract for work – Well workover Lanžhot 6	27.06.2022
MND Drilling & Services a.s.	NS/2022/0099	Contract for work – Well workover Mutěnice 8	13.07.2022
MND Drilling & Services a.s.	NS/2022/0100	Contract for work – Well workover Mutěnice 12	08.07.2022
MND Drilling & Services a.s.	NS/2022/0105	HBZS Lease Agreement	31.03.2022
MND Drilling & Services a.s.	NS/2022/0108	Contract for work – Well workover Ždánice 81	28.07.2022
MND Drilling & Services a.s.	NS/2022/0110	Contract for work – Well workover Ždánice 119	23.08.2022
MND Drilling & Services a.s.	NS/2022/0123	Contract for work – Well workover Ždánice 11	23.08.2022
MND Drilling & Services a.s.	NS/2022/0126	Contract for work – Drilling of the well Valtice 4	22.08.2022
MND Drilling & Services a.s.	NS/2022/0129	Contract for work – Well workover Hrušky 202	23.08.2022
MND Drilling & Services a.s.	NS/2022/0131	Contract for work – Well workover Ždánice 190H	23.08.2022
MND Drilling & Services a.s.	NS/2022/0135	Lease agreement Building S Lužice	31.08.2022
MND Drilling & Services a.s.	NS/2022/0139	Contract for work – Drilling of the well Bošovice 7	20.09.2022
MND Drilling & Services a.s.	NS/2022/0140	Contract for work – Well workover Prušánky 3	22.09.2022
MND Drilling & Services a.s.	NS/2022/0146	Contract for work – Well workover Ždánice 170	22.09.2022
MND Drilling & Services a.s.	NS/2022/0147	Contract for work – Well workover Ždánice 171	22.09.2022
MND Drilling & Services a.s.	NS/2022/0148	Contract for work – Well workover Ždánice 173	22.09.2022
MND Drilling & Services a.s.	NS/2022/0149	Contract for work – Well workover Ždánice 88	22.09.2022
MND Drilling & Services a.s.	NS/2022/0155	Contract for work – Well workover Lednice 12	30.09.2022
MND Drilling & Services a.s.	NS/2022/0168	Contract for work – Well workover Žarošice 8aH	21.10.2022
MND Drilling & Services a.s.	NS/2022/0170	Contract for work – Well workover Poštorná 8	27.10.2022
MND Drilling & Services a.s.	NS/2022/0178	Contract for work – Well workover Ždánice 57	03.11.2022
MND Drilling & Services a.s.	NS/2022/0187	Contract for work – Drilling of the well Klobouky 7	14.11.2022
MND Drilling & Services a.s.	NS/2022/0189	Contract for work – Well workover Vracov 9	16.11.2022
MND Drilling & Services a.s.	NS/2022/0201	Contract for work – Well workover Vracov 10	01.12.2022
MND Drilling & Services a.s.	NS/2022/0202	Contract for work – Abandonment of a set of 25 wells	07.12.2022
MND Drilling & Services a.s.	NS/2022/0205	Contract for work – Well workover Vracov 8	02.12.2022
MND Drilling & Services a.s.	NS/2022/0211	Contract for work – Well workover Mutěnice 14	19.12.2022
MND Drilling & Services a.s.	NS/2022/0221	Lease agreement	15.09.2022
MND Drilling & Services a.s.	PS/2022/0004	Contract on provision of Main Well Control Unit services	03.02.2022

Contracting party	Contract no.	Object of contract	Date of contract
MND Drilling & Services a.s.	PSO/2022/0002	Agreement on the reimbursement of the costs of the release of a member of an employee union body	01.02.2022
MND Drilling & Services a.s.	PSO/2022/0006	Subcontractor's commitment to provide a subcontract	14.06.2022
MND Drilling & Services a.s.	RO/2220019	Provision of cleaning services	31.12.2022
MND Drilling & Services a.s.	RO/2220040	Rebilling of service water consumption	31.12.2022
MND Drilling & Services a.s.	RO/2220041	Design and construction work for PTÚ	06.01.2022
MND Drilling & Services a.s.	RO/2220042	Small-scale repairs of vehicles	06.01.2022
MND Drilling & Services a.s.	RO/2220054	Technical gases workshops OM Lužice Jurásek 12/2022	31.12.2022
MND Drilling & Services a.s.	RO/2220055	Purchase contract material	31.12.2022
MND Drilling & Services a.s.	RO/2220059	Flaw detection work	11.01.2022
MND Drilling & Services a.s.	RO/2220079	Request for work	28.02.2022
MND Drilling & Services a.s.	RO/2220080	Participation of a warehouse worker in the weighing of scrap	28.01.2022
MND Drilling & Services a.s.	RS/2220006	Installation and testing of the rescue trolley	11.01.2022
MND Drilling & Services a.s.	RS/2220026	Sale of stock	11.02.2022
MND Drilling & Services a.s.	RS/2220028	Laboratory services	02.03.2022
MND Drilling & Services a.s.	RS/2220032	Evaluation of well log measurement	27.01.2022
MND Drilling & Services a.s.	RS/2220033	Initial training, work at heights	20.01.2022
MND Drilling & Services a.s.	RS/2220035	Reprographic works	31.03.2022
MND Drilling & Services a.s.	RS/2220049	Geodetic works	18.02.2022
MND Energie a.s.	NS/2022/0017	Contract of sale	14.02.2022
MND Energie a.s.	NS/2022/0213	Contract on Electricity Supply Services	09.12.2022
MND Energie a.s.	NS/2022/0219	Contract on Electricity Supply Services	22.12.2022
MND Energie a.s.	NS/2022/0220	Contract on Gas Supply Services	22.12.2022
MND Energie a.s.	PS/2022/0007	Contract of sale	30.03.2022
MND Energie a.s.	PS/2022/0009	Insurance re-billing contract	10.03.2022
MND Energie a.s.	PS/2022/0012	Contract of sale	30.03.2022
MND Energy Storage a.s.	OP/2022/0009	Gas storage contract	28.02.2022
MND Energy Storage a.s.	OP/2022/0030	Framework contract for interruptible temporary operating volume	12.10.2022
MND Energy Storage a.s.	PSO/2022/0001	Personal Data Processing Agreement	01.02.2022
MND Energy Storage a.s.	RS/2220001	Electricity at Uh Jih in 2022	17.01.2022
MND Energy Storage a.s.	RS/2220002	Geodetic works	17.01.2022

Contracting party	Contract no.	Object of contract	Date of contract
MND Energy Storage a.s.	RS/2220003	Interpretation of well log measurement	17.01.2022
MND Energy Storage a.s.	RS/2220004	Inventory	20.04.2022
MND Energy Storage a.s.	RS/2220005	Replacement of well-head fittings	03.01.2022
MND Energy Storage a.s.	RS/2220011	Laboratory services	03.01.2022
MND Energy Storage a.s.	RS/2220012	Services related to the supply of electricity	03.01.2022
MND Energy Storage a.s.	RS/2220022	Training of workers working at heights, first aid	10.02.2022
MND Energy Storage Germany GmbH	RS/2220037	Consultation, data processing from correctors	02.12.2021
MND Group AG	OP/2022/0015	SWAP AGREEMENT	01.03.2022
SAZKA a.s.	PSO/2022/0008	Donation agreement	30.09.2022
SAZKA a.s.	PSO/2022/0009	Donation agreement	14.12.2022

Annex 3 – List of contracts between Related Entities concluded prior to the Accounting Period

Contracting party	Contract no.	Object of contract	Date of contract
AUTOCONT a.s.	724.42-735/04	Navision Service	18.12.2003
AUTOCONT a.s.	724.42-736/03	Licence Navision	18.12.2003
AUTOCONT a.s.	NS/2014/0407	SPLA Software services	30.12.2014
AUTOCONT a.s.	NS/2015/0141	Partial Service Agreement – HO-LU data circuit	28.08.2015
AUTOCONT a.s.	NS/2016/0045	Service Agreement – SQLaaS	03.05.2016
AUTOCONT a.s.	NS/2016/0046	Service Agreement – hosting Infor EAM	04.05.2016
AUTOCONT a.s.	NS/2016/0094	Service Agreement – IaaS foro vDC MND07	29.07.2016
AUTOCONT a.s.	NS/2017/0008	Partial Service Agreement – operation and management of PaaS environments	06.02.2017
AUTOCONT a.s.	NS/2019/0242	Service Agreement – Cloud services Microsoft	13.12.2019
AUTOCONT a.s.	NS/2021/0111	Service Agreement – IaaS-VDC_MND11	26.10.2021
AUTOCONT a.s.	OP/2014/0068	Hosting	17.09.2014
FM&S Czech a.s.	NS/2021/0052	Service Agreement fitness	12.05.2021
FM&S Czech a.s.	NS/2021/0053	Service Agreement – company catering	12.05.2021
FM&S Czech a.s.	NS/2021/0054	Lease Agreement and Provision of Services	12.05.2021
FM&S Czech a.s.	NS/2021/0150	Service Agreement on asset management and maintenance	01.07.2021
FM&S Czech a.s.	NS/2021/0151	Service Agreement on asset management and maintenance	01.07.2021
KKCG a.s.	NS/2016/0079	Service Agreement	30.05.2016
KKCG a.s.	NS/2020/0070	Service Agreement ICT	8.6.2020
KKCG AG	NS/2016/0107	Trademark License Agreement	23.8.2016
LLC Horyzonty	PS/2022/0001	Service Agreement – IT services	31.12.2021
Media Marketing & Communication, a.s.	NS/2022/0039	Framework contract on marketing and media cooperation	01.07.2021
MND Drilling & Services a.s.	724.42-007/01	Contract for work – economic and payroll services	19.01.2001
MND Drilling & Services a.s.	724.42-146/01	Contract for work – Provision of works and services – ICT services	20.06.2001
MND Drilling & Services a.s.	NS/2005/0266	Contract for work – provision of administrative economic services	01.09.2005
MND Drilling & Services a.s.	NS/2006/0209	Agreement on the common use of the canteen and technological equipment	07.09.2006
MND Drilling & Services a.s.	NS/2011/0012	Framework contract for small-scale perforation works	21.01.2011

Contracting party	Contract no.	Object of contract	Date of contract
MND Drilling & Services a.s.	NS/2012/0108	Framework Service Agreement – repairs, preventive inspections, maintenance, emergency service	01.05.2012
MND Drilling & Services a.s.	NS/2012/0168	Contract for the lease of non-residential premises and land	01.05.2012
MND Drilling & Services a.s.	NS/2013/0346	Framework contract for the supply of diesel fuel	31.10.2013
MND Drilling & Services a.s.	NS/2014/0462	Framework contract for the supply of machine parts	31.12.2014
MND Drilling & Services a.s.	NS/2015/0038	Contract on re-invoicing of costs – water and sewerage Lužice	30.01.2015
MND Drilling & Services a.s.	NS/2016/0130	Framework Service Agreement – Transport and crane services	18.10.2016
MND Drilling & Services a.s.	NS/2017/0039	Storage contract and storage activities	29.03.2017
MND Drilling & Services a.s.	NS/2018/0257	Framework contract – cleaning, refurbishment and storage of footrests and rods	31.12.2018
MND Drilling & Services a.s.	NS/2018/0265	Lease Agreement for the Lease of Business Premises and for the Provision of Services Related to the Lease	30.11.2018
MND Drilling & Services a.s.	NS/2019/0001	Framework Agreement Well Research	16.01.2019
MND Drilling & Services a.s.	NS/2019/0119	Service Agreement - steam generator	31.12.2020
MND Drilling & Services a.s.	NS/2020/0090	Framework Service Agreement – work performed by cementing and pressure aggregates	27.07.2020
MND Drilling & Services a.s.	NS/2020/0128	Framework Service Agreement in the field of the environment	02.12.2020
MND Drilling & Services a.s.	NS/2021/0095	Contract for work for abandonment of a set of 10 wells	8.9.2021
MND Drilling & Services a.s.	NS/2021/0149	Contract for work – Workover of the well Čeložnice 1	30.12.2021
MND Drilling & Services a.s.	OP/2016/0234	Contract on Gas Supply Services	27.12.2016
MND Drilling & Services a.s.	OP/2022/0004	Contract on Gas Supply Services	15.12.2021
MND Drilling & Services a.s.	PS/2004/0003	Contract on re-invoicing of costs – electricity Lužice	10.02.2004
MND Drilling & Services a.s.	PS/2007/0062	Contract on Provision of Well Control Service	20.12.2007
MND Drilling & Services a.s.	PS/2012/0012	Framework Service Agreement – repairs, preventive inspections, maintenance, emergency service	01.05.2012
MND Drilling & Services a.s.	PS/2013/0043	Lease agreement – land Lužice	30.07.2013
MND Drilling & Services a.s.	PS/2014/0003	Agreement on mine water use and reimbursement of costs	02.01.2014
MND Drilling & Services a.s.	PS/2014/0028	Framework Service Agreement – dismantling and assembly of drilling rigs	23.07.2014
MND Drilling & Services a.s.	PS/2014/0039	Lease agreement on the lease of business premises and the provision of services related to the lease	03.11.2014
MND Drilling & Services a.s.	PS/2015/0082	Insurance re-billing contract	26.11.2015

Contracting party	Contract no.	Object of contract	Date of contract
MND Drilling & Services a.s.	PS/2020/0058	Agreement on re-billing of operating and maintenance costs of line VN 64	2.11.2020
MND Drilling & Services a.s.	PS/2020/0059	Framework Service Agreement on HR services	30.10.2020
MND Drilling & Services a.s.	RO/2210091	Order – Participation of the warehouse worker in weighing	31.08.2022
MND Energie a.s.	NS/2021/0124	Service Agreement – economic services	27.10.2021
MND Energie a.s.	NS/2021/0125	Service Agreement – IT	27.10.2021
MND Energie a.s.	NS/2021/0140	Service Agreement – HR	27.10.2021
MND Energie a.s.	OE/2021/0013	EFET electricity	1.11.2021
MND Energie a.s.	OP/2021/0079	EFET gas	1.11.2021
MND Energie a.s.	PS/2021/0062	Service Agreement – HR	27.10.2021
MND Energie a.s.	PS/2021/0063	Lease Agreement	27.10.2021
MND Energie a.s.	PS/2021/0064	Sublease Agreement – Bořislavka	27.10.2021
MND Energie a.s.	PS/2021/0065	Service Agreement – economic services	27.10.2021
MND Energie a.s.	PS/2021/0066	Service Agreement – IT	27.10.2021
MND Energie a.s.	PS/2021/0075	Sublease Agreement – Bořislavka	27.10.2021
MND Energie a.s.	PS/2021/0077	Service Agreement – trading	30.11.2021
MND Energie a.s.	PS/2021/0080	Contract for the lease of movable property	30.11.2021
MND Energie a.s.	PS/2021/0081	Sublease Agreement	30.12.2021
MND Energie a.s.	PSO/2022/0003	Facility Agreement	27.10.2021
MND Energy Storage a.s.	NS/2012/0120	Gas settlement agreement	30.04.2012
MND Energy Storage a.s.	NS/2015/0248	Contract of sale – low temperature condensate	28.12.2015
MND Energy Storage a.s.	OP/2012/0041	Merging of gas storage contracts	30.04.2012
MND Energy Storage a.s.	OP/2017/0240	Gas storage contract	20.10.2017
MND Energy Storage a.s.	OP/2017/0241	Gas storage contract	20.10.2017
MND Energy Storage a.s.	OP/2019/0035	Contract for the provision of commercial dispatching services	02.01.2019
MND Energy Storage a.s.	OP/2019/0333	Gas storage contract	05.07.2019
MND Energy Storage a.s.	OP/2020/0001	Gas storage contract	06.01.2020
MND Energy Storage a.s.	OP/2020/0110	Gas storage contract	17.03.2020
MND Energy Storage a.s.	OP/2020/0123	Contract for the merger of gas storage contracts	31.03.2020
MND Energy Storage a.s.	OP/2020/0140	Gas storage contract	12.05.2020
MND Energy Storage a.s.	OP/2020/0184	Gas storage contract	12.05.2020
MND Energy Storage a.s.	OP/2020/0301	Gas storage contract	12.05.2020

Contracting party	Contract no.	Object of contract	Date of contract
MND Energy Storage a.s.	OP/2021/0055	Gas storage contract	22.03.2022
MND Energy Storage a.s.	OP/2021/0099	Gas storage contract	18.10.2021
MND Energy Storage a.s.	PS/2008/0101	Drill core storage contract	28.02.2008
MND Energy Storage a.s.	PS/2008/0113	Lease agreement for the lease of non-residential premises	30.05.2008
MND Energy Storage a.s.	PS/2009/0012	Service Agreement on electronic communications	30.01.2009
MND Energy Storage a.s.	PS/2009/0019	Contract on Provision of Well Control Service	30.04.2009
MND Energy Storage a.s.	PS/2009/0025	Contract on Keeping Mining Surveying Documentation (PZP Uhřice, other)	30.04.2009
MND Energy Storage a.s.	PS/2010/0057	Agreement for the provision of economic and other services	03.02.2013
MND Energy Storage a.s.	PS/2010/0059	Contract of sale – Purchase of a vehicle – insurance costs	23.02.2016
MND Energy Storage a.s.	PS/2015/0006	Liability insurance – premium re-billing	02.01.2015
MND Energy Storage a.s.	PS/2016/0002	Contract for the provision of maintenance services of technical equipment	13.01.2016
MND Energy Storage a.s.	PS/2016/0021	Service Agreement on Deposit Engineering and Geology	30.04.2016
MND Energy Storage a.s.	PS/2016/0073	Agreement on the provision of well control services and reimbursement of costs for the operation of MWCU	22.12.2016
MND Energy Storage a.s.	PS/2022/0005	Contract on provision of MWCU services	30.12.2021
MND Gas Storage Germany GmbH	PS/2015/0067	Contract for Services	30.09.2015
MND Prodej a.s.	PS/2020/0062	Service Agreement	30.10.2020
MND Ukraine a.s.	PS/2020/0064	Service Agreement – accounting, taxes, payroll	5.11.2020
Moravia Systems a.s.	PS/2020/0052	Lease Agreement	12.08.2020
SAZKA a.s.	NSO/2014/0123	Agreement on the regulation of relations within the VAT group	29.10.2014

III. Consolidated financial statements of MND a.s. as at 31 December 2022

prepared in accordance with International Financial Reporting Standards
as adopted by the European Union

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of financial position	**Note**	**31/12/2022**	**31/12/2021**
Assets			
Underground gas storages		2 003	2 123
Land		248	184
Buildings and structures		1 119	959
Oil and gas wells		1 661	1 508
Oil and gas property		357	625
Machinery and equipment		1 508	1 627
Other tangible fixed assets and assets under construction		247	168
Property, plant and equipment	5	*7 143*	*7 194*
Intangible assets	6	155	151
Equity-accounted investees	7	543	542
Non-current trade and other receivables	9	397	360
Non-current receivables from derivative financial instruments	18	603	1 347
Other non-current investments	8	41	39
Non-current financial assets		*1 584*	*2 288*
Deferred tax asset	27	125	384
Total non-current assets		**9 007**	**10 017**
Inventories	11	2 545	4 738
Current trade and other receivables	9	4 792	7 049
Income tax receivables		--	10
Current receivables from derivative financial instruments	18	4 687	8 767
Other current financial assets	10	4 321	533
Cash and cash equivalents	12	1 871	1 850
Total current assets		**18 216**	**22 947**
Total assets		**27 223**	**32 964**

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of financial position (continued)	**Note**	**31/12/2022**	**31/12/2021**
Liabilities and equity			
Equity			
Share capital	13	1 000	1 000
Capital contributions and other reserves		653	782
Retained earnings and profit/loss for the current period		7 488	4 433
Equity attributable to the shareholder of the Company		*9 141*	*6 215*
Non-controlling interests	14	*232*	*245*
Total equity		**9 373**	**6 460**
Liabilities			
Loans, bonds issued - non-current portion	15	2 299	176
Non-current lease liabilities	16	281	256
Non-current trade and other payables	17	125	259
Non-current liabilities from derivative financial instruments	18	1 089	2 353
Non-current provisions	19	1 535	1 270
Deferred tax liability	27	401	434
Total non-current liabilities		**5 730**	**4 748**
Loans, bonds issued - current portion	15	2 474	4 807
Current lease liabilities	16	36	33
Current trade and other payables	17	4 130	3 128
Income tax liability		270	216
Current liabilities from derivative financial instruments	18	5 098	13 526
Current provisions	19	112	46
Total current liabilities		**12 120**	**21 756**
Total liabilities		**17 850**	**26 504**
Total equity and liabilities		**27 223**	**32 964**

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of comprehensive income	**Note**	**2022**	**2021**
Revenue	20	208 761	118 021
Other operating income	21	1 501	198
Total income		**210 262**	**118 219**
Materials and goods used	22	-200 961	-112 564
Services used	22	-2 734	-2 669
Personnel expenses	23	-872	-728
Depreciation, amortisation and impairment	24	-905	-899
Other operating expenses	25	-1 000	-856
Result from operating activities		**3 790**	**503**
Interest income	26	60	7
Other finance income	26	432	3
Finance costs	26	-295	-248
Result from financing activities		**197**	**-238**
Share of profit (+)/ loss (-) of equity-accounted investees, net of tax	7	--	80
Profit or loss before tax		**3 987**	**345**
Income tax expense	27	-794	-60
Profit or loss for the year		**3 193**	**285**

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of comprehensive income (continued)	**Note**	**2022**	**2021**
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences of foreign operations		-267	67
Change in fair value of hedging instruments, net of tax		8	-41
Change in fair value of hedging instruments reclassified to profit or loss, net of tax		76	28
Share of other comprehensive income/loss of equity-accounted investees		--	17
Other comprehensive income/loss, net of tax	28	**-183**	**71**
Total comprehensive income/loss for the period		**3 010**	**356**
Profit/ loss attributable to:			
Owners of the Company		3 055	183
Non-controlling interests		138	102
Total profit or loss for the year		**3 193**	**285**
Total comprehensive income/loss attributable to:		2 926	241
Owners of the Company		84	115
Non-controlling interests		**3 010**	**356**
Total comprehensive income/loss for the year	13		
Earnings per share:		61.1	3.66
Basic earnings / loss (-) per share (in CZK thousands)		61.1	3.66

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of changes in equity

2022	Share capital	Other contributions and reserves	Translation reserve	Hedging reserve	Share on funds of equity-accounted investees	Retained earnings/ Profit (+)/loss (-) for the year	Equity	Non-controlling interests	Total equity
Balance at 1 January 2022	**1 000**	**826**	**54**	**-80**	**-18**	**4 433**	**6 215**	**245**	**6 460**
Profit or loss for 2022	--	--	--	--	--	3 055	**3 055**	138	**3 193**
Other comprehensive income/loss	--	--	-213	84	--	--	**-129**	-54	**-183**
Total comprehensive income/loss	**--**	**--**	**-213**	**84**	**--**	**3 055**	**2 926**	**84**	**3 010**
Transactions with owners of the Company, reported directly in equity:									
Other	**--**	**--**	--	--	**--**	--	--	-89	-89
Decrease in other capital contributions	--	--	--	--	--	--	--	-8	-8
Total transactions with owners of the Company, reported directly in equity	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**-97**	**-97**
Balance at 31 December 2022	**1 000**	**826**	**-159**	**4**	**-18**	**7 488**	**9 141**	**232**	**9 373**

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of changes in equity

2021	Share capital	Other contributions and reserves	Translation reserve	Hedging reserve	Share on funds of equity-accounted investees	Retained earnings/ Profit (+)/loss (-) for the year	Equity	Non-controlling interests	Total equity
Balance at 1 January 2021	**1 000**	**826**	**--**	**-67**	**-35**	**4 218**	**5 942**	**179**	**6 121**
Profit or loss for 2021	--	--	--	--	--	183	**183**	102	**285**
Other comprehensive income/loss	--	--	54	-13	17	--	**58**	13	**71**
Total comprehensive income/loss	**--**	**--**	**54**	**-13**	**17**	**183**	**241**	**115**	**356**
Transactions with owners of the Company, reported directly in equity:									
Other	--	--	--	--	--	32	32	-32	--
Decrease in other capital contributions	--	--	--	--	--	--	--	-17	-17
Total transactions with owners of the Company, reported directly in equity	**--**	**--**	**--**	**--**	**--**	**32**	**32**	**-49**	**-17**
Balance at 31 December 2021	**1 000**	**826**	**54**	**-80**	**-18**	**4 433**	**6 215**	**245**	**6 460**

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of cash flows

	Note	2022	2021
Operating activities			
Net profit (+) / loss (-) for the year		3 193	285
Adjustments for:			
Share of profit (-) / loss (+) of equity-accounted investees		--	-80
Interest expense (net of interest income)	26	191	155
Tax expense (+) / income (-)	27	794	60
Effect of currency translation (gains - / losses +)	26	19	61
Depreciation of property, plant and equipment	24	907	808
Amortisation of intangible assets	24	19	17
Depreciation of right of use	24	74	42
Impairment of property, plant and equipment	24	-95	32
Income from current financial assets	26	-45	-2
Non-cash changes of financial derivatives		-4 785	6 120
Non-cash changes of inventories		--	-3
Gain (-) / loss (+) on sale of non-current assets	25	5	--
Other non-cash operations		--	12
Cash flow from operating activities before changes in working capital and provisions		**277**	**7 507**
Increase (+) / decrease (-) in provisions		-31	-1
Increase (-) / decrease (+) in inventories		2 194	-2 151
Increase (-) / decrease (+) in receivables		2 052	-5 084
Increase (+) / decrease (-) in current liabilities		863	-1 151
Cash flows from operating activities		**5 355**	**-880**
Interest paid		-218	-141
Income tax paid		-490	-97
Net cash flows generated from operating activities		**4 647**	**-1 118**
Investing activities			
Proceeds from sale of non-current assets		87	6
Income from current financial assets	26	45	2
Interest received		59	6
Contribution into joint venture / Acquisition of subsidiaries, net of cash acquired	12	--	-1
Acquisition of property, plant and equipment and intangible assets		-708	-532
Increase (-) /decrease (+) in current financial assets, net		-3 790	-474
Cash flows from investing activities		**-4 307**	**-993**

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Consolidated statement of cash flows (continued)	**Note**	**2022**	**2021**
Financing activities			
Drawing of loans and borrowings (+)	15	18 879	18 861
Repayment of (-) loans and borrowings	15	-18 972	-17 988
Payments of lease liabilities	16	-37	-33
Payments to NCI from other funds	14	-8	-17
Cash flows from financing activities	14	-89	--
Net increase in cash and cash equivalents		**-227**	**823**
Effect of foreign exchange movements in cash and cash equivalents		113	-1 288
Cash and cash equivalents at 1 January		-92	4
Cash and cash equivalents at 31 December		**1 850**	**3 134**
Financing activities	12	**1 871**	**1 850**

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Contents

1. General information about the Group

1.1. Description

MND a.s. ("the Company") was established by its sole founder on 30 September 2008 under the original corporate name ORTOKLAS a.s. The Company was incorporated on 3 November 2008 and is recorded in the Commercial Register maintained by the Regional Court in Brno under file number B 6209. The Company's registered office is at Úprkova 807/6, Hodonín, post code 695 01, identification number 284 83 006.

1.2. Current economic situation

At the end of February 2022, ongoing political tensions between Russia and Ukraine escalated into conflict with Russia's military invasion of Ukraine. The global response to Russia's violation of international law and aggression against Ukraine has been the imposition of extensive sanctions and restrictions on business activities in Russia and business trade with Russia and Russian companies. Uncertainty about further developments has resulted in extreme increase in gas and electricity prices, heightened volatility in financial and commodity markets, reduced liquidity in commodity markets and other negative consequences for the economy. The Group took steps to mitigate the impact of the situation on its activities, in particular by temporarily halting commodity trading, reducing the size of leased natural gas storage facilities and suspending the acquisition of new customers in the sale of gas and electricity. In the second half of 2022, the Group gradually resumed commodity trading and by the end of the year also resumed the acquisition of new customers. The Group produces natural gas in western Ukraine in the Lviv region. This activity has not been affected by the war between Russia and Ukraine, and the Group continues in natural gas production and in drilling of exploration and production wells in the area. As of 31 December 2022, the Group had net assets in Ukraine with a book value of CZK 1,160 million.

1.3. Principal activities

The principal business activities of the MND Group are:

- energy supply to households and small businesses;
- trading in energy commodities;
- operation of underground gas storages and provision of gas storage services;
- exploration and production of oil and natural gas;
- drilling contractor services, focusing on drilling of oil and gas exploration and production wells and hydro and geothermal wells and workover operations and plug and abandon operations on wells;
- investment in renewable energy sources and the development of new technologies.

1.4. Group companies

The following table details subsidiaries that are part of the consolidated group of MND a.s. ("the Group") and a joint venture and shows ownership interests held by the parent company in these companies.

"The Group" or "the MND Group" is hereinafter used as a reference name for this consolidated group and the joint venture.

