



FACTORING S
České spořitelny

Annual Report 2022

Content

Foreword by the Chairman of the Board of Directors	2
Company's Profile	4
Management Report	5
Financial Statements	7
Independent auditor's report	8
Balance sheet	11
Income statement	13
Cash flow statement	15
Statement of changes in equity	17
Notes to the financial statements	18
Report on Relations	31

Foreword by the Chairman of the Board of Directors

Dear Ladies and Gentlemen,

hereby, I present to you the annual report of Factoring České spořitelny for the year 2022, which was in many perspectives dramatic and brought many unexpected challenges. I am even more pleased that we were able to support our clients under these difficult conditions. Through professional consultancy services and individualized solutions of Supply Chain Financing, we were successful in contributing to strengthening the financial condition and market position of our clients. Thanks to those factors, the year 2022 was one of the most successful years in history, both commercially and financially, for Factoring České spořitelny.

The macroeconomic situation in the Czech Republic in 2022 was significantly influenced by several different factors that caused the economy uncertainty not only in the Czech Republic, but also on financial markets among Europe and worldwide. Energetic crisis caused by ongoing military conflict in Ukraine, as well as shortfalls in the supply of some important commodities for various sectors of industry and the associated increase in the price index of industrial producers, had fundamental impacts. Nevertheless, we managed to significantly exceed our goals for 2022 under these difficult conditions.

In 2022, Factoring České spořitelny continued in dynamic growth of business turnover, which increased by more than 37 % to amount CZK 84 billion. The amount CZK 84 billion represents the record in the entire history of the company. Volume of funding provided to our clients significantly increased to CZK 9.4 billion as at year end 2022. This exceeded the previous year value by more than CZK 1 billion. The market shares increased year-on-year to a value of 29.4 % and the company again significantly strengthened its position on the Czech factoring market. We thus managed to achieve business success even with a very low level of risk costs, a healthy risk appetite when approving new deals, functioning monitoring of the client and customer portfolio, and also thanks to continued beneficial cooperation with commercial credit insurance companies.

Factoring České spořitelny continued in realization of its own medium-term strategies focused on comprehensive financing of supplier-customer relationships, so-called Supply Chain Financing. Thanks to



Karel Nováček

Chairman of the Board of Directors

tailor-made product solutions, we were able to continue with our parent company in widening clients' portfolios in every corporate segments. We are trying to impress clients with quality consultancy focused on optimal management of working capital and efficient use of financing within their supply-customer chains. We constantly invest in the development of modern technologies, automation, and digitization of processes in order to provide clients with greater user comfort and thus a stronger customer experience.

We emphasize compliance with the social and environmental responsibility. Ethical behavior and approach to business are main prerequisites for long-term sustaina-

bility along with the quality of our services. At the same time, we are creating equal opportunities, supporting diversity between our employees and within our social responsibility, we are actively supporting our partners in the form of gifts.

At the end, I would like to say a big “thank you” to all our clients and other business partners for their continued trust and support. I appreciate the long-term excellent cooperation with Česká spořitelna, especially in the area of business activities or joint approach in the area of risk management. I appreciate the determination of all employees of our Company along with their flexibility while performing work tasks. I would also like to thank all my colleagues in the Česká spořitelna Financial Group and Erste Group for their excellent cooperation which was one of the important factors in achieving our excellent results in 2022.

A handwritten signature in blue ink, appearing to be 'K. Nováček', written in a cursive style.

Karel Nováček
Chairman of the Board of Directors

Company's Profile

Company

Factoring České spořitelny, a.s.
Business Identification Number
(ICO): 25629352
incorporated by the Municipal Court
in Prague, Section B, File No. 5075

Registered Office

Budějovická 1912/64b, 140 00 Praha 4-Krč

Date of Incorporation

4 December 1997

Shareholders

Česká spořitelna, a.s. (100 %)

Members of the Board of Directors

Karel Nováček, chairman
Pavel Chlumský, member

Member of the Supervisory Board

Jan Seger, chairman
Jan Jašek, vice-chairman
Roman Pařil, member

Main field of business / Products

Domestic factoring
Export factoring
Import factoring
Reverse factoring
Post Financing
ediFactoring
Administration, collection and monitoring of receivables

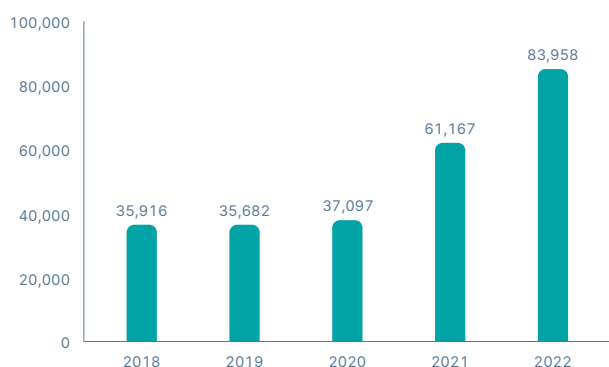
Membership in associations

Česká leasingová a finanční asociace (ČLFA)
Asociace factoringových společností (AFS)
Factors Chain International (FCI)

Changes in key financial indicators

In CZK thousand	2018	2019	2020	2021	2022
Assets from client's accounts receivable financing (Total net Current assets)	8,039,813	7,336,285	8,141,314	10,927,063	12,257,531
Share capital	114,000	114,000	114,000	114,000	114,000
Share premium	80,000	80,000	80,000	80,000	80,000
Capital fund	818,400	818,400	818,400	818,400	1,218,400
Equity	1,198,788	1,234,354	1,277,617	1,326,421	1,861,655
Added value	85,924	81,387	86,066	105,145	119,881
Profit before tax	66,612	58,530	60,328	71,915	176,640
Profit for the current period	53,679	36,321	44,123	49,757	136,264

Gross Turnover of Factoring České spořitelny (in CZK mil.)



Management Report

Regarding the preliminary results, Czech economy experienced in 2022 rise in gross domestic product by 2.5 %, however, in last year's final quarter, it registered its second quarter-on-quarter decline in a row, and the economy entered into recession that will most likely continue into the first half of 2023. Energy crisis caused by the war in Ukraine, continued issues in supply chain and high inflation rate, that reduced household consumption – these are three main factors that influenced Czech economy in previous year. The difficult financing of the Czech economy in crowns was also influenced by the high interest rates on the interbank market and the growth of the industrial producer price index, which reflected the shortage of certain commodities important for various industries.

Factoring industry in the Czech Republic, represented by Association of Factoring Companies grew by almost 22 % year-on-year, and due to faster growth compared to the entire Czech economy, its total share of GDP increased by more than 4 %. This indicator is expected to grow in the upcoming years as well, as it does not reach the normal level in the European Union, in which the ratio of factoring to GDP reached 11.4 % in 2021.

Factoring České spořitelny, again significantly contributed to the overall growth of the factoring market which year-on-year increased the total business turnover from transferred and managed receivables by 37.3 % to a value of almost CZK 84 billion. Both domestic and export factoring equally contributed to dynamic growth in turnover. Clients were mainly interest in off-balance financing in the form of non-recourse factoring. Non-recourse factoring helps clients solve, in addition to financing, administration and collection of receivables from their customers, also insurance against the reluctance or insolvency of their business partners. The reason for the high growth rate of the Company's turnover was the continued development of the client portfolio, especially in the segment of large corporate companies, but medium and small business as well. The amount of turnover was further influenced by the rise in the prices of industrial producers, which increased the nominal value of purchased and receivables. Year 2022 was one of the most successful years in the Company's history, which is also proved by the net profit.

Factoring České spořitelny has been a member of the Česká spořitelna Financial Group. Membership in a strong financial group guarantees the Company with the long-term financial stability for continuing financing of mutual

and other clients and delivers significant synergic effects particularly in the business area, risk management policies and monitoring of receivables.

The priority for the company remains **the continued automation of activities connected both with the streamlining of the company's internal processes and in business or operational communication with clients**. Since 2022, clients can sign documents quickly, securely, and conveniently electronically. We have expanded the possibilities of electronic processing of receivables for clients and made available to clients the possibility of logging into the eFactoring application for multiple representatives of the client, where each person can then personalize the application according to their needs. We have also added comprehensive graphic information that helps clients better manage their financial flows, the development of trade receivables and make the most of factoring financing.

