



NAKIT

Národní agentura pro
komunikační a informační
technologie, s. p.



ANNUAL REPORT 2022

Národní agentura pro komunikační a informační technologie, s. p. was established on 1 February 2016 as a service organization of the Ministry of the Interior of the Czech Republic. It provides services in the area of information and communication technologies (ICT). The NAKIT Statute defines a wide range of activities that permits it to establish new competencies enabling, for example, not only the operation and maintenance of information and communication technologies, but also their development in a manner consistent with the needs of their users.



An introductory word from the Director

In Prague April 4, 2023

Ladies and Gentlemen,

On the following pages, I present you with the annual report of Národní agentura pro komunikační a informační technologie.

In 2022, we achieved the planned economic result and I can state that we closed the financial year with economically stable and good results.

At the beginning of 2022, despite the finally fading COVID-19 epidemic, we were still delivering technical support for some of the applications of the so-called Smart Quarantine and preparing to hand over the operation and development of some technical solutions to the Ministry of Health. The Tečka application we developed recorded 6.4 million downloads, 0.5 million people used it daily and about 2 million people used it weekly, making it the largest and most used application in the Czech Republic. Our information website covid.gov.cz, which we launched together with volunteers from Česko.Digital, was visited by an average of 1.3 million users per month.

Among other things, we enriched the citizen portal with the possibility to create, sign and send a petition or apply for a voter ID card. Regardless of the means of identification users use to log in to government services, they always need to use the Citizen Identity (NIA), which handled more than 21 million logins in 2022.

Together with the Ministry of the Interior, we organized the successful 5th edition of the eGovernment conference Easy Navigation, this time with a significant foreign participation both in the audience and among the speakers. The conference was held with the support and within the framework of the Czech EU Presidency.

In 2022, in addition to the standard services delivered to the Ministry of the Interior, such as a dedicated network for the needs of the IRS or an internal information system, we have been working on a number of other projects that will strengthen the infrastructure and help deliver secure services to all citizens of the Czech Republic.

A key conceptual change planned for 2023 is the addition of shared services to the current portfolio of infrastructure management services. Cyber security will be an integral part of all services. Each service will be monitored, measured and evaluated. A priority activity will be to move to shared services for those currently operated ICT systems and infrastructures where there is a clear benefit. At the same time, the continuity of NAKIT activities and services provided by the MoI that cannot be converted to shared services will be maintained. The transition from the implementation of single-purpose ministerial ICT projects to the use of shared services in a supra-ministerial environment is the only long-term sustainable way to develop digitalisation.



I would like to see internal services within the public administration available through a new generation of central service point and external services, those towards citizens, through validated distribution channels.

Internal organisations and processes will be adapted to support the provision of new shared services and ensure continuity of current services.

Let me conclude by thanking the previous Director, Vladimír Dzurilla, for his more than five years as Director. He handed over NAKIT in very good shape and I thank him on behalf of all staff for his contribution to the development of the agency. I would like to thank all NAKIT employees in Prague and the regions for their work in 2022. I would also like to thank our business partners for their cooperation so far and our valued customers for their cooperation and trust.

Mgr. Jan Ďoubal
NAKIT Director



Annual report

Národní agentura pro komunikační a informační technologie, s. p. (hereinafter „NAKIT“ or „the Company“) is a state-owned company established in accordance with Act no. 77/1997 Coll., on State Enterprises, as amended (hereinafter „the Law on State Enterprises“). The founder of NAKIT is the Ministry of the Interior.

NAKIT was founded by a charter of the Ministry of the Interior of 21. 1. 2016 and it is registered in the Commercial Register kept by the Municipal court in Prague, Section A, entry 77322 of 1. 2. 2016. NAKIT's identification number is 047 67 543.

NAKIT is a legal entity, carrying out business activities with state property in its own name and under its own responsibility. It is authorized to manage this property.

The registered office of the Company is Kodaňská 1441/46, 101 00 Prague 10.

The entity is considered as a “Large Accounting Unit” under Act No. 563/1991 Coll., On Accounting, Section 1b (4).

The Company at 31. 12. 2022 did not show on its balance sheet any intangible assets arising from research and development.

The Company complies with all legal regulations regarding environmental protection and employment relations.

The Company has no foreign branches.

Legal requirement	Comment
a) the number of requests for information submitted and the number of decisions to reject the request	3/2
b) the number of appeals lodged against the decision	1
c) a copy of essential elements of each judgment of the court reviewing the legality of the obliged entity's decision to refuse a request for information and an overview of all expenses incurred by the obliged entity in connection with legal proceedings concerning rights and obligations under this Act, including its own costs; staff and legal representation costs	The courts did not rule in any of these cases.
d) the number of complaints filed pursuant to Section 16a of the Act, the reasons for their filing and a brief description of the manner of their settlement	No complaint has been made.
e) other information related to the application of his Act	N/A

In accordance with Act no. 253/2008 Coll., On Certain Measures Against Money Laundering and the Financing of Terrorism, as amended, NAKIT fulfilled its obligation to retain data on its actual owner and record these in the manner and to the extent provided



for by Act no. 304/2013 Coll., On the Public Registers of Legal Entities and Natural Persons (hereinafter referred to as the „Register Act“).

The Company expects an increase of current activities within the current scope of business.

Significant events between the balance sheet date and the date of preparation of the annual report are presented in Note 20.



Independent auditor's report on the financial statements of the State-owned enterprise

Národní agentura pro komunikační a informační technologie, s. p. as of 31st December 2022

PKF APOGEO Audit, s.r.o.
Rohanské nábřeží 671/15
Recepce B
CZ186 00 Praha 8

počet stran: 5



INDEPENDENT AUDITOR'S REPORT

on the financial statements of the State-owned enterprise Národní agentura pro komunikační a informační technologie, s. p.

Business address: Kodaňská 1441/46, Vršovice, 101 00 Praha 1

Company registration number: 047 67 543

Main activity: production, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act. Supply, development and operation of information and communication technology systems and related services, including infrastructure used in the performance of state (public) administration tasks. Operation, supply and development of information and communication technology systems that handle sensitive data or classified information, including data registers and data warehouses.

This Independent Auditor's Report on the financial statements has been prepared for founder of the state-owned enterprise Národní agentura pro komunikační a informační technologie, s. p.