The consolidated financial statements include financial statements of the companies below, which have been prepared as of 31 December 2022 and include the accounting period ended 31 December 2022.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Company name and registered office:	Ownership interest of the Group at 31/12/2022	Ownership interest of the Group at 31/12/2021	Consolidation method
Parent company: MND a.s. Úprkova 807/6, 695 01 Hodonín, Czech Republic	--	--	full
Subsidiary: MND Drilling & Services a.s. Velkomoravská 900/405, 696 18 Lužice, Czech Republic	100%	100%	full
Subsidiary: MND Energy Storage a.s. (formerly MND Gas Storage a.s.) (1) Úprkova 807/6, 695 01 Hodonín, Czech Republic	100 %	100 %	full
Subsidiary: MND Energie a.s. Evropská 866/71, Vokovice, 160 00 Praha 6, Czech Republic	100 %	100 %	full
Joint venture: Moravia Gas Storage a.s. Úprkova 807/6, 695 01 Hodonín, Czech Republic	50 %	50 %	equity
Subsidiary: MND Ukraine a.s. Úprkova 807/6, 695 01 Hodonín, Czech Republic	80 %	80 %	full
Subsidiary: „Horyzonty" LLC Lviv, 79005, Akademika Pavlova 6C, Office 7, Ukraine	80 %	80 %	full
Subsidiary: Geologichne byreau "Lviv" LLC Lviv, 79011, ul. Kubiyovicha 18, Office 6, Ukraine	80 %	80 %	full
Subsidiary: Precarpathian energy company LLC Ivano-Frankovska Oblast, Bogorodchany, 77701, ul. Shevchenka 62, Ukraine	80 %	80 %	full
Subsidiary: Oriv Holding a.s. Úprkova 807/6, 695 01, Hodonín, Czech Republic	100%	--	full
Subsidiary: FVE Tichá s.r.o. (2) Úprkova 807/6, 695 01, Hodonín, Czech Republic	100%	--	full

(1) *On 31 January 2022 a change of business name from MND Gas Storage a.s. to MND Energy Storage a.s. was registered in the Commercial Register.*
(2) *On 23 August 2022 company FVE Tichá s.r.o. was acquired.*

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1.5. Statutory body and supervisory board

The board of directors as at 31 December 2022:

Chairman of the board of directors:	Mr. Karel Komárek
Vice-chairman of the board of directors:	Mr. Helmut Langanger
Member of the board of directors:	Mr. Jiří Ječmen
Member of the board of directors:	Mr. Ulrich Schöler
Member of the board of directors:	Mr. Miroslav Jestřabík

Supervisory board as at 31 December 2022:

Chairman of the supervisory board:	Mr. Robert Kolář
Member of the supervisory board:	Mr. Pavel Šaroch
Member of the supervisory board:	Mr. Josef Novotný

1.6. Sole shareholder of the Company as at 31 December 2022

MND Group AG 100 %

Registered office:

Kapellgasse 21

6004 Lucerne

Switzerland

The MND Group and its parent company MND Group AG are part of the consolidation unit of KKCG AG based in Switzerland. The ultimate owner is VALEA FOUNDATION registered in Liechtenstein, whose designated beneficiary is Mr. Karel Komárek.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, using the historical cost method, unless otherwise stated in the accounting policies.

(c) Functional and presentation currency

The functional currency of the Company and its subsidiaries based in the Czech Republic is the Czech crown (CZK), functional currency of the subsidiaries based in Ukraine is Ukrainian hryvnia (UAH).

These consolidated financial statements are presented in Czech crowns (CZK). All financial information reported in the consolidated financial statements is rounded to the nearest millions (MCZK), except when otherwise indicated.

(d) Use of significant accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires the Group management to make assumptions based on its own judgement in applying accounting policies. Consequently, the actual results often differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are reported in the period in which the estimate is revised, if the revision impacts only this period, or in the revision period and future periods, if the revision impacts the current and future periods.

Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

- Impairments. Impairment calculations require the use of various estimates and assumptions depending on the business activity of the Group. The most significant estimates influencing the impairment models are commodity prices, oil and gas reserves, future production profiles, gross margins, operating expenses and discount rates. (Notes 5 and 6; accounting policy 3(f));
- Provision for decommissioning, renewals and restorations. The Group establishes a provision for the renewal and restoration of areas affected by oil and gas extraction and provision for decommissioning of assets. Most of these activities will be performed in the distant future whereas decommissioning technologies, costs and environmental and safety regulations are constantly changing. The most significant estimates entering the provision calculation model are stated above. The Group also includes costs and timing of the decommissioning activities, expected inflation and discount rates. Note 19; accounting policy 3(j).

(e) Determination of fair value (Note 30)

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is defined as a price that would be received from the sale of an asset or paid for assuming a liability in an arm's length transaction between market participants at the measurement date irrespective of whether the price is directly observable or determined using an estimate carried out based on valuation methods. Fair values are determined based on quoted market prices, discounted cash flows or by means of valuation methods.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value hierarchy

The Group applies the following hierarchy for determining and disclosing the fair value of financial instruments by valuation method:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: other input-based methods that have a significant impact on the reported fair value and that are observable either directly or indirectly
- Level 3: input-based methods that have a significant impact on the reported fair value and that are not based on observable market data

Potential transfers between individual levels are described in Note 30 Risk management, in part (f).

(f) New standards effective from 1 January 2022

The preparation of these consolidated financial statements involved the use of the following new or amended standards and interpretations, whose initial application is required for annual periods beginning on 1 January 2022.

For the following amendments, standards and interpretations, the Group does not expect any material impact on the Group's financial statements.

Effective date 1 January 2022 or later:

- Amendments to IFRS 3, IAS 37: Reference to Conceptual framework and Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use
- Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 First time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture

(g) Standards, interpretations and amendments issued in 2022 but not effective

The following new Standards, Amendments and Interpretations were issued but were not effective for the period ending 31 December 2022 and were not applied in the preparation of these consolidated financial statements.

Effective date 1 January 2023 or later:

- Amendment to IAS 1: Presentation of Financial Statements - Disclosure initiative – accounting policies (IASB effective from 1 January 2023, EU effective from 1 January 2023)
- Amendment to IAS 1: Non-current Liabilities with Covenants (IASB effective from 1 January 2024)
- Amendment to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (IASB effective from 1 January 2024)
- IFRS 17 Insurance Contracts (IASB effective from 1 January 2023)
- Amendment to IFRS 17: Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (IASB effective from 1 January 2023)
- Amendment to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (IASB effective from 1 January 2023)
- Amendment to IAS 12: Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IASB effective from 1 January 2023)
- Amendments to IFRS 16: Leases: Lease liability in a Sale and Leaseback (IASB effective from 1 January 2024)

3. Significant accounting policies

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements, unless otherwise stated.

(a) Basis of consolidation

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e., when the Group obtained control.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised value (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the difference is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

At the date of a business combination, non-controlling interests are accounted for at their proportionate share of the acquiree’s identifiable net assets, which are generally measured at fair value.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group exercises control over an entity where it is exposed or it has the right to variable revenues from its interest in the entity and where it is able to influence these revenues through its power over the entity. Control assessment is done based on substantive potential voting rights as opposed to currently exercisable potential voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

iii. Business combinations under common control

For business combinations resulting from transfers of interests in entities that are under the control of the shareholder that controls the Group (business combinations of companies under common control), the Group may determine the application of the acquisition accounting method or the predecessor value method and apply it to all similar transactions.

In the case of using the acquisition accounting method, the company will make full use of the requirements set out in IFRS 3 (see above - point i.).

When using the predecessor accounting method, assets are not measured at fair value at the acquisition date.

The difference between the consideration for the acquisition and the carrying amount of the identifiable assets and liabilities acquired, including goodwill recognized in the financial statements of the predecessor, is recognized directly in equity, therefore no goodwill is recognized in this transaction.

iv. Joint ventures (equity-accounted investees)

Joint ventures are those entities over whose activities the Group has joint control. Joint ventures are recognised using the equity method (equity-accounted investees) and are initially recorded at acquisition cost. The Group's investment includes goodwill identified upon acquisition reduced by impairment losses. The consolidated financial statements include the Group's share of profit or loss recognised by equity-accounted investees from the date that joint control is obtained until the date that control ceases. Dividends received from a joint venture reduce the carrying amount of the investment. If the Group's share of losses exceeds the Group's investment in the equity-accounted investee, the carrying amount of this investment (including non-current investments) is decreased to zero and the recognition of other losses is suspended, except where the Group must make, or has made, payments in favour of the equity-accounted investee.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains on transactions with equity-accounted investees are eliminated to the extent of investment owned. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent, in which no evidence of impairment exists.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value at the date of acquisition are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss, except for financial instruments to hedge cash flows, which are recognised in other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency of the Group, the Czech crown, at exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to presentation currency at average exchange rates for the reported period which are a reasonable approximation of the exchange rate at transaction date. Resulting foreign currency differences are recognised in other comprehensive income and equity as a separate component.

(c) Property, plant and equipment

i. Owned assets

Property, plant and equipment consists of underground gas storages, buildings and structures, oil and gas wells, oil and gas property, production machinery, machinery and equipment, drilling rigs, information technology, motor vehicles, fixtures and fittings and other property, plant and equipment. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy 3(f) ii).

The cost of self-constructed property, plant and equipment (including oil and gas wells) comprises the consumption of materials, wages and a portion of overhead costs directly associated with the production. Cost also includes an estimate of costs of dismantling and removing the items, as well as costs of land restoration.

The acquisition cost does not include administrative or other overhead costs or an initial operating loss. Research and development expenditure is not capitalised. Borrowing costs that are directly attributable to the acquisition of the relevant asset are capitalised until the acquisition is completed.

ii. Exploration costs

Costs incurred in the search and exploration for new oil and/or gas deposits including costs of wells are charged directly to expenses as incurred, with the exception of costs associated with successful exploratory wells ("the successful effort method"). Costs associated with successful exploratory wells are capitalised as property, plant and equipment if they are expected to provide future economic benefits and if they relate to wells under construction or wells that have not yet been assessed, no later than the end of the reporting period on condition that we do not have information that the well is unsuccessful. In case a capitalised well is subsequently assessed as unsuccessful, the capitalised expenditures are written off to expenses. The capitalised costs are tested for impairment at the end of each reporting period (see accounting policy 3(f) ii). Once the wells start to be used for commercial purposes, depreciation of these capitalised costs over the estimated life of the wells is commenced.

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iii. Right of use of leased assets

Contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of the time in exchange for consideration. For such contracts a lessee recognizes a right of use asset and a lease liability. The right of use of asset is depreciated and the liability accrues interest.

Right of use of asset is initially measured in the amount of recognized lease liability, plus advance payments or related accrued payments, less rent concessions. Further, the initial measurement of right of use should be increased by the following items, when significant:

- initial direct lease costs paid by the lessee, and
- provision for estimated costs of dismantling and removal of the identified asset or restoration of the site where the asset was installed.

Right of use asset and leasing liability are not recognized for short-term leases (when the lease maturity is 12 months or less) and for low value leased asset (the value below CZK 120 000 or EUR 4 500). Payments of these leases are recognised in the statement of comprehensive income as an expense over the term of the lease.

iv. Assets held for sale

Assets with a significant carrying value that will be highly probably sold within one year of the reporting date, are not part of non-current assets and are stated as a separate item as part of current assets at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated.

v. Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group, and the expenditure can be measured reliably. All other expenses, including the costs of regular servicing of property, plant and equipment, are recognised directly in profit or loss.

vi. Depreciation expense

Property, plant and equipment are depreciated on a straight-line basis. Land is not depreciated. Right of use assets are depreciated over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.

The estimated useful lives for the individual categories of property, plant and equipment are as follows:

Buildings and halls	20 - 50 years
Administrative buildings	20 - 60 years
Structures	20 - 40 years
Oil and gas wells	expected production period
Oil and gas property	expected production period
Machinery and equipment	3 - 20 years
Drilling rigs	20 - 40 years
Information technology	3 - 8 years
Motor vehicles	4 - 10 years
Inventory	3 - 14 years
Other property, plant and equipment	3 - 20 years

The oil and gas wells and related property are being depreciated for its estimated production life which ranges from 3 to 25 years and is based on expected length of production of hydrocarbons.

The underground gas storages item comprises more asset categories with different depreciation periods ranging from 3 to 50 years and land and cushion gas that are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(d) Intangible assets

i. Licences

Licences mainly comprise purchased exploration licences.

ii. Software and other intangible assets

Software and other intangible assets that are acquired by the Group and have finite (definite) useful lives are measured at cost less accumulated amortisation and any impairment losses.

iii. Subsequent costs

Subsequent expenditure in respect of intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iv. Amortisation expense

Apart from goodwill and other intangible assets with an indefinite useful life, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software	2 - 7 years
Licences	2 - 20 years
Other intangible assets	3 - 10 years

v. Research

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in profit or loss in the period when they were incurred.

(e) Financial instruments

i. Financial assets at amortised cost

Financial instruments held within a business model whose objective is to hold financial assets in order to collect contractual cash flows are measured at amortised cost. Contractual cash flows are solely payments of principal and interest.

This category includes mainly (short-term and long-term) trade and other receivables, provided loans and borrowings, restricted cash and other short-term financial assets (e.g. receivables arising from cash pooling agreements).

In compliance with IFRS 9, the Group calculates effective rate of return at initial recognition, reflecting the relation between actually invested funds and future investment income. The effective interest rate is used as a discount factor for calculating premium or discount that is subsequently amortised over the lifetime of the financial asset.

At the same time, the Group tests the value of assets held in compliance with IFRS 9.

Allowances for financial assets are recognised in the amount of the expected credit loss of the relevant financial asset. Expected losses are reported in the profit or loss from operating activities (Note 3f).

Amortised cost is the amount at which a financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and, for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the amount payable upon maturity using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

Trade and other receivables, loans provided

Trade and other receivables, loans provided are initially recognized on the date when they are originated and measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, less any impairment losses, if they are held to collect the cash flows and not expected to be sold.

When applying amortised cost, any difference between the cost and the value upon redemption is recognized in the consolidated statement of comprehensive income over the duration of the asset or liability, using the effective interest method.

The Group derecognizes trade receivables, other receivables and loans provided when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

ii. Financial assets measured at fair value through other comprehensive income ("FVOCI")

FVOCI is the classification of financial instruments for which dual business model applies, i.e. they are held for the purposes of both collecting contractual cash flows and selling financial assets. Contractual cash flows of instruments in this category are solely payments of principal and interest.

At initial recognition, an entity may classify an equity instrument as measured at FVOCI based on an irrevocable election. This option may be applied only in respect of instruments that are not held for trading and do not constitute derivatives.

Changes in the fair value of debt instruments measured at FVOCI are reported in other comprehensive income. Interest income, foreign exchange gains/losses and impairment losses are immediately reported in profit or loss. Changes in the fair value previously reported in other comprehensive income are reclassified to profit or loss at the moment the debt instrument is sold.

Gains or losses recognised in other comprehensive income for capital instruments are never reclassified from equity to profit or loss.

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

A financial instrument is classified as measured at FVTPL if it is held for trading or within a business model whose objective is to manage a financial asset on the basis of fair value, i.e. it will be realised through sale, in contrast to the objective of holding this asset to obtain contractual cash flows. This category presents the "initial" or "residual" category, unless the requirements for classifying a financial asset as a financial asset at amortised cost or a financial asset at FVOCI are met. At initial recognition, the related transaction costs are reported in profit or loss at the moment they are incurred. Financial instruments at FVTPL are measured at fair value and their changes are reported in the profit or loss from financing activities.

iv. Financial derivatives and hedging instruments

The Group holds derivative financial instruments for trading in electricity, gas and emission allowances, and to hedge its currency, interest rate and commodity risk exposures arising from its operating, financial and investment activities. Derivatives that are not classified as hedging derivatives, are recognised as derivatives held-for-trading.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

All derivative transactions designated as hedging instruments are documented and the effectiveness of individual hedge relationships is evaluated on continuous basis. The Group decided to apply hedge accounting in accordance with IAS 39 after the application of IFRS 9 and so therefore maintains documentation of the hedge relationship between the hedged item and the hedging derivative in line with IAS 39.

The Group applies hedge accounting if:

- the hedge is in line with the Group's risk management strategy,
- the hedge relationship is formally documented at the inception of the hedge,
- the hedge relationship is expected to be effective throughout its duration,
- the effectiveness of the hedge relationship can be objectively measured,
- the hedge relationship is effective throughout the accounting period, i.e. changes in the fair value or cash flows of the hedging instruments attributable to the hedged risk are within a range of 80 - 125% of the changes in the fair value or cash flows of the hedged instruments attributable to the hedged risk, and
- for cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss.

The hedging documentation contains information about the following:

- hedging derivatives,
- hedge effectiveness, and
- hedged items and risks that are being hedged.

Changes in the fair value of the derivative hedging instrument or designated non-derivative financial liability designated as a cash flow hedge are recognized directly in the other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss for the period.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity as a "Hedging reserve" remains there until the forecast transaction occurs. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, then the associated gains and losses that were recognised in other comprehensive income are included in the initial cost or other carrying amount of the asset or liability.

In other cases, the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

If cash flows relating to recognized foreign currency receivables are hedged by other hedging instruments (e.g. designating foreign currency payables as the hedging instruments), the accounting treatment is the same as the treatment for hedging with financial derivatives.

The Group decided to apply cash flow hedge accounting to mitigate following risks:

Interest rate risk

The risk that is being hedged relates to change in future cash flows due to change in interest rates. The hedged items are future interest payments of long-term debts that are hedged by interest rate swaps (the hedging instruments). For cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss.

Foreign currency rates risk

The risk that is being hedged relates to change in future cash flows due to change in foreign currency rates. The hedged items are future expected transactions that are hedged by hedging instruments (e.g. foreign currency payables/receivables designating as the hedging instruments). For cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss.

Commodity price risk

The hedged items are cash flows from the sale of commodities that are hedged by commodity swaps (the hedging instruments). For cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss. The risk that is being hedged relates to change in future cash flows due to change in prices of commodities sold.

Trading derivatives

Derivatives that do not qualify for hedge accounting are accounted for as trading derivatives. Changes in the fair value of trading derivatives are recognized n profit or loss for the appropriate period.

Commodity contracts

Except for contracts for the purchase and sale of commodities concluded for the purpose of serving the Group's portfolio of end customers, the Group enters into commodity trading contracts for the purpose of generating a profit from short-term price fluctuations or traders' margin. The Group systematically settles similar contracts on a net basis. The net settlement is realised either through exchange-traded instruments or via bilateral agreements by entering into offsetting contracts or through the sale of a contract prior to settlement.

These contracts typically require no initial net investment and are settled at future dates thereby meeting the definition of derivative contracts. Simultaneously, they can no longer qualify for exemption applied for physical purchase and sale of non-financial asset because they are exchange-traded or routinely net settled as described above.

Forward contracts for the purchase and sale of gas and electricity, contracts for physical natural gas storage, contracts for gas flexibility service (virtual natural gas storage) and contracts for security of supply that can be settled net in cash or another financial instrument and which do not serve the purposes of the expected receipt or delivery of a commodity are considered financial instruments under IFRS 9 and they are measured at fair value through profit or loss and recognised as trading derivatives. Changes in their fair value are recognised in the profit or loss from operating activities.

Delivery of the commodity under commodity contracts is recognised either in inventory, or in revenues and cost of sales at fair value of the commodity, when the commodity is delivered

Changes in the fair value of commodity and currency derivative financial instruments are recognised in the profit or loss from operating activities; changes in the fair value of interest rate derivative instruments are reported in the profit or loss from financing activities.

v. Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: trade and other payables, interest-bearing loans and borrowings, bonds issued and lease liabilities. These financial liabilities, other than financial liabilities at fair value through profit or loss, are recognised initially on the settlement date at fair value plus any directly attributable transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

vi. Current and non-current loans

Current and non-current loans are initially recognised at fair value and subsequently measured at amortised cost. A part of non-current loans due within one year of the end of the period are recognised as current loans.

vii. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and recognised in the balance sheet on a net basis if and only if the Group has a legally enforceable right for the offsetting and intends to settle them on the net basis.

(f) Impairment

i. Financial assets

IFRS 9 *Financial Instruments* introduces a model for impairment of financial assets and contract assets that are measured at amortised cost or fair value through other comprehensive income (FVOCI) – so called "expected credit losses" or "ECL" model.

The Group recognises an allowance based on expected credit losses for financial assets measured at amortised cost.

Measurement of ECLs

Simplified approach – Provisioning Matrix

Provisioning Matrix approach can be used for financial assets, which do not contain significant financing component. The Group applies this model primarily to short-term trade receivables.

In the provisioning matrix approach, impairment is calculated using the historical loss rate and adjusted for forward looking information. The Group monitors macroeconomic development of GDP and Czech National Bank forecast.

Significant receivables are assessed individually using expected discounted cash-flows method and an expert-based approach.

Significant increase in credit risk is not assessed for trade receivables subject to provisioning matrix approach as they are always measured at Lifetime ECL.

Standard ECL model – Stage model

The Group assesses, on a forward-looking basis, the ECL for the exposures arising from loans and borrowings and from other financial assets.

The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Long-term restricted cash, long-term trade and other receivables from government contracts, short-term financial assets, cash and cash equivalents and term deposits that are placed at strong and stable credit institutions that are meeting all requirements for capital and liquidity stipulated in Basel III are considered by the Group as assets with „low credit risk". In this case the Group applies the "low credit risk" exemption from standard ECL model and therefore do not assess a significant increase in credit risk for these assets.

The Group considers a financial asset to be in default, if:

- it is probable that the debtor will fail to pay its liabilities to the Group in full without the Group's intervention in form of realising security (if it has any); or
- the financial asset is more than 90 days past due.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at each balance sheet date.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or a group of assets (the "cash-generating unit", or "CGU") exceeds its recoverable amount. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Inventories

Inventories required for providing operating services are measured at the lower of cost and net realisable value.

The cost of inventories comprises the purchase price and costs directly associated with the acquisition. Acquisition costs are reduced with rebates, trade discounts and other similar items. Interest on loans received to acquire inventories (borrowing costs) is not capitalised.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Inventories of gas in underground gas storages are measured at fair value less costs to sell. Changes in the fair value less cost to sell of these inventories are recognised in the profit or loss from operating activities as Gain/Loss from trading in commodity contracts.

Work in progress and own products are measured at own cost, which also includes the appropriate part of production overheads determined based on normal operating capacity. Selling costs are not capitalised.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at the bank and short-term highly liquid investments (including fixed-term deposits) with original maturities of up to three months of the acquisition date. Bank overdraft accounts with a negative balance are not included in the statement of cash flows.

(i) Equity

Share capital

The Company's issued share capital has been paid up in full. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity.

(j) Provisions

A provision is recognised in the consolidated statement of financial position if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for decommissioning, renewal and restoration

The Group establishes a provision for renewal and restoration of land affected by production of oil and gas and also a provision for the decommissioning of assets. The amount of the provision is the best estimate of the expenditure needed to cover a liability at the end of the reporting period. The provision is adjusted to reflect the current estimate at the end of the period. The estimates of costs incurred on decommissioning of assets, renewal and restoration of land are based on current prices and the estimated inflation and are discounted using the market risk-free interest rate.

Actual expenses incurred for decommissioning, renewal and restoration during the year may differ from the estimates as a result of changes in regulations and technologies, an increase in personnel expenses, an increase in prices of raw materials and equipment or in the time needed to complete decommissioning, renewal and restoration, or a change in the inflation rate or long-term real interest rates.

The initial discounted expenses related to the decommissioning of property, plant and equipment are recognised as part of property, plant and equipment and depreciated over the estimated life of that asset.

Year-on-year changes relating to a future liability in connection with the decommissioning of property, plant and equipment that arise due to the change in estimates of future cash flows necessary to settle this liability or as a result of a change in the estimated real interest rate, are reflected as an increase in or decrease of capitalised property, plant and equipment in compliance with IFRIC 1.

The Group also establishes a provision for other liabilities with uncertain timing or value.

(k) Revenue and other operating income

i) Revenue (revenue from contracts with customers)

The Group's revenue includes in particular revenue from trading in gas and electricity, revenue from the sale of gas and electricity to end customers, revenue from the sale of produced oil and gas, revenue from the sale of goods, and revenue from the provision of services, including drilling activities and gas storage (see Note 20).

The revenue is recognised at the moment the control over goods or services supplied is transferred to the customer in the amount of anticipated consideration that the Group expects it should receive for the goods or services. The Group companies apply a five-step model defined in IFRS 15 to determine the amount, time and method of revenue recognition. The amount of consideration that the Group expects to be entitled to is the transaction price. In determining the transaction price, the following factors are considered: the estimate of the variable portion of consideration (provided discounts, compensations, bonuses, sanctions and other similar items), the time value of money in case the contract contains a significant financing component, the fair value of potential non-monetary consideration, a portion of value that the customer will not pay (e.g. discount vouchers). The method and moment of revenue recognition depends on the method of control transfer: satisfaction of obligation at a point in time is reported at the moment the control over goods or services is transferred, satisfaction of obligation over time is recognised over the period during which the entity satisfies performance obligation. The Group measures revenue from satisfaction of obligation over time using the input method, i.e. the revenue is reported based on expenses incurred on satisfying the obligation in relation to the total expected expenses, with the exception of revenue from the sale of gas and electricity to end customers that is measured using the output method, as described below.

Contract costs

The Group provides sales agents with commissions as remuneration for activities that lead to obtaining new customers for the sale of gas and electricity. The costs of acquiring a contract are recognised if an entitlement to the commission arises at the moment the contract with the customer is actually obtained and the commission would not be paid had the contract not been obtained. Capitalised contract costs are subsequently recognised in profit or loss over the term of the contract or over 5 years for contracts for an indefinite period.

Sale of oil

The Group sells produced and purchased oil to its customers based on annual or long-term contracts on oil supplies. Customers obtain control over the product at a place agreed for product delivery. The Group classifies revenue as satisfaction of obligation over time that is recognised for a calendar month depending on the actual volume of supplies. Contracts do not contain a financing component, because the invoices are payable within 30 days.

Sale of electricity and gas to end customers

The sale of gas and electricity to end customers is carried out based on contracts on combined gas or electricity supply services which include the supply of the commodity itself together with distribution services. Distribution services are provided to the Group by local distribution companies. The access to these services and their prices is regulated. The prices for distribution services form part of the price for combined services provided to the customers. The Group recognises the full amount of revenue for services, including the portion of distribution services, because it provides these services for itself (i.e. the Group is the principal).

The services of gas and electricity supplies for households are usually invoiced once per year and for corporate customers once per month or quarter, based on the actual consumption ascertained at consumption reading. Customers pay advances at a fixed amount on a monthly basis. Uninvoiced supplies of gas and electricity are recognised as contract assets. Advances received are recognised as contract liabilities.

When concluding a contract, the price for services can contain a variable consideration as a result of discounts provided to customers. Discounts are provided from list prices and the customers are charged with the prices less discounts.

The Group classifies revenue as satisfaction of obligation over time. The Company recognises revenue using the output method based on the estimated energy supplies. Contracts do not contain a significant financing component because of the advances payment scheme and delivery performed within a short period of time.

Revenue from drilling

Drilling services are usually carried out at daily rates. The price for work performed then results from the amount of work actually done and it is invoiced to customers on a monthly basis or drilling services are provided on "turn-key" basis and invoiced to customers after the well is completed and handed over. The price is determined at a fixed amount for drilling of a well. Revenue is then recognised using the input method. The customer obtains control over the work in progress immediately, because if the contract is terminated by the customer, the Group is entitled to the reimbursement of expenses incurred and an adequate margin. Contracts do not contain a significant financing component, because the services are provided within a short period of time and the invoices are payable within 30 days. The Group classifies revenue as satisfaction of obligation over time.

Revenues from gas storage

The Group provides services to its customers on the basis of annual or long-term contracts for the storage of natural gas. The services are invoiced to customers monthly in a fixed amount. The Group classifies revenues as satisfaction of obligation over time. The Group recognises revenue using the output method. Contracts do not contain a significant financing component, because invoices are payable within 30 days.

ii) Other revenue

Revenue from trading in gas and electricity

Trading in gas and electricity is carried out based on framework contracts concluded under the EFET standard with other gas and electricity traders. Customers obtain control over the commodity at a delivery point which usually means a virtual point of the given gas or electricity grid. The Group classifies revenue as satisfaction of obligation over time that is recognised for a calendar month depending on the actual volume of supplies. Contracts do not contain a financing component, because the invoices are issued within a short period of time after the commodity is delivered and the invoices are payable within 30 days.

Revenue from ordinary transactions is recognised using agreed selling prices. Revenue from derivative commodity contracts that are settled by physical delivery is recognised at fair value of the given commodity at the beginning of the period of physical delivery.

iii) Other operating income

Lease income

Lease income from non-residential premises, office premises and moveable assets is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Grants

A conditional government grant is recognised initially in the statement of financial position as deferred income when there is reasonable assurance that it will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised as income in the period they were incurred. Grants that compensate for the expenses incurred in connection with the acquisition of a non-current asset, are recognised in other operating income in the statement of comprehensive income over the useful life of the asset.

(l) Finance income and costs

Finance income comprises interest income on funds invested, gains on the disposal of financial assets, changes in the fair value of financial assets at fair value through profit or loss, unless these are commodity derivative financial instruments and derivatives held-for-trading arising from forward contracts for the purchase or sale of gas and electricity, foreign exchange gains, and gains from hedging instruments recognised in profit or loss.

Finance costs comprise interest expense on loans and borrowings, unwinding of discount on provisions, foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, unless these are commodity derivative financial instruments and derivatives held-for-trading arising from forward contracts for the purchase or sale of gas and electricity, losses from the impairment of financial assets and losses from hedging instruments that are recognised in profit or loss.

(m) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income, apart from deferred tax recognised directly in equity.

Current tax includes the tax estimate calculated from the taxable income for the year using tax rates valid at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and temporary differences relating to investments in subsidiaries and jointly controlled entities, if it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Payment of dividends

The payment of dividends to the Company's shareholders is recognised in the Group's consolidated financial statements as a liability in the period in which the payment of dividends is approved by the Company's shareholders.

(o) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

(p) Operating segments

Segment information is presented based on the internal management reports and information provided to the chief operating decision makers, as required by IFRS 8.

Operating segments were determined based on main products and services that the Group provides. The following three segments are concerned:

- exploration and production of oil and gas
- trading in gas and electricity and gas storage
- drilling.