The Company focused on **the further development of business activities**. Thanks to close cooperation with the parent bank's business departments and a focus on individualized solutions for more demanding clientele across the economy, we fulfill the company's strategy to bring significant financial and business effects to clients thanks to Supply Chain Financing programs. In addition to providing classic factoring, complex administration and monitoring of receivables, the Company also focuses on the financing of client's obligations in the form of reverse factoring and the Post Financing product, with maximum support for digitalization of processes.

In 2022, **the risk management department** continued to use the comprehensive risk management concept developed in previous years and to further expand the integration of data on factoring clients and their customers into Česká spořitelna's systems. In the current year, the primary matter was the connection to a system that monitors groups of clients and customers who are linked by the ownership and economy. This closer cooperation with the parent bank led to the minimization of emerging credit and operational risks. Despite the significant increase in the portfolio caused not only by the expansion of existing cooperation and the growth in the number of new clients, thanks to a consistent approach to risk management, the quality of the loan portfolio improved and its greater diversification took place in 2022. It was possible to significantly reduce the value of NPL (non-performing loan) and there is no increase in default cases with an overlap in the

management of Workout. On the contrary, it was possible to resolve some older default cases. Individual problems of clients and their customers were solved individually. There was no common significant negative demand from clients and their customers responding to the current market situation associated with the rise in energy prices and the conflict in Ukraine.

The operation department concentrated on the processing of executed transactions and on providing high quality client service connected to the individual factoring products. High quality of the department's work with the portfolio of ceded receivables significantly reduces the Company's own credit risk and simultaneously enhances the liquidity management and stability of financing of the clients' working capital. The direct influence of the personnel of the operational departments is also a significant measure of client satisfaction with the service provided, even in the context of a highly individual approach to individual clients, even on the basis of adjusting factoring's core business system according to client needs.

In 2022, **the financial department** continued to focus on cost management, compliance with planned criteria and securing financial flows. At the same time, due to the transition of the work method to the remote mode, it participated in the modifications of the internal factoring or accounting system respectively, especially to simplify the processes and minimize the printing of documents. The Company will continue the trend towards digitization. The department is also involved in long-term projects within Česká spořitelna.

The IT department was, as every year, an important link for the smooth functioning of the company. In the course of the year, there was a significant strengthening of user technology both in terms of HW and SW equipment. BCP / Business continuity plans were tested in practice with regard to the lockdown, and the findings from the above were subsequently incorporated into already existing BCPs. The IT department continues to enable stable technical and technological functioning of the company and thereby contributes not only to the high-quality and safe operation of the company, but also to the company's innovation process both in the area of products and technologies, e.g. by the use of electronic signatures based on I.CA in addition to the extension of PostSignum electronic signature according to the conditions of EIDAS.

The company has long emphasized **the principles of social and environmental responsibilities** in relation to clients, employees, shareholders, the social environment, and the environment. We build mutual relationships with clients based on trust, openness, and transparency. We support the professional and personal development of employees, diversity in the workplace, we create equal employment opportunities and positively motivate employees to participate in various charity projects. Through its activities,

the company tries its best not to harm the environment by saving electricity, maximally digitizing documents, using recyclable tools or meticulous sorting of waste. In 2022, Factoring České spořitelna provided a financial donation of CZK 500 thousand through the ČS Foundation to the Loci-ka Center, which focuses on helping traumatized children. The amount will contribute to the creation of a mobile intervention team that will provide psychological assistance to Ukrainian children who have experienced the trauma of the war and found a temporary home in the Czech Republic.

One of the basic prerequisites for future success remains in **close cooperation with the parent bank Česká spořitelna**, quality and professional risk management, flexible response to market needs combined with an innovative approach using technology and maintaining a high standard of services provided to the company's clients.

Financial Statements

Independent Auditor's Report	8
Balance Sheet	11
Income Statement	13
Cash Flow Statement	15
Statement of Changes in Equity	17
Notes to the Financial Statements	18
Report on Relations	31

Translation note

This version of the financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over this translation.



English translation

Independent Auditor's Report

To the shareholder of Factoring České spořitelny, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Factoring České spořitelny, a.s., with its registered office at Budějovická 1912/64b, Praha 4 (the "Company") as at 31 December 2022, and of the Company's financial performance and cash flows for the year ended 31 December 2022 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

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

Basis for opinion

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

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

Independence

We are independent of 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 and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The 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 the financial statements and our auditor's report thereon.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
T: +420 251 151 111, www.pwc.com/cz

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

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 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 Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board 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 Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The supervisory board of the Company is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

31 March 2023

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

Eva Loulová
Statutory Auditor, Licence No. 1981

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.




Balance Sheet

at 31st December 2022

CZK ths.	31. 12. 2022			31. 12. 2021
	Gross	Allowances	Net	Net
Total assets	12,506,370	(241,517)	12,264,853	10,933,308
B. Fixed assets	33,389	(28,404)	4,985	4,421
B.I. Intangible fixed assets	15,686	(13,831)	1,855	1,952
B.I.2. Valuable rights (Royalties)	15,686	(13,831)	1,855	1,952
B.I.2. 1. Software	14,910	(13,055)	1,855	1,952
B.I.2. 2. Other valuable rights	776	(776)	–	–
B.II. Tangible fixed assets	17,703	(14,573)	3,130	2,469
B.II.2. Movable assets and sets of movable assets	17,703	(14,573)	3,130	2,469
C. Current assets	12,470,644	(213,113)	12,257,531	10,927,063
C.II. Receivables	12,467,865	(213,113)	12,254,752	10,923,969
C.II.1. Long-term receivables	34,341	–	34,341	34,177
C.II.1. 4. Deferred tax asset	34,271	–	34,271	34,107
C.II.1. 5. Other receivables	70	–	70	70
C.II.1. 5. 2. Long-term advances granted	70	–	70	70
C.II.2. Short-term receivables	12,433,524	(213,113)	12,220,411	10,889,792
C.II.2. 1. Trade receivables	12,431,846	(213,113)	12,218,733	10,887,282
C.II.2. 4. Other receivables	1,678	–	1,678	2,510
C.II.2. 4. 3. Due from government – tax receivables	497	–	497	1,741
C.II.2. 4. 4. Short-term advances granted	1,181	–	1,181	769
C.IV. Cash	2,779	–	2,779	3,094
C.IV.2. Cash at bank	2,779	–	2,779	3,094
D. Prepayments and accrued income	2,337	–	2,337	1,824
D.1. Prepaid expenses	2,337	–	2,337	1,824

CZK ths.	31. 12. 2022	31. 12. 2021
Total equity & liabilities	12,264,853	10,933,308
A. Equity	1,861,655	1,326,421
A.I. Share capital	114,000	114,000
A.I.1. Share capital	114,000	114,000
A.II. Share premium and capital contributions	1,298,400	898,400
A.II.1. Share premium	80,000	80,000
A.II.2. Capital contributions	1,218,400	818,400
A.II.2. 1. Other capital contributions	1,218,400	818,400
A.III. Reserves from profit	9,369	9,414
A.III.1. Other reserves funds	7,744	7,744
A.III.2. Statutory and other reserves	1,625	1,670
A.IV. Retained earnings/Accumulated losses	303,622	254,850
A.IV.1. Retained earnings/accumulated losses	303,622	254,850
A.V. Profit (loss) for the year (+/-)	136,264	49,757
B.+C. Liabilities + Provisions	10,398,878	9,596,239
B. Provisions	4,685	4,685
B.I.4. Other provisions	4,685	4,685
C. Liabilities	10,394,193	9,591,554
C.II. Current liabilities	10,394,193	9,591,554
C.II.2. Liabilities due to financial institutions	6,528,417	6,355,757
C.II.3. Short-term advances received	560	4,002
C.II.4. Trade payables	3,806,326	3,199,484
C.II.8. Other liabilities	58,890	32,311
C.II.8. 3. Liabilities to employees	2,544	2,135
C.II.8. 4. Liabilities for social and health insurance	1,008	893
C.II.8. 5. Taxes and state subsidies payable	32,372	5,569
C.II.8. 6. Estimated payables	22,966	23,714
D. Accruals and deferred income	4,320	10,648
D.2. Deferred income	4,320	10,648

Prepared on: 23. 3. 2023

Signature of entity's statutory body	Person responsible for accounting	Person responsible for financial statements
		