The auditor's opinion

We have audited the accompanying financial statements of Národní agentura pro komunikační a informační technologie, s. p. (hereinafter the "State-owned enterprise"), compiled based on Czech accounting regulations, which comprise the balance sheet as of 31 December 2022, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Information about State-owned enterprise is disclosed in note 1 to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of Národní agentura pro komunikační a informační technologie, s. p. as of 31 December 2022, revenues, expenses and the results of its profit and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.



Basis for opinion

We conducted our audit in accordance with the Act on Auditors and standards Czech Chamber of Auditors for the audit, which the International Standards on Auditing (ISA), possibly supplemented and modified the related application guidance. Our responsibility defined in these regulations is described in detail in Section auditor's responsibility for the audit of the financial statements. In accordance with the Auditors Act and the Code of Ethics

adopted by the Chamber of Auditors of the Czech Republic, we are independent of the State-owned enterprise and we met other ethical obligations resulting from these regulations. We believe that the audit evidence we have gathered, provide sufficient reasonable basis for our opinion.

Other information included in the annual report

Other information is in accordance with § 2) Auditor Act information in the annual report outside the financial statements and our audit report. The Board of Directors is responsible for all other information.

Our opinion on the financial statements will not apply to other information. Nevertheless, it is part of our duties related to auditing the accounts, reading the other information and assess whether the other information is not significant (material) of non-compliance with the financial statements or our understanding of the entity obtained during the audit of financial statements or whether other such information not appear to be significant (material) is incorrect. Also consider whether other information was all significant (material) respects prepared in accordance with relevant legislation. This means assessing whether the information meets the other requirements of legislation for the formalities and the process of developing other information in the context of the significance (materiality), i.e. whether any infringement of those requirements would be likely to affect the judgment made on the basis of other information.

Based on the procedures performed, to the extent that we can no longer judge, we note that

- other information describing matters that are also presented in the financial statements, in all material respects in accordance with the financial statements and
- other information has been prepared in accordance with the law.

Furthermore, we are required to state whether, on the basis of knowledge and awareness of the State-owned enterprise to which we have arrived in auditing, and other information is free of material factual misstatements. Under those procedures, we have received no other information material factual misstatements were found.



Responsibility of the Director, Supervisory Board and Audit Committee for the Financial Statements

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

The preparation of financial statements, the Statutory Body of the State-owned enterprise is required to assess whether the State-owned enterprise to continue as a going concern and, if applicable, the disclosure in the financial statements matters relating to the going concern and the use of the going concern assumption in preparing the financial statements, except in cases the Statutory Body planned dissolution of the State-owned enterprise or its closure, respectively when no realistic alternative but to do so.

The Supervisory Board and Audit Committee is responsible for supervising the financial reporting process in the State-owned enterprise.

Auditor's Responsibility for the audit of financial statements

Our objective is to obtain reasonable assurance that the financial statements as a whole do not have a significant (material), whether due to fraud or error and to issue an auditor's report contains our opinion. Reasonable assurance is a high level of certainty, however, does not guarantee that an audit conducted in accordance with the above provisions in all cases in the financial statements reveal any existing significant (material), if it can be reasonably assumed that, individually or in the aggregate, could influence the economic decisions of users of financial statements on the basis of income.

In conducting an audit in accordance with the above provisions is our duty to apply throughout the audit professional judgment and maintain professional scepticism. Furthermore, it is our duty:

- Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures responsive to those risks and to obtain sufficient appropriate audit evidence to provide a basis to express an opinion. The risk that we discover significant (material) misstatement due to error, as part of a fraud may be collusion, falsification, deliberate omissions, misrepresentations or circumvention internal controls.
- To be familiar with internal control relevant to the audit of the State-owned enterprise to the extent that we can design audit procedures appropriate to the given circumstances, we cannot express an opinion on the effectiveness of its internal control system.
- Assess the appropriateness of accounting policies used and reasonableness of accounting estimates and information which, in this context, the Statutory Body stated in the financial statements.
- Assess the appropriateness of using the going concern assumption in preparing the financial statements, the Statutory Body and whether, having regard to the evidence obtained, there is a significant (material) the uncertainty arising from events or conditions that may partly significant doubt about the State-owned enterprise's ability to continue as a going. If we conclude that such a significant (material) uncertainty exists, it is our duty to point out in our report on the information provided in this respect in the financial statements, and if this information is not sufficient to express a modified opinion. Our conclusions




regarding the State-owned enterprise's ability to continue as a going based on the evidence that we have obtained to date of our report. However, future events or conditions may lead to the fact that the State-owned enterprise loses its ability to continue as a going.

- Evaluate the overall presentation, structure and content of financial statements, including attachments, and whether the financial statements reflect the underlying transactions and events in a way that leads to a fair presentation.

Our duty is to inform the Statutory Body, Supervisory Bod and Audit Committee among other things, the planned scope and timing of the audit and on significant findings, which are in the course they did, including the identified significant deficiencies in internal control.

Prague, 4th April 2023



Audit firm:
PKF APOGEO Audit, s.r.o.
Rohanské nábřeží 671/15
Recepce B
CZ 186 00 Praha 8



Company auditor:
Ing. Jaromír Chaloupka
Certification number of the auditor 2239



Company: Národní agentura pro komunikační a informační technologie, s. p.

Identification number: 04767543

Legal form: State enterprise

Scope of activity: Supply, development and operation of information and communication technology systems and related services, including infrastructure used in the performance of state (public) administration tasks.

Balance sheet date: 31. 12. 2022

Date of preparation of the Financial Statements: 4.4.2023

BALANCE SHEET

(in CZK thousands)