Other unallocated operations represent joint expenses that are not attributable to any segment.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

4. Operating segments

The Group's operations are divided into the following operating segments – see Note 3(p):

Information on segments for the year ended 31 December 2022	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Drilling	Other unallocated operations	**Total**	Intersegment eliminations	**Total consolidation**
Continuing activities							
Total revenue (Note 20)	3 604	204 709	947	**--**	**209 260**	-499	**208 761**
of which: External revenue	*3 541*	*204 647*	*573*	**--**	***208 761***	--	***208 761***
Intersegment revenue	*63*	*62*	*374*	**--**	***499***	*-499*	**--**
Other income	408	1 000	54	72	**1 532**	-31	**1 501**
Materials, consumables and services	-388	-202 972	-587	-76	**-204 023**	328	**-203 695**
Other operating expenses, including personnel expenses	-1 045	-594	-428	-7	**-2 074**	202	**-1 872**
Depreciation and amortisation expense	-783	-126	-75	-16	**-1 000**	--	**-1 000**
Impairment of property, plant and equipment	42	--	53	--	**95**	--	**95**
Profit or loss from operating activities	**1 838**	**2 017**	**-38**	**-27**	**3 790**	**--**	**3 790**
Share of profit or loss of equity-accounted investees	--	--	--	--	**--**		**--**
Profit or loss from operating activities incl. share of profit or loss of equity-accounted investees	**1 838**	**2 017**	**-38**	**-27**	**3 790**	**--**	**3 790**
Interest income	36	20	4	--	**60**	**--**	**60**
Interest expense	-38	-62	-4	-147	**-251**	**--**	**-251**
Other finance income (+) / expense (-)	-28	-1	1	416	**388**	**--**	**388**
Profit or loss from financial operations	**-30**	**-43**	**1**	**269**	**197**	**--**	**197**
Acquisition of property, plant and equipment and intangible assets	**-632**	**-68**	**-60**	**--**	**-760**	**--**	**-760**

The Group holds non-current assets in Ukraine with a net book value of CZK 933 million as at 31 December 2022.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Information on segments for the year ended 31 December 2021	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Drilling	Other unallocated operations	**Total**	Intersegment eliminations	**Total consolidation**
Continuing activities							
Total revenue	1 945	115 541	875	--	**118 361**	-340	**118 021**
of which: External revenue	*1 917*	*115 519*	*585*	--	***118 021***	--	*118 021*
Intersegment revenue	*28*	*22*	*290*	--	***340***	*-340*	--
Other income	31	61	75	38	**205**	-7	**198**
Materials, consumables and services	-315	-114 614	-524	-68	**-115 521**	288	**-115 233**
Other operating expenses, including personnel expenses	-636	-663	-337	-7	**-1 643**	59	**-1 584**
Depreciation and amortisation expense	-632	-143	-91	-1	**-867**	--	**-867**
Impairment of property, plant and equipment	-32	--	--	--	**-32**	--	**-32**
Profit or loss from operating activities	**361**	**182**	**-2**	**-38**	**503**	**--**	**503**
Share of profit or loss of equity-accounted investees	--	80	--	--	**80**	--	**80**
Profit or loss from operating activities incl. share of profit or loss of equity-accounted investees	**361**	**262**	**-2**	**-38**	**583**	**--**	**583**
Interest income	4	1	2	--	**7**	--	**7**
Interest expense	-23	-41	-6	-92	**-162**	--	**-162**
Other finance income (+) / expense (-)	-5	-89	9	2	**-83**	--	**-83**
Profit or loss from financial operations	**-24**	**-129**	**5**	**-90**	**-238**	**--**	**-238**
Acquisition of property, plant and equipment and intangible assets	**-466**	**-64**	**-2**	**--**	**-532**	**--**	**-532**

The Group holds non-current assets in Ukraine with a net book value of CZK 1 171 million as at 31 December 2021.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

5. Property, plant and equipment

2022	Underground gas storages	Wells	Land	Right of use land	Buildings and structures	Right of use buildings and structures	Oil and gas property	Machinery and equipment	Right of use machinery and equipment	Tangible assets under construction	Other tangible assets	**Total**
Acquisition cost as at 1 January 2022	**3 685**	**4 890**	**118**	**122**	**1 597**	**235**	**847**	**3 511**	**35**	**163**	**8**	**15 211**
Accumulated depreciation and impairment as at 1 January 2022	**-1 562**	**-3 382**	**-22**	**-34**	**-851**	**-22**	**-222**	**-1 895**	**-24**	**--**	**-3**	**-8 017**
Net book value as at 1 January 2022	**2 123**	**1 508**	**96**	**88**	**746**	**213**	**625**	**1 616**	**11**	**163**	**5**	**7 194**
Additions	1	298	24	42	102	4	--	108	6	166	15	766
Effect of asset acquisition (asset deal)	--	--	23	--	--	16	--	--	--	--	--	39
Disposals	--	--	--	--	--	--	--	-67	--	--	--	-67
Transfers	-18	4	--	--	21	--	--	6	--	-31	--	-18
Depreciation expense for the current year	-103	-214	--	-44	-60	-25	-143	-168	-5	-219	--	-981
Impairment of assets*)	--	7	--	--	86	--	--	2	--	--	--	95
Change in value	--	152	--	19	--	42	--	--	--	155	--	368
Effect of currency translation	--	-94	--	--	-25	-1	-125	-1	--	-7	--	-253
Net book value as at 31 December 2022	**2 003**	**1 661**	**143**	**105**	**870**	**249**	**357**	**1 496**	**12**	**227**	**20**	**7 143**
Acquisition cost as at 31 December 2022	**3 672**	**5 141**	**165**	**136**	**1 692**	**272**	**650**	**3 520**	**41**	**227**	**23**	**15 539**
Accumulated depreciation and impairment as at 31 December 2022	**-1 669**	**-3 480**	**-22**	**-31**	**-822**	**-23**	**-293**	**-2 024**	**-29**	**--**	**-3**	**-8 396**

In 2022, the major additions to tangible assets include capitalised oil and gas wells.

In 2022, no borrowing costs were capitalised due to insignificance.

*) see Note 24 for more information on the impairment of non-current assets

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

2021	Underground gas storages	Wells	Land	Right of use land	Buildings and structures	Right of use buildings and structures	Oil and gas property	Machinery and equipment	Right of use machinery and equipment	Tangible assets under construction	Other tangible assets	**Total**
Acquisition cost as at 1 January 2021	**3 650**	**4 615**	**118**	**109**	**1 521**	**25**	**795**	**3 450**	**32**	**325**	**20**	**14 660**
Accumulated depreciation and impairment as at 1 January 2021	**-1 457**	**-3 229**	**-17**	**-35**	**-706**	**-14**	**--**	**-1 750**	**-19**	**--**	**-3**	**-7 230**
Net book value as at 1 January 2021	**2 193**	**1 386**	**101**	**74**	**815**	**11**	**795**	**1 700**	**13**	**325**	**17**	**7 430**
Additions	36	271	--	32	21	227	--	42	3	28	--	660
Disposals	-2	-12	--	-3	-1	-4	--	-1	--	--	--	-23
Transfers	3	50	--	--	71	--	--	62	--	-175	-12	-1
Depreciation expense for the current year	-107	-218	--	-16	-70	-21	-220	-178	-5	-15	--	-850
Impairment of assets*)	--	-19	-5	--	-94	--	--	-9	--	--	--	-127
Change in value	--	34	--	1	--	--	--	--	--	--	--	35
Effect of currency translation	--	16	--	--	4	--	50	--	--	--	--	70
Net book value as at 31 December 2021	**2 123**	**1 508**	**96**	**88**	**746**	**213**	**625**	**1 616**	**11**	**163**	**5**	**7 194**
Acquisition cost as at 31 December 2021	**3 685**	**4 890**	**118**	**122**	**1 597**	**235**	**847**	**3 511**	**35**	**163**	**8**	**15 211**
Accumulated depreciation and impairment as at 31 December 2021	**-1 562**	**-3 382**	**-22**	**-34**	**-851**	**-22**	**-222**	**-1 895**	**-24**	**--**	**-3**	**-8 017**

In 2021, the major additions to tangible assets include capitalised oil and gas wells and recognition of the right to use buildings and structures (new office buildings).
In 2021, no borrowing costs were capitalised due to insignificance.
*) see Note 24 for more information on the impairment of non-current assets

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

6. Intangible assets

2022	Licences	Software	Intangible assets under construction	Other	Total
Acquisition cost as at 1 January 2022	**114**	**239**	**33**	**13**	**399**
Accumulated depreciation and impairment as at 1 January 2022	**-24**	**-223**	**--**	**-1**	**-248**
Net book value as at 1 January 2022	**90**	**16**	**33**	**12**	**151**
Additions	10	16	10	19	55
Transfers	20	1	-20	-1	--
Disposals	--	--	--	-6	-6
Amortisation expense for the current year	-7	-12	--	--	-19
Effect of currency translation	-24	--	-2	--	-26
Net book value as at 31 December 2022	**89**	**21**	**21**	**24**	**155**
Acquisition cost as at 31 December 2022	**120**	**254**	**21**	**25**	**420**
Accumulated depreciation and impairment as at 31 December 2022	**-31**	**-233**	**--**	**-1**	**-265**

2021	Licences	Software	Intangible assets under construction	Other	Total
Acquisition cost as at 1 January 2021	**31**	**233**	**1**	**2**	**267**
Accumulated depreciation and impairment as at 1 January 2021	**-22**	**-210**	**--**	**-1**	**-233**
Net book value as at 1 January 2021	**9**	**23**	**1**	**1**	**34**
Additions	81	6	35	12	**134**
Transfers	1	2	-3	1	**1**
Disposals	--	--	--	-2	**-2**
Amortisation expense for the current year	-2	-15	--	--	**-17**
Effect of currency translation	1	--	--	--	**1**
Net book value as at 31 December 2021	**90**	**16**	**33**	**12**	**151**
Acquisition cost as at 31 December 2021	**114**	**239**	**33**	**13**	**399**
Accumulated depreciation and impairment as at 31 December 2021	**-24**	**-223**	**--**	**-1**	**-248**

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7. Equity-accounted investees

	Ownership interest	31/12/2022	31/12/2021
Moravia Gas Storage a.s.	50 %	543	542
Equity accounted investees		**543**	**542**

Investments in joint ventures are accounted for using the equity method.

Equity-accounted investee is not a publicly traded company, therefore, the publicly quoted price of its shares is not available.

Moravia Gas Storage a.s. operates an underground gas storage and provides gas storage services based on an energy licence.

The following table provides financial information on the joint venture:

Moravia Gas Storage a.s.	31/12/2022	31/12/2021
Non-current assets	3 413	3 587
Current assets	247	184
of which: cash and cash equivalents	152	125
Non-current liabilities	-2 110	-2 693
of which: financial liabilities with the exception of trade and other payables and provisions	-1 987	-2 624
Current liabilities	-393	-276
of which: financial liabilities with the exception of trade and other payables and provisions	-350	-223
Net assets (100%)	1 157	802
Group's share of net assets (50%)	579	401
Fair value adjustment	141	141
Carrying amount of interest in joint venture	**720**	**542**
Revenue	668	530
Depreciation and amortisation expense	-212	-206
Interest income	1	--
Interest expense	-106	-122
Income tax (current and deferred)	-60	-37
Profit/Loss from continuing operations (100%)	259	160
Other comprehensive income (100%)	95	34
Group's share of total profit or loss of the joint venture (50%)	**130**	**80**
Group's share of other comprehensive income of the joint venture (50%)	47	17

The joint venture does not prepare financial statements under IFRS. The statutory financial statements were adjusted so as to correspond with IFRS for the purposes of consolidation and notes to the consolidated financial statements. In 2022, the Group did not account for equity method.

In 2022 and 2021, the Group did not receive any dividends from the joint venture.

As at 31 December the Group had the following receivables and liabilities and recognised the following income and expenses in respect of the joint venture in the reporting period:

	2022	2021
Current and non-current receivables	2	16
Current and non-current liabilities	6	4
Revenue and other operating income	23	39
Materials and energy used, services and other operating expenses	107	15

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8. Other non-current investments

	31/12/2022	31/12/2021
Long-term restricted cash	1	39
Long-term restricted debt securities – at amortised cost	40	--
Total other non-current investments	**41**	**39**

Long-term restricted cash represents funds at a bank account to cover statutory provisions for renewal and restoration. For Credit quality see Note 30b) Credit risk. Long-term restricted debt securities represent a government bond worth CZK 40 million to cover statutory provisions for renewal and restoration.

9. Trade and other receivables

Non-current trade and other receivables	31/12/2022	31/12/2021
Non-current loans	262	254
Non-current trade receivables	1	1
Non-current refundable deposits	16	7
Non-current receivables – financial	**279**	**262**
Non-current contract costs	99	88
Non-current trade advances	3	3
Non-current prepaid expenses	16	7
Non-current receivables - other	**118**	**98**
Total non-current trade and other receivables	**397**	**360**

For credit quality of non-current trade and other receivables see Note 30(b) Credit risk.

Current trade and other receivables	31/12/2022	31/12/2021
Current trade receivables	1 692	1 283
Current refundable deposits	610	697
Current loans	11	24
Current contract assets	240	236
Other current receivables	1 282	4 171
Current receivables - financial	**3 835**	**6 411**
Current trade advances	850	421
Current prepaid expenses	46	55
Current receivables from other taxes	19	132
Current contract costs	42	30
Current receivables - other	**957**	**638**
Total current trade and other receivables	**4 792**	**7 049**

As at 31 December 2022, net overdue current receivables totalled CZK 34 million (as at 31 December 2021: CZK 15 million). As at 31 December 2022, an allowance for receivables totalled CZK 47 million (as at 31 December 2021: CZK 27 million). For credit quality and amount of provision see Note 30(b) Credit risk.

In 2022, other current receivables include a receivable from a clearing system member of CZK 1 268 million (2021: CZK 4 160 million).

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10. Other current financial assets

	31/12/2022	31/12/2021
Other current financial assets	4 321	533
Total other current financial assets	**4 321**	**533**

Other current financial assets comprise receivables relating to cash-pooling contracts with KKCG Structured Finance AG.

This item is not considered a cash equivalent and is presented as part of investing activities in the statement of cash flows. For Credit quality see Note 30b) Credit risk.

11. Inventories

	31/12/2022	31/12/2021
Material	257	194
Goods	2 153	4 503
Own products	51	28
Work in progress and semi-finished goods	62	9
Advances for inventories	22	4
Total inventories	**2 545**	**4 738**

In 2022, material includes an allowance for material of CZK 10 million (2021: CZK 12 million).

Goods include gas for trading at fair value of CZK 2 142 million (2021: CZK 4 491 million).

12. Cash and cash equivalents

	31/12/2022	31/12/2021
Cash in hand	1	1
Cash at bank	1 094	1 126
Cash equivalents	483	481
Fixed-term deposits (less than 90 days)	293	242
Total cash and cash equivalents	**1 871**	**1 850**

Cash equivalents represents excess cash at accounts of clearing system members. For Credit quality see Note 30b) Credit risk.

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13. Equity

	31/12/2022	31/12/2021
Share capital	1 000	1 000

The parent company's share capital consists of 50 000 ordinary certificated registered shares with a nominal value of CZK 20 000 per share. The share capital has been fully paid-up. All shares have the same rights and no restrictions.

As at 15 August 2018, the imposition of negative pledge on Company's shares was entered in the Commercial Register.

Other capital contributions arose as a result of the shareholder's monetary contributions of a shareholder in order to strengthen the Group's equity capital and a non-monetary contribution of an 80% share in MND Ukraine a.s. from the parent company MND Group AG.

Earnings per share

Profit (+) / loss (-) attributable to ordinary shareholders	**2022**	**2021**
Net profit (+) / loss (-) attributable to ordinary shareholders	3 055	183
Net profit (+) / loss (-) attributable to ordinary shareholders	**3 055**	**183**

Weighted average number of ordinary shares	**Number of shares**	**Weight**	**2022**	**2021**
Issued ordinary shares at 1 January	50 000	1	50 000	50 000
Issued ordinary shares at 31 December	50 000	1	50 000	50 000
Weighted average number of ordinary shares at 31 December	50 000	1	50 000	50 000
Basic earnings (+) / loss (-) per share for the year (in CZK thousand)			**61.1**	**3.66**
Diluted earnings (+) / loss (-) per share for the year (in CZK thousand)			**61.1**	**3.66**

14. Non-controlling interests

In 2022, the Group had the following non-controlling interests:

Consolidated statement of financial position as at 31 December 2022	**MND Ukraine a.s. subgroup**
Non-current assets	936
Current assets	411
Non-current liabilities	88
Current liabilities	99
Net assets attributable to the group	1 160
Percentage of non-controlling interest	20.00%
Carrying amount of non-controlling interest	**232**

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Consolidated statement of comprehensive income for 2022	
Revenues	1 628
Profit (+) /loss (-) for the period	688
Other comprehensive income	-267
Total comprehensive income	421
Percentage of non-controlling interest	20.00%
Profit or loss allocated to non-controlling interest	**138**
Other comprehensive income allocated to non-controlling interest	**-54**
Total comprehensive profit or loss allocated to non-controlling interest	**84**

In 2021, the Group had the following non-controlling interests:

Consolidated statement of financial position as at 31 December 2021	**MND Ukraine a.s. subgroup**
Non-current assets	1 175
Current assets	475
Non-current liabilities	137
Current liabilities	286
Net assets attributable to the group	1 227
Percentage of non-controlling interest	20.00%
Carrying amount of non-controlling interest	**245**

Consolidated statement of comprehensive income for 2021	
Revenues	1 162
Profit (+) /loss (-) for the period	512
Other comprehensive income	67
Total comprehensive income	579
Percentage of non-controlling interest	20.00%
Profit or loss allocated to non-controlling interest	**102**
Other comprehensive income allocated to non-controlling interest	**13**
Total comprehensive profit or loss allocated to non-controlling interest	**115**

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15. Loans and bonds issued

This note provides an overview of the contractual terms and conditions governing interest-bearing loans and borrowings of the Group.

Non-current bank loans and bonds	31/12/2022	31/12/2021
Non-current bank loans	89	143
Non-current borrowings from companies outside the Group	22	33
Bonds issued – non-current portion	2 188	--
Total non-current loans and bonds	**2 299**	**176**

Current loans and bonds	31/12/2022	31/12/2021
Current bank loans	2 412	2 534
Current portion of non-current bank loans	50	51
Other current borrowings	10	10
Bonds issued – current portion	2	2 212
Total current loans and bonds	**2 474**	**4 807**

A new bond was issued in 2022 (see the point issued bonds below). Non-current loans from companies outside the group represent a non-current loan from a non-bank entity. The loan was drawn down to finance the acquisition of a drilling rig.

As at 31 December 2022, current bank loans include a short-term bank loan for the purpose of financing gas inventory in the amount of CZK 2 412 million (as at 31 December 2021: CZK 2 474 million).

Bank loans

The bank loans are due as follows:

	31/12/2022	31/12/2021
Due within 1 year	2 462	2 585
Due within 1 – 5 years	--	--
Due in more than 5 years	89	143
	2 551	**2 728**

The loans received by the Group are secured by land, buildings, and facilities of CZK 304 million (as at 31 December 2021: CZK 688 million); inventories of CZK 859 million (as at 31 December 2021: CZK 1 438 million); receivables of CZK 1 169 million (as at 31 December 2021: CZK 134 million) and bank accounts of CZK 513 million (as at 31 December 2021: CZK 416 million).

Based on the terms and conditions, the Group companies must maintain specific financial debt covenants. As at 31 December 2022 and 31 December 2021, the Group companies fulfilled these covenants.

Loan interest rates are based on PRIBOR, EURIBOR and a margin that ranges from 1.00% to 1.90% (2021: 1.00% - 1.85%).

As at 31 December 2022, the total amount of the Group's undrawn credit facilities is CZK 100 million (2021: CZK 0 million).

The transaction currencies of loans, bonds and borrowings as at 31 December 2022 are EUR and CZK; the balance of loans with the EUR transaction currency is CZK 2 582 million (2021: CZK 2 711 million) and the balance of loans with the CZK transaction currency is CZK 2 191 million (2021: CZK 2 272 million).

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Bonds issued

On 13 November 2017, the Group issued unsecured bearer bonds MND VAR/22 in book form, which were accepted for trading on the regulated market of Prague Stock Exchange (*Burza cenných papírů Praha, a. s.*) under ISIN CZ0003517708. These bonds had variable interest of 6M PRIBOR + 2.48% p. a. and matured on 13 November 2022. Bond coupons were paid out semi-annually on a retrospective basis, always in May and November. The nominal value of one bond was CZK 3 million; the total nominal value of bonds was CZK 2 202 million. The emission of bonds was issued in the Czech Republic in compliance with Czech law. The transaction costs of CZK 13 million associated with the issue of bonds were deducted from the value of bonds and were amortised over the maturity period of the bond.

On 3 March 2022, the Group issued unsecured bearer bonds MND VAR/27 in book form, which were admitted to trading on the regulated market of the Prague Stock Exchange under ISIN CZ0003538183. These bonds have variable interest of 3M PRIBOR + 2.8% p. a. and will mature on 3 March 2027. Bond coupons are paid out quarterly in arrears. The nominal value of one bond is CZK 3 million. The total nominal value of bonds is CZK 2,202 million. The emission of bonds was issued in the Czech Republic in compliance with Czech law. 450 bonds with a nominal value of CZK 1,350 million was subscribed in exchange for MND VAR/22 bonds. 284 bonds with a nominal value of CZK 852 million was subscribed for cash. The funds raised were used to repay the remaining bonds of the MND VAR/22 issue, which matured in November 2022.

The reconciliation of movements of non-current and current loans, issued bonds with cash flows*:*

	2022	2021
Balance at 1 January	**4 983**	**4 202**
Cash flows		
Drawing of loans and borrowings	18 879	18 861
Repayment of loans and borrowings	-18 972	-17 988
Interest paid from previous years (-)	-12	-9
Non-cash changes		
Unpaid interest for the current period	7	12
Foreign exchange differences recognised in profit or loss	-94	-95
Other non-monetary transactions	-18	--
Balance at 31 December	**4 773**	**4 983**

16. Lease liabilities

Lease liabilities	31/12/2022	31/12/2021
Lease liabilities – non-current	281	256
Lease liabilities - current	36	33
Total lease liabilities	**317**	**289**

Reconciliation of movements of lease liabilities with cash flows*:*

	2022	2021
Balance at 1 January	**289**	**98**
Cash flows		
Payment of lease liabilities	-37	-33
Non-cash changes		
Recognition of lease liabilities	73	224
Effect of asset acquisition (asset deal)	1	--
Effect of currency translation	-9	--
Balance at 31 December	**317**	**289**

For detail of right of use assets see the asset table in Note 5.

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17. Trade and other payables

Non-current trade and other payables	31/12/2022	31/12/2021
Other non-current liabilities	94	259
Non-current liabilities - financial	**94**	**259**
Non-current contract liabilities	31	--
Non-current liabilities - other	**31**	**--**
Total non-current trade and other payables	**125**	**259**

All other non-current liabilities are due between 1 and 5 years. Other non-current liabilities include payables arising from natural gas storage contracts of CZK 83 million (2021: CZK 252 million).

Current trade and other payables	31/12/2022	31/12/2021
Trade payables	2 895	1 711
Other current liabilities	14	31
Current payables - financial	**2 909**	**1 742**
Current contract liabilities	829	1 133
Other current payables to the state	192	134
Current payables to employees	199	115
Current deferred income	1	4
Current payables - other	**1 221**	**1 386**
Total current trade and other payables	**4 130**	**3 128**

As at 31 December 2022, current overdue trade liabilities totalled CZK 0 million (as at 31 December 2021: CZK 0 million). Current trade payables include liabilities from natural gas storage contracts of CZK 174 million (2021: CZK 407 million).

18. Derivative financial instruments

The Group uses the derivative financial instruments mainly for trading in electricity, gas and emissions allowances and to hedge the currency, interest and commodity risks. When the hedge accounting requirements are fulfilled, derivatives are designated and recognized as "Hedging derivatives".

Book value of receivables and payables from derivative financial instruments is as follows:

	31/12/2022			31/12/2021		
	Hedging derivatives	Trading derivatives	**Total**	Hedging derivatives	Trading derivatives	**Total**
Long-term receivables	2	601	603	--	1 347	1 347
Short-term receivables	3	4 684	4 687	57	8 710	8 767
Total receivables from derivative financial instruments	**5**	**5 285**	**5 290**	**57**	**10 057**	**10 114**
Long-term payables	--	-1 089	-1 089	-3	-2 350	-2 353
Short-term payables	--	-5 098	-5 098	-119	-13 407	-13 526
Total payables from derivative financial instruments	**--**	**-6 187**	**-6 187**	**-122**	**-15 757**	**-15 879**

All financial derivatives are stated at fair value as at 31 December 2022 and 31 December 2021 and categorised to Level 2 in the fair value hierarchy.

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Hedging derivatives

The Group had the following financial derivatives for hedging:

2022	Year of maturity	Nominal value	Average hedged rate	Fair value
Interest rate swaps	2025	138	0.5%	5
Total receivables from hedging derivatives				**5**
Total hedging financial derivatives				**5**

2021	Year of maturity	Nominal value	Average hedged rate	Fair value
Interest rate swaps	2022	2 202	1.56%	57
Total receivables from hedging derivatives				**57**
Interest rate swaps	2025	194	0.48%	-5
Currency forwards	2022	2 362	25.8 CZK/EUR	-66
Currency forwards	2022	406	21.8 CZK/USD	-13
Commodity swaps	2022	415	70.2 USD/bbl	-38
Total payables from hedging derivatives				**-122**
Total hedging financial derivatives				**-65**

The hedge relationships are effective through the accounting period (see accounting policies in Note 3(e).

Hedge accounting criteria were fulfilled as at 31 December 2022 and 2021 for all the derivates which are recognized as ”Hedging derivatives”. The changes in the fair value for such derivatives are recognized directly in the other comprehensive income. The Group does not recognize any hedge ineffectiveness arising from these forwards and swaps in the consolidated profit or loss statement.

Fair values of hedging derivatives stated in the table above corresponds to value obtained from the financial institution with whom the Group entered into the derivative transaction in question.

Trading derivatives

Besides the hedging derivatives the Group held the derivatives for trading as they do not fulfil the hedge accounting criteria as at 31 December 2022 and 31 December 2021. These derivatives are classified as “Trading derivatives” and recognized in fair value.

The Group had the following financial derivatives for trading:

2022	Year of maturity	Fair value
Commodity forward	2025	11
Commodity forward	2024	169
Commodity forward	2023	3 920
Commodity future	2024	154
Commodity future	2023	630
Currency forward	2024	9
Currency forward	2023	54
Interest rate swap	2027	338
Total receivables from trading derivatives		**5 285**
Commodity forward	2024	-1 086
Commodity forward	2023	-4 944
Commodity future	2023	-4
Currency swap	2023	-16
Currency forward	2024	-3
Currency forward	2023	-134
Total payables from trading derivatives		**-6 187**
Total trading financial derivatives		**-902**

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2021	Year of maturity	Fair value
Commodity forward	2024	9 809
Commodity future	2023	202
Commodity forward	2023	3
Commodity forward	2022	43
Total receivables from trading derivatives		**10 057**
Commodity forward	2024	-13 446
Commodity future	2023	-2 271
Commodity forward	2022	-35
Currency swap	2022	-5
Total payables from trading derivatives		**-15 757**
Total trading financial derivatives		**-5 700**

The Group held trading derivatives in a form of currency forwards, currency swaps, interest rate swaps and commodity forwards, futures and swaps. For fair value determination, a market comparison technique was used and the inputs were based on the same fair value hierarchy.

19. Provisions

	Provision for decommissioning, renewals and restoration	Other provisions	Total
Balance 1 January 2022	**1 314**	**2**	**1 316**
Additions	26	22	48
Utilization	-55	--	-55
Unwinding of discount	38	--	38
Change in value	307	--	307
Effect of currency translation	-7	--	-7
Balance 31 December 2022	**1 623**	**24**	**1 647**
Thereof:			
Non-current provisions	1 535	--	1 535
Current provisions	88	24	112

Provisions for decommissioning, renewals and restorations are established based on rules described in Note 3(j). For 2022 interest rate 4.19 – 4.69 % p. a. were used. In calculating provisions, the expected inflation of 3.0 % p. a. was used. The Group expects that costs will be incurred between 2023 and 2054.

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20. Revenue

The following tables show the breakdown of total revenue for each segment based on the main type of goods, products or services and based on the recognition of revenue according to time perspective:

2022 **Revenue based on the main type of goods, products or services**	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Drilling	Revenue
Revenue from trading in gas	--	181 743	--	**181 743**
Revenue from trading in electricity	--	14 680	--	**14 680**
Revenue from the sale of gas to end customers	--	3 998	--	**3 998**
Revenue from the sale of electricity to end customers	--	3 763	--	**3 763**
Revenue from the sale of produced gas	2 539	--	--	**2 539**
Revenue from the sale of produced oil	949	--	--	**949**
Revenue from drilling activities	--	--	523	**523**
Revenue from gas storage	--	390	--	**390**
Revenue from the sale of goods	28	--	--	**28**
Revenue from the provision of services	25	73	46	**144**
Revenue from the sale of products	--	--	4	**4**
Total revenue	**3 541**	**204 647**	**573**	**208 761**

2021 **Revenue based on the main type of goods, products or services**	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Drilling	Revenue
Revenue from trading in gas	**--**	97 418	--	**97 418**
Revenue from trading in electricity	--	11 158	--	**11 158**
Revenue from the sale of gas to end customers	**--**	3 441	--	**3 441**
Revenue from the sale of electricity to end customers	--	2 999	--	**2 999**
Revenue from the sale of produced gas	1 311	--	--	**1 311**
Revenue from the sale of produced oil	568	--	--	**568**
Revenue from drilling activities	--	--	535	**535**
Revenue from gas storage	--	451	--	**451**
Revenue from the sale of goods	10	--	--	**10**
Revenue from the provision of services	28	52	39	**119**
Revenue from the sale of products	--	--	11	**11**
Total revenue	**1 917**	**115 519**	**585**	**118 021**

2022 **Timing of revenue recognition**	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Drilling	Revenue
Revenue recognised at a point in time	222	354	26	**602**
Revenue recognised over time	3 319	7 870	547	**11 736**
Subtotal	**3 541**	**8 224**	**573**	**12 338**
Revenue from commodity trading	--	196 423	--	**196 423**
Total revenue	**3 541**	**204 647**	**573**	**208 761**

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2021 **Timing of revenue recognition**	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Drilling	Revenue
Revenue recognised at a point in time	--	92	42	**134**
Revenue recognised over time	1 917	6 851	543	**9 311**
Subtotal	**1 917**	**6 943**	**585**	**9 445**
Revenue from commodity trading	--	108 576	--	**108 576**
Total revenue	**1 917**	**115 519**	**585**	**118 021**

Revenue based on geographical position of a point of sale	2022	2021
Czechia	42 710	50 112
Germany	54 225	28 806
Netherlands	--	31 855
Luxembourg	57 218	3
Switzerland	17 265	24
Denmark	6 551	4
Austria	3 750	2 713
Slovakia	282	2 783
Ukraine	1 633	1 162
United Kingdom	24 878	474
Other	249	85
Total revenue	**208 761**	**118 021**

In 2022, the Group reported revenue of CZK 34 064 million (2021: CZK 20 670 million) for one customer. This revenue was allocated to the Trading in gas and electricity, gas storage segment.