Karel Nováček	Pavel Chlumský	Lada Jendrichovská

Income Statement

for the year ended 31st December 2022

CZK ths.	Period ended 31. 12. 2022	Period ended 31. 12. 2021
I. Revenue from sale of finished products and services	144,547	125,851
A. Production-related consumption	24,666	20,706
A.2. Consumption of material and energy	2,134	972
A.3. Services	22,532	19,734
D. Personnel expenses	58,800	53,454
D.1. Wages and salaries	43,906	39,398
D.2. Social security and health insurance costs and other costs	14,894	14,056
D.2. 1. Social security and health insurance costs	13,224	12,491
D.2. 2. Other costs	1,670	1,565
E. Value adjustments in respect of operating activities	9,365	(77,862)
E.1. Value adjustments in respect of intangible and tangible fixed assets	1,954	2,343
E.1. 1. Value adjustments in respect of intangible and tangible fixed assets – permanent	1,954	2,343
E.3. Value adjustments in respect of receivables	7,411	(80,205)
III. Other operating income	6,790	2,429
III.1. Income from sale of fixed assets	379	93
III.3. Other operating income	6,411	2,336
F. Other operating expenses	64,821	132,472
F.1. Net book value of fixed assets sold	186	0
F.3. Taxes and charges relating to operations	(49)	76
F.5. Other operating expenses	64,684	132,396
* Profit or loss on operating activities (+/-)	(6,315)	(490)
VI. Interest income and similar income	343,382	109,250
VI.2. Other interest income and similar income	343,382	109,250
J. Interest expense and similar expenses	153,467	31,180
J.I. Interest expense and similar expenses – subsidiaries or parents	153,467	31,180
VII. Other finance income	310	296
K. Other finance cost	7,270	5,961
* Profit or loss on financial activities (+/-)	182,955	72,405
** Profit or loss before taxation (+/-)	176,640	71,915
L. Income tax	40,376	22,158
L.1. Income tax due	40,540	20,153
L.2. Income tax deferred (+/-)	(164)	2,005
** Profit or loss after taxation (+/-)	136,264	49,757
*** Profit or loss for the year (+/-)	136,264	49,757
* Net turnover	495,029	237,826

Prepared on: 23. 3. 2023

Signature of entity's statutory body

**Person responsible
for accounting**

**Person responsible
for financial statements**



Karel Nováček



Pavel Chlumský



Lada Jendrichovská







Lada Jendrichovská

Cash Flow Statement

for the year ended 31st December 2022

CZK ths.	Period ended 31. 12. 2022	Period ended 31. 12. 2021
Cash flows from operating activities		
Z. Profit or loss on ordinary activities before taxation (+/-)	176,640	71,915
A.1. Adjustments for non-cash movements	(151,083)	114,428
A.1. 1. Depreciation and amortization of fixed assets and write-off of receivables	32,305	110,576
A.1. 2. Change in allowances	6,720	82,016
A.1. 3. Profit/loss from sales of fixed assets	(193)	(93)
A.1. 5. (Gain)/Loss on disposal of fixed assets	(189,915)	(78,070)
A* Net cash from operating activities before taxation, changes in working capital and extraordinary items	25,557	186,343
A.2. Change in non-cash components of working capital	(747,994)	(2,615,128)
A.2. 1. Change in receivables and prepayments	(1,371,645)	(3,000,048)
A.2. 2. Change in payables and accruals	623,651	384,920
A** Net cash from operating activities before taxation, interest paid and extraordinary items	(722,437)	(2,428,785)
A.3. Interest paid	(153,467)	(31,180)
A.4. Income tax paid	322,502	109,250
A.5. Income tax paid	(16,216)	(15,222)
A*** Net cash provided by (used in) operating activities	(569,618)	(2,365,937)
Cash flows from investing activities		
B.1. Purchase of fixed assets	(2,706)	(1,096)
B.2. Proceeds from sale of fixed assets	379	93
B*** Net cash provided by (used in) investing activities	(2,327)	(1,002)
Cash flows from financing activities		
C.1. Change in long-term liabilities, and long-term and short-term loans	172,660	2,350,770
C.2. 3. Other cash contributions received from shareholders	400,000	-
C.2. 5. Direct payments from funds	(1,030)	(953)
C*** Net cash provided by (used in) financing activities	571,630	2,349,818
F. Net increase (decrease) in cash	(315)	(17,122)
P. Cash and cash equivalents at beginning of year	3,094	20,216
R. Cash and cash equivalents at end of year	2,779	3,094

Prepared on: 23. 3. 2023





Signature of entity's statutory body	Person responsible for accounting	Person responsible for financial statements	
			
Karel Nováček	Pavel Chlumský	Lada Jendrichovská	Lada Jendrichovská

Statement of Changes in Equity

for the year ended 31st December 2022

CZK ths.	Share Capital	Share Premium	Other Capital Funds	Reserve fund, indivisible fund, other funds from profit	Retained Earnings	Profit for the Period	Total
As at 1 January 2021	114,000	80,000	818,400	9,386	211,708	44,123	1,277,617
Distribution of profit	-	-	-	981	43,142	(44,123)	0
Distribution of funds	-	-	-	(953)	-	-	(953)
Profit for the period	-	-	-	-	-	49,757	49,757
As at 31 December 2021	114,000	80,000	818,400	9,414	254,850	49,757	1,326,421
As at 1 January 2022	114,000	80,000	818,400	9,414	254,850	49,757	1,326,421
Distribution of profit	-	-	-	985	48,772	(49,757)	0
Distribution of funds	-	-	-	(1,030)	-	-	(1,030)
Profit for the period	-	-	-	-	-	136,264	136,264
Contributions	-	-	400,000	-	-	-	400,000
As at 31 December 2022	114,000	80,000	1,218,400	9,369	303,622	136,264	1,861,655

Prepared on: 23. 3. 2023

Signature of entity's statutory body	Person responsible for accounting	Person responsible for financial statements
		
Karel Nováček	Pavel Chlumský	Lada Jendrichovská
		
		Lada Jendrichovská

Notes to the Financial Statements

for the year ended 31st December 2022

1. General information

1.1 Incorporation and Description of the Business

Factoring České spořitelny, a.s. (hereinafter the “Company”) was recorded in the Register of Companies held at the Prague Municipal Court on 4 December 1997 in Volume B, File 5075. The Company’s primary business activities are: factoring and forfeiting services which account for most of the Company’s revenues.

The Company’s registered office is located at Budějovická 1912/64B, 140 00 Prague 4.

The Company’s subscribed and paid-up share capital amounts to CZK 114,000 thousand.

The accompanying financial statements have been prepared as at 31 December 2022.

The sole shareholder of the Company is Česká spořitelna, a.s., with its registered office in Prague 4, Olbrachtova 1929/62, postal code 140 00, Business registration No. 45244782. The ultimate parent company is Erste Group Bank AG. The Company is included in the consolidated group of the sole shareholder and the ultimate parent. The consolidated financial statements under International Accounting Standards for the smallest group in the Erste Bank Group (Česká spořitelna Financial Group), of which the Company forms a part, are prepared by the parent company Česká spořitelna, a.s. and published on its website. The consolidated financial statements for whole and the largest Erste Group Bank are prepared by Erste Group Bank AG, headquartered in Austria and published on its website.

1.2 Organisational Structure

At the end of 2022, the Company had 41 employees including two executive directors and two members of the Board of Directors by virtue of performing their duties and 3 members of the Supervisory Board. The Company is organized into four units as follows: - (i) Management including Secretariat, (ii) Sales and Marketing department, (iii) Risk Management department, (iv) Operations and Business development department. In 2022, Mr. Pavel Chlumecký was re-elected as a member of the Board of directors starting from the 1st of July 2022. In the case of the Supervisory Board, Mr. Roman Pařil was re-elected as a member starting from the 1st of January 2022 and on the 2nd of August 2022 Mr. Jan Jašek was re-elected as

vice-chairman. No other changes were entered into the commercial register during 2022.

As at 31 December 2022, members of the Company’s statutory bodies were as follows:

Board of Directors	
Chairman	Karel Nováček
Member	Pavel Chlumský
Proxy holders	
	Michael Jehlička
	Martin Štěpka
	Jiří Jarmar
Supervisory Board	
Chairman	Jan Seger
Vice-Chairman	Jan Jašek
Member	Roman Pařil

1.3 Current economic situation

The current economic situation is being impacted mainly by the war in Ukraine which broke out on 24 February 2022, including the related sanctions against Russia, then by disrupted supply chains, an energy crisis, uncertainty on the commodities and financial markets and finally by negative trends in key macroeconomic indicators with consequences on business, such as the inflation rate, growth of interest rates, volatility of foreign exchange rates and others.