Title a	ASSETS b	31. 12. 2022			31. 12.2021
		Gross 1	Adjust. 2	Net 3	Net 4
	TOTAL ASSETS	885 545	-161 608	723 937	724 319
B.	Fixed assets	268 879	-158 792	110 087	66 711
B. I.	Intangible fixed assets	25 977	-16 037	9 940	13 654
B. I. 2.	Valuable rights	25 977	-16 037	9 940	12 654
B. I. 2.1.	Software	13 842	-9 808	4 034	5 062
B. I. 2.2.	Other valuable rights	12 135	-6 229	5 906	7 592
B. I. 5.	Advance payments for intang. fixed assets and intang. fixed assets in progress	0	0	0	1000
B. I. 5.2.	Intangible fixed assets in progress	0	0	0	1000
B. II.	Tangible fixed assets	242 902	-142 755	100 147	53 057
B. II. 2.	Tangible movable assets and their groups	233 264	-138 257	95 007	47 274
B. II. 3.	Adjustment to acquired assets	9 638	-4 498	5 140	5 783
C.	Current assets	557 075	-2 816	554 260	604 710
C. I.	Inventory	28 649	-2 209	26 440	54 379
C. I. 1.	Materials	99	0	99	93
C. I. 2.	Work in progress and semi-finished products	13 143	0	13 143	22 946
C. I. 3.	Finished products and merchandise	15 407	-2 209	13 198	31 340
C. I. 3.2.	Merchandise	15 407	-2 209	13 198	50 167
C. II.	Receivables	360 510	-607	359 903	264 627
C. II. 1.	Long-term receivables	5 436	0	5 436	5 433
C. II. 1.4.	Deferred tax receivable	1 589	0	1 589	5 386
C. II. 1.5.	Other receivables	3 847	0	3 847	47
C. II. 1.5.	Other receivables	3 847	0	3 847	47
C. II. 2.	Short-term receivables	355 074	-607	354 467	259 195
C. II. 2.1.	Trade receivables	607	-607	0	0
C. II. 2.2.	Receivables - controlled and controlling entities	9 883	0	9 883	1 615
C. II. 2.4.	Other receivables	344 584	0	344 584	257 580
C. II. 2.4.	State - tax receivables	15 181	0	15 181	2
C. II. 2.4.	Short-term advance payments	11 934	0	11 934	12 656
C. II. 2.4.	Estimated receivables	313 085	0	313 085	244 760
C. II. 2.4.	Other receivables	4 384	0	4 384	162
C. IV.	Cash in hand and bank accounts	167 916	0	167 916	285 703
C. IV. 1.	Cash in hand	52	0	52	76
C. IV. 2.	Bank accounts	167 864	0	167 864	285 627
D. I.	Accruals of assets	59 591	0	59 591	52 898
D. I. 1.	Deferred expenses	59 591	0	59 591	52 898



Title a	LIABILITIES b	31. 12. 2022	31. 12. 2021
		5	6
	TOTAL EQUITY AND LIABILITIES	723 937	724 319
A.	Equity	270 718	271 104
A. I.	Registered capital	200 000	200 000
A. I. 1.	Registered capital	200 000	200 000
A. II.	Share premium and capital contributions	39 639	38 321
A. II. 2.	Capital contributions	39 639	38 321
A. II. 2.1.	Other capital contributions	31 832	30 514
A. II. 2.2.	Gains or losses from revaluation of assets and liabilities (+/-)	7 807	7 807
A. III.	Legal, statutory and other reserve funds	21 342	22 395
A. III. 1.	Other reserve funds	20 000	20 000
A. III. 2.	Statutory and other reserves	1 342	2 395
A. V.	Profit/loss – current year (+/-)	9 737	10 388
B.	Liabilities	401 381	341 979
B. I.	Provisions	32 241	39 861
B. I. 2.	Income tax reserve	0	3 733
B. I. 4.	Other provisions	32 241	36 128
C.	Liabilities	369 140	302 118
C. II.	Short-term liabilities	369 140	302 118
C. II. 4.	Trade payables	265 860	218 179
C. II. 6.	Liabilities – controlled and controlling entities	7 034	7 544
C. II. 8.	Other liabilities	96 246	76 395
C. II. 8.3.	Liabilities to employees	36 753	27 678
C. II. 8.4.	Social security and health insurance liabilities	19 648	15 041
C. II. 8.5.	Due to state, taxes and subsidies	15 763	3 803
C. II. 8.6.	Estimated liabilities	23 974	29 741
C. II. 8.7.	Other liabilities	108	132
D.	Accruals of liabilities	51 838	111 236
D. 1.	Deferred expenses	35 082	10 076
D. 2.	Deferred revenue	16 756	101 160



Company: Národní agentura pro komunikační a informační technologie, s. p.

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Balance sheet date: 31. 12. 2022

Date of preparation of the Financial Statements: 4.4.2023

INCOME STATEMENT

(in CZK thousands)

Title	TEXT	Current	Prior
		31. 12. 2022	31. 12. 2021
	B	1	1
I.	Sales of own products and services	1 736 227	1 867 228
II.	Sales of goods	106 227	131 580
A.	Production consumption	1 151 603	1 381 945
A. 1.	Cost of goods sold	103 453	131 322
A. 2.	Raw materials and consumption	16 294	16 426
A. 3.	Services	1 031 858	1 234 197
B.	Change in own production inventory (+/-)	32 842	-45 986
D.	Personnel expenses	646 294	598 320
D. 1.	Wages and salaries	479 382	443 474
D. 2.	Social security expenses, health insurance and other expenses	166 912	154 846
D. 2.1.	Social security expenses and health insurance	160 382	148 529
D. 2.2.	Other expenses	6 530	6 317
E.	Valuation adjustments relating to operating activities	-4 179	46 481
E. 1.	Valuation adjustments of fixed tangible and intangible assets	22 865	21 027
E. 1.1.	Valuation adjustments of fixed tangible and intangible assets - permanent	22 865	21 027
E. 2.	Valuation adjustments of inventories	-20 831	23 040
E. 3.	Valuation adjustments of receivables	-6 213	2 414
III.	Other operating income	8 561	1 478
1.	Revenues from fixed assets sold	52	0
2.	Revenues from material sold	8 509	98
3.	Other operating income	8 260	1 380
F.	Other operating expenses	1 060	7 145
F. 3.	Taxes and fees	-3 887	736
F. 4.	Provisions relating to operating activities and complex deferred expenses	11 087	32
F. 5.	Other operating expenses	16 195	6 378
*	Operating profit/loss (+/-)	116	12 380
VI.	Interest income and similar income	116	133
VI. 2.	Other interest and similar income	116	133
J.	Interest expense and similar expenses	2 907	216
2.	Other interest expense and similar expenses	2 907	216
VII.	Other financial income	1	0
K.	Other financial expenses	36	74
*	Profit/loss from financial operations (transactions) (+/-)	-2 826	-157
**	Profit/loss before tax (+/-)	13 369	12 223
L.	Income tax	3 632	1 835
L. 1.	Income tax - due	-165	5 073
L. 2.	Income tax – deferred (+/-)	3 797	-3 238
**	Profit/loss after tax (+/-)	9 737	10 388
***	Profit/loss of current accounting period	9 737	10 388
*	Net turnover = I + II + III + IV + V + VI + VII	1 851 131	2 000 419