The remaining performance obligations relate to the contracts whose initial expected duration is one year or less, or to the contracts concluded for an indefinite period with a notice period shorter than 1 year, therefore the Group does not disclose their value.

In 2022, CZK 834 million was recognised (2021: CZK 883 million) in revenue from the value of contract liabilities as at 31 December 2021 (Note 18).

Revenues in the segment Oil and gas exploration and production of CZK 1 893 million (2021: CZK 755 million) were realized in Czechia, the remaining sales were realized in Ukraine.

Sales in the segment Trading in gas and electricity, gas storage were realized in the countries of the European Union, Switzerland and United Kingdom.

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21. Other operating income

	2022	2021
Income from grants	40	10
Income from lease	14	5
Gain from trading in commodity contracts	1 308	--
Fines and default interest	6	39
Remaining operating income	133	144
Total other operating income	**1 501**	**198**

	2022	2021
Profit from trading in commodity contracts	134 350	9 622
Loss from trading in commodity contracts	-133 042	-9 988
Net Profit/Loss (-) from trading in commodity contracts	**1 308**	**-366**

22. Consumption of materials, goods and services

	2022	2021
Cost of goods sold	29	2
Cost of sale of gas and electricity to end customers	4 216	3 950
Cost of trading in gas and electricity	196 355	108 344
Materials and energy used	361	268
Total materials and goods used	**200 961**	**112 564**
Services used relating to revenue	2 366	2 269
Lease expenses	76	62
Other services	305	328
Amortisation of contract costs	40	16
Changes in product and work-in-progress inventories	-53	-6
Total services used	**2 734**	**2 669**
Total consumption of materials, goods and services	**203 695**	**115 233**

Lease expenses in 2022 and 2021 comprise short-term leases of CZK 69 million (2021: CZK 60 million) and variable lease payments of CZK 6 million (2021: CZK 2 million) and low-value assets leases of CZK 1 million (2021: CZK 0 million).

Services used relating to revenues consists mainly of costs of purchased drilling work, electricity and gas distribution, fees for temporary interruptible storage capacity and reservoir engineer works. Other services include costs of services provided by a statutory auditor to the MND Group of CZK 6 million (2021: CZK 5 million).

	2022	2021
Audit	6	5
Total	**6**	**5**

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23. Personnel expenses

	2022	2021
Payroll expenses	643	532
Social security and health insurance expenses	203	169
Other social expenses	26	27
Total personnel expenses	**872**	**728**

The average number of employees in 2022 was 821 (2021: 810 employees).

24. Depreciation, amortisation and impairment

	2022	2021
Depreciation of property, plant and equipment (Note 5)	907	808
Impairment of property, plant and equipment (Note 5)	-95	32
Amortisation of intangible assets (Note 6)	19	17
Depreciation of right of use (Note 5)	74	42
Total depreciation, amortisation and impairment	**905**	**899**

As of 31 December 2022, provisions in the amount of CZK 86 million created in 2021 for assets destroyed as a result of a natural disaster (tornado) were partially released. In 2021 impairment of tangible fixed assets (Note 5) of CZK 127 million due to the natural disaster was compensated by the insurance claim of CZK 95 million.

25. Other operating costs

	2022	2021
Repairs and maintenance	160	74
Travel expenses	22	23
Fees	548	261
Other taxes	3	3
Insurance premiums	24	21
Loss on the sale of fixed assets	5	--
Loss from trading in commodity contracts	--	366
Credit loss allowance for financial assets	19	28
Write off receivables	28	12
Other overhead operating expenses	191	68
Total other operating expenses	**1 000**	**856**

The most significant part of the fees represents charges for produced oil and gas of CZK 507 million (2021: CZK 224 million) and fees for mining areas and fees for exploration areas of CZK 36 million (2021: CZK 37 million).

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26. Finance income and costs

	2022	2021
Interest income	60	7
Total interest income	**60**	**7**
Income from current financial assets	45	2
Other finance income	387	1
Total finance income	**432**	**3**
Interest expense	-234	-150
Interest expense on leases	-17	-12
Other finance costs	-25	-25
Loss from foreign exchange transactions	-19	-61
Total finance costs	**-295**	**-248**
Net profit/loss from financial operations	**197**	**-238**

27. Taxation

Income tax expense

	2022	2021
Current tax expense		
Current year	565	291
Changes in estimates relating to the previous year	1	--
Total current tax expense	**566**	**291**
Deferred tax expense	228	-231
Total income tax (expense + / income -)	**794**	**60**

Reconciliation of effective tax rate

	2022	%	2021	%
Profit or loss before tax	**3 987**		**345**	
Income tax using the valid tax rate	757	19.0%*	66	19.0%*
Effect of different rates of current and deferred tax; Effect of rate change	2	0.1%	--	0.0%
Effect of tax non-deductible expenses	18	0.5%	4	1.1%
Effect of tax-exempt income	-7	-0.2%	3	0.9%
Effect of accumulated tax loss claimed in the current period	-18	-0.5%	-6	-1.7%
Effect of not recognised deferred tax asset related to tax loss of current period	--	0.0%	14	4.1%
Effect of share of profit (-) / loss (+)-of equity-accounted investee, net of tax	--	0.0%	-15	-4.4%
Effect of different tax rate in companies within the Group	-9	-0.2%	-6	-1.7%
Other effects	51	1.2%	--	0.0%
Total income tax expense / Effective tax rate	**794**	**19.9%**	**60**	**17.3%**

* Tax rate valid in the Czech Republic

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Corporate income tax rates according to the countries where the Group companies mainly operate:

	2022	2021
Czechia	19%	19%
Ukraine	18%	18%

Deferred tax

	31/12/2022	31/12/2021
Deferred tax asset	125	384
Deferred tax liability	-401	-434
Net amount of deferred tax	**-276**	**-50**

For the purposes of consolidation, deferred tax assets and liabilities registered in respect of one tax authority are offset on the level of individual group companies.

In accordance with the accounting policy described in Note 3(n), deferred tax was calculated based on tax rates valid in the countries in which individual Group companies operate.

Change in deferred tax

2022	Balance at 1/1/2022	Change in 2022			Balance at 31/12/2022
	Deferred tax asset (+)/ liability (-)	Recognised in profit or loss	Recognised in other comprehensive income	Effect of currency translation	Deferred tax asset (+)/liability (-)
Deferred tax asset (+) /liability (-)	**-50**	**-228**	**-20**	**22**	**-276**
Property, plant and equipment	-467	-84	--	23	-528
Intangible fixed assets	--	1	--	--	1
Derivative financial instruments*	817	-713	-20	--	84
Total inventories	-576	436	--	--	-140
Total receivables	-13	-38	--	--	-51
Lease liabilities	4	-4	--	--	--
Total liabilities	9	24	--	--	33
Provisions	176	150	--	-1	325

* The net deferred tax receivable arising from derivative financial instruments totalling CZK 84 million is a result of offsetting of deferred tax liability from derivative financial instruments assets in amount of CZK 171 million and deferred tax asset arising from derivative financial instruments liabilities and liabilities from gas storage contracts in amount of CZK 113 million.

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2021	Balance at 1/1/2021	Change in 2021			Balance at 31/12/2021
	Deferred tax asset (+)/ liability (-)	Recognised in profit or loss	Recognised in other comprehensive income	Effect of currency translation	Deferred tax asset (+)/ liability (-)
Deferred tax asset (+)/ liability (-)	**-275**	**231**	**3**	**-9**	**-50**
Property, plant and equipment	-481	23	--	-9	-467
Derivative financial instruments*	105	709	3	--	817
Total inventories	-93	-483	--	--	-576
Total receivables	1	-14	--	--	-13
Lease liabilities	-4	8	--	--	4
Total liabilities	5	4	--	--	9
Provisions	151	25	--	--	176
Tax losses carried-forward	41	-41	--	--	--

* The net deferred tax receivable arising from derivative financial instruments totalling CZK 817 million is a result of offsetting of deferred tax liability from derivative financial instruments assets in amount of CZK 1 774 million and deferred tax asset arising from derivative financial instruments liabilities and liabilities from gas storage contracts in amount of CZK 2 591 million.

The amount of the unrecognised deferred tax asset is as follows:

	Unrecognised deferred tax asset	
	31/12/2022	31/12/2021
Tax losses carried forward	--	97
Total unrecognised deferred tax asset	**--**	**97**

Tax losses from previous years were fully utilised in 2022.

Tax losses carried forward

Tax losses carried forward, for which a deferred tax asset has not been recognized, expired as follows:

	31/12/2022	31/12/2021
Expire in the period		
till 2022	--	23
till 2026	--	74
Total tax losses carried forward	**--**	**97**

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28. Other comprehensive income

	2022	2021
Change in fair value of hedging instruments, before tax	10	-51
Change in fair value of hedging instruments – deferred tax	-2	10
Change in fair value of hedging instruments, after tax	**8**	**-41**
Change in fair value of hedging instruments transferred to profit/loss, before tax	94	35
Change in fair value of hedging instruments transferred to profit/loss - deferred tax	-18	-7
Change in fair value of hedging instruments transferred to profit/loss, after tax	**76**	**28**
Share of other comprehensive income of equity-accounted investees	--	17
Share of other comprehensive income of equity-accounted investees	**--**	**17**
Translation of foreign operations into the Group's presentation currency	**-267**	**67**
Total other comprehensive income	**-183**	**71**

2022	Currency translation reserve	Hedging reserve	Share on funds of equity-accounted investees	Other comprehensive profit or loss attributable to the shareholder of the company	Other comprehensive income attributable to non-controlling interests	Total other comprehensive income
Exchange rate differences from translation to presentation currency	-213	--	--	**-213**	-54	**-267**
Change in fair value of hedging instruments	--	84	--	**84**	--	**84**
Total other comprehensive income, after tax	**-213**	**84**	**--**	**-129**	**-54**	**-183**

2021	Currency translation reserve	Hedging reserve	Share on funds of equity-accounted investees	Other comprehensive profit or loss attributable to the shareholder of the company	Other comprehensive income attributable to non-controlling interests	Total other comprehensive income
Exchange rate differences from translation to presentation currency	54	--	--	**54**	13	**67**
Share of other comprehensive income of equity-accounted investees	--	--	17	**17**	--	**17**
Change in fair value of hedging instruments	--	-13	--	**-13**	--	**-13**
Total other comprehensive income, after tax	**54**	**-13**	**17**	**58**	**13**	**71**

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29. Related parties

Payroll expenses, bonuses and other personnel expenses incurred in respect of key employees of the Group are disclosed in the following table:

	2022		2021	
	Board of directors and supervisory board	Executive management	Board of directors and supervisory board	Executive management
Payroll expenses	--	17	--	18
Social security and health insurance expenses	2	4	2	4
Bonuses to statutory body members	6	--	6	--
Total	**8**	**21**	**8**	**22**

MND Group is part of the consolidated group of KKCG AG with its registered office in Switzerland. All related party transactions are conducted on normal market terms.

Related-party balances as at 31 December 2022 and 31 December 2021:

	31/12/2022	31/12/2021
Non-current trade and other receivables	68	95
Current trade and other receivables	11	36
Current loans provided	11	24
Other current financial assets	4 321	533
Total receivables	**4 411**	**688**
Current trade and other liabilities	38	82
Current liabilities - other	--	--
Total liabilities	**38**	**82**

Other current financial assets of CZK 4 321 million (2021: CZK 533 million) represent receivables from KKCG Structured Finance AG under cash-pooling contracts (see Note 10). The receivables, payables, income and expenses of the Joint venture are disclosed in Note 7.

Related-party transactions for the period ended 31 December 2022 and 31 December 2021:

	2022	2021
Revenue and other operating income	166	118
Interest income	2	2
Other financial income	47	3
Total revenue	**165**	**123**
Consumption of materials and goods	8	19
Consumed services	313	167
Other operating expenses	948	1
Total costs	**1 269**	**187**

Expenses charged by related parties include in particular the lease of drilling rigs (MND Drilling Germany GmbH), services related to drilling work (MND Germany GmbH).

Revenue recognized in respect of related parties include in particular the sale of gas and electricity (Sazka a.s.), the interest received on cash-pooling contracts (KKCG Structured Finance AG).

30. Risk management

(a) Financial risk management and financial instruments

This section describes in detail the financial and operational risks the Group is exposed to and its risk management methods. Risk management is one of the core components of MND Group corporate governance. The main focus is placed on quantifying risks the Group is exposed to in the market (the risk of changes in foreign exchange rates, interest rates and commodity prices) and the credit risk. The Group's risk management strategy concentrates on minimising potential negative impacts on the Group's financial results.

The principal role of the Group's risk management is to identify risks, determine a risk measurement method, quantify and analyse risk exposure, define a hedging strategy and the hedging implementation as such. The overall responsibility for setting up the Group's risk management system and supervising its operation lies on the level of the board of directors. With regard to the diversity of operations and the corresponding risks, the management of each Group company is responsible for setting up and monitoring risk management policies.

Main financial instruments used by the Group include bank loans, bonds and derivatives. The principal task of these financial instruments is to acquire necessary funds to finance Group companies' operations and hedge risks arising from the Group operations.

The most significant financial risks the Group is exposed to are market risks (the risk of changes in commodity prices, currency risk, interest rate risk and credit risk, in case an important business partner or a customer does not fulfil its contractual obligations). These risk management processes are approved and monitored by the top management of individual Group companies.

Group companies entered into derivative transactions (currency forwards, currency swaps, interest rate swaps and commodity forwards, futures and swaps) with the aim to manage the risk of exchange rate, interest rate and commodity price fluctuations.

The Group is also exposed to interest rate risk that is reflected by the cash flow sensitivity and profit or loss on interest rates changes. Interest rate risk is mostly managed and hedged by using interest rate swaps.

The Group is also exposed to liquidity risk. Liquidity risk is managed within the Group based on data about necessity of free resources and it is monitored through risk management and in cooperation with the company´s finance department. Apart from the cash flow report that is additionally simulated for various scenarios the Group also uses a system to monitor receivables and payables, diversification of liquidity resources and daily monitoring.

(b) Credit risk

Credit risk is a risk of financial loss to the Group if a customer or counterparty to a transaction fails to meet its contractual obligations, such as payment, acceptance of a commodity or service for a pre-arranged price, failure to deliver the agreed commodity or service.

The Group trades primarily with highly rated partners. The Group follows the principle that all customers that want to use credit facilities undergo procedures for credit risk assessment that is applied by using own scoring model. The Group continuously monitors the balance of receivables on an individual and aggregate level.

MND Group companies generate revenue from the sale of oil, gas and electricity, the trade in gas and electricity, the provision of services connected with operation of underground gas storages and the drilling activities. All business counterparties are subject to individual analysis of creditworthiness, and they are assigned a credit limit. Credit limits are approved by the risk management committee based on external rating, if available, or based on internal risk assessment guidelines. Risk exposure is monitored for each counterparty on a daily basis, taking into consideration potential future impact. In relevant cases, the Group also requires the counterparty to provide a bank guarantee or its parent company's guarantee, an advance payment or credit support instrument with the aim to minimise the credit risk.

The total credit risk of the trading portfolio is monitored on an ongoing basis and calculated based on the expected loss, i.e., each counterparty is assigned internal credit rating with estimated probability of default. The expected loss is calculated by product of the default probability, the percentage of loss from a given exposure in the case of default and exposure to a counterparty at a given moment.

With respect to the credit risk arising from the Group's financial assets, comprising cash and cash equivalents and financial derivatives, the credit risk arises from a failure of the counterparty to discharge their obligations, where the maximum credit risk amount corresponds with the carrying amount of these instruments. The risk is mitigated by cooperating with reputable local and international banks and by diversifying the portfolio.

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For the calculation of credit exposure and the free trading limit, VaR at the 95% confidence level for holding period of 10 days is also taken into account in terms of credit risk calculation. The Risk Manager monitors credit exposure on a daily basis and if necessary makes remedial arrangements even in cooperation with the Risk Management Committee.

Credit risk by type of counterparty

At 31 December 2022	Companies (non-financial institutions)	State, government	Financial institutions	Individuals	Total
Assets					
Non-current receivables - financial	278	--	--	1	279
Non-current receivables from derivative instruments	334	--	269	--	603
Non-current restricted cash	--	40	1	--	41
Other current financial assets	4 250	--	71	--	4 321
Current receivables – financial	3 529	3	--	303	3 835
Current receivables from derivative instruments	4 549	--	138	--	4 687
Cash and cash equivalents	124	943	804	--	1 871
Total	**13 064**	**986**	**1 283**	**304**	**15 637**

At 31 December 2021	Companies (non-financial institutions)	State, government	Financial institutions	Individuals	Total
Assets					
Non-current receivables - financial	261	--	--	1	262
Non-current receivables from derivative instruments	1 347	--	--	--	1 347
Non-current restricted cash	--	--	39	--	39
Other current financial assets	533	--	--	--	533
Current receivables – financial	6 147	4	--	260	6 411
Current receivables from derivative instruments	8 710	--	57	--	8 767
Cash and cash equivalents	481	--	1 369	--	1 850
Total	**17 479**	**4**	**1 465**	**261**	**19 209**

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Ageing structure of financial assets

At 31 December 2022	Not past due	Past due 0-90 days	Past due 91-180 days	Past due 181-365 days	Past due more than 1 year	Impairment allowance	Total
Non-current receivables	***279***	**--**	**--**	**--**	**--**	**--**	***279***
Non-current loans	262	--	--	--	--	--	262
Non-current refundable deposits	16	--	--	--	--	--	16
Non-current receivables - other	1	--	--	--	--	--	1
Non-current financial assets	***41***	**--**	**--**	**--**	**--**	**--**	***41***
Non-current restricted debt securities – at amortised cost	40	--	--	--	--	--	40
Non-current restricted cash	1	--	--	--	--	--	1
Current receivables - financial	***3 836***	**27**	**20**	**33**	**--**	**-81**	***3 835***
Current trade receivables	1 660	26	19	31	1	-45	1 692
Current loans provided to related parties	11	--	--	--	--	--	11
Current loans granted to non-group undertakings	34	--	--	--	--	-34	--
Current contract assets	240	--	--	--	--	--	240
Current refundable deposits	610	--	--	--	--	--	610
Other current receivables	1 281	1	1	2	-1	-2	1 282
Other current financial assets	***4 321***	**--**	**--**	**--**	**--**	**--**	***4 321***
Other current financial assets	4 321	--	--	--	--	--	4 321
Cash and cash equivalents	***1 871***	**--**	**--**	**--**	**--**	**--**	***1 871***
Cash in hand	1	--	--	--	--	--	1
Bank accounts and cash equivalents	1 577	--	--	--	--	--	1 577
Fixed-term deposits	293	--	--	--	--	--	293
Total	**10 348**	**27**	**20**	**33**	**--**	**-81**	**10 347**

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At 31 December 2021	Not past due	Past due 0-90 days	Past due 91-180 days	Past due 181-365 days	Past due more than 1 year	Impairment allowance	Total
Non-current receivables and restricted cash	***301***	**--**	**--**	**--**	**--**	**--**	***301***
Non-current loans	254	--	--	--	--	--	254
Non-current refundable deposits	7	--	--	--	--	--	7
Non-current receivables - other	1	--	--	--	--	--	1
Non-current restricted cash	39	--	--	--	--	--	39
Current receivables - financial	***6 398***	**17**	**8**	**1**	**49**	**-62**	***6 411***
Current trade receivables	1 271	16	7	1	14	-26	1 283
Current loans provided to related parties	24	--	--	--	--	--	24
Current loans granted to non-group undertakings	--	--	--	--	35	-35	--
Current contract assets	236	--	--	--	--	--	236
Current refundable deposits	697	--	--	--	--	--	697
Other current receivables	4 170	1	1	--	--	-1	4 171
Other current financial assets	***533***	**--**	**--**	**--**	**--**	**--**	***533***
Other current financial assets	533	--	--	--	--	--	533
Cash and cash equivalents	***1 850***	**--**	**--**	**--**	**--**	**--**	***1 850***
Cash in hand	1	--	--	--	--	--	1
Bank accounts and cash equivalents	1 607	--	--	--	--	--	1 607
Fixed-term deposits	242	--	--	--	--	--	242
Total	**9 082**	**17**	**8**	**1**	**49**	**-62**	**9 095**

The Group tests the amount of financial assets held in accordance with IFRS 9 and recognises allowances for financial assets in compliance with the accounting policy specified in Note 3(e) i.

The following tables present credit quality of financial assets at amortised cost. Non-current and current derivative financial instrument assets are not included in the disclosures because they are measured at fair value through profit and loss.

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Credit quality of financial assets at amortised cost

The Group classifies the financial assets into the credit quality classes. Class 1 consists of high-quality financial assets that do not have any indicators of impairment and fulfils the definition for "low credit risk". Class 2 consists of all other financial assets. Class 3 consists of financial assets whose credit quality has increased, and to which was created 100% impairment allowance.

At 31 December 2022	Stage 1	Stage 2	Stage 3	Provision matrix	Impairment allowance	Net carrying amount
Class 1						
Cash and cash equivalents	**1 871**	**--**	**--**	**--**	**--**	**1 871**
Cash in hand	1	--	--	--	--	1
Bank accounts and cash equivalents	1 577	--	--	--	--	1 577
Fixed-term deposits	293	--	--	--	--	293
Other current financial assets	**4 321**	**--**	**--**	**--**	**--**	**4 321**
Other current financial assets	4 321	--	--	--	--	4 321
Non-current financial assets	**41**	**--**	**--**	**--**	**--**	**41**
Non-current restricted debt securities – at amortised cost	40	--	--	--	--	40
Non-current restricted cash	1	--	--	--	--	1
Class 2						
Current receivables - financial	**19**	**--**	**34**	**3 863**	**-81**	**3 835**
Current trade receivables	6	--	--	1 731	-45	1 692
Current loans provided to related parties	11	--	--	--	--	11
Current loans granted to non-group undertakings	--	--	34	--	-34	--
Current contract assets	--	--	--	240	--	240
Current refundable deposits	1	--	--	609	--	610
Other current receivables	1	--	--	1 283	-2	1 282
Non-current receivables - financial	**279**	**--**	**--**	**--**	**--**	**279**
Non-current loans	262	--	--	--	--	262
Non-current refundable deposits	16	--	--	--	--	16
Non-current receivables - other	1	--	--	--	--	1
Total	**6 531**	**--**	**34**	**3 863**	**-81**	**10 347**

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At 31 December 2021	Stage 1	Stage 2	Stage 3	Provision matrix	Impairment allowance	Net carrying amount
Class 1						
Cash and cash equivalents	**1 850**	**--**	**--**	**--**	**--**	**1 850**
Cash in hand	1	--	--	--	--	1
Bank accounts and cash equivalents	1 607	--	--	--	--	1 607
Fixed-term deposits	242	--	--	--	--	242
Other current financial assets	**533**	**--**	**--**	**--**	**--**	**533**
Other current financial assets	533	--	--	--	--	533
Non-current restricted cash	**39**	**--**	**--**	**--**	**--**	**39**
Non-current restricted cash	39	--	--	--	--	39
Class 2	**63**	**--**	**35**	**6 375**	**-62**	**6 411**
Current receivables - financial	38	--	--	1 271	-26	1 283
Current trade receivables	24	--	--	--	--	24
Current loans provided to related parties	--	--	35	--	-35	--
Current loans granted to non-group undertakings	--	--	--	236	--	236
Current contract assets	1	--	--	696	--	697
Current refundable deposits	--	--	--	4 172	-1	4 171
Other current receivables						
	262	**--**	**--**	**--**	**--**	**262**
Non-current receivables - financial	254	--	--	--	--	254
Non-current loans	7	--	--	--	--	7
Non-current refundable deposits	1	--	--	--	--	1
Non-current receivables - other						
Total	**2 747**	**--**	**35**	**6 375**	**-62**	**9 095**

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Movements in impairment allowances are shown in the following table:

	Stage 1	Stage 2	Stage 3	Provision matrix	Total
Balance at 1 January 2022	**--**	**--**	**-35**	**-27**	**-62**
Additions – increase in allowance recognized in profit or loss during the year	--	--	--	-93	**-93**
Reversals – amount unused				13	**13**
Write-offs – receivables written off during the year as uncollectible	--	--	--	61	**61**
Effect of currency translation	--	--	1	--	**1**
Effect of investments disposals	--	--	--	-1	**-1**
Balance at 31 December 2022	**--**	**--**	**-34**	**-47**	**-81**

	Stage 1	Stage 2	Stage 3	Provision matrix	Total
Balance at 1 January 2021	**--**	**--**	**-40**	**-73**	**-113**
Effect of spin-off	--	--	--	77	**77**
Additions – increase in allowance recognized in profit or loss during the year	--	--	--	-35	**-35**
Write-offs – receivables written off during the year as uncollectible	--	--	--	7	**7**
Transfers	--	--	5	-5	**--**
Effect of currency translation	--	--	--	2	**2**
Balance at 31 December 2021	**--**	**--**	**-35**	**-27**	**-62**

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Impairment matrix for current trade and other receivables as at 31 December 2022:

	Gross carrying amount	Expected credit loss rate	ECL allowance	Net carrying amount
Due	**3 783**	**0.03%**	**-1**	**3 782**
Current trade receivables	1 654	0.06%	-1	1 653
Contract assets - current	240	0.00%	--	240
Current refundable deposits	609	0.00%	--	609
Other current receivables	1 280	0.00%	--	1 280
Past due < 90 days	**27**	**0.00%**	**--**	**27**
Current trade receivables	26	0.00%	--	26
Other current receivables	1	0.00%	--	1
Past due 91-180 days	**20**	**75.00%**	**-15**	**5**
Current trade receivables	19	73.68%	-14	5
Other current receivables	1	100.00%	-1	--
Past due 181-365 days	**32**	**93.75%**	**-30**	**2**
Current trade receivables	31	93.55%	-29	2
Other current receivables	1	100.00%	-1	--
Past due >365 days	**1**	**100.00%**	**-1**	**--**
Current trade receivables	1	100.00%	-1	--
Total	**3 863**	**1.22%**	**-47**	**3 816**

Impairment matrix for current trade and other receivables as at 31 December 2021:

	Gross carrying amount	Expected credit loss rate	ECL allowance	Net carrying amount
Due	**6 335**	**0.03%**	**-2**	**6 333**
Current trade receivables	1 233	0.16%	-2	1 231
Contract assets - current	236	0.00%	--	236
Current refundable deposits	696	0.00%	--	696
Other current receivables	4 170	0.00%	--	4 170
Past due < 90 days	**17**	**11.76%**	**-2**	**15**
Current trade receivables	16	12.50%	-2	14
Other current receivables	1	0.00%	--	1
Past due 91-180 days	**8**	**100.00%**	**-8**	**--**
Current trade receivables	7	100.00%	-7	--
Other current receivables	1	100.00%	-1	--
Past due 181-365 days	**1**	**100.00%**	**-1**	**--**
Current trade receivables	1	100.00%	-1	--
Past due >365 days	**14**	**100.00%**	**-14**	**--**
Current trade receivables	14	100.00%	-14	--
Total	**6 375**	**0.42%**	**-27**	**6 348**

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Credit risk by region (by the counterparty's registered office)

Non-current and current receivables - financial, non-current and current receivables from derivative instruments, non-current restricted cash, other current financial assets, cash and cash equivalents	31/12/2022	31/12/2021
Czechia	5 056	8 172
Germany	1 481	1 283
Switzerland	4 851	981
Italy	44	--
Austria	156	367
Slovakia	684	1 432
Ukraine	621	689
United Kingdom	2 661	6 042
Other countries	83	243
Total	**15 637**	**19 209**

Offsetting of receivables and liabilities from trading in gas and electricity:

Offsetting in the balance sheet

The Company trades gas and electricity under EFET framework contracts. These contracts allow offsetting receivables and liabilities during their payment and also offsetting at early termination of a contract. Trade receivables and payables from these contracts were recognised in the balance sheet on a net basis after offsetting.

Potential offsetting

Receivables and liabilities from derivative transactions include the remeasurement of commodity contracts that are considered financial instruments. With respect to these contracts there is a possibility of offsetting at early termination of a contract where the receivables and liabilities with the originally different maturity can be offset. This potential offsetting was not recognised in the balance sheet and is recorded in the column "Potential offsetting".