The Company’s management has evaluated the impact of the current economic situation on its business with the following conclusion: Thanks to business results and capital equipment, the Company has sufficient strength to continue operating successfully in the current economic situation.

2. Summary of significant accounting policies

The accompanying financial statements (non-consolidated) were prepared in accordance with the Czech Act on

Accounting and the related guidelines as applicable for 2022.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost basis, the accrual principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ("CZK"), unless stated otherwise.

2.1 Tangible and Intangible Fixed Assets

Valuation

Tangible fixed assets include assets with an estimated useful life greater than 1 year and an acquisition cost higher than CZK 40 thousand on an individual basis.

Intangible fixed assets are assets with a separate technical and economic purpose including identifiable assets without physical substance with an estimated useful life greater than 1 year and a cost higher than CZK 60 thousand.

Purchased tangible and intangible fixed assets are valued at cost which comprises of the purchase price and incidental acquisition costs (assembly, freight, etc.).

Tangible assets with a cost lower than CZK 40 thousand, technical improvements with a cost below CZK 40 thousand and intangible assets with a cost below CZK 60 thousand are charged into expenses in the period in which they are acquired.

The cost of technical improvements exceeded CZK 40 thousand in aggregate for tangible and CZK 60 thousand for intangible assets, for the period increases the acquisition cost of the related fixed asset, if completed. Technical improvements are put into operation after completion and depreciation starts in the following month after the recognition of technical improvement.

Depreciation and Amortization for Accounting Purposes

Depreciation and amortization of tangible and intangible fixed assets for accounting purposes commences in the month following the month when the assets were put into use. The assets are depreciated/amortized using the straight-line method over their estimated useful lives based on the depreciation/amortization plan.

The depreciation/amortization periods of the individual categories of assets are as follows:

Category of assets	Period in years
Software, licences and other intangible assets	4
Vehicles	4
Machinery and equipment	4–6
Other equipment	4–12
Technical improvements to leased building	8

Depreciation and amortization periods are set according to estimated useful life of the related asset.

2.2 Receivables

Upon origination, receivables are stated at their nominal value. Doubtful and bad debts are subsequently reduced by the relevant allowances.

The Company accounts for factoring receivables on a "gross" and "net" basis depending on the product and specific terms of contracts. Gross method is used in cases where the Company provides financial instruments as short-term financial borrowings to the client (recourse factoring). Net method is used in cases where provided financial instruments represent payment for the cession of receivables (non-recourse factoring).

Factoring receivables accounted on "gross" basis are recognized in nominal amount as short-term trade receivables from business relationships. The nominal value of receivables is also recognised as trade receivables. The related payables to suppliers, the clients of the Company, are recognized as short-term trade payables.

Factoring receivables accounted on "net" basis are recognized in nominal value as short-term receivables and also as short-term trade payables. The difference between the nominal value and amount of provided financing is recognised as short term payables.

Allowances for receivables

The Company has created portfolio allowances for receivables on the expected loss basis (EL), considering client and customer ratings to determine the probability of default used in the model.

In the case of individual workout receivables, the company creates specific allowances based on the future expected cash inflows.

2.3 Equity

The share capital of the Company is stated at the amount recorded in the Register of Companies maintained by the Municipal Court. Any increase or decrease in the share capital made pursuant to the decision of the General Meeting which was not entered in the Register of Companies as at the balance sheet date is recorded through

changes in share capital. Contributions exceeding share capital are recorded as share premium. Other capital funds consist of monetary and non-monetary contributions in excess of share capital and contributions from profit after tax.

2.4 Loans

Loans are reported at their nominal value. Interest expenses on these loans are accrued and included in the profit or loss for the year they relate to.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

2.5 Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits, where 'probable' means a probability of greater than 50%, and a reasonably reliable estimate can be made of the amount of the obligation. Provisions are used exclusively for the purposes they were created for. Provision balances are reviewed annually, and provisions are released, adjusted or carried forward based on the review results.

2.6 Translation of Foreign Currencies

Foreign Currencies Transactions during the year are translated using a daily exchange rate reflecting the Czech National Bank ("CNB").

As at the balance sheet date, all foreign currency assets and liabilities are retranslated using the existing CNB foreign exchange rate as at that date and any resulting translation gains and losses are recorded through the current year's financial income or financial expense, as appropriate.

2.7 Taxation

2.7.1 Current Tax Payable

The current tax expense is based on taxable profit. Taxable profit differs from net profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Depreciation of fixed assets included in 1-3 depreciation group for tax purposes is calculated using the accelerated method. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

2.7.2 Deferred Tax

Deferred taxation is calculated from all temporary differences between the tax and carrying amounts using the income tax rate that is expected to apply in the tax period

when the deferred tax liability is settled, or the deferred tax asset is realized. The deferred tax asset is recognized only if it is likely to be offset against taxable income.

2.8 Cash

Cash is defined as cash in hand, cash in bank or deposits payable on demand within 3 months.

2.9 Revenues

Factoring fees are presented within Sales of own products and services. In addition, this caption includes income from know-how and other income relating to reinvoicing of services.

Interest from provided financing is recognised as Interest income. Interest income includes interest from provided short-term financial assistance and advances for assigned receivables.

Revenues are recognised on an accrual basis, that is, they are recognized in the periods in which it relates in substance and time.

2.10 Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management of the Company made these estimates and assumptions based on all available relevant data. However, since they are still estimates and actual results and outcome in the following reporting periods may differ.

2.11 Subsequent Events

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

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

3. Risk management

Risks associated with the funding of ceded receivables are mitigated by using the services of insurance companies and by cooperating with partners within the international association of factoring companies (FCI). The Company places specific emphasis on the significance of diversifying the receivable portfolio which allows for the amounts

recovered to sufficiently cover the partial payments made to clients and allow the Company to exercise a lien.

As part of operational risk management, the company observes measures and work procedures designed to constantly improve operational risk management over time and eliminate fraudulent activities by client as much as possible.

The Company performs a regular assessment of the impact of exchange rate risk on the business result and on an ongoing basis takes measures to eliminate them. The Company uses natural currency risk hedging in the form of overdrafts in foreign currencies in a similar amount to its foreign currency receivables.

Regarding interest rate risk, the Company uses monthly rates both for assets and liabilities.

At the beginning of 2020, the existence of a new coronavirus (Covid-19) was confirmed, which spread all over the world, including the Czech Republic and caused the disruption of many businesses and economic activities, which further affected the year 2021. During 2022, there was a gradual renewal of supplier chains and economic activities were normalized. The impact of the Covid-19 disease on the economy is steadily decreasing, and it can be expected that in 2023 the impact of the disease on business and economic activities will be negligible.

4. Additional information on the balance sheet and the income statement

4.1 Intangible Fixed Assets

Cost

(CZK thousand)	Balance at 1. 1. 2021	Additions	Disposals	Balance at 31. 12. 2021	Additions	Disposals	Balance at 31. 12. 2022
Software	13,871	439	0	14,310	600	0	14,910
Licenses and other	776	0	0	776	0	0	776
Total	14,647	439	0	15,086	600	0	15,686

Accumulated Amortisation and Provisions

(CZK thousand)	Balance at 1. 1. 2021	Additions	Disposals	Balance at 31. 12. 2021	Additions	Disposals	Balance at 31. 12. 2022
Software	11,657	701	0	12,358	697	0	13,055
Licenses and other	776	0	0	776	0	0	776
Total	12,433	701	0	13,134	697	0	13,831

Net Book Value

(CZK thousand)	Software	License and other	Total
Balance at 1. 1. 2021	2,214	0	2,214
Balance at 31. 12. 2021	1,952	0	1,952
Balance at 31. 12. 2022	1,855	0	1,855

4.2 Tangible Fixed Assets

Cost

(CZK thousand)	Balance at 1. 1. 2021	Additions	Disposals	Balance at 31. 12. 2021	Additions	Disposals	Balance at 31. 12. 2022
Machinery and equipment	10,844	281	0	11,125	804	0	11,929
Vehicles	5,452	374	(289)	5,537	1,303	(1,065)	5,775
Total	16,296	655	(289)	16,662	2,106	(1,065)	17,703

Accumulated Depreciation

(CZK thousand)	Balance at 1. 1. 2021	Additions	Disposals	Balance at 31. 12. 2021	Additions	Disposals	Balance at 31. 12. 2022
Machinery and equipment	9,759	597	0	10,356	329	0	10,685
Vehicles	3,083	1,043	(289)	3,837	930	(879)	3,888
Total	12,842	1,640	(289)	14,193	1,260	(879)	14,573

(CZK thousand)	Machinery and equipment	Vehicles	Total
Balance at 1. 1. 2021	1,085	2,369	3,454
Balance at 31. 12. 2021	769	1,700	2,469
Balance at 31. 12. 2022	1,243	1,887	3,130

The Company acquired tangible assets of CZK 402 thousand that were charged directly to expenses in 2022 (2021: CZK 230 thousand). These assets are low value tangible assets up to CZK 40 thousand.