P	Opening balance of cash and cash equivalents	286 547	285 703
Cash flows from operating activities			
Z	Profit or loss from ordinary activities before tax	12 223	13 369
A.1	Adjustments for non-cash transactions	46 596	-5 275
A.1.1	Depreciation of fixed assets and amortization of adjustments to acquired assets	21 027	22 865
A.1.2	Change in provisions and reserves	25 486	-30 931
A.1.5	Interest expense and interest income excluding capitalized interest	83	2 791
A.1.6	Adjustments for other non-cash transactions	0	0
A *	Net operating cash flow before tax	58 819	8 094
A.2	Change in working capital	-35 518	-103 129
A.2.1	Change in operating receivables, assets (CZ) and estimated receivables	-97 786	-97 102
A.2.1.1	Change in operating receivables (excl. estimated receivables)	6 266	-22 084
A.2.1.2	Change in the status of active accrual accounts	-14 599	-6 693
A.2.1.3	Change in estimated receivables	-89 453	-68 325
A.2.2	Change in liabilities from operating activities, accrued liabilities and estimated liabilities	89 445	-54 797
A.2.2.1	Change in operating payables (excl. estimated payables)	112 572	72 789
A.2.2.2	Change in accrued liabilities	-5 097	-59 398
A.2.2.3	Change in estimated payables	-18 030	-68 188
A.2.3	Change in inventories	-27 177	48 770
A.2.3.1	Change in inventories (excl. unfinished inventories and work-in-progress)	18 809	18 136
A.2.3.2	Unfinished inventories and work-in-progress	-45 986	30 634
A **	Net operating cash flow	23 301	-95 035
A.3	Interest paid, excluding capitalized interest	-216	-2 907
A.4	Interest received	133	116
A.5	Income tax paid from ordinary operations and supplementary tax for previous periods	1 235	-6 018
A ***	Net operating cash flows	24 453	-103 844
Cash flows from investing activities			
B.1	Purchases of fixed assets	-13 528	-66 241
B.4	Change in investment liabilities	3 380	62 421
B ***	Net cash flows from investing activities	-10 148	-3 820
Cash flows from financing activities			
C.2	Impact of changes in equity	-15 149	-10 123
C.2.5	Payments from capital funds	-15 149	-10 123
C ***	Net financial cash flows	-15 149	-10 123
F	Net increase/decrease in cash and cash equivalents	-844	-117 787
R	Closing balance of cash and cash equivalents	285 703	167 916



STATEMENT OF CHANGES IN EQUITY

(CZK thous.)	Share capital	Other capital funds	Restatement differences from revaluation of assets and liabilities	Statutory reserve	Other profit funds	Shareholder fund	Accumulated losses brought forward	Profit or loss for the current year	Total
Balance as at 31. 12. 2020	200 000	31 518	7 807	20 000	3 150	0	-8 731	22 121	275 865
Allocation of profits and movement between funds	0	-1 004	0	0	7 597	6 797	8 731	-22 121	0
Drawing on funds except shareh. fund	0	0	0	0	-8 352	-6 797	0	0	-15 149
Profit for the current period	0	0	0	0	0	0	0	10 388	10 388
Drawing on shareh. fund	0	0	0	0	0	0	0	0	0
Balance as at 31. 12. 2021	200 000	30 514	7 807	20 000	2 395	0	0	10 388	271 104
Allocation of profits and movement between funds	0	1 318	0	0	9 070	0	0	-10 388	0
Drawing on funds except shareh. fund	0	0	0	0	-10 123	0	0	0	-10 123
Profit for the current period	0	0	0	0	0	0	0	9 737	9 737
Drawing on shareh. fund	0	0	0	0	0	0	0	0	0
Balance as at 31. 12. 2022	200 000	31 832	7 807	20 000	1 342	0	0	9 737	270 718



NOTES TO THE FINANCIAL STATEMENTS

General information

Basic information about the company

Národní agentura pro komunikační a informační technologie, s. p. (hereinafter „NAKIT“ or „the Company“) is a state-owned company. It is a legal entity conducting business activities with state property in its own name and under its own responsibility. The founder of the Company is the State. The Company was founded on 1. 2. 2016. The function of founder was carried out by the Ministry of the Interior of the Czech Republic on behalf of the State. As at 31. 12. 2018 the Company's headquarters are at Prague 10, Kodaňská 1441/46, Czech Republic. The identification number of the Company is 047 67 543 and it is registered in the Commercial Register kept by the Municipal court in Prague, Section A, entry 77322. The Company is a business entity in accordance with Act No. 77/1997 Coll., on State Enterprises, as amended.

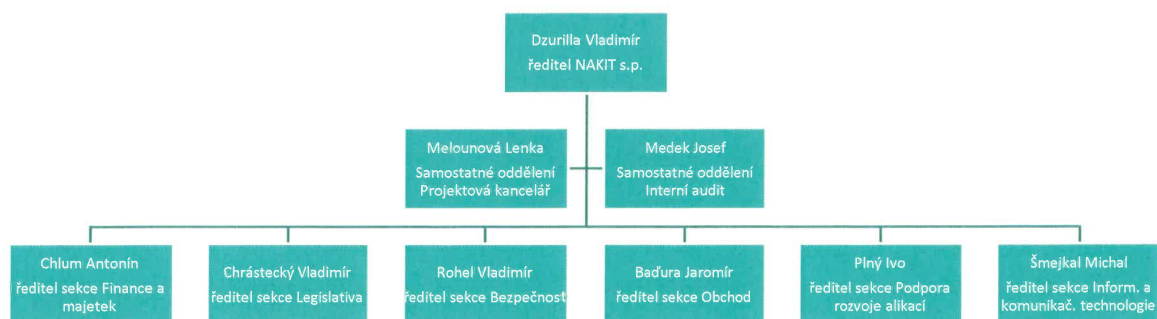
The activities of the Company are as follows:

- a) production, trade and services not specified in Annexes 1 to 3 of the Trade Act,
- b) supply, development and operation of systems of information and communication technologies and related services, including infrastructure, which are used when performing the tasks of State (public) administration. Operation, supply and development of systems of information and communication technologies, which deal with sensitive data or classified information, including data registers and data warehouses,
- c) operations, support and development of critical communications infrastructure of the State, including CMS, especially according to Act. No. 365/2000 Coll., on public administration information systems and amendments to certain other Acts and Act no.300/2008 Coll., on electronic acts and authorized conversion of documents,
- d) providing central purchasing area services for entities of the State (public) administration,
- e) mapping of network and related infrastructure owned by public entities together with an analysis of current and future communications needs and demand for services of private networks from public entities. As part of this line of activity will also be the building and operating of a secure geo-information system containing information about private networks infrastructure,
- f) strategic support of development of private networks and related infrastructure and services of private networks for public entities, including the creation, implementation and application of strategy for the functional, organizational, architectural and technical development of private networks for public entities, as well as preparation of recommendations and methodologies for the realization of synergic effects in construction of private networks. Part of this activity is also the identification and implementation of appropriate security measures into the architecture of private networks and services,
- g) coordination of private networks construction by the Ministry of the Interior,
- h) mapping of the availability and usability of investment resources for the development of private networks including analysis of planned investment projects suitable for the parallel realization of private networks and related infrastructure.

The statutory bodies of the Company are the Director and the Supervisory Board. The statutory representative of the Company is the Director, respectively the Deputy Director.



The organizational structure (including internal audit department) as at 31. 12. 2022 is as follows:



Members of statutory bodies as at 31. 12. 2022:

Name	Position	Date of creation of the function	Recorded in the commercial register
Ing. Vladimír Dzurilla	Director	24.1.2018	17.3.2018
Ing. Antonín Chlum	Deputy Director	10.8.2017	30.9.2017

The Company is represented by the Director or the Deputy Director in the Director's absence.

During 2022, there were no changes in top management.

The structure of the supervisory board as at 31. 12. 2022 was as follows:

Name	Position	Date of creation of the function	Recorded in the commercial register
Lukáš Kolářík	Chairman	1. 12. 2022	17. 2. 2023
Ing. Vilibald Knob	Member	1. 3. 2021	7. 4. 2021
Ing. Petr Ošlejšek, Ph.D.	Member	1. 12. 2022	17. 2. 2023
Ing. Pavel Čech	Member	6. 10. 2021	10. 11. 2021

The changes in the Supervisory Board during 2022 were as follows:

Name	Position	Date of creation of the function	Recorded in the commercial register
Ing. Tomáš Hampl	Chairman	15.4.2022	25.10. 2022
Brig. Gen. Mgr. Bc. Slavomír Bell, MSc.	Vice-Chairman	18.10.2022	17.2.2023
JUDr. Jaroslav Strouhal	Member	5.4.2022	25.10. 2022
Mgr. Jan Ďoubal	Member	29. 12. 2022	17.2.2023

The composition of the Audit Committee as of 31.12.2022 was as follows:

Name	Date of creation of the function
Ing. Michal Plaček	20.2.2019
Ing. Mgr. David Sláma	19.9.2019
Mgr. Emil Ubias	16.9.2019



During 2022 there were no changes in the Audit Committee (hereinafter also "Vpa"). In 2022, four meetings of the VPA were held, which discussed, inter alia, the activities of the separate Internal Audit Department, NAKIT projects, the 2023 Implementation Plan, reporting and pricing, etc.



Basis of preparation of the Financial Statements

The financial statements have been prepared in accordance with Act no.563/1991 Coll., on Accounting and Decree no.500/2002 Coll. relating to this Act and according to Czech accounting standards for entrepreneurs, as amended. The financial statements have been prepared in accordance with accounting principles generally accepted in the Czech Republic and have been prepared under the historical cost convention except as disclosed below. The financial statements have been prepared for the period 1.1. – 31.12.2022, the comparable period is 1.1. – 31.12.2021.

Accounting policies

The valuation methods used by the Company in preparation of the financial statements as at 31. 12. 2022 are as follows:

Intangible fixed assets

Acquired intangible fixed assets are measured at cost which includes the purchase price and additional direct costs incurred in connection with the acquisition.

Intangible fixed assets whose value exceeds 80 thousand CZK per item are evenly amortized over their estimated useful lives in accordance with the amortization plan of the Company, for a period of 4 years, or in exceptional cases where the useful life spans a longer period.

Intangible fixed assets with a cost of less than 80 thousand CZK per item, are expensed at acquisition and are recorded only as operative, respectively in a subsidiary ledger.

The amortization schedule is updated throughout the use of the intangible fixed assets based on the expected useful life. The cost limit for the capitalisation of technical improvements of intangible assets is 80 thousand CZK. If the carrying value of an asset exceeds the estimated recoverable amount, the carrying value is reduced to that amount through allowances. The recoverable amount is determined based on expected future cash flows generated by the asset.

Tangible fixed assets

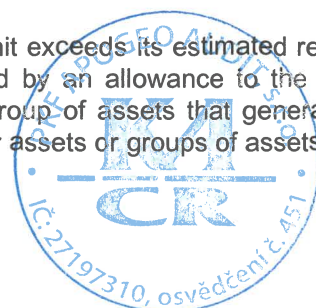
Acquired tangible fixed assets are initially recorded at cost, which includes the purchase price and additional costs incurred in connection with the acquisition. Loan interest is not included in the cost of tangible fixed assets.

Tangible assets acquired free of charge are valued at replacement acquisition cost and charged to the account of other capital funds. The replacement acquisition cost of these assets is determined based on an expert report, respectively based on the market prices of comparable assets in terms of condition and functional properties. The value of tangible assets is reduced by subsidies for the acquisition of assets.

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

If the net book value of an asset exceeds its estimated recoverable amount, the net book value is reduced to that amount by allowances. The recoverable amount is determined based on expected future cash flows generated by the asset.

If the net book value of a cash-generating unit exceeds its estimated recoverable value, the net book value of the cash-generating unit is reduced by an allowance to the recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash income significantly independent from the cash income from other assets or groups of assets.



Allowances are made particularly for projects for which it is not known when and whether they will be applied and in the case of a planned sale, if the estimated selling price, net of costs related to the sale is less than the net book value reported in the accounting records.

The costs of technical improvements to tangible assets increase the acquisition price, when the total costs for the accounting period exceed the amount of 80 thousand CZK and when the technical improvements are put into use during that year. Repairs and maintenance are accounted for directly to expenses.