At 31 December 2022	Gross amount before offsetting	Offsetting in the balance sheet	Net amount in the balance sheet	Potential offsetting	Amount after potential offsetting
Assets					
Non-current receivables from derivative instruments	9 159	-8 556	603	-145	**458**
Current receivables from derivative instruments	68 330	-63 643	4 687	-991	**3 696**
Current receivables	7 126	-3 578	3 548	--	**3 548**
Total	**84 615**	**-75 777**	**8 838**	**-1 136**	**7 702**
Liabilities					
Non-current liabilities from derivative instruments	9 645	-8 556	1 089	-465	**624**
Current liabilities from derivative instruments	68 741	-63 643	5 098	-671	**4 427**
Current liabilities	5 489	-3 578	1 911	--	**1 911**
Total	**83 875**	**-75 777**	**8 098**	**-1 136**	**6 962**

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At 31 December 2021	Gross amount before offsetting	Offsetting in the balance sheet	Net amount in the balance sheet	Potential offsetting	Amount after potential offsetting
Assets					
Non-current receivables from derivative instruments	15 400	-14 053	1 347	-110	**1 237**
Current receivables from derivative instruments	59 046	-50 279	8 767	-2 237	**6 530**
Current receivables	12 903	-6 705	6 198		**6 198**
Total	**87 349**	**-71 037**	**16 312**	**-2 347**	**13 965**
Liabilities					
Non-current liabilities from derivative instruments	16 390	-14 053	2 337	-110	**2 227**
Current liabilities from derivative instruments	63 802	-50 279	13 523	-2 237	**11 286**
Current liabilities	7 969	-6 705	1 264		**1 264**
Total	**88 161**	**-71 037**	**17 124**	**-2 347**	**14 777**

(c) Market risk

Market risk is the risk of changes in the value of assets, liabilities and cash flows denominated in foreign currency due to changes in foreign exchange rates, interest rates and commodity prices. The Group implemented policies and methodologies for monitoring and hedging these risks to which it is exposed.

i. Currency risk, commodity risk

The MND Group is exposed to currency risk as a result of its foreign currency transactions. These risks arise from purchases and sales in other than functional currency of companies in the Group (CZK, UAH).

Group companies monitor currency risks on an ongoing basis and assess possible impact of changes in foreign exchange rates on Group transactions. A significant part of foreign currency exposure is hedged naturally, i.e. revenue and expenses are denominated in the same foreign currency, or by using currency forwards or swaps.

Group companies are exposed to currency risk from the sale of oil in USD, from the sale of gas, electricity and other energy commodities in EUR. Group companies are exposed to currency risk from received non-current loans denominated in EUR that are not hedged against currency risk since the Group companies expect that the loans will be repaid from revenues in EUR from drilling services and from cross-currency swap.

Risk exposure arising from energy commodities trading is monitored on a daily basis by observing market prices, mark-to-market and value-at-risk of the open positions and is subject to approved limits for individual risk indicators. The exposure to market risk, within the limits approved by the board of directors and the Risk Management Committee, depends on the market conditions and expectations. All risk limits are monitored and reviewed on a regular basis.

Changes in commodity prices represent significant risk for MND Group. In 2022, lower oil prices of USD 1 per barrel would cause a decrease in profit before tax of approximately CZK 12 million without hedging. In 2022, the impact of the appreciation of CZK against the US dollar by CZK 1 would result in a decrease in profit or loss before tax by CZK 51 million without hedging. In contrast, oil price growth and the depreciation CZK against the USD would have a positive impact on the result from operating activities the same amount.

In respect of gas trading while using underground gas storages, the main risk is the change of the summer/winter spread (the difference between summer and winter gas prices). The decrease in the summer/winter spread by 0.1 EUR/MWh in the storage period 2022/2023 would result in a decrease in profit or loss before tax of CZK 6 million without hedging in relation to the total working gas volume. Currency risk exposure (EUR position) from gas trading is relatively low since trading over natural gas storage capacities is financed by current loans denominated in EUR and open positions are hedged by currency forward and currency swap contracts.

VaR is the basic metric for risk assessment at open trading positions in the Group. For its calculation, the Monte Carlo method is applied simulation at a 99 % significance level and with 2 days horizon. Furthermore, the total utilization of risk capital shall not exceed the total risk capital for speculative trading that was CZK 75 million in 2022. The Group calculates the risk on all individual commodities in the framework of speculative trading using VaR metrics, both at individual trader positions and overall. Values of VaR was CZK 1 million at the year-end 2022. In 2022 the average value of VaR was CZK 6 million.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Currency risk analysis

As of 31 December 2022, and 2021, the Group is exposed to foreign exchange risk when financial assets and liabilities are denominated in a currency other than the functional currency in which they are measured. Foreign currency denominated intercompany receivables and payables are included in sensitivity analysis for foreign exchange risk. These balances are eliminated in consolidated balance sheet but their effect on profit or loss of their currency revaluation is not fully eliminated. Therefore, the total amounts of exposure to foreign exchange risk do not equal to respective items reported on consolidated statement of financial position. Financial assets and liabilities denominated in a currency different from the functional currency in which they are measured are presented in the table below:

At 31 December 2022	EUR	USD	Other	Total
Non-current receivables – financial	270	--	--	270
Non-current receivables from derivative instruments	520	--	--	520
Non-current financial assets	--	--	--	--
Other current financial assets	2 683	--	--	2 683
Current receivables - financial	2 861	1	--	2 862
Current receivables from derivative instruments	4 500	--	--	4 500
Cash and cash equivalents	184	2	1	187
Total assets	**11 018**	**3**	**1**	**11 022**
Non-current loans and interest-bearing borrowings	-110	--	--	-110
Non-current liabilities from derivative instruments	-1 088	--	--	-1 088
Other non-current liabilities	-1	--	--	-1
Current loans and interest-bearing borrowings *)	-2 472	--	--	-2 472
Current payables - financial	-664	-9	--	-673
Current liabilities from derivative instruments	-5 036	--	--	-5 036
Total liabilities	**-9 371**	**-9**	--	**-9 380**
Total	**1 647**	**-6**	**1**	**1 642**

*) The item Current loans and interest-bearing borrowings (EUR) comprises current bank loan loans and borrowings of CZK 2 412 million for financing of gas inventories, that will be repaid from future cash flows in EUR from the sale of gas inventories.

At 31 December 2021	EUR	USD	Other	Total
Non-current receivables – financial	252	--	--	252
Non-current receivables from derivative instruments	1 347	--	--	1 347
Other current financial assets	378	--	--	378
Current receivables - financial	5 302	1	27	5 330
Current receivables from derivative instruments	8 711	57	--	8 768
Cash and cash equivalents	794	13	9	816
Total assets	**16 784**	**71**	**36**	**16 891**
Non-current loans and interest-bearing borrowings	-176	--	--	-176
Non-current liabilities from derivative instruments	-2 353	--	--	-2 353
Current loans and interest-bearing borrowings *)	-2 535	--	--	-2 535
Current payables - financial	-433	-26	-2	-461
Current liabilities from derivative instruments	-13 527	--	--	-13 527
Total liabilities	**-19 024**	**-26**	**-2**	**-19 052**
Total	**-2 240**	**45**	**34**	**-2 161**

*) The item Current loans and interest-bearing borrowings (EUR) comprises current bank loan loans and borrowings of CZK 2 474 million for financing of gas inventories, that will be repaid from future cash flows in EUR from the sale of gas inventories.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Currency risk sensitivity analysis

As at 31 December 2022, the potential appreciation (depreciation) of EUR or USD against CZK could impact the measurement of financial instruments denominated in the foreign currency and gas inventories denominated in EUR and impact profit or loss by an amount disclosed in the following table. This analysis assumes that all other variables remain constant.

Effect recognised in CZK million	**Profit or loss**	
	10% appreciation + profit/ - loss	10% depreciation + profit/ - loss
2022		
EUR	379	-379
USD	-1	1

Effect recognised in CZK million	**Profit or loss**	
	10% appreciation + profit/ - loss	10% depreciation + profit/ - loss
2021		
EUR	225	-225
USD	4	-4

ii. Interest rate risk

The Group is exposed to the risk of interest rate fluctuations primarily as a result of bank loans with floating interest rate. The Group continuously monitors the development in financial markets and based on the current situation decides whether loans will be drawn with either floating or fixed interest rate. The risk of increase in interest rates is monitored on an ongoing basis and if necessary, the application of standard tools for risk elimination (interest rate swap) is considered.

Non-current bonds of MND a.s. and non-current loans of MND Drilling & Services a.s. were issued and concluded with a floating interest rate, but the interest rate risk of these loans and bonds was hedged by interest rate swaps.

Interest rate swaps are concluded with the hedge ratio set at 1:1 so that all derivative conditions correspond with the hedged risk of cash flow changes due to floating interest rates. Potential hedge ineffectiveness can also be caused only by swap illiquidity or the counterparty’s credit risk.

As the variable interest rate of non-current loans is hedged, the sensitivity of the Group’s financial result from current revolving loans is very low and insignificant compared with the result from operating activities.

(d) Liquidity risk

Liquidity risk represents the possibility that the Group might not be able to fulfil its payment obligations primarily relating to amounts payable to the providers of bank loans and borrowings.

The Group monitors the risk of having insufficient funds on an ongoing basis by managing liquidity and monitoring the maturity of debts and investments, other assets and the expected cash flows from its operations.

The Group holds sufficient disposable liquid resources, i.e., cash, cash equivalents and current financial assets in currencies in which future cash needs are expected. To maintain liquidity, the Group uses bank loans and borrowings.

The Group uses proprietary IT tools for liquidity management, valuation of financial instruments and for trading and risk management purposes.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

The following table shows the Group's financial assets and liabilities by maturity:

At 31 December 2022	Carrying amount	Contractual cash flows	1 year or less	1-5 years	More than 5 years	Undefined maturity/on demand
Assets						
Non-current receivables - financial	279	387	--	17	370	--
Non-current receivables from derivative instruments	603	982	--	982	--	--
Non-current financial assets	41	48	--	47	--	1
Other current financial assets	4 321	4 321	4 321	--	--	--
Current receivables - financial	3 835	3 835	3 835	--	--	--
Current receivables from derivative instruments	4 687	8 025	8 025	--	--	--
Total	**13 766**	**17 598**	**16 181**	**1 046**	**370**	**1**
Cash and cash equivalents	1 871	1 871	--	--	--	1 871
Liabilities						
Non-current loans and interest-bearing borrowings	-2 299	-2 561	--	-2 472	-89	--
Non-current lease liabilities	-281	-372	--	-179	-193	--
Non-current liabilities - financial	-94	-94	--	-94	--	--
Non-current liabilities from derivative instruments	-1 089	-2 555	--	-2 555	--	--
Current loans and interest-bearing borrowings	-2 474	-2 570	-2 570	--	--	--
Current lease liabilities	-36	-55	-55	--	--	--
Current liabilities - financial	-2 909	-2 909	-2 909	--	--	--
Current liabilities from derivative instruments	-5 098	-11 651	-11 651	--	--	--
Total	**-14 280**	**-22 767**	**-17 185**	**-5 300**	**-282**	**--**
Net balance – liquidity risk (financial assets & liabilities)	**1 357**	**-3 298**	**-1 004**	**-4 254**	**88**	**1 872**
Non-bank guarantees issued	-118	**-118**	--	--	--	-118
Net balance – liquidity risk (including off-balance sheet)	**1 239**	**-3 416**	**-1 004**	**-4 254**	**88**	**1 754**

The following table shows the detailed breakdown of the maturity of derivative instruments up to 1 year as at 31 December 2022:

Due	< 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Total
Receivables from derivative instruments	4 598	884	867	1 677	8 025
Liabilities arising from derivative instruments	-5 606	-1 503	-1 424	-3 119	-11 651
Net cash flow from derivative instruments	**-1 007**	**-619**	**-557**	**-1 442**	**-3 626**

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

The following table shows the detailed breakdown of the maturity of derivative instruments up to 1 year as at 31 December 2021:

Due	< 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Total
Receivables from derivative instruments	5 014	1 452	762	1 402	8 630
Liabilities arising from derivative instruments	-5 070	-1 122	-1 680	-913	-8 785
Net cash flow from derivative instruments	**-56**	**330**	**-918**	**489**	**-155**

The following table shows the Group's financial assets and liabilities by maturity:

At 31 December 2021	Carrying amount	Contractual cash flows	1 year or less	1-5 years	More than 5 years	Undefined maturity/on demand
Assets						
Non-current receivables - financial	262	383	--	8	375	--
Non-current receivables from derivative instruments	1 347	2 264	--	2 264	--	--
Non-current restricted cash	39	39	--	--	--	39
Other current financial assets	533	533	533	--	--	--
Current receivables - financial	6 411	6 411	6 411	--	--	--
Current receivables from derivative instruments	8 767	8 630	8 630	--	--	--
Total	**17 359**	**18 260**	**15 574**	**2 272**	**375**	**39**
Cash and cash equivalents	1 850	1 850	--	--	--	1 850
Liabilities						
Non-current loans and interest-bearing borrowings	-176	-179	--	-34	-145	--
Non-current lease liabilities	-256	-325	--	-163	-162	--
Non-current liabilities - financial	-259	-259	--	-259	--	--
Non-current liabilities from derivative instruments	-2 353	-1 388	--	-1 388	--	--
Current loans and interest-bearing borrowings	-4 807	-4 890	-4 890	--	--	--
Current lease liabilities	-33	-48	-48	--	--	--
Current liabilities - financial	-1 742	-1 742	-1 742	--	--	--
Current liabilities from derivative instruments	-13 526	-8 785	-8 785	--	--	--
Total	**-23 152**	**-17 616**	**-15 465**	**-1 844**	**-307**	**--**
Net balance – liquidity risk (financial assets & liabilities)	**-3 943**	**2 494**	**109**	**428**	**68**	**1 889**
Non-bank guarantees issued	--	-37	--	-37	--	--
Net balance – liquidity risk (including off-balance sheet)	**-3 943**	**2 457**	**109**	**391**	**68**	**1 889**

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

(e) Capital management

The Group's aim is to keep a strong capital base so as to maintain creditor and market confidence and sustain future development of own business.

Group companies are responsible for managing its capital structures and flexible in responding to potential condition changes in financial markets. With the aim to maintain and protect the strong capital basis, group companies may adjust dividend amount or other shareholders' contributions. The Group aims to maintain an optimal ratio of net debt (loans and bonds, less current loans for the financing of gas inventory and cash and cash equivalents) to equity and the level of assets and liabilities utilising the high rating of the Group to obtain low-cost external funds.

	31/12/2022	31/12/2021
Bank loans and bonds issued	4 773	4 983
Less: current debts for the financing of gas inventory	-2 412	-2 474
Less: cash and cash equivalents	-1 871	-1 850
Net debt (+) / surplus (-)	**490**	**659**
Total equity	**9 373**	**6 460**
Net debt to equity ratio	**0.052**	**0.102**

(f) Fair value

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value:

	Carrying amount at 31/12/2022		Fair value at 31/12/2022		
	Trading derivatives	Hedging derivatives	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Commodity forwards	4 100	--	--	4 100	--
Commodity futures	784	--	--	784	--
Currency forward	63	--	--	63	--
Interest rate swap	338	5	--	343	--
Financial liabilities measured at fair value					
Currency swap	-16	--	--	-16	--
Commodity forwards	-6 031	--	--	-6 031	--
Commodity futures	-3	--	--	-3	--
Currency forward	-136	--	--	-136	--

Inventory of gas for trading is measured at fair value with carrying amount of CZK 2 142 million under Level 2.

Consolidated financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

	Carrying amount at 31/12/2021		Fair value at 31/12/2021		
	Trading derivatives	Hedging derivatives	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Commodity forwards	9 855	--	--	9 855	--
Commodity futures	202	--	--	202	--
Interest rate swap	--	57	--	57	--
Financial liabilities measured at fair value					
Interest rate swap	--	-5	--	-5	--
Currency swap	-5	--	--	-5	--
Commodity swap	--	-38	--	-38	--
Commodity forwards	-13 481	--	--	-13 481	--
Commodity futures	-2 271	--	--	-2 271	--
Currency forward	--	-79	--	-79	--

Inventory of gas for trading is measured at fair value with carrying amount of CZK 4 491 million under Level 2.

The fair values of financial derivatives fulfil the criteria of level 2 in compliance with the IFRS 13 hierarchy (the fair values are derived from market quotations of forward exchange rates, commodity prices and yield curves, however the financial derivatives are not directly traded in active financial markets).

In 2022 and 2021, there were not transfers between individual levels of the fair value hierarchy.

31. Items not recognised in the statement of financial position

The Group records issued non-bank guarantees for the liabilities of related companies in the amount of CZK 544 million (2021: CZK 560 million). Out of that CZK 118 million (2021: CZK 122 million) was issued in favour of the State of Hessen in Germany in connection with provision of natural gas storage services by MND Energy Storage Germany GmbH in Germany. This liability is fully offset by a financial guarantee issued by MND Group AG in favour of the Group.

The Group records the bank guarantees received in the amount of CZK 18 million (2021: CZK 105 million) for liabilities of the Group's customers.

32. Material subsequent events

There were no events subsequent to year end that would have a significant impact on consolidated financial statements as at 31 December 2022.

Datum: 19 May 2023	Signature of the statutory body: Miroslav Jestřabík Member of the Board of Directors	 Jiří Ječmen Member of the Board of Directors

IV. Separate financial statements of MND as at 31 December 2022

prepared in accordance with International Financial Reporting Standards

as adopted by the European Union

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Separate statement of financial position	**Note**	**31/12/2022**	**31/12/2021**
Assets			
Land		207	165
Buildings and structures		756	682
Oil and gas wells		1 397	1 223
Machinery and equipment		414	451
Other tangible fixed assets and assets under construction		152	141
Property, plant and equipment	4	*2 926*	*2 662*
Intangible assets	5	21	17
Investments in subsidiaries	6	4 012	4 083
Investments in joint ventures and associates	6	415	415
Non-current trade and other receivables	8	277	257
Non-current receivables from derivative financial instruments	16	718	1 422
Other non-current investments	7	41	39
Non-current financial assets		*5 463*	*6 216*
Deferred tax asset	25	181	390
Total non-current assets		**8 591**	**9 285**
Inventories	10	2 271	4 581
Current trade and other receivables	8	3 605	6 306
Current receivables from derivative financial instruments	16	4 498	8 856
Other current financial assets	9	2 683	373
Cash and cash equivalents	11	1 068	1 147
Total current assets		**14 125**	**21 263**
Total assets		**22 716**	**30 548**

The notes on pages 100 to 146 are an integral part of these financial statements.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Separate statement of financial position (continued)	**Note**	**31/12/2022**	**31/12/2021**
Liabilities and equity			
Equity			
Share capital	12	1 000	1 000
Capital contributions and other reserves		1 420	1 344
Retained earnings and profit/loss for the current period		5 144	3 362
Equity attributable to the shareholder of the Company		*7 564*	*5 706*
Total equity		**7 564**	**5 706**
Liabilities			
Loans and bonds issued - non-current portion	13	2 188	--
Non-current lease liabilities	14	291	247
Non-current trade and other payables	15	99	333
Non-current liabilities from derivative financial instruments	16	1 118	2 369
Non-current provisions	17	1 495	1 229
Total non-current liabilities		**5 191**	**4 178**
Loans and bonds issued - current portion	13	2 414	4 685
Current lease liabilities	14	31	28
Current trade and other payables	15	2 090	2 233
Income tax liabilities		80	127
Current liabilities from derivative financial instruments	16	5 257	13 547
Current provisions	17	89	44
Total current liabilities		**9 961**	**20 664**
Total liabilities		**15 152**	**24 842**
Total equity and liabilities		**22 716**	**30 548**

The notes on pages 100 to 146 are an integral part of these financial statements.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Separate statement of comprehensive income	**Note**	**2022**	**2021**
Continuing operations			
Revenue	18	216 964	113 447
Other operating income	19	1 178	114
Total income		**218 142**	**113 561**
Materials and goods used	20	-214 623	-111 532
Services used	20	-491	-932
Personnel expenses	21	-409	-321
Depreciation, amortisation and impairment	22	-587	-431
Other operating expenses	23	-433	-617
Result from operating activities		**1 599**	**-272**
Interest income	24	35	4
Other finance income	24	772	2
Finance costs	24	-286	-252
Result from financing activities		**521**	**-246**
Profit or loss before tax from continuing operations		**2 120**	**-518**
Income tax expense	25	-338	102
Profit or loss for the year from continuing operations		**1 782**	**-416**
Profit or loss for the year from discontinued operations	26	**--**	**133**
Total profit or loss for the year		**1 782**	**-283**
Items that are or may be reclassified to profit or loss:			
Change in fair value of hedging instruments, net of tax		--	-42
Change in fair value of hedging instruments reclassified to profit or loss, net of tax		76	28
Other comprehensive income/loss for the year (net of tax)	27	**76**	**-14**
Total comprehensive income/loss for the year		**1 858**	**-297**
Profit or loss attributable to:			
Shareholder of the Company		1 782	-283
Total profit or loss for the year		**1 782**	**-283**
Total comprehensive income/loss attributable to:			
Owners of the Company		1 858	-297
Total comprehensive income/loss for the year		**1 858**	**-297**

Separate statement of comprehensive income	Note	2022	2021
Basic earnings / loss (-) per share (in thousands of Czech crowns)	12	35,640	-5,660
of that from continuing operations		35,640	-8,320
of that from discontinued operations		--	2,660
Diluted earnings / loss (-) per share (in thousands of Czech crowns)		35,640	-5,660
of that from continuing operations		35,640	-8,320
of that from discontinued operations		--	2,660

The notes on pages 100 to 146 are an integral part of these financial statements.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Separate statement of changes in equity

2022	Share capital	Other contributions and reserves	Hedging reserve	Retained earnings	Profit (+)/Loss (-) for the year	Total equity
Balance at 1 January 2022	**1 000**	**1 420**	**-76**	**3 645**	**-283**	**5 706**
Profit or loss for 2022	--	--	--	--	1 782	1 782
Other comprehensive income/loss	--	--	76	--	--	76
Total comprehensive income/loss	**--**	**--**	**76**	**--**	**1 782**	**1 858**
Transactions with owners of the Company, reported directly in equity:						
Reallocation of profit for 2021	--	--	--	-283	283	**--**
Total transactions with owners of the Company, reported directly in equity	**--**	--	--	-283	283	--
Balance at 31 December 2022	**1 000**	**1 420**	**--**	**3 362**	**1 782**	**7 564**

The notes on pages 100 to 146 are an integral part of these financial statements.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Separate statement of changes in equity

2021	Share capital	Other contributions and reserves	Hedging reserve	Retained earnings	Profit (+)/Loss (-) for the year	Total equity
Balance at 1 January 2021	**1 000**	**1 420**	**-62**	**3 581**	**64**	**6 003**
Profit or loss for 2021	--	--	--	--	-283	-283
Other comprehensive income/loss	--	--	-14	--	--	-14
Total comprehensive income/loss	**--**	**--**	**-14**	**--**	**-283**	**-297**
Transactions with owners of the Company, reported directly in equity:						
Reallocation of profit for 2020	--	--	--	64	-64	**--**
Increase in other capital contributions (Note 12)	--	--	--	--	--	--
Total transactions with owners of the Company, reported directly in equity	**--**	--	--	64	-64	--
Balance at 31 December 2021	**1 000**	**1 420**	**-76**	**3 645**	**-283**	**5 706**

The notes on pages 100 to 146 are an integral part of these financial statements.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Separate statement of cash flows	**Note**	**2022**	**2021**
Operating activities			
Net profit (+) / loss (-) for the year - continuing operations		1 782	-416
Net profit (+) / loss (-) for the year - discontinued operations		--	133
Adjustments for:			
Interest expense (net of interest income)	24	209	150
Tax expense (+) / income (-)	25	338	-70
Effect of currency translation (gains - / losses +)	24	25	83
Depreciation of property, plant and equipment	22	556	364
Amortisation of intangible assets	22	4	13
Depreciation of right of use	22	68	36
Impairment of property, plant and equipment	22	-41	64
Income from dividends and current financial assets	24	-386	-2
Non-cash changes of financial derivatives		-4 383	6 209
Non-cash changes of inventories		-1	14
Gain (-) / loss (+) on sale of non-current assets	19	-1	-2
Cash flow from operating activities before changes in working capital and provisions		**-1 830**	**6 576**
Increase (+) / decrease (-) in provisions		-31	-7
Increase (-) / decrease (+) in inventories		2 311	-2 175
Increase (-) / decrease (+) in receivables		2 577	-4 501
Increase (+) / decrease (-) in current liabilities		-465	-2 021
Cash flows from operating activities		**2 562**	**-2 128**
Interest paid		-215	-135
Income tax paid		-193	--
Net cash flows generated from operating activities		**2 154**	**-2 263**
Investing activities			
Proceeds from sale of non-current assets	19	5	32
Profit shares received (dividends) and payments from Other capital funds received	24,6	469	385
Income from current financial assets	24	29	2
Interest received		35	2
Acquisition of property, plant and equipment and intangible assets	4,5	-415	-297
Investments in subsidiaries and joint ventures, net of cash acquired		-41	-105
Decrease (+) / Increase (-) in current financial assets, net		-2 312	-375
Cash flows from investing activities		**-2 230**	**-356**
Financial activities			
Drawing of loans and borrowings (+)	13	18 749	18 742
Repayment of (-) loans and borrowings	13	-18 721	-17 818
Payments of lease liabilities	14	-31	-29
Cash flows from financing activities		**-3**	**895**
Net decrease (-) / increase (+) in cash and cash equivalents		-79	-1 724
Cash and cash equivalents at 1 January	11	**1 147**	**2 871**
Cash and cash equivalents at 31 December	11	**1 068**	**1 147**

The notes on pages 100 to 146 are an integral part of these financial statements.

Notes to the separate financial statements

Contents

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

1. General information about the Group

1.1. Description

MND a.s. ("the Company") was established by its sole founder on 30 September 2008 under the original corporate name ORTOKLAS a.s. The Company was incorporated on 3 November 2008 and is recorded in the Commercial Register maintained by the Regional Court in Brno under file number B 6209. The Company's registered office is at Úprkova 807/6, Hodonín, post code 695 01, identification number 284 83 006.

1.2. Current economic situation

At the end of February 2022, ongoing political tensions between Russia and Ukraine escalated into conflict with Russia's military invasion of Ukraine. The global response to Russia's violation of international law and aggression against Ukraine has been the imposition of extensive sanctions and restrictions on business activities in Russia and business trade with Russia and Russian companies. Uncertainty about future developments resulted in increased volatility in financial and commodity markets and other negative consequences for the economy. The Company took steps to mitigate the impact of the situation on its activities, in particular by temporarily halting commodity trading, reducing the size of leased natural gas storage facilities and suspending the acquisition of new customers in the sale of gas and electricity. In the second half of 2022, the Company gradually resumed commodity trading and by the end of the year also resumed the acquisition of new customers. As of 31 December 2022, the Company had a financial investment in the subsidiary MND Ukraine a.s. with a book value of CZK 455 million, a long-term loan provided to Oriv Windpark LLC with a book value of CZK 260 million, and a trade receivable from Horyzonty LLC in the amount of CZK 3 million.

1.3. Principal activities

The principal business activities of the MND Group are:
- exploration and production of oil and natural gas;
- sales of gas and electricity to end customers;
- trading in energy commodities;
- investment in renewable energy sources and the development of new technologies

1.4. Statutory body and supervisory board

The board of directors as at 31 December 2022:

Chairman of the board of directors:	Mr. Karel Komárek
Vice-chairman of the board of directors:	Mr. Helmut Langanger
Member of the board of directors:	Mr. Jiří Ječmen
Member of the board of directors:	Mr. Ulrich Schöler
Member of the board of directors:	Mr. Miroslav Jestřabík

Supervisory board as at 31 December 2022:

Chairman of the supervisory board:	Mr. Robert Kolář
Member of the supervisory board:	Mr. Pavel Šaroch
Member of the supervisory board:	Mr. Josef Novotný

1.5. Sole shareholder of the Company as at 31 December 2022

MND Group AG	100 %

Registered office:
Kapellgasse 21
6004 Lucerne
Switzerland

The Company together with its parent company MND Group AG are part of the consolidation unit of KKCG AG based in Switzerland. The ultimate owner is VALEA FOUNDATION registered in Liechtenstein, whose designated beneficiary is Mr. Karel Komárek.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

(b) Basis of measurement

The separate financial statements have been prepared on a going concern basis, using the historical cost method, unless otherwise stated in the accounting policies.

(c) Functional and presentation currency

The functional currency of the Company is the Czech crown (CZK).

These financial statements are presented in Czech crowns (CZK). All financial information reported in the financial statements is rounded to the nearest millions (MCZK, CZK million), except when otherwise indicated.

(d) Use of significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires the Company management to make assumptions based on its own judgement in applying accounting policies. Consequently, the actual results often differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are reported in the period in which the estimate is revised, if the revision impacts only this period, or in the revision period and future periods, if the revision impacts the current and future periods.

Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

- Impairments. Impairment calculations require the use of various estimates and assumptions depending on the business activity of the Company. The most significant estimates influencing the impairment models are commodity prices, oil and gas reserves, future production profiles, gross margins, operating expenses and discount rates. (Notes 4 and 5; accounting policy 3f);
- Provision for decommissioning, renewals and restorations. The Company establishes a provision for the renewal and restoration of areas affected by oil and gas extraction and provision for decommissioning of assets. Most of these activities will be performed in the distant future whereas decommissioning technologies, costs and environmental and safety regulations are constantly changing. The most significant estimates entering the provision calculation model are stated above. The Company also includes costs and timing of the decommissioning activities, expected inflation and discount rates. Note 17; accounting policy 3(j).

(e) Determination of fair value (Note 29)

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is defined as a price that would be received from the sale of an asset or paid for assuming a liability in an arm's length transaction between market participants at the measurement date irrespective of whether the price is directly observable or determined using an estimate carried out based on valuation methods. Fair values are determined based on quoted market prices, discounted cash flows or by means of valuation methods.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: other input-based methods that have a significant impact on the reported fair value and that are observable either directly or indirectly
- Level 3: input-based methods that have a significant impact on the reported fair value and that are not based on observable market data

Potential transfers between individual levels are described in Note 29 Risk management, in part (f).

(f) New standards effective from 1 January 2022

The preparation of these financial statements involved the use of the following new or amended standards and interpretations, whose initial application is required for annual periods beginning on 1 January 2022.