4.3 Receivables

4.3.1 Long-Term Receivables – Deferred Tax Assets

For detailed information about deferred tax assets refer to Note 4. 16.

4.3.2 Short-Term Receivables

(CZK thousand)	Balance at 31. 12. 2021	Balance at 31. 12. 2022
Trade receivables	10,887,282	12,218,733
– Customers (factoring)	9,553,591	10,661,190
– Recourse factoring	2,469,672	2,777,941
– Non-resource factoring	6,938,984	7,751,823
– Other	144,935	131,426
– Prepayments made	1,540,084	1,770,656
– Allowances	(206,393)	(213,113)
Due from government - (+) tax receivables /(-) payables	1,741	497
Short-term advances granted	769	1,181
Total	10,889,792	12,220,411

The above receivables represent mainly factoring receivables, which are reported in the balance sheet as 'Trade receivables'.

In the above-mentioned overview, the trade receivables represent the nominal value of factoring receivables, and pre-payments made include a short-term financial assistance provided to clients within the recourse factoring.

In 2022, several insolvency proceedings were completed, and the Company wrote off fully settled receivables in the amount of CZK 35,182 thousand for reasons of irrecoverability (2021: CZK 78,208 thousand) and sold receivables in the amount of CZK 0 thousand (2021: CZK 33,009 thousand).

The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

4.3.3 Aging of Trade Receivables

(CZK thousand)	Category	Not yet due					Overdue	Total
		1-30 days	31-60 days	61-90 days	91-365 days	Over 365 days		
2022	Trade receivables	11,032,939	1,113,328	143,341	16,895	24,067	101,276	12,431,846
	Allowances – specific	(3,080)	0	(370)	(370)	(3,702)	(52,683)	(60,206)
	Allowances – portfolio	(152,907)						(152,907)
2021	Trade receivables	9,814,699	823,921	117,986	48,313	13,147	276,447	11,094,514
	Allowances – specific	(7,760)	0	(370)	(370)	(3,899)	(112,636)	(125,036)
	Allowances – portfolio	(81,357)						(81,357)

The average maturity of receivables from customers of the Company's factoring clients in 2022 was 57 days (2021: 60 days).

In accordance with the method of creating allowances for accounting purposes, which are part of the accounting allowances listed below, based on calculation of expected loss (EL) from the financing placed with clients – see note 2. 2. – the Company created portfolio allowances of CZK 152,907 thousand as at 31 December 2022 (2021: CZK 81,357 thousand). Rated correction items as at 31 December 2022 amounted to CZK 60,206 thousand (2021: CZK 125,036 thousand).

Total balance of non-deductible tax allowances amounting to CZK 185,570 thousand as at 31 December 2022 (2021: CZK 172,196 thousand). Deductible tax allowances have been set aside of CZK 27,543 thousand as at 31 December 2022 (2021: CZK 34,197 thousand). Deductible tax allowances are created against receivables from customers of the Company's clients which have been ceded to the Company as well as the Company's own receivables from clients, in cases of bankruptcy proceedings of these entities.

In 2022, allowances were used in the amount of CZK 35,182 thousand (2021: CZK 112,114 thousand) for the write-off of receivables written off due to completed insolvency proceedings and sold receivables.

Changes in allowance accounts (CZK thousand):

Allowances against:	Balance at 1. 1. 2022	Allowance creation	Allowance used	Release of allowance	Rvaluation	Balance at 31. 12. 2022
Receivables – legal	34,197	0	(5,849)	(215)	(590)	27,543
Receivables – other (individual)	90,840	5,253	(25,931)	(37,380)	(118)	32,663
Receivables – other (portfolio)	81,356	87,272	0	(15,722)	0	152,906
Total	206,393	92,525	(31,780)	(53,317)	(708)	213,113

Allowances against:	Balance at 1. 1. 2022	Allowance creation	Allowance used	Release of allowance	Rvaluation	Balance at 31. 12. 2022
Receivables – legal	83,692	0	(47,013)	(1,208)	(1,274)	34,197
Receivables – other (individual)	161,843	961	(65,101)	(6,327)	(536)	90,840
Receivables – other (portfolio)	42,874	41,975	0	(3,493)	0	81,356
Total	288,409	42,936	(112,114)	(11,028)	(1,810)	206,393

4.4 Cash

Cash at bank includes balances on current accounts payable on demand.

4.5 Prepayments and accrued income

Prepayments and accrued income consist of deferred expenses, in particular due to bank guarantee fees, and are recognised in the period to which they relate.

4.6 Equity

4.6.1 Share Capital

The subscribed, paid-up and registered share capital amounts to CZK 114,000 thousand and consists of 76 shares at a nominal value of CZK 1,500 thousand per share.

The shareholder provided the Company with a share premium of CZK 80,000 thousand and a contribution of CZK 1,218,400 thousand in excess of the share capital (2021: CZK 818,400 thousand).

The shares are registered and carry voting rights but are not publicly traded.

4.6.2 Distribution of Profit for 2021

On 24 May 2022, the Company's sole shareholder, exercising the powers of the General Meeting, approved the distribution of the 2021 profit totalling CZK 49,757 thousand and allocated CZK 985 thousand to the social fund and transferred CZK 48,772 thousand to retained earnings, that amounted to CZK 303,622 thousand as at 31 December 2022 (2021: CZK 254,850 thousand). The Company did not pay any profit share in 2022.

For the accounting period ending 31 December 2022, the Company generated profit after tax in the amount of CZK 136,264 thousand. The Company's board of directors has not yet decided on the proposal to pay a dividend and proposes to transfer the entire profit for 2022 to retained earnings. The 2022 profit distribution proposal is subject to approval by single shareholder.

4.7 Provisions

The Company recognizes only a provision for potential legal disputes in the amount of CZK 4,685 thousand (2021: CZK 4,685 thousand).

4.8 Liabilities

4.8.1 Current Liabilities

(CZK thousand)	Balance at 31. 12. 2021	Balance at 31. 12. 2022
Amount due to credit institutions	6,355,757	6,528,417
Trade payables (factoring)	3,199,484	3,806,886
– Recourse factoring	2,488,987	2,792,229
– Non-recourse factoring	615,786	856,452
– Other	94,711	158,205
Short-term advances received	4,002	560
Other liabilities	32,311	58,890
– Liabilities to employees	2,135	2,544

– Liabilities arising from social security and health insurance	893	1,008
– Due to government – taxes and subsidies	5,569	32,372
– Estimated payables	23,714	22,966
Total	9,591,554	10,394,193

Amounts due to credit institutions represent in particular bank loans and overdrafts. For more details – see Note 4. 8. 2.

Trade payables represent expected payments in respect of ceded receivables from the Company's clients under non-recourse factoring and the aggregate number of ceded receivables under recourse factoring.

Estimated payables predominantly include estimates for payroll costs, social security and health insurance, deferred expenses and estimates of operating services which have not yet been invoiced.

Due to the nature of factoring services, payables are paid after the client becomes entitled to the payment. The Company records no overdue payables.

There are no liabilities with material guarantees and with maturity over 5 years.

The Management of the Company is not aware of any contingent liabilities of the Company as at 31 December 2022.