Tangible assets with a cost less than 80 thousand CZK per item are considered as inventory. They are accounted for upon consumption and recorded only in a subsidiary ledger. Tangible assets whose cost exceeds 80 thousand CZK per item are depreciated using the method of straight-line depreciation based on the expected useful lives of the assets.

Current financial assets

Current financial assets consist of cash on hand and in bank accounts.

Inventories

Purchased inventories are valued at acquisition cost, net of allowances. Acquisition cost includes all costs related to its acquisition (mainly transport, customs duty, etc.). For disposals of purchased inventories the Company uses the weighted average method.

Provisions for slow moving items and obsolete inventory are created based on an analysis of the turnover of inventory and based on an individual evaluation of inventories.

In the case of long-term contracts, the carrying value of work in progress also includes part of the administrative overhead. Received subcontractor supplies and other direct costs are expensed and simultaneously posted to activated work in progress. Subcontracted supplies are valued at cost. The clearing of work in progress occurs at the moment of the recognition of sales for deliveries.

Receivables

Receivables are stated at nominal value less a provision for doubtful receivables. The provision for doubtful receivables is established based on the aging of receivables and an individual assessment of the creditworthiness of customers.

Equity

The financial position and funds of the Company are governed by Act no.77/1997 Coll., on State Enterprises as amended. The share capital is, under this act, termed a business asset to which the Company has the right on its establishment. Share capital includes both registered and unregistered business assets, in compliance with the accounting regulations. Other capital funds are created in accordance with the accounting regulations for entrepreneurs.

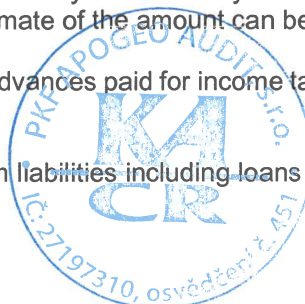
Furthermore, the Company creates a reserve fund from profit, which may reach up to 10% of the share capital. The Company also forms a fund for cultural and social needs (hereinafter "FKSP").

Liabilities

The Company creates a reserve if it has a present liability and it is likely that an outflow of resources will be required to settle the liability and a reliable estimate of the amount can be made.

Included in "Provision for income taxes" are also advances paid for income tax if they are lower than the advance provision for income taxes.

Long-term liabilities including loans and short-term liabilities including loans are stated at their nominal



values. Short-term loans are regarded as the part of long-term loans maturing within one year from the balance sheet date.

The Company creates a provision for the future liability from income tax less advances paid for income tax. If the advances for income tax exceed the estimated tax, the difference is recognized as a short-term receivable.

Leasing

The purchase price of assets acquired under finance and operating leases are not capitalized in fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not due at the balance sheet date are disclosed in the notes but not recognized in the balance sheet. The Company recognizes the value of leased assets when the lease contract expires, and it takes up the purchase option. Lease payments paid in advance are accrued evenly over the life of the lease.

Conversion of foreign currencies

Transactions in foreign currencies are converted and recorded at the exchange rate set by the Czech National Bank on the first day of the current month.

Balances of financial assets, receivables and liabilities denominated in foreign currencies have been converted at the exchange rate published by the Czech National Bank at the balance sheet date. All exchange profits and losses on financial assets, receivables and liabilities are charged in the profit and loss account.

Expenses and income

Revenues and expenses are generally accounted for on an accrual basis, i.e. in the period to which they relate.

Sales are recognized at the time of provision of the service (except as noted below) or the sale of goods to customers and are reported net of discounts and value added tax.

The Company charged as a debit to expenses the creation of reserves and adjustments to cover all risks, losses and impairments that are known of at the balance sheet date.

Income tax

The expense for income tax is calculated using the statutory tax rate on the accounting profit increased or decreased by permanent or temporary tax non-deductible expenses and non-taxable income (e.g. the creation and charging of other reserves and allowances, entertaining expenses, differences between accounting and tax depreciation, etc.).

The income tax liability of the Company is recorded in the balance sheet as part of "State – tax liabilities and subsidies" if the tax liability exceeds the tax prepayments. Otherwise, the amount exceeding the tax liability arising from tax prepayments is reported in "State – tax receivables".

The tax expense is reported in the profit and loss account as a tax on an operating activity.

Deferred tax

Deferred tax is reported for all temporary differences between the net book value of an asset or liability in the balance sheet and its tax value.

Employee benefits

The Company creates a reserve for untaken holidays. The Company creates an accrual for compensations and bonuses due to employees who are entitled to payment at the balance sheet date.



The Company creates a reserve for compensations and bonuses to employees who are not entitled to payment as at the balance sheet date.

Related parties

The related parties of the Company are:

- The State as the founder of the Company, government agencies, state enterprises and companies, respectively any other legal entities where the State has a controlling influence, whatever is the substance of the relationship, and not merely the legal form;
- Members of statutory, supervisory and management entities and parties close to these entities, including enterprises or institutions and companies where these members and parties have a substantial, proportionate or controlling influence.

Significant transactions and balances with related parties are disclosed in Note 17 – Related party transactions.

Cash and cash equivalents

Financial resources are cash on hand including liquid valuables and cash in a bank account, including the overdrafts of current or overdraft accounts.

Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash and regarding these assets no significant changes of value in time is expected. Cash equivalents are cash deposits with a maximum of three months' notice and liquid debt securities tradable on a public market.

The Company has prepared a cash flow statement using the indirect method.

Changes in accounting policies and estimates

In 2022, the amount of the valuation of categorisation of intangible fixed assets and tangible fixed assets was changed from 40 thousand CZK to 80 thousand CZK.

There has been no significant change in accounting methods and estimates in the 2021 period.

Subsequent events

The impact of events that occurred between the balance sheet date and the date of preparation of the financial statements, are reflected in the financial statements in the case that these events provide further evidence of conditions that existed at the balance sheet date. In the case that significant events occurred between the balance sheet date and the date of preparation of the financial statements but did not affect conditions at the balance sheet date, the effects of these events are disclosed in the notes to financial statements but are not recorded in the financial statements.



Fixed assets

Intangible assets

31. 12. 2021

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Software	16 263	1 199	0	17 462
Goodwill	10 228	1 215	0	11 443
Intangible assets under construction				
	1 300	2 408	-2 708	1 000
Total 2021	27 791	4 822	-2 708	29 905

*) Additions and disposals also include transfers of intangible fixed assets under construction.