These amendments did not have any significant impact on the financial statements.

Effective date 1 January 2022 or later:

- Amendments to IFRS 3, IAS 37: Reference to Conceptual framework and Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use
- Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 First time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture

(g) Standards, interpretations and amendments issued in 2022 but not effective

The following new Standards, Amendments and Interpretations were issued but were not effective for the period ending 31 December 2022 and were not applied in the preparation of these financial statements.

Effective date 1 January 2023 or later:

- Amendment to IAS 1: Presentation of Financial Statements - Disclosure initiative – accounting policies (IASB effective from 1 January 2023, EU effective from 1 January 2023)
- Amendments to IAS 1: Non-current liabilities with Covenants (IASB effective from 1 January 2024)
- Amendment to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (IASB effective from 1 January 2024)
- IFRS 17 Insurance Contracts (IASB effective from 1 January 2023)
- Amendment to IFRS 17: Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (IASB effective from 1 January 2023)
- Amendment to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (IASB effective from 1 January 2023)
- Amendment to IAS 12: Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IASB effective from 1 January 2023)
- Amendments to IFRS 16: Leases: Lease Liability in a Sale and Leaseback (IASB effective from 1 January 2024)

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value at the date of acquisition are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss, except for financial instruments to hedge cash flows, which are recognised in other comprehensive income.

(b) Property, plant and equipment

i. Owned assets

Property, plant and equipment consists of buildings and structures, oil and gas wells, production machinery, machinery and equipment, information technology, motor vehicles, fixtures and fittings and other property, plant and equipment. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy 3(f) ii).

The cost of self-constructed property, plant and equipment (including oil and gas wells) comprises the consumption of materials, wages and a portion of overhead costs directly associated with the production. Cost also includes an estimate of costs of dismantling and removing the items, as well as costs of land restoration.

The acquisition cost does not include administrative or other overhead costs or an initial operating loss. Research and development expenditure is not capitalised. Borrowing costs that are directly attributable to the acquisition of the relevant asset are capitalised until the acquisition is completed.

ii. Exploration costs

Costs incurred in the search and exploration for new oil and/or gas deposits including costs of wells are charged directly to expenses as incurred, with the exception of costs associated with successful exploratory wells ("the successful effort method"). Costs associated with successful exploratory wells are capitalised as property, plant and equipment if they are expected to provide future economic benefits and if they relate to wells under construction or wells that have not yet been assessed, no later than the end of the reporting period on condition that we do not have information that the well is unsuccessful. In case a capitalised well is subsequently assessed as unsuccessful, the capitalised expenditures are written off to expenses. The capitalised costs are tested for impairment at the end of each reporting period (see accounting policy 3(f) ii). Once the wells start to be used for commercial purposes, depreciation of these capitalised costs over the estimated life of the wells is commenced.

iii. Right of use of leased assets

Contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of the time in exchange for consideration. For such contracts a lessee recognizes a right of use asset and a lease liability. The right of use of asset is depreciated and the liability accrues interest.

Right of use of asset is initially measured in the amount of recognized lease liability, plus advance payments or related accrued payments, less rent concessions. Further, the initial measurement of right of use should be increased by the following items, when significant:

- initial direct lease costs paid by the lessee, and
- provision for estimated costs of dismantling and removal of the identified asset or restoration of the site where the asset was installed.

Right of use asset and leasing liability are not recognized for short-term leases (when the lease maturity is 12 months or less) and for low value leased asset (the value below CZK 120 000 or EUR 4 500). Payments of these leases are recognised in the statement of comprehensive income as an expense over the term of the lease.

iv. Assets held for sale

Assets with a significant carrying value that will be highly probably sold within one year of the reporting date, are not part of non-current assets and are stated as a separate item as part of current assets at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated.

v. Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company, and the expenditure can be measured reliably. All other expenses, including the costs of regular servicing of property, plant and equipment, are recognised directly in profit or loss.

vi. Depreciation expense

Property, plant and equipment are depreciated on a straight-line basis. Land is not depreciated. Right of use assets are depreciated over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.

The estimated useful lives for the individual categories of property, plant and equipment are as follows:

Buildings and halls	20 - 50 years
Structures	20 - 40 years
Oil and gas wells	expected production period
Machinery and equipment	3 - 15 years
Information technology	3 - 6 years
Motor vehicles	4 - 10 years
Inventory	3 - 14 years
Other property, plant and equipment	4 - 12 years

The oil and gas wells and related property are being depreciated for its estimated production life which ranges from 3 to 25 years and is based on expected length of production of hydrocarbons.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Intangible assets

i. Software and other intangible assets

Software and other intangible assets that are acquired by the Company and have finite (definite) useful lives are measured at cost less accumulated amortisation and any impairment losses.

ii. Subsequent costs

Subsequent expenditure in respect of intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation expense

Apart from goodwill and other intangible assets with an indefinite useful life, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software	2 - 7 years
Licences	2 - 13 years
Other intangible assets	3 - 6 years

iv. Research

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in profit or loss in the period when they were incurred.

(d) Investments in subsidiaries and joint ventures

Subsidiaries are entities in which the Company controls financial and operational procedures. The Company is deemed to control subsidiaries following the satisfaction of requirements set by IFRS 10 - Consolidated Financial Statements. Among other things, these include the situation when the Company holds more than 50% of voting rights in another entity and other matters that would deny the control do not form an obstacle.

Joint ventures are entities over whose activities the Company exercises joint control, which arose from a contractual agreement and requires unanimous consent in case of strategic financial and operational decisions.

Investments in subsidiaries and joint ventures are recognised using the 'deemed' cost, which comprises the carrying amount based on Czech Accounting Standards as at the date of first adoption of IFRS, i.e. 1 January 2017 (the Company used the equity method valuation based on Czech Accounting Standards) that is impacted by potential cash and non-cash contributions in the Company's capital and distributions from the Company's capital and in the following periods. Investments in new subsidiaries or joint ventures are measured at acquisition cost.

(e) Financial instruments

i. Financial assets at amortised cost

Financial instruments held within a business model whose objective is to hold financial assets in order to collect contractual cash flows are measured at amortised cost. Contractual cash flows are solely payments of principal and interest.

This category includes mainly (short-term and long-term) trade and other receivables, provided loans and borrowings, restricted cash and other short-term financial assets (e.g. receivables arising from cash pooling agreements).

In compliance with IFRS 9, the Company calculates effective rate of return at initial recognition, reflecting the relation between actually invested funds and future investment income. The effective interest rate is used as a discount factor for calculating premium or discount that is subsequently amortised over the lifetime of the financial asset.

At the same time, the Company tests the value of assets held in compliance with IFRS 9.

Allowances for financial assets are recognised in the amount of the expected credit loss of the relevant financial asset. Expected losses are reported in the profit or loss from operating activities (Note 3f).

Amortised cost is the amount at which a financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and, for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the amount payable upon maturity using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the separate statement of financial position.

Trade and other receivables, loans provided

Trade and other receivables, loans provided are initially recognized on the date when they are originated and measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, less any impairment losses, if they are held to collect the cash flows and not expected to be sold.

When applying amortised cost, any difference between the cost and the value upon redemption is recognized in the statement of comprehensive income over the duration of the asset or liability, using the effective interest method.

The Company derecognizes trade receivables, other receivables and loans provided when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

ii. Financial assets measured at fair value through other comprehensive income ("FVOCI")

FVOCI is the classification of financial instruments for which dual business model applies, i.e. they are held for the purposes of both collecting contractual cash flows and selling financial assets. Contractual cash flows of instruments in this category are solely payments of principal and interest.

At initial recognition, an entity may classify an equity instrument as measured at FVOCI based on an irrevocable election. This option may be applied only in respect of instruments that are not held for trading and do not constitute derivatives.

Changes in the fair value of debt instruments measured at FVOCI are reported in other comprehensive income. Interest income, foreign exchange gains/losses and impairment losses are immediately reported in profit or loss. Changes in the fair value previously reported in other comprehensive income are reclassified to profit or loss at the moment the debt instrument is sold.

Gains or losses recognised in other comprehensive income for capital instruments are never reclassified from equity to profit or loss.

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

A financial instrument is classified as measured at FVTPL if it is held for trading or within a business model whose objective is to manage a financial asset on the basis of fair value, i.e. it will be realised through sale, in contrast to the objective of holding this asset to obtain contractual cash flows. This category presents the "initial" or "residual" category, unless the requirements for classifying a financial asset as a financial asset at amortised cost or a financial asset at FVOCI are met. At initial recognition, the related transaction costs are reported in profit or loss at the moment they are incurred. Financial instruments at FVTPL are measured at fair value and their changes are reported in the profit or loss from financing activities.

iv. Financial derivatives and hedging instruments

The Company holds derivative financial instruments for trading in electricity, gas and emission allowances, and to hedge its currency, interest rate and commodity risk exposures arising from its operating, financial and investment activities. Derivatives that are not classified as hedging derivatives, are recognised as derivatives held-for-trading.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

All derivative transactions designated as hedging instruments are documented and the effectiveness of individual hedge relationships is evaluated on continuous basis. The Company decided to apply hedge accounting in accordance with IAS 39 after the application of IFRS 9 and so therefore maintains documentation of the hedge relationship between the hedged item and the hedging derivative in line with IAS 39.

The Company applies hedge accounting if:

- the hedge is in line with the Company's risk management strategy,
- the hedge relationship is formally documented at the inception of the hedge,
- the hedge relationship is expected to be effective throughout its duration,
- the effectiveness of the hedge relationship can be objectively measured,
- the hedge relationship is effective throughout the accounting period, i.e. changes in the fair value or cash flows of the hedging instruments attributable to the hedged risk are within a range of 80 - 125% of the changes in the fair value or cash flows of the hedged instruments attributable to the hedged risk, and
- for cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss.

The hedging documentation contains information about the following:

- hedging derivatives,
- hedge effectiveness, and
- hedged items and risks that are being hedged.

Changes in the fair value of the derivative hedging instrument or designated non-derivative financial liability designated as a cash flow hedge are recognized directly in the other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss for the period.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity as a "Hedging reserve" remains there until the forecast transaction occurs. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, then the associated gains and losses that were recognised in other comprehensive income are included in the initial cost or other carrying amount of the asset or liability.

In other cases, the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

If cash flows relating to recognized foreign currency receivables are hedged by other hedging instruments (e.g. designating foreign currency payables as the hedging instruments), the accounting treatment is the same as the treatment for hedging with financial derivatives.

The Company decided to apply cash flow hedge accounting to mitigate following risks:

Interest rate risk

The risk that is being hedged relates to change in future cash flows due to change in interest rates. The hedged items are future interest payments of long-term debts that are hedged by interest rate swaps (the hedging instruments). For cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss.

Foreign currency rates risk

The risk that is being hedged relates to change in future cash flows due to change in foreign currency rates. The hedged items are future expected transactions that are hedged by hedging instruments (e.g. foreign currency payables/receivables designating as the hedging instruments). For cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss.

Commodity price risk

The hedged items are cash flows from the sale of commodities that are hedged by commodity swaps (the hedging instruments). For cash flow hedges, a forecast transaction is highly probable and presents an exposure to variations in cash flows that could affect profit or loss. The risk that is being hedged relates to change in future cash flows due to change in prices of commodities sold.

Trading derivatives

Derivatives that do not qualify for hedge accounting are accounted for as trading derivatives. Changes in the fair value of trading derivatives are recognized immediately in profit or loss.

Commodity contracts

Except for contracts for the purchase and sale of commodities concluded for the purpose of serving the Company's portfolio of end customers, the Company enters into commodity trading contracts for the purpose of generating a profit from short-term price fluctuations or traders' margin. The Company systematically settles similar contracts on a net basis. The net settlement is realised either through exchange-traded instruments or via bilateral agreements by entering into offsetting contracts or through the sale of a contract prior to settlement.

These contracts typically require no initial net investment and are settled at future dates thereby meeting the definition of derivative contracts. Simultaneously, they can no longer qualify for exemption applied for physical purchase and sale of non-financial asset because they are exchange-traded or routinely net settled as described above.

Forward contracts for the purchase and sale of gas and electricity, contracts for physical natural gas storage, contracts for gas flexibility service (virtual natural gas storage) and contracts for security of supply that can be settled net in cash or another financial instrument and which do not serve the purposes of the expected receipt or delivery of a commodity are considered financial instruments under IFRS 9 and they are measured at fair value through profit or loss and recognised as trading derivatives. Changes in their fair value are recognised in the profit or loss from operating activities.

Delivery of the commodity under commodity contracts is recognised either in inventory, or in revenues and cost of sales at fair value of the commodity, when the commodity is delivered

Changes in the fair value of commodity and currency derivative financial instruments are recognised in the profit or loss from operating activities; changes in the fair value of interest rate derivative instruments are reported in the profit or loss from financing activities.

v. Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: trade and other payables, interest-bearing loans and borrowings, bonds issued and lease liabilities. These financial liabilities, other than financial liabilities at fair value through profit or loss, are recognised initially on the settlement date at fair value plus any directly attributable transaction costs. Subsequently, financial liabilities, are measured at amortised cost using the effective interest method.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

vi. Current and non-current loans

Current and non-current loans are initially recognised at fair value and subsequently measured at amortised cost. A part of non-current loans due within one year of the end of the period are recognised as current loans.

vii. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and recognised in the balance sheet on a net basis if and only if the Company has a legally enforceable right for the offsetting and intends to settle them on the net basis.

(f) Impairment

i. Financial assets

IFRS 9 *Financial Instruments* introduces a model for impairment of financial assets and contract assets that are measured at amortised cost or fair value through other comprehensive income (FVOCI) – so called "expected credit losses" or "ECL" model.

The Company recognises an allowance based on expected credit losses for financial assets measured at amortised cost.

Measurement of ECLs

Simplified approach – Provisioning Matrix

Provisioning Matrix approach can be used for financial assets, which do not contain significant financing component. The Company applies this model primarily to short-term trade receivables.

In the provisioning matrix approach, impairment is calculated using the historical loss rate and adjusted for forward looking information. The Company monitors macroeconomic development of GDP and Czech National Bank forecast.

Significant receivables are assessed individually using expected discounted cash-flows method and an expert-based approach.

Significant increase in credit risk is not assessed for trade receivables subject to provisioning matrix approach as they are always measured at Lifetime ECL.

Standard ECL model – Stage model

The Company assesses, on a forward-looking basis, the ECL for the exposures arising from loans and borrowings and from other financial assets.

The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Long-term restricted cash, long-term trade and other receivables from government contracts, short-term financial assets, cash and cash equivalents and term deposits that are placed at strong and stable credit institutions that are meeting all requirements for capital and liquidity stipulated in Basel III are considered by the Company as assets with „low credit risk ". In these cases the Company applies the "low credit risk" exemption from standard ECL model and therefore do not assess a significant increase in credit risk for these assets.

The Company considers a financial asset to be in default, if:

- it is probable that the debtor will fail to pay its liabilities to the Company in full without the Company's intervention in form of realising security (if it has any); or
- the financial asset is more than 90 days past due.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at each balance sheet date.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or a group of assets (the "cash-generating unit", or "CGU") exceeds its recoverable amount. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Inventories

Inventories required for providing operating services are measured at the lower of cost and net realisable value.

The cost of inventories comprises the purchase price and costs directly associated with the acquisition. Acquisition costs are reduced with rebates, trade discounts and other similar items. Interest on loans received to acquire inventories (borrowing costs) is not capitalised.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Inventories of gas in underground gas storages are measured at fair value less costs to sell. Changes in the fair value less cost to sell of these inventories are recognised in the profit or loss from operating activities as Gain/Loss from trading in commodity contracts.

Work in progress and own products are measured at own cost, which also includes the appropriate part of production overheads determined based on normal operating capacity. Selling costs are not capitalised.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at the bank and short-term highly liquid investments (including fixed-term deposits) with original maturities of up to three months of the acquisition date. Bank overdraft accounts with a negative balance are not included in the statement of cash flows.

(i) Equity

Share capital

The Company's issued share capital has been paid up in full. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity.

(j) Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for decommissioning, renewal and restoration

The Company establishes a provision for renewal and restoration of land affected by production of oil and gas and also a provision for the decommissioning of assets. The amount of the provision is the best estimate of the expenditure needed to cover a liability at the end of the reporting period. The provision is adjusted to reflect the current estimate at the end of the period. The estimates of costs incurred on decommissioning of assets, renewal and restoration of land are based on current prices and the estimated inflation and are discounted using the market risk-free interest rate.

Actual expenses incurred for decommissioning, renewal and restoration during the year may differ from the estimates as a result of changes in regulations and technologies, an increase in personnel expenses, an increase in prices of raw materials and equipment or in the time needed to complete decommissioning, renewal and restoration, or a change in the inflation rate or long-term real interest rates.

The initial discounted expenses related to the decommissioning of property, plant and equipment are recognised as part of property, plant and equipment and depreciated over the estimated life of that asset.

Year-on-year changes relating to a future liability in connection with the decommissioning of property, plant and equipment that arise due to the change in estimates of future cash flows necessary to settle this liability or as a result of a change in the estimated real interest rate, are reflected as an increase in or decrease of capitalised property, plant and equipment in compliance with IFRIC 1.

The Company also establishes a provision for other liabilities with uncertain timing or value.

(k) Revenue and other operating income

i) Revenue (revenue from contracts with customers)

The Company's revenue includes in particular revenue from trading in gas and electricity, revenue from the sale of gas and electricity to end customers, revenue from the sale of produced oil and gas, revenue from the sale of goods, and revenue from the provision of services (see Note 18).

The revenue is recognised at the moment the control over goods or services supplied is transferred to the customer in the amount of anticipated consideration that the Company expects it should receive for the goods or services. The Company applies a five-step model defined in IFRS 15 to determine the amount, time and method of revenue recognition. The amount of consideration that the Company expects to be entitled to is the transaction price. In determining the transaction price, the following factors are considered: the estimate of the variable portion of consideration (provided discounts, compensations, bonuses, sanctions and other similar items), the time value of money in case the contract contains a significant financing component, the fair value of potential non-monetary consideration, a portion of value that the customer will not pay (e.g. discount vouchers). The method and moment of revenue recognition depends on the method of control transfer: satisfaction of obligation at a point in time is reported at the moment the control over goods or services is transferred, satisfaction of obligation over time is recognised over the period during which the entity satisfies performance obligation. The Company measures revenue from satisfaction of obligation over time using the input method, i.e. the revenue is reported based on expenses incurred on satisfying the obligation in relation to the total expected expenses, with the exception of revenue from the sale of gas and electricity to end customers that is measured using the output method, as described below.

Contract costs

The Company provides sales agents with commissions as remuneration for activities that lead to obtaining new customers for the sale of gas and electricity. The costs of acquiring a contract are recognised if an entitlement to the commission arises at the moment the contract with the customer is actually obtained and the commission would not be paid had the contract not been obtained. Capitalised contract costs are subsequently recognised in profit or loss over the term of the contract or over 5 years for contracts for an indefinite period.

Sale of oil

The Company sells produced and purchased oil to its customers based on annual or long-term contracts on oil supplies. Customers obtain control over the product at a place agreed for product delivery. The Company classifies revenue as satisfaction of obligation over time that is recognised for a calendar month depending on the actual volume of supplies. Contracts do not contain a financing component, because the invoices are payable within 30 days.

Sale of electricity and gas to end customers

The sale of gas and electricity to end customers is carried out based on contracts on combined gas or electricity supply services which include the supply of the commodity itself together with distribution services. Distribution services are provided to the Company by local distribution companies. The access to these services and their prices is regulated. The prices for distribution services form part of the price for combined services provided to the customers. The Company recognises the full amount of revenue for services, including the portion of distribution services, because it provides these services for itself (i.e. the Company is the principal).

The services of gas and electricity supplies for corporate customers are usually invoiced once per month or quarter, based on the actual consumption ascertained at consumption reading. Customers pay advances at a fixed amount on a monthly basis. Uninvoiced supplies of gas and electricity are recognised as contract assets. Advances received are recognised as contract liabilities.

When concluding a contract, the price for services can contain a variable consideration as a result of discounts provided to customers. Discounts are provided from list prices and the customers are charged with the prices less discounts.

The Company classifies revenue as satisfaction of obligation over time. The Company recognises revenue using the output method based on the estimated energy supplies. Contracts do not contain a significant financing component because of the advances payment scheme and delivery performed within a short period of time.

ii) Other revenue

Revenue from trading in gas and electricity

Trading in gas and electricity is carried out based on framework contracts concluded under the EFET standard with other gas and electricity traders. Customers obtain control over the commodity at a delivery point which usually means a virtual point of the given gas or electricity grid. The Company classifies revenue as satisfaction of obligation over time that is recognised for a calendar month depending on the actual volume of supplies. Contracts do not contain a financing component, because the invoices are issued within a short period of time after the commodity is delivered and the invoices are payable within 30 days.

Revenue from ordinary transactions is recognised using agreed selling prices. Revenue from derivative commodity contracts that are settled by physical delivery is recognised at fair value of the given commodity at the beginning of the period of physical delivery.

iii) Other operating income

Lease income

Lease income from non-residential premises, office premises and moveable assets is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Grants

A conditional government grant is recognised initially in the statement of financial position as deferred income when there is reasonable assurance that it will be received, and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised as income in the period they were incurred. Grants that compensate for the expenses incurred in connection with the acquisition of a non-current asset, are recognised in other operating income in the statement of comprehensive income over the useful life of the asset.

(l) Finance income and costs

Finance income comprises interest income on funds invested, gains on the disposal of financial assets, changes in the fair value of financial assets at fair value through profit or loss, unless these are commodity derivative financial instruments and derivatives held-for-trading arising from forward contracts for the purchase or sale of gas and electricity, foreign exchange gains, and gains from hedging instruments recognised in profit or loss.

Finance costs comprise interest expense on loans and borrowings, unwinding of discount on provisions, foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, unless these are commodity derivative financial instruments and derivatives held-for-trading arising from forward contracts for the purchase or sale of gas and electricity, losses from the impairment of financial assets and losses from hedging instruments that are recognised in profit or loss.

(m) Income Tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income, apart from deferred tax recognised directly in equity.

Current tax includes the tax estimate calculated from the taxable income for the year using tax rates valid at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and temporary differences relating to investments in subsidiaries and jointly controlled entities, if it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Payment of dividends

The payment of dividends to the Company’s shareholders is recognised in the Company’s financial statements as a liability in the period in which the payment of dividends is approved by the Company’s shareholders.

(o) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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4. Property, plant and equipment

2022	Wells	Land	Right of use land	Buildings and structures	Right of use buildings and structures	Machinery and equipment	Right of use machinery and equipment	Tangible assets under construction	Other tangible assets	Total
Acquisition cost as at 1 January 2022	**4 707**	**103**	**118**	**1 169**	**229**	**1 222**	**2**	**134**	**11**	**7 695**
Accumulated depreciation and impairment as at 1 January 2022	**-3 484**	**-23**	**-33**	**-699**	**-17**	**-772**	**-1**	**--**	**-4**	**-5 033**
Net book value as at 1 January 2022	1 223	80	85	470	212	450	1	134	7	**2 662**
Additions	215	24	41	27	21	46	1	95	13	483
Disposals	--	--	--	--	--	-4	--	--	--	-4
Transfers	--	--	--	21	--	6	--	-27	--	--
Depreciation expense of the current year	-199	--	-42	-46	-24	-87	-1	-225	--	-624
Impairment of assets*)	6	--	--	33	--	2	--	--	--	41
Change in value	152	--	19	--	42	--	--	155	--	368
Net book value as at 31 December 2022	**1 397**	**104**	**103**	**505**	**251**	**413**	**1**	**132**	**20**	**2 926**
Acquisition cost as at 31 December 2022	**4 973**	**127**	**131**	**1 207**	**269**	**1 253**	**2**	**132**	**24**	**8118**
Accumulated depreciation and impairment as at 31 December 2022	**-3 576**	**-23**	**-28**	**-702**	**-18**	**-840**	**-1**	**--**	**-4**	**-5 192**

In 2022, no borrowing costs were capitalized due to insignificance.
*) see Note 22 for more information on the impairment of non-current assets

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2021	Wells	Land	Right of use land	Buildings and structures	Right of use buildings and structures	Machinery and equipment	Right of use machinery and equipment	Tangible assets under construction	Other tangible assets	**Total**
Acquisition cost as at 1 January 2021	**4 573**	**103**	**105**	**1 114**	**68**	**1 156**	**1**	**277**	**22**	**7 419**
Accumulated depreciation and impairment as at 1 January 2021	**-3 352**	**-18**	**-34**	**-628**	**-20**	**-700**	**-1**	**--**	**-3**	**-4 756**
Net book value as at 1 January 2021	1 221	85	71	486	48	456	--	277	19	**2 663**
Additions	192	--	32	---	226	37	1	21	--	509
Disposals	-30	--	-4	--	-42	--	--	--	--	-76
Contribution	--	--	--	--	--	-3	--	--	--	-3
Transfers	30	--	--	67	--	62	--	-149	-11	-1
Depreciation expense of the current year	-205	--	-15	-52	-20	-93	--	-15	-1	-401
Impairment of assets*)	-19	-5	--	-31	--	-9	--	--	--	-64
Change in value	34	--	1	--	--	--	--	--	--	35
Net book value as at 31 December 2021	**1 223**	**80**	**85**	**470**	**212**	**450**	**1**	**134**	**7**	**2 662**
Acquisition cost as at 31 December 2021	**4 707**	**103**	**118**	**1 169**	**229**	**1 222**	**2**	**134**	**11**	**7 695**
Accumulated depreciation and impairment as at 31 December 2021	**-3 484**	**-23**	**-33**	**-699**	**-17**	**-772**	**-1**	**--**	**-4**	**-5 033**

In 2021, the major additions to tangible assets include capitalised oil and gas wells and recognition of the right to use buildings and structures (new office buildings).
In 2021, no borrowing costs were capitalized due to insignificance.
*) see Note 22 for more information on the impairment of non-current assets

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5. Intangible assets

2022	Licences	Software	Intangible assets under construction	Other	Total
Acquisition cost as at 1 January 2022	**3**	**128**	**12**	**--**	**143**
Accumulated depreciation and impairment as at 1 January 2022	**-3**	**-123**	**--**	**--**	**-126**
Net book value as at 1 January 2022	**--**	**5**	**12**	**--**	**17**
Additions	--	3	5	--	**8**
Transfers	--	2	-2	--	**--**
Disposals	--	--	--	--	**--**
Amortisation expense of the current year	--	-4	--	--	**-4**
Net book value as at 31 December 2022	--	6	15	--	**21**
Acquisition cost as at 31 December 2022	**3**	**132**	**15**	**--**	**150**
Accumulated depreciation and impairment as at 31 December 2022	**-3**	**-126**	**--**	**--**	**-129**

2021	Licences	Software	Intangible assets under construction	Other	Total
Acquisition cost as at 1 January 2021	**17**	**211**	**1**	**--**	**229**
Accumulated depreciation and impairment as at 1 January 2021	**-14**	**-189**	**--**	**--**	**-203**
Net book value as at 1 January 2021	**3**	**22**	**1**	**--**	**26**
Additions	--	3	13	--	**16**
Transfers	--	--	--	1	**1**
Disposals	--	--	--	--	**--**
Contribution	-2	-7	-2	-1	**-12**
Amortisation expense of the current year	-1	-13	--	--	**-14**
Net book value as at 31 December 2021	--	5	12	--	**17**
Acquisition cost as at 31 December 2021	**3**	**128**	**12**	**--**	**143**
Accumulated depreciation and impairment as at 31 December 2021	**-3**	**-123**	**--**	**--**	**-126**

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6. Investments in subsidiaries and joint ventures

31/12/2022	Ownership interest	Shares held	Nominal value of shares	Carrying amount at 31 December 2022
MND Drilling & Services a.s.	100 %	74	211	1 421
MND Energy Storage a.s.	100 %	2 438 001	1 749	1 943
MND Energie a.s.	100 %	97 500	1 950	148
Oriv Holding a.s.	100 %	2	2	5
FVE Tichá s.r.o.	100 %	--	--	40
MND Ukraine a.s.	80 %	20	2	455
Moravia Gas Storage a.s.	50 %	20	1	415
Total investments in subsidiaries and joint ventures				**4 427**

On 23 August 2022, the Company purchased the company FVE Tichá s.r.o.

31/12/2021	Ownership interest	Shares held	Nominal value of shares	Carrying amount at 31 December 2021
MND Drilling & Services a.s.	100 %	74	211	1 421
MND Energy Storage a.s. (formerly MND Gas Storage a.s.)	100 %	2 438 001	1 749	2 023
MND Energie a.s. (formerly MND Energy Trading a.s.)	100 %	97 500	1 950	148
Oriv Holding a.s.	100 %	2	2	5
MND Ukraine a.s.	80 %	20	2	486
Moravia Gas Storage a.s.	50 %	50	1	415
Total investments in subsidiaries and joint ventures				**4 498**

On 21 July 2021, the Company established a new company Oriv Holding a.s.

On 27 August 2021, a change of business name of MND Energie a.s. was recorded in the Commercial Register.

7. Other non-current investments

	31/12/2022	31/12/2021
Long-term restricted cash	1	39
Long-term restricted debt securities – at amortised cost	40	--
Total other non-current investments	**41**	**39**

Long-term restricted cash represents funds at a bank account to cover statutory provisions for renewal and restoration. For Credit quality see Note 29b) Credit risk. Long-term restricted debt securities represent a government bond worth CZK 40 million to cover statutory provisions for renewal and restoration.

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8. Trade and other receivables

Non-current trade and other receivables	31/12/2022	31/12/2021
Non-current loans	260	251
Non-current trade receivables	1	--
Non-current refundable deposits	11	2
Non-current receivables – financial	**272**	**253**
Non-current trade advances	3	3
Non-current prepaid expenses	2	1
Non-current receivables - other	**5**	**4**
Total non-current trade and other receivables	**277**	**257**

For credit quality of non-current trade and other receivables see Note 29b) Credit risk.