4.8.2 Bank Loans and Borrowings

2022 (CZK thousand)					
Bank	Purpose	Interest rate	Maturity	Collateral form	Balance at 31. 12. 2022
Česká spořitelna	Operating – overdraft GBP	1M SONIA + risk margin	31. 8. 2023	Uncollateralised	13,527
Česká spořitelna	Operating – overdraft JPY	1M TONAR + risk margin	31. 8. 2023	Uncollateralised	5,061
Česká spořitelna	Operating – overdraft PLN	1M Wibor + risk margin	31. 8. 2023	Uncollateralised	1,287
Česká spořitelna	Operating – current account CZK	1M Pribor + risk margin	31. 8. 2023	Uncollateralised	1,600,000
Česká spořitelna	Operating – overdraft CZK	1M Pribor + risk margin	31. 8. 2023	Uncollateralised	756,114
Česká spořitelna	Operating – overdraft USD	1M SOFR + risk margin	31. 8. 2023	Uncollateralised	67,109
Česká spořitelna	Operating – current account EUR	1M Euribor + risk margin	31. 8. 2023	Uncollateralised	3,858,400
Česká spořitelna	Operating – overdraft EUR	1M Euribor + risk margin	31. 8. 2023	Uncollateralised	226,919
Total intercompany bank loans					6,528,417
Total bank loans and borrowings					6,528,417

2021 (CZK thousand)					
Bank	Purpose	Interest rate	Maturity	Collateral form	Balance at 31. 12. 2021
Česká spořitelna	Operating – overdraft GBP	1M Libor + risk margin	31. 12. 2021	Uncollateralised	5,615
Česká spořitelna	Operating – overdraft JPY	1M Libor + risk margin	31. 12. 2021	Uncollateralised	9,093
Česká spořitelna	Operating – overdraft PLN	1M Wibor + risk margin	31. 12. 2021	Uncollateralised	10,715
Česká spořitelna	Operating – current account CZK	1M Pribor + risk margin	31. 12. 2021	Uncollateralised	1,700,000

Česká spořitelna	Operating – overdraft CZK	1M Pribor + risk margin	31. 12. 2021	Uncollateralised	522,727
Česká spořitelna	Operating – overdraft USD	1M Libor + risk margin	31. 12. 2021	Uncollateralised	95,101
Česká spořitelna	Operating – current account EUR	1M Euribor + risk margin	31. 12. 2021	Uncollateralised	3,853,300
Česká spořitelna	Operating – overdraft EUR	1M Euribor + risk margin	31. 12. 2021	Uncollateralised	159,206
Total intercompany bank loans					6,355,757
Total bank loans and borrowings					6,355,757

The Company paid interest from these loans of CZK 153,467 thousand (2021: CZK 31,180 thousand).

4.9 Accruals and deferred income

Accruals and deferred income mainly include accrued interest on repayment schedules, which are paid by debtors only after the payment of principal due (these are older work-out cases) and operating liabilities.

4.10 Assets and Liabilities in Foreign Currencies (Gross)

31. 12. 2022 (CZK thousand)	CZK	USD	EUR	PLN	GBP	Other	Total
Short term receivables	6,454,549	90,731	5,849,323	15,012	18,476	5,433	12,433,524
Short – term financial assets	2,689	–	89	–	–	1	2,779
Prepayments and accrued income	2,337	–	–	–	–	–	2,337
Total	6,459,575	90,731	5,849,412	15,012	18,476	5,434	12,438,640

Current liabilities	2,283,858	32,802	1,542,534	3,398	3,184	–	3,865,776
Bank loans and borrowings	2,356,114	67,109	4,085,319	1,287	13,527	5,061	6,528,417
Accruals and deferred income	4,320	–	–	–	–	–	4,320
Total	4,644,293	99,911	5,627,853	4,685	16,711	5,061	10,398,514

31. 12. 2021 (CZK thousand)	CZK	USD	EUR	PLN	GBP	Other	Total
Short term receivables	5,759,639	110,275	5,184,287	22,793	9,819	9,373	11,096,185
Short – term financial assets	2,911	–	182	–	–	–	3,094
Prepayments and accrued income	1,824	–	–	–	–	–	1,824
Total	5,764,374	110,275	5,184,469	22,793	9,819	9,373	11,101,103

Current liabilities	2,129,958	26,479	1,074,493	3,215	1,652	–	3,235,797
Bank loans and borrowings	2,222,727	95,101	4,012,506	10,715	5,615	9,093	6,355,757
Accruals and deferred income	10,648	–	–	–	–	–	10,648
Total	4,363,333	121,580	5,087,000	13,930	7,266	9,093	9,602,202

4.11 Income from ordinary activity by principal activity

(CZK thousand)	2021			2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Income from fees	121,686	3,178	124,864	140,341	3,264	143,605
Advisory services	–	987	987	–	942	942
Production	121,686	4,165	125,851	140,341	4,206	144,547

Fees represent bonuses. Advisory services include income from the lease of the information system within the Group.

4.12 Production consumption

(CZK thousand)	2021	2022
Consumption of material	597	537
Consumption of energy and fuel	375	1,597
Total costs of material, energy and fuels	972	2,134

(CZK thousand)	2021	2022
Legal and notarial services	1,810	1,180
Factoring fee	3,871	5,522
External audit	551	605
Rent	4,280	4,484
Outsourcing expenses	3,023	3,177
Marketing expenses	308	75
Repairs and maintenance	2,468	2,483
Travelling	43	133
Training	84	121
Other services	3,297	4,752
Total costs of services	19,735	22,532

4.13 Wages and salaries

4.13.1 Wages and salaries and Number of Employees

The following tables summarize the average number of the Company's employees and managers and staff cost for the years 2022 and 2021:

2022 (CZK thousand)	Number	Wages	Social security and health insurance	Other expenses	Personnel and related expenses
Employees	39	31,706	10,343	1,368	43,417
Management	4	12,200	2,881	302	15,383
Total	43	43,906	13,224	1,670	58,800

2021 (CZK thousand)	Number	Wages	Social security and health insurance	Other expenses	Personnel and related expenses
Employees	38	32,091	10,280	1,287	43,658
Management	4	7,307	2,211	278	9,796
Total	42	39,398	12,491	1,565	53,454

The number of employees is based on average status. Wages and salaries include remuneration to the members of statutory bodies and executive directors. Personnel expenses of management of the Company include expenses on members of the Board of Directors and for the executive directors of the Company, who are also Proxy holders.

In 2021 and 2022, the Company was involved in the Erste employee share program, where each employee is given a certain number of Erste Bank Group AG shares. In this connection, the Company recorded a provision in the amount of CZK 941 thousand in 2022 (2021: CZK 663 thousand).

4.13.2 Loans, Borrowings, and Other Benefits Provided

Senior employees are provided with benefits in addition to their basic salaries (for example vehicles/other assets for both business and private purposes). This amount which increases the tax base of employees amounted to CZK 696 thousand in 2022 (2021: CZK 264 thousand).

In 2022 and 2021, the Company did not provide any loans or credits to the members of the Board of Directors and the Supervisory Board.

4.14 Other Operating Income and Expenses

(CZK thousand)	2021	2022
Other operating income	2,429	6,790
Income from sale of fixed assets	93	379
Other operating income	2,336	6,411
Other operating expenses	(132,472)	(64,821)
The residual value of the fixed assets sold	–	(186)
Insurance	(20,016)	(28,384)
Write-off of receivables and assignment of receivables	(111,217)	(35,182)
Other operating costs	(1,239)	(1,069)
Total other operating result	(130,043)	(58,031)

Information on write-offs and assignment of receivables from business activity is also described in note 4. 3. 2.

4.15 Interest and Other Financial Income and Expenses

(CZK thousand)	2021	2022
Interest income – domestic	106,983	337,706
Interest income – foreign	2,267	5,676
Interest expense to related parties	(31,180)	(153,467)
Other financial income	296	310
Other financial expense	(1,654)	(1,735)
Foreign exchange gains/losses (+/-)	(4,307)	(5,535)
Total other financial result	(5,665)	(6,960)
Total result of financial activities	72,405	182,955

Interest income includes interest from prepayments made under factoring arrangements. The Company realised interest expenses only with related parties.