(CZK thous.)	Opening balance of amortisation	Additions	Disposals	Final balance of amortisation	Net book value
Software	-9 891	-2 509	0	-12 400	5 062
Goodwill	-1 883	-1 968	0	-3 851	7 592
Intangible assets under construction	0	0	0	0	1 000
Total 2021	-11 774	-4 477	0	-16 251	13 654

31. 12. 2022

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Software	17 462	1 059	-4 679	13 842
Goodwill	11 443	692	0	12 135
Intangible assets under construction				
	1 000	2 401	-3 401	0
Total 2022	29 905	4 152	-8 080	25 977

*) Additions and disposals also include transfers of intangible fixed assets under construction.

(CZK thous.)	Opening balance of amortisation	Additions	Disposals	Final balance of amortisation	Net book value
Software	-12 400	-2 087	4 679	-9 808	4 034
Goodwill	-3 851	-2 378	0	-6 229	5 906
Intangible assets under construction	0	0	0	0	0
Total 2022	-16 251	-4 465	4 679	-16 037	9 940



Tangible assets

31. 12. 2021

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Machinery and equipment	152 123	11 413	0	163 536
Vehicles	362	0	0	362
Other tangibles	5 563	0	-658	4 905
Valuation difference on acquired assets	9 638	0	0	9 638
Tangible fixed assets under construction	0	11 413	-11 413	0
Total 2021	167 686	22 826	-12 071	178 441

*) Additions and disposals also include transfers of tangible fixed assets under construction.

(CZK thous.)	Opening balance of amortisation	Additions	Disposals	Final balance of amortisation	Net book value
Machinery and equipment	-100 689	-15 573	0	-116 262	47 274
Vehicles	-362	0	0	-362	0
Other tangibles	-5 230	-331	657	-4 904	1
Depreciation of the valuation difference on acquired assets	-3 212	-643	0	-3 855	5 783
Tangible fixed assets under construction	0	0	0	0	0
Total 2021	-109 493	-16 547	657	-125 383	53 058

31. 12. 2022

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Machinery and equipment	163 536	65 492	-353	228 675
Vehicles	362	0	0	362
Other tangibles	4 905	0	-678	4 227
Valuation difference on acquired assets	9 638	0	0	9 638
Tangible fixed assets under construction	0	67 274	-67 274	0
Total 2022	178 441	132 766	-68 305	242 902

*) Additions and disposals also include transfers of tangible fixed assets under construction.

(CZK thous.)	Opening balance of depreciation	Additions	Disposals	Final balance of depreciation	Net book value
Machinery and equipment	-116 262	-17 758	352	-133 668	95 007
Vehicles	-362	0	0	-362	0
Other tangibles	-4 904	-1	678	-4 227	0
Depreciation of the valuation difference on acquired assets	-3 855	-643	0	-4 498	5 140
Tangible fixed assets under construction	0	0	0	0	0
Total 2022	-125 383	-18 402	1 030	-142 755	100 147



In the period 2022 and 2021 respectively, the Company received no subsidies for investment purposes, nor did it receive any significant tangible assets free of charge.

Receivables

At 31. 12. 2022 and at 31. 12. 2021 respectively, the Company had no receivables due after more than five years.

In the period 2022, the Company received the amount of 203 thous. CZK in the form of a subsidy to cover salary costs and an advance payment of CZK 8,000 thousand from the National Recovery Plan. In 2021 the Enterprise did not receive any subsidies for operational purposes.

The summary of provisions for receivables is as follows:

(CZK thous.)	31.12.2020	Created	Used	31.12.2021	Created	Used	31.12.2022
Provision for trade receivables	4 406	6 213	-3 799	6 820	0	-6 213	607
Total	4 406	6 213	-3 799	6 820	0	-6 213	607

Current financial assets

The main bank used by the Company is the Czechoslovak Commercial Bank, Inc., where the Company has a current/overdraft account. An overdraft facility that allows the Company to have a negative balance is shown in Note 10 – Bank loans and overdrafts.

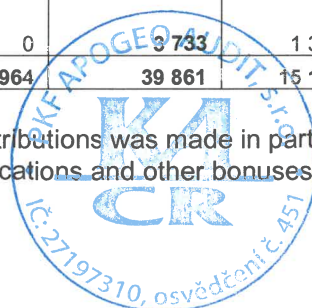
Equity

Registered capital as at 31. 12. 2022 and as at 31. 12. 2021 respectively, is CZK 200 000 thousand and the reserve fund as at 31.12. 2022 amounts to CZK 20 000 thousand. Changes in equity during 2022 and 2021 are disclosed in the Statement of Changes in Equity. A sum of CZK 750 thousand was transferred to the NAKIT Endowment Fund during 2022. CZK.

Provisions

(CZK thous.)	Balance as at 31. 12. 2020	Creation	Dissolution / use	Balance as at 31. 12. 2021	Creation	Dissolution / use	Balance as at 31. 12. 2022
Social and health insurance	4 330	3 895	-4 330	3 895	5 142	-3 895	5 142
Unused vacations	2 569	2 141	-2 569	2 141	2 298	-2 141	2 298
Provision for severance payments incl. competition clause	963	0	-963	0	0	0	0
Bonus elements of salaries	6 152	5 803	-6 152	5 803	6 096	-5 803	6 096
Other	22 082	17 157	-14 950	24 289	277	-5 861	18 705
Total	36 096	28 996	-28 964	36 128	13 813	-17 700	32 241
Corporate income tax return provisions	0	3 733	0	3 733	1 335	-5 068	0
Total	36 096	32 729	-28 964	39 861	15 148	-22 768	32 241

The provision for social and health insurance contributions was made in particular for the unpaid part of contractual wages, rewards for profits, unused vacations and other bonuses related to wages.



Other provisions have been created primarily to cover known risks and probable losses from ongoing litigation and out-of-court disputes and the resulting liabilities. The Company also created a provision for non-entitlement payroll components consisting of a subjective payroll component, including individual contractual payroll bonuses.

Current liabilities

As at 31 December 2022, the Company does not have any current liabilities past due. As at 31 December 2021, the Company's current liabilities overdue amounted to 928 thousand CZK.

As at 31 December 2022 and 31 December 2021, respectively, the Company had no long-term or short-term liabilities for which a lien or guarantee in favour of a creditor had been established.