Current trade and other receivables	31/12/2022	31/12/2021
Current trade receivables	1 659	1 344
Current refundable deposits	607	668
Current contract assets	10	13
Other current receivables	1 272	4 163
Current receivables - financial	**3 548**	**6 188**
Current trade advances	19	46
Current prepaid expenses	36	46
Current receivables from other taxes	2	26
Current receivables - other	**57**	**118**
Total current trade and other receivables	**3 605**	**6 306**

As at 31 December 2022, net overdue current receivables totalled CZK 2 million (as at 31 December 2021: CZK 4 million). As at 31 December 2022 an allowance for receivables totalled CZK 13 million (as at 31 December 2021: 17 million). For credit quality and amount of provision see Note 29b) Credit risk.

In 2022, other short-term receivables include a receivable from a clearing system member totalling CZK 1 268 million (2021: CZK 4 160 million).

9. Other current financial assets

	31/12/2022	31/12/2021
Other current financial assets	2 683	373
Total other current financial assets	**2 683**	**373**

Other current financial assets comprise receivables relating to cash-pooling contracts with KKCG Structured Finance AG.

This item is not considered a cash equivalent and is presented as part of investing activities in the statement of cash flows. For Credit quality see Note 29b) Credit risk.

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10. Inventories

	31/12/2022	31/12/2021
Material	90	49
Goods	2 153	4 503
Own products (oil)	26	27
Advances for inventories	2	2
Total inventories	**2 271**	**4 581**

In 2022, material includes an allowance for material of CZK 9 million (as at 31 December 2021: CZK 10 million).

Goods include gas for trading at a fair value of CZK 2 142 million (as at 31 December 2021: CZK 4 491 million).

11. Cash and cash equivalents

	31/12/2022	31/12/2021
Cash at bank	585	666
Cash equivalents	483	481
Total cash and cash equivalents	**1 068**	**1 147**

Cash equivalents represents excess cash at accounts of clearing system members. For Credit quality see Note 29b) Credit risk.

12. Equity

	31/12/2022	31/12/2021
Share capital	1 000	1 000

The share capital consists of 50 000 ordinary certificated registered shares with a nominal value of CZK 20 000 per share. The share capital has been fully paid-up. All shares have the same rights and no restrictions.

As at 15 August 2018, the imposition of a negative pledge on Company’s shares was entered in the Commercial Register.

Other capital contributions arose as a result of the shareholder’s monetary contributions to strengthen the Company’s equity and the remeasurement of investments in subsidiaries and the joint venture using the equity method as at 1 January 2017 based on Czech Accounting Standards (at 31 December 2022: CZK 613 million) and a non-monetary contribution of an 80% share in MND Ukraine a.s. from the parent company MND Group AG.

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Earnings per share

Profit (+) / loss (-) attributable to ordinary shareholders	2022	2021
Net profit (+) / loss (-) attributable to ordinary shareholders	1 782	-283
Net profit (+) / loss (-) attributable to ordinary shareholders	**1 782**	**-283**

Weighted average number of ordinary shares	Number of shares	Weight	2022	2021
Issued ordinary shares at 1 January	50 000	1	50 000	50 000
Issued ordinary shares at 31 December	50 000	1	50 000	50 000
Weighted average number of ordinary shares at 31 December	50 000	1	50 000	50 000
Basic earnings (+) / loss (-) per share for the year (in CZK thousand)			**35.640**	**-5.660**
of that continuing operations			35.640	-8.320
of that discontinued operations			--	2.660
Diluted earnings (+) / loss (-) per share for the year (in CZK thousand)			**35.640**	**-5.660**
of that continuing operations			35.640	-8.320
of that discontinued operations			--	2.660

13. Loans and bonds issued

This note provides an overview of the contractual terms and conditions governing interest-bearing loans and borrowings of the Company.

Non-current loans and bonds	31/12/2022	31/12/2021
Bonds issued – non-current portion	2 188	--
Total non-current loans and bonds	**2 188**	**--**

Current loans and bonds	31/12/2022	31/12/2021
Current bank loans	2 412	2 473
Bonds issued – current portion	2	2 212
Total current loans and bonds	**2 414**	**4 685**

A new bond was issued in 2022 (see the bond issue item below).

As at 31 December 2022, current bank loans include a short-term bank loan for the purpose of financing gas inventories of CZK 2 412 million (as at 31 December 2021: CZK 2 473 million).

Bank loans

The bank loans are due as follows:

	31/12/2022	31/12/2021
Due within 1 year	2 412	2 473
	2 412	**2 473**

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The loans received are secured by pledged inventories of CZK 859 million (as at 31 December 2021: CZK 1 438 million), pledged receivables of CZK 1 127 million (as at 31 December 2021: CZK 63 million) and pledged receivables from current accounts of CZK 513 million (as at 31 December 2021: CZK 416 million)

Based on the contractual terms, the Company must maintain specific financial debt covenant. As of 31 December 2022 and as of 31 December 2021 the Company has fulfilled this covenant.

Interest rate on loan is based on EURIBOR and margin.

The transaction currencies of loans and bonds as at 31 December 2022 are EUR and CZK, of which the balance of loans with the EUR transaction currency is CZK 2 412 million (as at 31 December 2021: CZK 2 473 million) and the balance of bonds with the CZK transaction currency is CZK 2 190 million (as at 31 December 2021: CZK 2 212 million).

Bonds issued

On 13 November 2017, the Group issued unsecured bearer bonds MND VAR/22 in book form, which were accepted for trading on the regulated market of Prague Stock Exchange (*Burza cenných papírů Praha, a. s.*) under ISIN CZ0003517708. These bonds had variable interest of 6M PRIBOR + 2.48% p. a. and matured on 13 November 2022. Bond coupons were paid out semi-annually on a retrospective basis, always in May and November. The nominal value of one bond was CZK 3 million; the total nominal value of bonds was CZK 2 202 million. The emission of bonds was issued in the Czech Republic in compliance with Czech law. The transaction costs of CZK 13 million associated with the issue of bonds were deducted from the value of bonds and were amortised over the maturity period of the bond.

On 3 March 2022, the Group issued unsecured bearer bonds MND VAR/27 in book-entry form, which were admitted to trading on the regulated market of the Prague Stock Exchange under ISIN CZ0003538183. These bonds have variable interest of 3M PRIBOR + 2.8% p. a. will mature on 3 March 2027. Bond coupons are paid quarterly in arrears. The nominal value of one bond is CZK 3 million. The total nominal value of bonds is CZK 2,202 million. The emission of bonds was issued in the Czech Republic in compliance with Czech law. 450 bonds with a nominal value of CZK 1,350 million was subscribed in exchange for MND VAR/22 bonds. 284 bonds with a nominal value of CZK 852 million was subscribed for cash. The funds raised were used to repay the remaining bonds of the MND VAR/22 issue, which matured in November 2022.

The reconciliation of movements of non-current and current loans, issued bonds with cash flows*:*

	2022	2021
Balance at 1 January	**4 685**	**3 840**
Cash flows		
Drawing of loans and borrowings	18 749	18 742
Repayment of loans and borrowings	-18 721	-17 818
Interest paid from previous years (-)	-12	-9
Non-cash changes		
Unpaid interest for the current period	7	12
Foreign exchange differences recognised in profit or loss	-88	-81
Other non-monetary transactions	-18	-1
Balance at 31 December	**4 602**	**4 685**

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14. Lease liabilities

Lease liabilities	31/12/2022	31/12/2021
Lease liabilities – non-current	291	247
Lease liabilities - current	31	28
Total lease liabilities	**322**	**275**

Reconciliation of movements of lease liabilities with cash flows:

	2022	2021
Balance at 1 January	**275**	**124**
Cash flows		
Payment of lease liabilities	**-31**	**-30**
Non-cash changes		
Recognition of lease liabilities	87	181
Effect of currency translation	-9	--
Balance at 31 December	**322**	**275**

For detail of rights to use assets see the asset table in Note 5.

15. Trade and other payables

Non-current trade and other payables	31/12/2022	31/12/2021
Other non-current liabilities	99	333
Total non-current trade and other payables	**99**	**333**

All other non-current liabilities are due between 1 and 5 years. Other non-current liabilities include payables arising from natural gas storage contracts of CZK 90 million (2021: CZK 327 million).

Current trade and other payables	31/12/2022	31/12/2021
Trade payables	1 911	1 321
Other current liabilities	--	23
Current payables - financial	**1 911**	**1 344**
Current contract liabilities	20	803
Other current payables to the state	38	25
Current payables to employees	118	55
Current deferred income	3	5
Current payables - other	**179**	**888**
Total current trade and other payables	**2 090**	**2 232**

As at 31 December 2022, the Company does not record any overdue current trade payables (as at 31 December 21: 0 million CZK). Current trade payables include liabilities from natural gas storage contracts of CZK 209 million (2021: CZK 413 million).

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16. Derivative financial instruments

The Company uses the derivative financial instruments mainly for trading in electricity, gas and emissions allowances and to hedge the currency, interest and commodity risks. When the hedge accounting requirements are fulfilled, derivatives are designated and recognized as "Hedging derivatives".

Carrying amounts of receivables and payables from derivative financial instruments are as follows:

	31/12/2022			31/12/2021		
	Hedging derivatives	Trading derivatives	**Total**	Hedging derivatives	Trading derivatives	**Total**
Long-term receivables	--	718	718	--	1 422	1 422
Short-term receivables	--	4 498	4 498	57	8 799	8 856
Total receivables from derivative financial instruments	**--**	**5 216**	**5 216**	**57**	**10 221**	**10 278**
Long-term payables	--	-1 118	- 1 118	--	-2 369	-2 369
Short-term payables	--	- 5 257	-5 257	-117	-13 430	-13 547
Total payables from derivative financial instruments	**--**	**-6 375**	**-6 375**	**-117**	**-15 799**	**-15 916**

All financial derivatives are stated at fair value as at 31 December 2022 (and 31 December 2021) and categorised to Level 2 in the fair value hierarchy.

Hedging derivatives

The company did not report any hedging derivatives as of 31 December 2022.

The Company had the following financial derivatives for hedging in 2021:

2021	Year of maturity	Nominal value	Average hedged rate	Fair value
Interest rate swaps	2022	2 202	1.56%	57
Total receivables from hedging derivatives				**57**
Currency forwards	2022	2 362	25.782 CZK/EUR	-66
Currency forwards	2022	406	21.796 CZK/USD	-13
Commodity swaps	2022	415	70.163 USD/bbl	-38
Total payables from hedging derivatives				**-117**
Total hedging financial derivatives				**-60**

The hedge relationships are effective through the accounting period (see accounting policies in Note 3(e).

Hedge accounting criteria were fulfilled as at 31 December 2021 for all the derivates which are recognized as "Hedging derivatives". The changes in the fair value for such derivatives are recognized directly in the other comprehensive income. The company does not recognize any hedge ineffectiveness arising from these forwards and swaps in the profit or loss statement.

Fair values of hedging derivatives stated in the table above corresponds to value obtained from the financial institution with whom the company entered into the derivative transaction in question.

Trading derivatives

Besides the hedging derivatives the Company held the derivatives for trading as they do not fulfil the hedge accounting criteria as at 31 December 2022 and 31 December 2021. These derivatives are classified as "Trading derivatives" and recognized in fair value.

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The Company had the following financial derivatives for trading:

2022	Year of maturity	Fair value
Commodity forward	2025	11
Commodity forward	2024	286
Commodity forward	2023	3 733
Commodity future	2024	154
Commodity future	2023	630
Currency forward	2024	9
Currency forward	2023	54
Interest rate swap	2027	339
Total receivables from trading derivatives		**5 216**
Commodity forward	2024	-1 115
Commodity forward	2023	-5 104
Commodity future	2023	-3
Currency forward	2024	-3
Currency forward	2023	-134
Currency swap	2023	-16
Total payables from trading derivatives		**-6 375**
Total trading financial derivatives		**-1 159**

2021	Year of maturity	Fair value
Commodity forward	2024	9 973
Commodity future	2023	202
Commodity forward	2023	3
Commodity forward	2022	43
Total receivables from trading derivatives		**10 221**
Commodity forward	2024	-13 497
Commodity future	2023	-2 271
Commodity forward	2022	-26
Currency swap	2022	-5
Total payables from trading derivatives		**-15 799**
Total trading financial derivatives		**-5 578**

The Company held trading derivatives in a form of currency forwards, currency swaps, interest rate swaps and commodity forwards, futures and swaps. For fair value determination, a market comparison technique was used and the inputs were based on the same fair value hierarchy.

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17. Provisions

31/12/2022	Provision for decommissioning, renewal and restoration
Balance 1 January 2022	1 273
Additions	24
Utilization	-55
Unwinding of discount	35
Change in value	307
Balance 31 December 2022	**1 584**
Thereof:	
Non-current provisions	1 495
Current provisions	89

Provisions for decommissioning, renewals and restorations are established based on rules described in Note 3(j). For 2022 interest rates in range of 4.19 – 4.69 % p. a. were used. In calculating provisions, the expected inflation of 3.0 % p. a. was used. The Company expects that costs will be incurred between 2023 and 2054.

18. Revenue

The following tables show the breakdown of total revenue for each segment based on the main type of goods, products or services and based on the recognition of revenue according to time perspective:

2022 **Revenue based on the main type of goods, products or services**	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Revenue
Revenue from trading in gas	--	193 489	**193 489**
Revenue from trading in electricity	--	20 332	**20 332**
Revenue from the sale of gas to end customers	--	395	**395**
Revenue from the sale of electricity to end customers	--	624	**624**
Revenue from the sale of produced oil	949	--	**949**
Revenue from the sale of produced gas	926	--	**926**
Revenue from the provision of services	56	109	**165**
Revenue from the sale of goods	28	--	**28**
Revenue from gas storage	--	56	**56**
Total revenue			**216 964**

2021 **Revenue based on the main type of goods, products or services**	Exploration and production of oil and gas	Trading in gas and electricity, gas storage	Revenue
Revenue from trading in gas	--	97 819	**97 819**
Revenue from trading in electricity	--	11 398	**11 398**
Revenue from the sale of gas to end customers	--	1 400	**1 400**
Revenue from the sale of electricity to end customers	--	1 393	**1 393**
Revenue from the sale of goods	567	--	**567**
Revenue from the sale of produced oil	386	--	**386**
Revenue from the sale of produced gas	10	--	**10**
Revenue from the provision of services	53	51	**104**
Revenue from gas storage	--	370	**370**
Total revenue	**1 016**	**112 431**	**113 447**

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Revenue based on geographical position of a point of sale	2022	2021
Czechia	53 161	47 094
Germany	54 019	28 680
Netherlands	--	31 855
Luxembourg	57 218	--
Switzerland	17 133	--
Denmark	6 549	--
Austria	3 750	2 713
Slovakia	278	2 768
Ukraine	20	5
United Kingdom	24 831	315
Other	5	17
Total revenue	**216 964**	**113 447**

In 2022, the Company reported revenue of CZK 34 064 million (2021: CZK 20 670 million) for one customer. This revenue was allocated to the Trading in gas and electricity, gas storage segment.

The remaining performance obligations relate to the contracts whose initial expected duration is one year or less, or to the contracts concluded for an indefinite period with a notice period shorter than 1 year, therefore the Company does not disclose their value.

In 2022, CZK 565 million was recognised (2021: CZK 883 million) in revenue from the value of contract liabilities as at 31 December 2021 (Note 15).

19. Other operating income

	2022	2021
Income from grants	10	3
Gain on sale of non-current assets	1	2
Income from lease	20	5
Gain from trading in commodity contracts	1 032	--
Fines and default interest	--	39
Remaining operating income	115	65
Total other operating income	**1 178**	**114**

	2022	2021
Profit from trading in commodity contracts	134 166	10 906
Loss from trading in commodity contracts	-133 134	-11 275
Net Profit/Loss (-) from trading in commodity contracts	**1 032**	**-369**

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20. Consumption of materials, goods and services

	2022	2021
Cost of goods sold	21	2
Cost of sale of gas and electricity to end customers	600	2 314
Cost of trading in gas and electricity	213 821	109 086
Materials and energy used	181	130
Total materials and goods used	**214 623**	**111 532**
Services used relating to revenue	360	822
Lease expenses	8	7
Other services	123	106
Changes in product and work-in-progress inventories	--	-3
Total services used	**491**	**932**
Total consumption of materials, goods and services	**215 114**	**112 464**

Services used relating to revenue include primarily the cost of gas and electricity distribution, that the Company uses to supply gas and electricity to end customers.

Lease expenses in 2022 and 2021 represent the cost of short-term lease.

Other services include cost of services provided by a statutory auditor; this information is disclosed in the consolidated financial statements.

21. Personnel expenses

	2022	2021
Payroll expenses	304	234
Social security and health insurance expenses	92	74
Other social expenses	13	13
Total personnel expenses	**409**	**321**

The average number of employees in 2022 was 307 (2021: 375 employees).

22. Depreciation, amortisation and impairment

	2022	2021
Depreciation of property, plant and equipment (Note 4)	557	362
Reversal of (-)/Impairment (+) of property, plant and equipment (Note 4)	-41	32
Amortisation of intangible assets (Note 5)	4	5
Depreciation of right of use (Note 4)	67	32
Total depreciation, amortisation and impairment	**587**	**431**

As at 31 December 2022, provisions amounting to CZK 32 million were partially released that were created in 2021 for property destroyed as a result of a natural disaster. In 2021, the value of tangible fixed assets decreased by CZK 64 million due to the natural event was compensated by a claim for compensation from the insurance company in the amount of CZK 32 million.

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23. Other operating costs

	2022	2021
Repairs and maintenance	168	78
Travel expenses	3	3
Fees	112	113
Other taxes	1	2
Insurance premiums	7	7
Loss from trading in commodity contracts	--	369
Credit loss allowance for financial assets	-3	3
Other overhead operating expenses	145	42
Total other operating expenses	**433**	**617**

The most significant part of the fees represents charges for produced oil and gas of CZK 73 million (2021: CZK 75 million) and fees for mining areas and fees for exploration areas of CZK 36 million (2021: CZK 37 million).

24. Finance income and costs

	2022	2021
Interest income	35	4
Total interest income	**35**	**4**
Dividend income	357	--
Income from current financial assets	29	2
Other finance income	386	--
Total finance income	**807**	**6**
Interest expense	-227	-142
Interest expense on leases	-17	-11
Other finance costs	-17	-16
Loss from foreign exchange transactions	-25	-83
Total finance costs	**-286**	**-252**
Net profit/loss from financial operations	**521**	**-246**

25. Taxation

Income tax expense

	2022	2021
Current tax expense		
Current year	145	127
Changes in estimates relating to the previous year	2	--
Total current tax expense	**147**	**127**
Deferred tax expense	191	-198
Total income tax (expense + / income -)	**338**	**-71**
of that tax from continuing operations	**338**	**-102**
of that tax from discontinued operations	**--**	**31**

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Reconciliation of effective tax rate

	2022	%	2021	%
Profit or loss before tax	**2 120**		**-518**	
Income tax using the valid tax rate	403	19.0%*	-98	19.0%*
Effect of different current and deferred tax rates, effect of rate change	2	0.09%	--	0.00%
Effect of tax non-deductible expenses that do not result in deferred tax	5	0.24%	1	-0.19%
Effect of tax-exempt income	-70	-3.30%	-1	0.19%
Donation for charitable purposes	-1	-0.05%	--	0.00%
Tax relating to prior periods	-2	-0.09%	--	0.00%
Other effects	1	0.05%	-4	0.77%
Total income tax expense / Effective tax rate	**338**	**15.94%**	**-102**	**19.69%**

* Tax rate valid in the Czech Republic

Deferred tax

Deferred tax has been calculated using the expected average tax rate in the period when the temporary differences are realised. The expected average tax rate for 2023-2025 was calculated taking into account the standard corporate income tax rate of 19% and the windfall profits tax rate of 60%. For the years 2026 and the following, the tax rate of 19% is used.

The tax on windfall profits is determined in accordance with the relevant provisions of Act No. 586/1992 Coll., on Income Taxes, as amended. The tax amounts to 60% of the tax base, which is the difference between the compared tax base and the average of the adjusted comparative tax bases. The compared tax base is the tax base before the application of items reducing the tax base and deductible items or tax loss for individual periods of effectiveness of tax on windfall profits. The adjusted comparative tax base is the tax base before the application of items reducing the tax base and deductible items or the tax loss for the entire periods in 2018–2021 increased by an absolute value of 20%.

Based on the financial outlook, the Company expects that it will be able to utilise the deferred tax asset against future profits.

Change in deferred tax

2022	Balance at 1/1/2022	Change in 2022		Balance at 31/12/2022
	Deferred tax asset (+)/ liability (-)	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax asset (+)/ liability (-)
Deferred tax asset (+)/liability (-)	**390**	**-191**	**-18**	**181**
Property, plant and equipment	-34	-125	--	-159
Derivative financial instruments*	824	-664	-18	142
Total inventories	-577	436	--	-141
Total receivables	1	-1	--	--
Lease liabilities	1	1	--	2
Total liabilities	5	13	--	18
Provisions	170	149	--	319

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2021	Balance at 1/1/2021	Change in 2021		Balance at 31/12/2021
	Deferred tax asset (+)/ liability (-)	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax asset (+)/ liability (-)
Deferred tax asset (+)/liability (-)	**188**	**198**	**4**	**390**
Property, plant and equipment	-21	-13	--	-34
Derivative financial instruments*	111	709	4	824
Total inventories	-95	-482	--	-577
Total receivables	2	-1	--	1
Lease liabilities	1	--	--	1
Total liabilities	4	1	--	5
Provisions	145	25	--	170
Tax losses carried-forward	41	-41	--	--

*The net deferred tax asset arising from derivative financial instruments totalling CZK 824 million is primarily a result of offsetting of gross deferred tax liability from derivative financial instruments assets of CZK 1 775 million and deferred tax asset arising from derivative financial instruments liabilities and liabilities from storage contracts of CZK 2 599 million.

26. Discontinued operations

	From the statement of comprehensive income	
	2022	2021
Total revenue	--	2 685
Total expenses	--	-2 521
Profit or loss before tax	***--***	***164***
Income tax	--	-31
Profit or loss after tax from discontinued operations	**--**	**133**

	From the cash flow statement	
	2022	2021
Cash flow from operating activities	--	-78
Cash flow from investing activities	--	-2
Overall impact on cash reduction/increase	**--**	**-80**

27. Other comprehensive income

	2022	2021
Change in fair value of hedging instruments, before tax	--	-52
Change in fair value of hedging instruments – deferred tax	--	10
Change in fair value of hedging instruments, after tax	**--**	**-42**
Change in fair value of hedging instruments transferred to profit/loss, before tax	94	34
Change in fair value of hedging instruments transferred to profit/loss - deferred tax	-18	-6
Change in fair value of hedging instruments transferred to profit/loss, after tax	**76**	**28**
Total other comprehensive income	**76**	**-14**

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28. Related parties

Payroll expenses, bonuses and other personnel expenses incurred in respect of members of the board of directors, supervisory board and executive management of the Company are disclosed in the following table:

	2022		2021	
	Board of directors and supervisory board	Executive management	Board of directors and supervisory board	Executive management
Payroll expenses	--	46	--	30
Social security and health insurance expenses	1	11	1	8
Bonuses to statutory body members	2	--	2	--
Total	**3**	**57**	**3**	**38**

The Company is part of the consolidated group of KKCG AG with its registered office in Switzerland. All companies presented below are the Company's related parties, because they are part of the same consolidated group.

Related-party balances as at 31 December 2022 and 31 December 2021:

	31/12/2022	31/12/2021
Non-current trade and other receivables	3	29
Current trade and other receivables	178	327
Other current financial assets	2 683	373
Total receivables	**2 864**	**729**
Current trade and other liabilities	999	428
Current liabilities - other	7	--
Total liabilities	**1 006**	**428**

Other current financial assets of CZK 2 683 million (2021: CZK 373 million) represent a receivable from KKCG Structured Finance AG under cash pooling contracts (see Note 9).

Related-party transactions for the period ended 31 December 2022 and 31 December 2021:

	2022	2021
Revenue and other operating income	8 403	1 056
Interest income	29	2
Other income – re-invoicing	2	3
Total revenue	**8 434**	**1 061**
Consumption of materials and goods	4 567	298
Consumed services	317	506
Other operating expenses	1 126	59
Total costs	**6 010**	**863**

Expenses charged by the related parties include, in particular, gas and electricity purchase costs and further the costs of drilling and workover operations and the costs of gas storage services.

Revenue recognized in respect of related parties include in particular the sale of gas and electricity (MND Energie a.s.) and interest received from the contracts on cash pooling (KKCG Structured Finance AG).

29. Risk management

(a) Financial risk management and financial instruments

This section describes in detail the financial and operational risks the Company is exposed to and its risk management methods. Risk management is one of the core components of Company corporate governance. The main focus is placed on quantifying risks the Company is exposed to in the market (the risk of changes in foreign exchange rates, interest rates and commodity prices) and the credit risk. The Company's risk management strategy concentrates on minimising potential negative impacts on the Company's financial results.

The principal role of the Company's risk management is to identify risks, determine a risk measurement method, quantify and analyse risk exposure, define a hedging strategy and the hedging implementation as such. The overall responsibility for setting up the Company's risk management system and supervising its operation lies on the level of the board of directors.

Main financial instruments used by the Company include bank loans, bonds and derivatives. The principal task of these financial instruments is to acquire necessary funds to finance Company's operations and hedge risks arising from the Company's operations.

The most significant financial risks the Company is exposed to are market risks (the risk of changes in commodity prices, currency risk, interest rate risk and credit risk, in case an important business partner or a customer does not fulfil its contractual obligations). These risk management processes are approved and monitored by the top management of the Company.

Company entered into derivative transactions (currency forwards, currency swaps, interest rate swaps, commodity futures and commodity forwards) with the aim to manage the risk of exchange rate, interest rate and commodity price fluctuations.

The Company is also exposed to interest rate risk that is reflected by the cash flow sensitivity and profit or loss on interest rates changes. Interest rate risk is mostly managed and hedged by using interest rate swaps (float to fix).

The Company is also exposed to liquidity risk. Liquidity risk is managed based on data about necessity of free resources and it is monitored through risk management and in cooperation with the company´s finance department. Apart from the cash flow report that is additionally simulated for various scenarios the Company also uses a system to monitor the management of receivables and payables balancing, diversification of liquidity resources and daily monitoring.

(b) Credit risk

Credit risk is a risk of financial loss to the Company if a customer or counterparty to a transaction fails to meet its contractual obligations, such as payment, acceptance of a commodity or service for a pre-arranged price, failure to deliver the agreed commodity or service.

The Company trades primarily with highly rated partners. The Company follows the principle that all customers that want to use credit facilities undergo procedures for credit risk assessment that is applied by using own scoring model. The Company continuously monitors the balance of receivables on an individual and aggregate level.

The Company generates revenue from the sale of oil, gas and electricity, the trade in gas and electricity, the provision of services. All business counterparties are subject to individual analysis of creditworthiness and they are assigned a credit limit. Credit limits are approved by the risk management committee based on external rating, if available, or based on internal risk assessment guidelines. Risk exposure is monitored for each counterparty on a daily basis, taking into consideration potential future impact. In relevant cases, the Company also requires the counterparty to provide a bank guarantee or its parent company's guarantee, an advance payment or credit support instrument with the aim to minimise the credit risk.

The total credit risk of the trading portfolio is monitored on an ongoing basis and calculated based on the expected loss, i.e. each counterparty is assigned internal credit rating with estimated probability of default. The expected loss is calculated by product of the default probability, the percentage of loss from a given exposure in the case of default and exposure to a counterparty at a given moment.

With respect to the credit risk arising from the Company's financial assets, comprising cash and cash equivalents and financial derivatives, the credit risk arises from a failure of the counterparty to discharge their obligations, where the maximum amount of credit risk represents the carrying amount of these instruments. The risk is mitigated by cooperating with reputable local and international banks and by diversifying the portfolio.

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For the calculation of credit exposure and the free trading limit, VaR at the 95% confidence level for holding period of 10 days is also taken into account in terms of credit risk calculation. The Risk Management Department monitors credit exposure on a daily basis and if necessary makes remedial arrangements even in cooperation with the Risk Management Committee.