4.16 Current and Deferred Income Tax

Current Tax

(CZK thousand)	2021	2022
Current Tax	20,143	40,530
Tax assessment for previous accounting period	10	10
Total	20,153	40,540

The tax charge for 2022 and 2021 can be reconciled to the profit per the income statement as follows:

(CZK thousand)	2021	2022
Profit before tax	71,915	176,640
Tax at the local income tax rate of 19% (2020: 19 %)	13,664	33,562
Tax effect of non-deductible expenses	8,625	9,562
Tax effect of non-taxable income	(2,146)	(2,594)
Additional assessment / tax refund of taxes for prior periods	10	10
Current tax payable	20,153	40,540
Deferred tax	2,005	(164)
Total tax	22,158	40,376

Deferred Tax

The deferred tax asset can be analysed as follows:

Deferred tax arising from (CZK thousand):	Balance at 31. 12. 2021	Balance at 31. 12. 2022
Depreciation and amortization of fixed assets	(459)	(444)
Allowance for receivables	31,967	32,766
Accrued expenses for wages, social security and health insurance	2,599	1,949
Total deferred tax asset	34,107	34,271

Balance change analysis (CZK thousand):	Balance at 31. 12. 2021	Balance at 31. 12. 2022
Opening balance	36,112	34,107
Current changes charged against the income statement	(2,005)	164
Total deferred tax asset	34,107	34,271

5. Related party information

5.1 Mutual relations with the parent company

As the Company is a member of the Česká spořitelna, a.s. Group, its cooperation with the parent company continued during 2022 and 2021, both with respect to acquisitions and to raising finance from entities outside the Group to provide funding for other transactions.

As of the 31st of December 2022, assets from Česká spořitelna, a.s. amounted to CZK 4,187 thousand (2021: CZK 4,144 thousand). These are mainly receivables from the active balance on the overdraft account and also balances on current accounts and business relations - provided advances and others.

As of the 31st of December 2022, payables to the parent company amounted to CZK 6,530,216 thousand (2021: CZK 6,356,711 thousand). These amounts mainly represent bank loans and balances on overdraft accounts and unbilled deliveries.

For the year 2022, the Company recorded expenses in relation to Česká spořitelna in the aggregate amount of CZK 163,291 thousand (2021: CZK 39,882 thousand). These predominantly included interest on received loans, outsourcing and rental expenses.

Revenues of CZK 3,032 thousand (2021: CZK 2,932 thousand), relate to interest and fees received from Česká spořitelna.

5.2 Mutual relations with other related parties

Bank and trade receivables to Slovenská sporiteľňa, a.s. amounted to CZK 85 thousand (2021: CZK 81 thousand) and to Erste & Steiermärkische Bank amounted to CZK 5 thousand (2021: CZK 5 thousand). In 2022, liabilities to Procurement Services CZ which arise from the business relationship, amounted to CZK 7 thousand (in 2021: CZK 8 thousand).

With respect to related party Slovenská sporiteľňa, a.s., the Company recognised revenues from the rental of the information system amounted to CZK 883 thousand (2021: CZK 925 thousand). With respect to related party Erste & Steiermärkische Bank recognised revenues amounted to CZK 59 thousand (2021: CZK 62 thousand).

For the year 2022, the Company recorded expenses in relation to related party Slovenská sporiteľňa, a.s. amounted to CZK 7 thousand (2021: CZK 5 thousand) and to Procurement Services CZ, s.r.o. (Group procurement services) recorded expenses of CZK 70 thousand (2021: CZK 93 thousand). In relation to Erste & Steiermärkische Bank recorded expenses amounted to CZK 0 thousand (in 2021: CZK 1 thousand). The company used the services of Leasing Česká spořitelna, a.s. when managing a motor vehicle in the amount of CZK 1 thousand (2021: CZK 0 thousand).

6. Contingent liabilities and off-balance sheet commitments

The Company has no contingent liabilities or off-balance sheet commitments.

The Company is involved in no legal disputes, the outcome of which would significantly impact the Company's financial statements.

7. Subsequent events

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2022.

Prepared on 23. 3. 2023.

Signature of accounting entity's statutory body:



Karel Nováček



Pavel Chlumský

Report on Relations

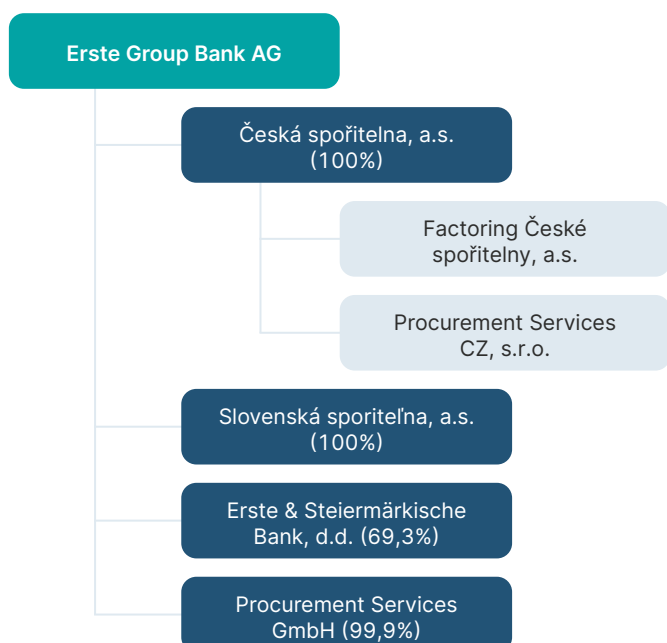
between Related Parties prepared pursuant to § 82 of Act No. 90/2012 Coll., on Corporations for the accounting period from 1 January 2022 to 31 December 2022

Factoring České spořitelny, a.s., with its registered office at Budějovická 1912/64b, Prague 4, postal code 140 00, Business Registration Number (IČO) 25629352, incorporated in the Commercial Register, Section B, File No. 5075, maintained by the Municipal Court in Prague (hereinafter also the “**Submitter**”) is a member of a group (concern) in which the following relations exist between the Submitter and the controlling persons and between the Submitter and other persons controlled by the same controlling persons (hereinafter the “**Related Parties**”).

This Report on relations between the parties listed below has been prepared pursuant to the provisions of § 82 of Act No. 90/2012 Coll. on Corporations, as amended, for the accounting period from 1 January 2022 to 31 December 2022 (hereinafter the “**fiscal year**”).

The Submitter and the persons listed below entered into the following contracts and undertook or adopted the following legal actions and other measures during the period:

A. Overview of the persons whose relations are described below



B. Controlling parties

Erste Group Bank AG, with its registered office at Am Belvedere 1, Vienna, Austria, Business Registration Number (IČO): 90003195

Relation to the Company: indirectly controlling party

Description of relations – **none**

Česká spořitelna, a.s., with its registered office at Olbrachtova 1929/62, postal code 140 00, Prague 4, Czech Republic, Business Registration Number (IČO): 45244782

Relation to the Company: directly controlling party

Description of relations – see **Note D. Transactions with related parties**

C. Other related parties

Companies controlled by other members of the ERSTE Group

Slovenská sporiteľňa, a.s., with its registered office at Tomášikova 48, 832 37 Bratislava, Slovak Republic, Business Registration Number (IČO): 00151653

Relation to the Company: related party directly controlled by Erste Group Bank

Description of relations – see **Note D. Transactions with related parties**

Erste & Steiermärkische Bank d.d., with its registered office at Jadranski Trg 3a, 510 00 Rijeka, Rijeka, Croatia, Business Registration Number (IČO)/ID No.: 3337367

Relation to the Company: related party directly controlled by the Company

Description of relations – see **Note D. Transactions with related parties**

Procurement Services CZ, s.r.o., with its registered office at Budějovická 1912/64b, postal code 140 00, Prague 4 (“Procurement Services CZ”)

Relation to the Company: related party directly controlled by Procurement Services GmbH

Description of relations – see **Note D. Transactions with related parties**

D. Transactions with Related Parties

Factoring České spořitelny, a.s. identified the relations with the related parties listed in Sections B and C and summarized them into the following categories:

Related party transactions on the debit side of Factoring ČS's balance sheet

Receivables from banks

Factoring České spořitelny, a.s. deposited cash totalling CZK 2.8 million in current and deposit accounts maintained by Česká spořitelna under contracts on a current account and loan agreements. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Other assets

The balance of Other assets includes other trade receivables and advance payments provided to related parties. In 2022, the Company recognizes receivables and advance payments in the total amount of CZK 1.4 million to Česká spořitelna and receivables of CZK 77 thousand to other related parties.

Related party transactions on the credit side of Factoring ČS's balance sheet

Liabilities to banks

Factoring České spořitelny, a.s. received funds from Česká spořitelna, a.s. in the total amount of CZK 6,528 million particularly under loan agreements and bank overdraft contracts.

Other liabilities

Unbilled deliveries and payables to Česká spořitelna, a.s. amounted to CZK 1.8 million. Unbilled deliveries and payables to other related parties amounted to CZK 7 thousand. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Contribution outside the share capital

On 11 January 2022, the sole shareholder executing the powers of the general meeting decided about granting a contribution of CZK 400 million in excess of the share capital.