Liabilities to related parties are disclosed in Note 15 – Related party transactions.

Estimated liabilities primarily relate to estimated compensation due to employees.

Liabilities for social security and health insurance amounted to 19 648 thousand CZK. This is the outstanding obligation from the wages for December 2022 which will have been paid in the following month.

At 31. 12. 2022 and 31. 12. 2021 respectively, the Company recorded no income tax arrears due to the local financial authorities.

Bank loans and overdrafts

Bank	Terms/Conditions	Currency	Total limit CZK thous	31. 12. 2022 CZK thous	31.12.2021 CZK thous
ČSOB, a. s.	Overdraft account	CZK	200 000	0	0

The Company has complied with all the conditions specified in the loan contract.

Income tax

Deferred tax asset (+) / liability (-) quantified using 19 % tax rate was as follows:

Items of deferred tax	2021			2022		
	Base CZK thous.	Deferred tax receivable CZK thous.	Deferred tax liability CZK thous.	Base CZK thous.	Deferred tax receivable CZK thous.	Deferred tax liability CZK thous.
Difference between the accounting and tax carrying value of fixed assets	-37 643	0	-7 152	-56 751	0	-10 783
Tax loss	0	0	0	30 940	5 879	0
Provisions to receivables and inventories	29 860	5 673	0	2 209	420	0
Other provisions	36 128	6 864	0	31 964	6 073	0
Total	28 345	12 538	-7 152		12 372	-10 783
Net deferred tax asset		5 385			1 589	



Leasing

The Company leases fixed assets, which are not recorded on the balance sheet (see Note 3.5 – Leasing and also Note 13 – Assets and liabilities not recognized in the balance sheet).

The amount of rent for property leased by the Company under operating leases as at 31. 12. 2022 and at 31. 12. 2021 respectively, amounted to CZK 8 637 thousand and CZK 9 485 thousand, respectively.

The Company did not have any financial leases as at 31. 12. 2022 and 31. 12. 2021 respectively.

Assets and liabilities not recognized in the balance sheet

The Company recorded in the operating records at 31. 12. 2022 and 31. 12. 2021 respectively, low value assets and off-balance sheet leased assets (recorded at cost) that are not recognized in the balance sheet.

(CZK thous.)	31. 12. 2021	31.12.2022
Leased/supporting assets	41 491	40 300
Low value tangible assets	39 954	41 944
Low value intangible assets	6 271	7 281
Total	87 116	89 525

Contingent liabilities

The Management Board is not aware of any other significant contingent liabilities of the Company as at 31. 12. 2022.

Inventories

Summary of inventory provisions is as follows:

(CZK thous.)	31.12.2020	Created	Used	31.12.2021	Created	Used	31.12.2022
Provision for work in progress	0	23 040	0	23 040	0	-23 040	0
Provision for products in stock	0	0	0	0	2 209	0	2 209
Total	0	23 040	0	23 040	2 209	-23 040	2 209

Employees

Breakdown of personnel costs:

	31. 12. 2021		31. 12. 2022	
	Total employees	Management and SB*	Total employees	Management and SB*
Average number of employees	510	15	505	15
in CZK thous.				
Payroll costs	443 474	14 973	479 382	15 825
Social and health insurance	148 529	4 291	160 382	5 122
Social costs	6 317	108	6 530	86
Total personnel expenses	598 320	19 372	646 294	21 033

*excluding costs for severance pay and non-competing clauses
Note: Management is defined as level R and R-1



Transactions with related parties

In addition to the amounts referred to in Note 16 – Employees, the members and former members of the statutory and supervisory bodies and senior management of the Company have not received during the period 2022 and 2021 any loans, guarantees advances or other benefits beyond the collective agreement, except for Company management staff who have vehicles in private use for business and personal purposes. Furthermore, the Company has concluded a collective professional liability insurance with respect to management staff.

In the normal course of business during the year, several transactions were carried out with related parties. The list of transactions carried out in 2022 and 2021 and the related receivables (excluding provisions) and liabilities to related parties is as follows:

31. 12. 2021	Revenues CZK thous.	Expenses CZK thous.	Receivables CZK thous.	Liabilities CZK thous.
Ministry of Interior	-1 651 326	22 616	225 304	-54 185
Czech Post, s. p.	0	2 319	19	-176
Ministry of Health	-341 514	0	28 848	0
SPCSS, s.p.	0	4 445	0	-1 066
Other	-5 871	0	128	0
Total	-1 998 710	29 380	254 299	-55 427

* incl. SZR, HZS, ZSMV, PČR, ZZMV, NA

31. 12. 2022	Revenues CZK thous.	Expenses CZK thous.	Receivables CZK thous.	Liabilities CZK thous.
Ministry of Interior	-1 730 125	3 435	297 009	-44 045
Czech Post, s. p.	0	7 759	19	-370
Ministry of Health	-106 908	0	11 437	0
SPCSS, s.p.	0	6 867	0	-922
Other	-10 115	0	1 168	0
Total	-1 847 148	18 061	309 633	-45 337

* incl. SZR, HZS, ZSMV, PČR, ZZMV

Remuneration of the audit firm

The total cost of the remuneration of the audit firm for the statutory audit at 31. 12. 2022 and at 31. 12. 2021 amounted to CZK 191 thousand CZK, 260 thousand CZK respectively.

Cash flow statement

The Company, for the purposes of the cash flow statement, did not consider the 31. 12. 2022 and 31. 12. 2021 overdraft facilities as cash equivalents (see Note 9 – Bank loans and overdrafts).



Subsequent events

In the following period occurred between the balance sheet date and the date of presentation of the financial statements, which affected the financial statements reported for the period 1. 1. 2022 – 31. 12. 2022:

On 1 January 2023, he was entrusted with the management of the Company and subsequently on 1 March 2023 he was appointed as the Company's Director Mgr. Jan Ďoubal instead of the director of the Company Ing. Vladimír Dzurilla, who terminated his employment with the Company on 31 December 2022.

With effect from 1 February 2023, Brigadier General JUDr. David Fulka, MBA was appointed a member of the Supervisory Board.

František Karas was appointed as a member of the Supervisory Board with effect from 27 February 2023.

In Prague on 4. 4. 2023

.....
Mgr. Jan Ďoubal
Director

Národní agentura pro komunikační a informační technologie, s. p.