Credit risk by type of counterparty

At 31 December 2022	Companies (non-financial institutions)	State, government	Financial institutions	Individuals	Total
Assets					
Non-current receivables - financial	270	--	--	1	271
Non-current receivables from derivative instruments	450	--	268	--	718
Other non-current financial assets	--	40	1	--	41
Other current financial assets	2 683	--	--	--	2 683
Current receivables – financial	3 548	--	--	--	3 548
Current receivables from derivative instruments	4 363	--	135	--	4 498
Cash and cash equivalents	483	--	585	--	1 068
Total	**11 797**	**40**	**989**	**1**	**12 827**

At 31 December 2021	Companies (non-financial institutions)	Financial institutions	Individuals	Total
Assets				
Non-current receivables - financial	252	--	--	252
Non-current receivables from derivative instruments	1 422	--	--	1 422
Non-current restricted cash	--	39	--	39
Other current financial assets	373	--	--	373
Current receivables – financial	6 189	--	--	6 189
Current receivables from derivative instruments	8 799	57	--	8 856
Cash and cash equivalents	481	666	--	1 147
Total	**17 516**	**762**	**--**	**18 278**

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Ageing structure of financial assets

At 31 December 2022	Not past due	Past due 0-90 days	Past due 91-180 days	Past due 181-365 days	Past due more than 1 year	Impairment allowance	Total
Non-current receivables	***271***	--	--	--	--	--	***271***
Non-current loans	260	--	--	--	--	--	260
Non-current refundable deposits	11	--	--	--	--	--	11
Non-current financial assets	***41***	--	--	--	--	--	***41***
Non-current restricted debt securities -at amortized cost	40	--	--	--	--	--	40
Non-current restricted cash	1	--	--	--	--	--	1
Current receivables - financial	***3 547***	--	--	**2**	**12**	**-13**	***3 548***
Current trade receivables	1 657	--	--	2	12	-13	1 658
Current contract assets	10	--	--	--	--	--	10
Current refundable deposits	608	--	--	--	--	--	608
Other current receivables	1 272	--	--	--	--	--	1 272
Other current financial assets	***2 683***	--	--	--	--	--	***2 683***
Other current financial assets	2 683	--	--	--	--	--	2 683
Cash and cash equivalents	***1 068***	--	--	--	--	--	***1 068***
Bank accounts and cash equivalents	1 068	--	--	--	--	--	1 068
Total	**7 610**	--	--	**2**	**12**	**-13**	**7 611**

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At 31 December 2021	Not past due	Past due 0-90 days	Past due 91-180 days	Past due 181-365 days	Past due more than 1 year	Impairment allowance	Total
Non-current receivables and restricted cash	***291***	--	--	--	--	--	***291***
Non-current loans	251	--	--	--	--	--	251
Non-current refundable deposits	1	--	--	--	--	--	1
Non-current restricted cash	39	--	--	--	--	--	39
Current receivables - financial	***6 188***	**6**	--	**1**	**11**	**-17**	***6 189***
Current trade receivables	1 343	6	--	1	11	-17	1 344
Current contract assets	14	--	--	--	--	--	14
Current refundable deposits	668	--	--	--	--	--	668
Other current receivables	4 163	--	--	--	--	--	4 163
Other current financial assets	***373***	--	--	--	--	--	***373***
Other current financial assets	373	--	--	--	--	--	373
Cash and cash equivalents	***1 147***	--	--	--	--	--	***1 147***
Cash in hand	--	--	--	--	--	--	--
Bank accounts and cash equivalents	1 147	--	--	--	--	--	1 147
Total	**7 999**	**6**	--	**1**	**11**	**-17**	**8 000**

The Company tests the amount of financial assets held in accordance with IFRS 9 and recognises allowances for financial assets in compliance with the accounting policy specified in Note 3(e) i.

The following tables present credit quality of financial assets at amortised cost. Non-current and current derivative financial instrument assets are not included in the disclosures because they are measured at fair value through profit and loss.

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Credit quality of financial assets at amortised cost

The company classifies the financial assets into the credit quality classes. Class 1 consists of high-quality financial assets that do not have any indicators of impairment and fulfils the definition for "low credit risk". Class 2 consists of all other financial assets.

At 31 December 2022	Stage 1	Stage 2	Stage 3	Provision matrix	Impairment allowance	Net carrying amount
Class 1						
Cash and cash equivalents	**1 068**	--	--	--	--	**1 068**
Cash in hand	1 068	--	--	--	--	1068
Bank accounts and cash equivalents						
	2 683	**--**	**--**	**--**	**--**	**2 683**
Other current financial assets	2 683	--	--	--	--	2 683
Other current financial assets						
	41	**--**	**--**	**--**	**--**	**41**
Non-current restricted cash	40	--	--	--	--	40
Non-current restricted cash	1	--	--	--	--	1
Class 2						
Current receivables - financial	**176**	--	**--**	**3 385**	**-13**	**3 548**
Trade receivables	176	--	--	1 496	-13	1 659
Current contract assets	--	--	--	10	--	10
Current refundable deposits	--	--	--	607	--	607
Other current receivables	--	--	--	1 272	--	1 272
Non-current receivables - financial	**271**	--	**--**	**--**	**--**	**271**
Non-current loans	260	--	--	--	--	260
Non-current refundable deposits	11	--	--	--	--	11
Total	**4 239**	**--**	**--**	**3 385**	**-13**	**7 611**

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At 31 December 2021	Stage 1	Stage 2	Stage 3	Provision matrix	Impairment allowance	Net carrying amount
Class 1						
Cash and cash equivalents	**1 147**	--	--	--	--	**1 147**
Cash in hand	--	--	--	--	--	--
Bank accounts and cash equivalents	1 147	--	--	--	--	1 147
Other current financial assets	**373**	**--**	**--**	**--**	**--**	**373**
Other current financial assets	373	--	--	--	--	373
Non-current restricted cash	**39**	**--**	**--**	**--**	**--**	**39**
Non-current restricted cash	39	--	--	--	--	39
Class 2						
Current receivables - financial	**314**	--	**--**	**5 892**	**-17**	**6 189**
Trade receivables	314	--	--	1 047	-17	1 344
Current contract assets	--	--	--	14	--	14
Current refundable deposits	--	--	--	668	--	668
Other current receivables	--	--	--	4 163	--	4 163
Non-current receivables - financial	**252**	--	**--**	--	--	**252**
Non-current loans	251	--	--	--	--	251
Non-current refundable deposits	1	--	--	--	--	1
Total	**2 125**	**--**	**--**	**5 892**	**-17**	**8 000**

Movements in impairment allowances are shown in the following table:

	Stage 1	Stage 2	Stage 3	Provision matrix	Total
Balance at 1 January 2022	**--**	**--**	**--**	**-17**	**-17**
Additions	**--**	**--**	**--**	-1	**-1**
Reversals – receivables written off	**--**	**--**	**--**	5	**5**
Balance at 31 December 2021	**--**	**--**	**--**	**-13**	**-13**

	Stage 1	Stage 2	Stage 3	Provision matrix	Total
Balance at 1 January 2021	**--**	**--**	**--**	**-73**	**-73**
Effect of spin-off	**--**	**--**	**--**	77	**77**
Additions	--	--	--	-28	**-28**
Reversals – receivables written off	**--**	**--**	**--**	7	**7**
Balance at 31 December 2021	**--**	**--**	**--**	**-17**	**-17**

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Impairment matrix for current financial receivables as at 31 December 2022:

	Gross carrying amount	Expected credit loss rate	ECL allowance	Net carrying amount
Due	**3 537**	**0.00%**	**--**	**3 537**
Current trade receivables	1 657	0.00%	--	1 657
Current refundable deposits	608	0.00%	--	608
Other current receivables	1 272	0.00%	--	1 272
Past due < 90 days	**--**	**0.00%**	**--**	**--**
Current trade receivables	--	0.00%	--	--
Past due 91-180 days	**--**	**0.00%**	**--**	**--**
Current trade receivables	--	0.00%	--	--
Past due 181-365 days	**2**	**50.00%**	**-1**	**1**
Current trade receivables	2	50.00%	-1	1
Other current receivables	--	0,00%	--	--
Past due >365 days	**12**	**100.00%**	**-12**	**--**
Current trade receivables	12	100.00%	-12	--
Total	**3 551**	**0.37%**	**-13**	**3 538**

Impairment matrix for current financial receivables as at 31 December 2021:

	Gross carrying amount	Expected credit loss rate	ECL allowance	Net carrying amount
Due	**6 188**	**0.05%**	**-3**	**6 185**
Current trade receivables	1 343	0.22%	-3	1 340
Contract assets - current	14	0.00%	--	14
Current refundable deposits	668	0.00%	--	668
Other current receivables	4 163	0.00%	--	4 163
Past due < 90 days	**6**	**33.33%**	**-2**	**4**
Current trade receivables	6	33.33%	-2	4
Other current receivables	--	0.00%	--	--
Past due 91-180 days	**--**	**0.00%**	**--**	**--**
Current trade receivables	--	0.00%	--	--
Other current receivables	--	0.00%	--	--
Past due 181-365 days	**1**	**100.00%**	**-1**	**--**
Current trade receivables	1	100.00%	-1	--
Other current receivables	--	0.00%	--	--
Past due >365 days	**11**	**100.00%**	**-11**	**--**
Current trade receivables	11	100.00%	-11	--
Total	**6 206**	**0.27%**	**-17**	**6 189**

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Credit risk by region (by the counterparty's registered office)

Non-current and current receivables - financial, non-current and current receivables from derivative instruments, non-current restricted cash, other current financial assets, cash and cash equivalents	31/12/2022	31/12/2021
Czechia	4 339	7 970
Germany	1 454	1 208
Switzerland	3 211	855
Austria	156	362
Slovakia	683	1 428
Ukraine	263	252
United Kingdom	2 660	6 014
Other countries	61	189
Total	**12 827**	**18 278**

Offsetting of receivables and liabilities from trading in gas and electricity:

Offsetting in the balance sheet

The Company trades gas and electricity under EFET framework contracts. These contracts allow offsetting receivables and liabilities during their payment and also offsetting at early termination of a contract. Trade receivables and payables from these contracts were recognised in the balance sheet on a net basis after offsetting.

Potential offsetting

Receivables and liabilities from derivative transactions include the remeasurement of commodity contracts that are considered financial instruments. With respect to these contracts there is a possibility of offsetting at early termination of a contract where the receivables and liabilities with the originally different maturity can be offset. This potential offsetting was not recognised in the balance sheet and is recorded in the column "Potential offsetting".

At 31 December 2022	Gross amount before offsetting	Offsetting in the balance sheet	Net amount in the balance sheet	Potential offsetting	Amount after potential offsetting
Assets					
Non-current receivables from derivative instruments	9 348	-8 630	718	-145	573
Current receivables from derivative instruments	71 334	-66 836	4 498	-991	3 507
Current receivables	7 126	-3 578	3 548	--	3 548
Total	**87 808**	**-79 044**	**8 764**	**-1 136**	**7 628**
Liabilities					
Non-current liabilities from derivative instruments	9 748	-8 630	1 118	-465	653
Current liabilities from derivative instruments	72 093	-66 836	5 257	-671	4 586
Current liabilities	5 489	-3 578	1 911	--	1 911
Total	**87 330**	**-79 044**	**8 286**	**-1 136**	**7 150**

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

At 31 December 2021	Gross amount before offsetting	Offsetting in the balance sheet	Net amount in the balance sheet	Potential offsetting	Amount after potential offsetting
Assets					
Non-current receivables from derivative instruments	15 475	-14 053	1 422	-110	1 312
Current receivables from derivative instruments	59 135	-50 279	8 856	-2 237	6 619
Current receivables	12 894	-6 705	6 189	--	6 189
Total	**87 504**	**- 71 037**	**16 467**	**-2 347**	**14 120**
Liabilities					
Non-current liabilities from derivative instruments	16 422	-14 053	2 369	-110	2 259
Current liabilities from derivative instruments	63 826	-50 279	13 547	-2 237	11 310
Current liabilities	8 049	-6 705	1 344	--	1 344
Total	**88 297**	**-71 037**	**17 260**	**-2 347**	**14 913**

(c) Market risk

Market risk is the risk of changes in the value of assets, liabilities and cash flows denominated in foreign currency due to changes in foreign exchange rates, interest rates and commodity prices. The Company implemented policies and methodologies for monitoring and hedging these risks to which it is exposed.

i. Currency risk, commodity risk

The Company is exposed to currency risk as a result of its foreign currency transactions. These risks arise from purchases and sales in other than functional currency (CZK).

The Company monitors currency risks on an ongoing basis and assess possible impact of changes in foreign exchange rates on Company's transactions. A significant part of foreign currency exposure is hedged naturally, i.e. revenue and expenses are denominated in the same foreign currency, or by using currency forwards or swaps.

The Company is exposed to currency risk from the sale of oil in USD, from the sale of gas, electricity and other energy commodities in EUR.

Risk exposure arising from energy commodities trading is monitored on a daily basis by observing market prices, mark-to-market and value-at-risk of the open positions and is subject to approved limits for individual risk indicators. The exposure to market risk, within the limits approved by the board of directors and the Risk Management Committee, depends on the market conditions and expectations. All risk limits are monitored and reviewed on a regular basis.

Changes in commodity prices represent the highest risk for the Company. The decrease in oil price by 1 USD/barrel in 2022 would result in a decrease in profit or loss before tax of approximately CZK 12 million without hedging. The effect of CZK appreciation against USD by CZK 1 in 2022 would result in a decrease in profit or loss before tax of CZK 51 million without hedging. In contrast, oil price growth and the depreciation of CZK against USD would have a positive impact on profit or loss before tax in the same amount.

In respect of gas trading while using underground gas storages, the main risk is the change of the summer/winter spread (the difference between summer and winter gas prices). The decrease in the summer/winter spread by 0.1 EUR/MWh in the storage period 2022/2023 would result in a decrease in profit or loss before tax of CZK 6 million without hedging in relation to the total working gas volume. Currency risk exposure (EUR position) from gas trading is relatively low since trading over natural gas storage capacities is financed by current loans denominated in EUR and open positions are hedged by FX forward and FX swap contracts.

VaR is the basic metric for risk assessment at open trading positions in the Company. For its calculation, the Monte Carlo simulation method is applied at a 99% significance level and with 2 days horizon. Furthermore, the total utilization of risk capital shall not exceed the total risk capital for speculative trading that was CZK 75 million. The Company calculates the risk on all individual commodities in the framework of speculative trading using VaR metrics, both at individual trader positions and overall. Value of VaR was CZK 1 million at the year-end 2022. In 2022 the average value of VaR was CZK 6 million.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Currency risk analysis (in CZK million)

As at 31 December 2022 and as at 31 December 2021, the Company is exposed to currency risk when financial assets and liabilities are denominated in a currency other than the functional currency in which they are measured. Financial assets and liabilities denominated in a currency different from the functional currency in which they are measured are presented in the table below:

At 31 December 2022	EUR	USD	Total
Non-current receivables – financial	271	--	271
Non-current receivables from derivative instruments	518	--	518
Other current financial assets	2 683	--	2 683
Current receivables - financial	2 766	1	2 767
Current receivables from derivative instruments	4 415	--	4 415
Cash and cash equivalents	124	2	126
Total assets	**10 777**	**3**	**10 780**
Non-current liabilities from derivative instruments	-1 118	--	-1 118
Other non-current liabilities	-1	--	-1
Current loans and interest-bearing borrowings *)	-2 412	--	-2 412
Current payables - financial	-631	-4	-635
Current liabilities from derivative instruments	-5 195	--	-5 195
Total liabilities	**-9 357**	**-4**	**-9 361**
Total	**1 420**	**-1**	**1 419**

*) The item Current loans and interest-bearing borrowings (EUR) comprises current bank loans and borrowings of CZK 2 412 million for financing of gas inventories, that will be repaid from future cash flows in EUR from the sale of gas inventories.

At 31 December 2021	EUR	USD	Total
Non-current receivables – financial	252	--	252
Non-current receivables from derivative instruments	1 422	--	1 422
Non-current financial assets	--	--	--
Other current financial assets	373	--	373
Current receivables - financial	5 037	1	5 038
Current receivables from derivative instruments	8 799	57	8 856
Cash and cash equivalents	760	11	771
Total assets	**16 643**	**69**	**16 712**
Non-current loans and interest-bearing borrowings	**--**	**--**	**--**
Non-current liabilities from derivative instruments	-2 350	--	-2 350
Other non-current liabilities	--	--	--
Current loans and interest-bearing borrowings *)	-2 474	--	-2 474
Current payables - financial	-123	-23	-146
Current liabilities from derivative instruments	-13 547	--	-13 547
Total liabilities	**-18 494**	**-23**	**-18 517**
Total	**-1 851**	**46**	**-1 805**

*) The item Current loans and interest-bearing borrowings (EUR) comprises current bank loans and borrowings of CZK 2 474 million for financing of gas inventories, that will be repaid from future cash flows in EUR from the sale of gas inventories.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

Currency risk sensitivity analysis

As at 31 December 2022, the potential appreciation (depreciation) of EUR or USD against CZK could impact the measurement of financial instruments denominated in the foreign currency and gas inventories denominated in EUR and impact profit or loss by an amount disclosed in the following table. This analysis assumes that all other variables remain constant.

Effect recognised in CZK million	**Profit or loss**	
	10% appreciation + profit/ - loss	10% depreciation + profit/ - loss
2022		
EUR	356	-356
USD	--	--

Effect recognised in CZK million	**Profit or loss**	
	10% appreciation + profit/ - loss	10% depreciation + profit/ - loss
2021		
EUR	264	-264
USD	5	-5

i. Interest rate risk

The Company is exposed to the risk of interest rate fluctuations primarily as a result of bank loans with floating interest rate. The Company continuously monitors the development in financial markets and based on the current situation decides whether loans will be drawn with either floating or fixed interest rate. The risk of increase in interest rates is monitored on an ongoing basis and if necessary, the application of standard tools for risk elimination (interest rate swap) is considered.

Non-current bonds were issued and concluded with a floating interest rate, but the interest rate risk was hedged by interest rate swap.

Interest rate swaps are concluded with the hedge ratio set at 1:1 so that all derivative conditions correspond with the hedged risk of cash flow changes due to floating interest rates. Potential hedge ineffectiveness can also be caused only by swap illiquidity or the counterparty’s credit risk.

As the variable interest rate of non-current bonds is hedged, the sensitivity of the financial result from current revolving loans is very low and insignificant compared with the profit from operating activities.

(d) Liquidity risk

Liquidity risk represents the possibility that the Company might not be able to fulfil its payment obligations primarily relating to amounts payable to the providers of bank loans and borrowings and liabilities arising from energy commodities trading in organized markets (margining) and on a bilateral basis.

The Company monitors the risk of having insufficient funds on an ongoing basis by managing liquidity and monitoring the maturity of debts and investments, other assets and the expected cash flows from its operations.

The Company holds sufficient disposable liquid resources, i.e., cash, cash equivalents and current financial assets in currencies in which future cash needs are expected. To maintain liquidity, the Company uses bank loans and borrowings.

The Company uses proprietary IT tools for liquidity management, valuation of financial instruments and for trading and risk management purposes.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

The following table shows the Company's financial assets and liabilities by maturity:

At 31 December 2022	Carrying amount	Contractual cash flows	1 year or less	1-5 years	More than 5 years	Undefined maturity/on demand
Assets						
Non-current receivables - financial	271	365	--	1	364	--
Non-current receivables from derivative instruments	718	987	--	987	--	--
Non-current financial assets	41	48	--	47	--	1
Other current financial assets	2 683	2 683	2 683	--	--	--
Current receivables - financial	3 548	3 548	3 548	--	--	--
Current receivables from derivative instruments	4 497	8 115	8 115	--	--	--
Total	**11 758**	**15 746**	**14 346**	**1 035**	**364**	**1**
Cash and cash equivalents	1 068	1 068	--	--	--	1 068
Liabilities						
Non-current loans and interest-bearing borrowings	-2 188	-2 449	--	-2 449	--	--
Non-current lease liabilities	-291	-396	--	-178	-218	--
Non-current liabilities - financial	-99	-99	--	-99	--	--
Non-current liabilities from derivative instruments	-1 118	-2 199	--	-2 199	--	--
Current loans and interest-bearing borrowings	-2 414	-2 509	-2 509	--	--	--
Current lease liabilities	-31	-51	-51	--	--	--
Current liabilities - financial	- 1 911	-1 911	-1 911	--	--	--
Current liabilities from derivative instruments	-5 257	-8 239	-8 239	--	--	--
Total	**-13 309**	**-17 853**	**-12 710**	**-4 925**	**-218**	**--**
Net balance – liquidity risk (financial assets and liabilities)	**-483**	**-1 039**	**1 636**	**-3 890**	**146**	**1 069**

The following table shows the detailed breakdown of the maturity of derivative instruments up to 1 year as at 31 December 2022:

Due	< 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Total up to 1 year
Receivables from derivative instruments	4 691	883	865	1 676	8 115
Liabilities arising from derivative instruments	-3 424	-1 360	-1 301	-2 154	-8 239
Net cash flow from derivative instruments	**1 267**	**-477**	**-436**	**-478**	**-124**

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

At 31 December 2021	Carrying amount	Contractual cash flows	1 year or less	1-5 years	More than 5 years	Undefined maturity/on demand
Assets						
Non-current receivables - financial	252	373	--	--	373	--
Non-current receivables from derivative instruments	1 422	2 340	--	2 340	--	--
Non-current restricted cash	39	39	--	39	--	--
Other current financial assets	373	373	373	--	--	--
Current receivables - financial	6 189	6 189	6 189	--	--	--
Current receivables from derivative instruments	8 856	8 718	8 718	--	--	--
Total	**17 131**	**18 032**	**15 280**	**2 379**	**373**	**--**
Cash and cash equivalents	1 147	1 147	--	--	--	1 147
Liabilities						
Non-current loans and interest-bearing borrowings						
Non-current lease liabilities	-247	-315	--	-155	-160	--
Non-current liabilities - financial	-333	-441	--	-441	--	--
Non-current liabilities from derivative instruments	-2 369	-1 403	--	-1 403	--	--
Current loans and interest-bearing borrowings	-4 685	-4 768	-4 768	--	--	--
Current lease liabilities	-28	-42	-42	--	--	--
Current liabilities - financial	-1 344	-1 344	-1 344	--	--	--
Current liabilities from derivative instruments	-13 547	-8 808	-8 808	--	--	--
Total	**-22 553**	**-17 121**	**-14 962**	**-1 999**	**-160**	**--**
Net balance – liquidity risk (financial assets and liabilities)	**-4 275**	**2 058**	**318**	**380**	**213**	**1 147**

The following table shows the detailed breakdown of the maturity of derivative instruments up to 1 year as at 31 December 2021:

Due	< 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Total up to 1 year
Receivables from derivative instruments	5 103	1 452	761	1 402	8 718
Liabilities arising from derivative instruments	-5 093	-1 122	-1 680	-913	-8 808
Net cash flow from derivative instruments	**10**	**330**	**-919**	**489**	**-90**

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

(e) Capital management

The Company's aim is to keep a strong capital base to maintain creditor and market confidence and sustain future development of own business.

The Company is responsible for managing its capital structure and flexible in responding to potential condition changes in financial markets. With the aim to maintain and protect the strong capital basis, the Company may adjust dividend amount or other shareholders' contributions. The Company aims to maintain an optimal ratio of net debt (loans and bonds, less current loans for the financing of gas inventory and cash and cash equivalents) to equity and the level of assets and liabilities utilising the high rating of the Company to obtain low-cost external funds.

	31/12/2022	31/12/2021
Bank loans and bonds issued	4 602	4 685
Less: current debts for the financing of gas inventory	-2 412	-2 474
Less: cash and cash equivalents	-1 068	-1 147
Net debt (+) / surplus (-)	**1 122**	**1 064**
Total equity	**7 564**	**5 706**
Net debt to equity ratio	**0.15**	**0.19**

(f) Fair value

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value:

	Carrying amount at 31/12/2022		Fair value at 31/12/2022		
	Trading derivatives	Hedging derivatives	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Commodity forwards	4 030	--	--	4 030	--
Commodity futures	784	--	--	784	--
Currency forward	63	--	--	63	--
Interest rate swap	339	--	--	339	--
Financial liabilities measured at fair value					
Currency swap	-16	--	--	-16	--
Commodity forwards	-6 219	--	--	-6 219	--
Commodity futures	-3	--	--	-3	--
Currency forward	-137	--	--	-137	--

Inventory of gas for trading is measured at fair value of CZK 2 142 million under Level 2.

Separate financial statements for the year ended 31 December 2022 (in millions of Czech crowns)

	Carrying amount at 31/12/2021		Fair value at 31/12/2021		
	Trading derivatives	Hedging derivatives	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Commodity forwards	10 019	--	--	10 019	--
Commodity futures	202	--	--	202	--
Interest rate swap	--	57	--	57	--
Financial liabilities measured at fair value					
Currency swap	-5	--	--	-5	--
Commodity swap	--	-38	--	-38	--
Commodity forwards	-13 523	--	--	-13 523	--
Commodity futures	-2 271	--	--	-2 271	--
Currency forward	--	-79	--	-79	--

Inventory of gas for trading is measured at fair value of CZK 4 491 million under Level 2.

The fair values of financial derivatives fulfil the criteria of level 2 in compliance with the IFRS 13 hierarchy (the fair values are derived from market quotations of forward exchange rates, commodity prices and yield curves, however the financial derivatives are not directly traded in active financial markets).

In 2022 and 2021, there were not transfers between individual levels of the fair value hierarchy.

30. Material subsequent events

There were no events subsequent to year end that would have a significant impact on the separate financial statements as at 31 December 2022.

Datum:	Signature of the statutory body:	
19 May 2023	Miroslav Jestřabík	Jiří Ječmen
	Member of the Board of Directors	Member of the Board of Directors

V. Independent auditor's report

Independent Auditor's Report

To the shareholder of MND a.s.

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of MND a.s., with its registered office at Úprkova 807/6, Hodonín (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union, and
- the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2022, and of the Company's separate financial performance and separate cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

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

The Company's separate financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council (the “EU Regulation”) and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the “Audit regulations”). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

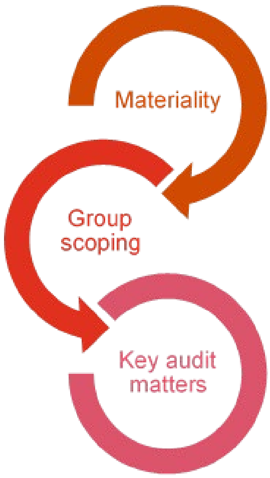
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



The overall materiality for the Group and the Company was set at 0.8% of average total sales for the years 2020 – 2022, which represents approximately CZK 994 million for both the Group and the Company.

We have selected, including the Company, four entities that, in our opinion, based on their size or risk, require a full audit for consolidation purposes and we have performed the audits. The entities we audited accounted for 99% of the Group's total sales. On the remaining subsidiaries we performed audit procedures based on the audit scope described above in order to obtain sufficient audit evidence as a basis for issuing an opinion on the consolidated financial statements of the Group as a whole.

Valuation of financial instruments (consolidated and separate financial statements).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements (together the “financial statements”). In particular, we considered where management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for each set of financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate, on each set of financial statements as a whole.

Overall Group materiality	CZK 994 million
Overall Company materiality	CZK 994 million
How we determined it	Materiality for the Group and the Company was determined as 0.8% of average total sales for the years 2020 – 2022.
Rationale for the materiality benchmark applied	We also considered using profit before tax as a benchmark, but as it is volatile for both the Company and the Group in the recent years (the Company and the Group reached slight profit before tax in 2020, in 2021, the Company showed negative profit before tax and the Group positive and in 2022 both the Company and the Group reached a positive profit before tax), we have assessed total sales as the most suitable usable benchmark, which is also relevant to the specifics of the industry in which the Group operates. We also considered the Group's and the Company's performance measurement, which is primarily oriented on EBITDA and we also considered the value of total assets. To reflect the impact of all these performance and financial position indicators, the basis for determining the materiality level was defined as 0.8% of total sales.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of each set of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial instruments (consolidated and separate financial statements).	
(Consolidated financial statements: see Note 3, para (e) and Note 18 and 30) (separate financial statements: see Note 3, para (e) and Note 16 and 29). The fair value of financial instruments (including mainly commodity forwards and storage capacity contracts) is determined by calculations and models that use common but subjectively selected calculation methods and a range of market and market observable input data. Fair values of these financial instruments, including a description of the calculations, models and significant inputs used by the Group's and the Company's management in determining the fair value are disclosed in Note 18 and 30 to the consolidated financial statements and Note 16 and 29 to the separate financial statements together with other mandatory disclosures in accordance with IFRS 7, 9 and 13.	Our audit procedures around the fair values of these financial instruments were focused on the adequacy of the accounting methodology, the correctness and accuracy of fair value determination and the completeness and accuracy of the data entering the fair value calculations. Our procedures consisted of: • assessment of the accounting methodology; • assessment of the methodology of determination of fair value of particular types of the financial instruments; • verification of market conformity of the input data sample; • testing of internal control focused on the completeness and accuracy of data in the Company's information systems; • testing of the accuracy of data in the Company's information systems on a selected sample; • confirmation of the completeness and existence of financial instruments in the Company's financial statements on a selected sample; • independent recalculation of the financial instruments' fair value on a sample basis; • verification of disclosures in the Notes to the financial statements of the Company and the Group in accordance with IFRS.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on each set of financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, the share of individual subsidiaries on the Group financial position and performance and specifics of the industry in which the Group and the Company operate.

We have selected, including the parent company, four entities that, in our opinion, based on their size or risk, require a full audit performed by a group auditor and we have audited their financial statements in full. The entities we audited accounted for 95% of the Group's total assets and 99% of sales. On the remaining subsidiaries we performed audit procedures based on the audit scope described above in order to obtain sufficient audit evidence as a basis for issuing an opinion on the consolidated financial statements of the Group as a whole.

Other information

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

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

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

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

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

Responsibilities of the board of directors, supervisory board and audit committee of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view 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 Group and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process.

The audit committee of the Company is responsible for monitoring the financial statements' preparation process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 Group and 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 Group or 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee with a statement showing that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Information required by the EU Regulation

In compliance with Article 10(2) of the EU Regulation, we provide the following information, which is required in addition to the requirements of International Standards on Auditing:

Consistency of the audit opinion with the additional report to the audit committee

We confirm that the audit opinion expressed herein is consistent with the additional report to the audit committee of the Company, which we issued today in accordance with Article 11 of the EU Regulation.

Appointment of auditor and period of engagement

We were appointed as the auditors of the Group and the Company for year 2022 by the general meeting of shareholders of the Company on 12 October 2022. Our uninterrupted engagement as auditors of the Group and the Company has lasted for four years.

Provided non-audit services

We declare that the PwC Network has not provided non-audit services to the Company and its subsidiaries that are prohibited under Article 5 (1) of the EU Regulation, as amended by the Czech law following Article 5 (3) of the EU Regulation.

In addition to the statutory audit, the following services were provided by us to the Group that have not been disclosed in the financial statements or annual report:

- Other assurance services provided to MND a.s. by PricewaterhouseCoopers Audit, s.r.o. in the amount of CZK 1,344 thousand and
- Other non-audit services provided to MND Energie a.s. by PricewaterhouseCoopers ČR, s.r.o. in the amount of CZK 577 thousand.

The engagement partner on the audit resulting in this independent auditor's report is Tomáš Frýbort.

19 May 2023

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jan Musil

Tomáš Frýbort
Statutory Auditor, Licence No. 2292