Related party transactions with effect on Factoring ČS's income statement

Interest and similar income

Factoring České spořitelny, a.s. did not receive from related parties any interest income from abroad in the fiscal year.

Interest and similar expense

Factoring České spořitelny, a.s. incurred interest expense of CZK 153.5 million from related party transactions executed on an arm's-length basis in the fiscal year. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Income from fees and commissions

Factoring České spořitelny, a.s. received income from fees and commissions from related party transactions executed on an arm's-length basis in the fiscal year, including particularly income from a cooperation agreement with Česká spořitelna, a.s., in the total amount of CZK 3 million. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Other operating revenues

Factoring České spořitelny, a.s. achieved operating revenues amounted to CZK 0.9 mil. from IT services, within the framework of other transactions with related parties, under normal market or business conditions in the accounting period. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Other operating expense

Factoring České spořitelny, a.s. spent CZK 9.9 mill in the accounting period on general administrative costs in relation to related parties, particularly on rent and the purchase of advisory professional consulting or services under normal or business conditions. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

E. Contractual relations

In prior years, Factoring České spořitelny, a.s. entered into contracts with related parties listed in Sections B and C; the financial effects of the contracts are reflected in Annex 1. The list below includes major contracts with related parties that were in force during the period.

Description of relations with Česká spořitelna, a.s.

Contract	Counterparty	Description	Year of contract	Detriment, if any
Current account agreement	Česká spořitelna, a.s.	Contract for current accounts (CZK, EUR, USD, GBP, CHF, PLN, NOK, HUF, RON, JPY, SEK, DKK, HRK) with amendments	2001–2019	None
Service agreement	Česká spořitelna, a.s.	Direct electronic banking agreement with amendments	2002	None
Personal data processing agreement	Česká spořitelna, a.s.	Personal Data Processing Agreement – GDPR in relation to receivables and leases monitoring	2018	None
Outsourcing	Česká spořitelna, a.s.	Use of „Sparkassen“ brand name	2017	None
Licence agreement	Česká spořitelna, a.s.	Agreement on terms of license and software support – Tableau server	2019	None
Lease agreement	Česká spořitelna, a.s.	Lease of a safe deposit box – ČS Jugoslávská	2019	None
Debit cards contract	Česká spořitelna, a.s.	Debit cards contracts with amendments	2017–2020	None
Loan contract	Česká spořitelna, a.s.	Loan contract with amendments (Appendix No.41 to 27. 8. 2021)	2003–2021	None
Sub-participation agreement	Česká spořitelna, a.s.	Participation on risk of selected customers with amendments	2005–2020	None
Sub-participation agreement	Česká spořitelna, a.s.	Sub-Participation Framework Contract for reverse factoring (Annex č. 1 signed on 18. 1. 2022)	2018–2022	None
Lease agreement	Česká spořitelna, a.s.	Sublease of parking spaces – Trianon (Rent adjustment for inflation from 7. 6. 2022)	2022	None
Lease agreement	Česká spořitelna, a.s.	Sublease of business premises with amendments – Budějovická 1912/64b (Appendix No. 4 – replacement of the original agreement by a sublease agreement of 10. 12. 2021) + Rent adjustment for inflation from 9. 6. 2022	2019–2022	None
Service contract	Česká spořitelna, a.s.	Agreement on assignment of authorization to exercise the right to use the company logo as amended _Annex signed 10. 5. 2022)	2002–2022	None
Service agreement	Česká spořitelna, a.s.	Contract for the provision of services during the implementation of the employee share program	2022	None
Contract for contribution outside of the Share Capital	Česká spořitelna, a.s.	Contribution outside of the Share Capital	2022	None
Contract for contribution outside of the Share Capital	Česká spořitelna, a.s.	Contribution outside of the Share Capital	2014	None
Service agreement	Česká spořitelna, a.s.	Outsourcing services (Appendix to 22. 12. 2022)	2022	None
Service agreement	Česká spořitelna, a.s.	Agreement on the establishment of access to the Intranet of České spořitelny a.s.	2022	None
Service agreement	Česká spořitelna, a.s.	Agreement for the use of the ISIR_CS application and its development, support and operation	2009	None
Service agreement	Česká spořitelna, a.s.	System environment for Linux server farm	2010	None
Service agreement	Česká spořitelna, a.s.	IT services – IP Telefonie with amendment No. 1 (TEL Internet access) (Annex č. 2 signed k 19. 7. 2022)	2014–2022	None
Cooperation agreement	Česká spořitelna, a.s.	Risky receivables management	2009	None

Cooperation agreement	Česká spořitelna, a.s.	Restructuring Factoring Cooperation Agreement	2020	None
Cooperation agreement	Česká spořitelna, a.s.	Exchange of information using the KLIENT application with amendments (Appendix No.12 to 16. 12. 2021)	2009–2021	None
Cooperation agreement	Česká spořitelna, a.s.	Monitoring of receivables	2013–2017	None
Cooperation agreement	Česká spořitelna, a.s.	Verification of ceded invoices; Monitoring of clients/pledges (28. 7. 2021)	2021	None
Cooperation agreement	Česká spořitelna, a.s.	Cooperation in approval of factoring deals	2017	None
Cooperation agreement	Česká spořitelna, a.s.	Agreement on sharing IT costs for data deliveries to Erste Group, processing of related calculations at the group level, provision of data discovery services and statutory and risk reporting (Signed 17. 12. 2021)	2021	None

Description of relations with other related parties

Contract	Counterparty	Description	Year of contract	Detriment, if any
Current account agreement	Slovenská sporiteľňa, a.s.	Current account agreement (EUR)	2020	None
Service agreement	Slovenská sporiteľňa, a.s.	Agreement on electronic banking – Application for introduction of contact persons for client accounts, authorized persons. Signature and definition of conditions when using Multicash (Annex No. 2 as of 3. 6. 2022)	2020–2022	None
Licence agreement	Slovenská sporiteľňa, a.s.	Agreement on transfer of rights and obligations of information system HoC	2011	None
Licence agreement	Slovenská sporiteľňa, a.s.	Implementation of information system HoC with amendments	2009–2022	None
Licence agreement	Erste & Steiermärkische Bank d.d.	Implementation of information system HoC with amendments including licence transfer from Erste Factoring d.o.o. to Erste & Steiermärkische Bank d.d. due to the merger	2010–2022	None
Service agreement	Procurement Services CZ, s.r.o.	Master Agreement, Service Level Agreement, Personal Data Processing Agreement, Bank Outsourcing. (Appendix No. 1 to 21. 1. 2021)	2018–2021	None
Service agreement	Procurement Services CZ, s.r.o.	Agreement on the provision of services (30. 12. 2011 – indefinite)	2010–2011	None

F. Other legal actions

In the fiscal year, the Submitter received or undertook no additional legal or other actions for the benefit or at the request of the Related Parties that would exceed 10% of the Submitter's equity based on the latest financial statements other than those described in the Note Liabilities to Banks above.

G. Other measures

Factoring České spořitelny, a.s. is a party to group projects of the Erste Group Bank. Factoring České spořitelny, a.s. suffered no detriment from collaboration in the group projects. The Submitter assessed the relations between the Related Parties and has determined that they are favourable for Factoring České spořitelny, a.s. and bear low risk.

H. Conclusion

With regard to the relations between the Submitter and the Related Parties reviewed by us, the Submitter appears to have suffered no detriment as a result of the foregoing contracts, other legal actions or other measures entered into, undertaken or adopted by the Submitter for the benefit or at the request of the Related Parties in the fiscal year 2021.

This Report was discussed and approved by the Company's Board of Directors on 23 March 2023.

Prague, 23 March 2023
Factoring České spořitelny, a.s.



Karel Nováček
Chairman of the Board of Directors




Pavel Chlumský
Chairman of the Board of Directors

Factoring České spořitelny, a. s.

Budějovická 1912/64b, 140 00 Praha 4, Czech Republic
Business Registration Number (IČO): 25629352, VAT:
CZ25629352

Phone: +420 956 770 711
E-mail: info@factoringcs.cz
Internet: www.factoringcs.cz

Member of Factors Chain International  **FCI**
Factoring Open Account - Receivables - Invoice

Annual Report 2022

Production: Omega Design, s. r. o.

