

**VOLKSWAGEN
FINANCIAL SERVICES**
THE KEY TO MOBILITY

ANNUAL REPORT FOR 2022



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INTRODUCTION



Ladies and Gentlemen,

The year 2022 was a very meaningful milestone for us, with Volkswagen Financial Services celebrating its thirtieth anniversary on the Czech market. Over the course of three decades, the company has blazed trails across the market and become a byword for passenger and commercial vehicle financing.

Last year, however, was plagued somewhat by supply chain disruptions in carmaking, soaring inflation and geopolitical instability. Even during this challenging time for many of our customers, we were there to serve as their mobility partner and lend a helping hand.

In 2022, we came up with a host of innovations, including the pioneering Moje VWFS client portal. We also extended vehicle financing for fleet clients to non-Group makes, made our Financování CHYTŘE credit product even more appealing, and introduced floating insurance policies.

We made good progress in advancing the digitalisation and robotisation of our services, and in doing so continued our transition into a modern, digital and agile company. Here, we draw on the solid backbone provided by the powerful Volkswagen AG Group, knowing that network experience and shared innovations in products, technologies, IT systems and customer care allow us to improve the products and services we offer to Czech customers. We introduced new rules on the remarketing of used VWFS cars with a view to increasing financing in this area.

We also targeted the promotion of electromobility. We expect the proportion of electric vehicles we finance to take off significantly in the coming years and are keen to offer sustainable mobility throughout the life cycle of a vehicle and for the entire time that our customers remain active drivers.

Naturally, sustainability is also important for fleet clients. The pursuit of a zero carbon footprint applies not only to the vehicles we finance, but to all our operations.

In the second half of 2022, our parent company unveiled a new strategy, „Mobility 2030“, which lays out a vision and five dimensions that chart a clear course for the period ahead. Developing this strategy locally will be a pivotal challenge for us in 2023.

We would like to thank our clients, staff, colleagues from organisations representing importers of Group brands, and the authorised dealer network for the fruitful, productive and professional cooperation we enjoyed in 2022.



Vratislav Stražil
Managing Director



Nataliya Bauhuber
Managing Director

COMPANY PROFILE



ŠkoFIN s. r. o. is operating in the Czech market since 1992 and provides financing contracts for passenger and utility vehicles as well as operating lease contracts. ŠkoFIN s. r. o. has been using the Volkswagen Financial Services brand for communication since 2015. The company's legal name remains unchanged.

The sole shareholder of Volkswagen Financial Services is Volkswagen Finance Overseas B.V., having its registered office at 1012RB Amsterdam, Paleistraat 1, Kingdom of the Netherlands, which is also 100% owned by Volkswagen AG.



Principal products offered by ŠkoFIN s. r. o.

- Credit financing for all types of customers – consumers, sole traders and legal entities.
- Operational, investment and factoring credit financing.
- Operating lease for retail customers (ŠKODA Bez starostí, IN Operating Lease) and fleet clients.
- Extended warranty for used cars as part of the ŠKODA Plus and Das WeltAuto programmes.
- Branded car maintenance packages – Volkswagen, SEAT and Audi Maintenance Packages and ŠKODA Prepaid Service. This is a complementary service that covers the customers' costs associated with the mandatory maintenance of vehicles.
- Car insurance brokerage including branded insurance products – ŠKODA, Volkswagen, Audi, and SEAT Insurance, motor third-party liability cover, accident insurance and other complementary covers including vehicle glass and GAP insurance.
- Other complementary products: repayment ability insurance and legal protection insurance (“Assistant”).

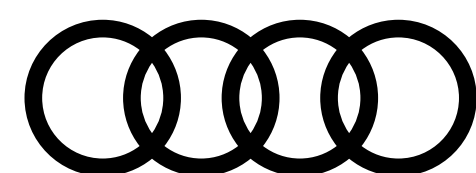
You can find more information at www.vwfs.cz.

GROUP STRUCTURE



SkoFIN, s. r. o., is wholly owned by Volkswagen Finance Overseas B.V., which is a 100% subsidiary of VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT, having its registered office at 38112 Braunschweig, Federal Republic of Germany, Reg. No: HRB 3790.

VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT is a 100% subsidiary of Volkswagen AG.



BENTLEY



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VOLKSWAGEN AKTIENGESELLSCHAFT

VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT

The Annual Report for VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT is available at www.vwfs.com.

STRUCTURE OF THE GOVERNING BODIES



ŠkoFIN, s. r. o., having its registered office at Pekařská 635/6, 155 00 Praha 5, was incorporated in the Commercial Register on 10 August 1992. The company's principal business activities include the purchasing of goods for resale, sale (car leasing) and providing consumer loans, including accompanying services.

Structure of governing bodies in 2022:

MANAGEMENT TEAM



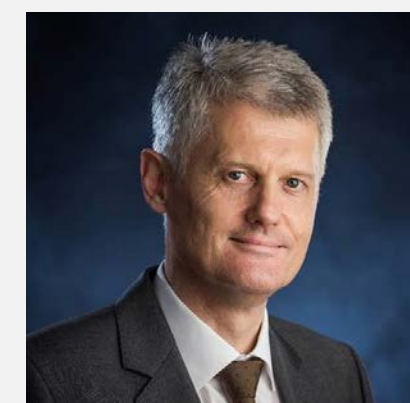
VRATISLAV STRAŠIL

Vratislav Stražil has been a ŠkoFIN s. r. o. Managing Director since 1 January 2019. He is responsible for Front Office.



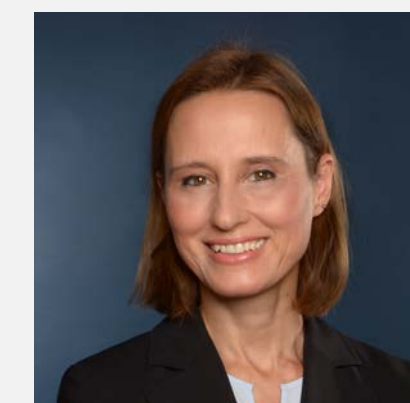
AXEL ROLF HERRMANN

Axel Herrmann was a ŠkoFIN s. r. o. Managing Director from 1 September 2020 to 31 August 2022. He was in charge of Middle Office.



HANS-PETER SEITZ

Hans-Peter Seitz was the Chief Financial Officer of ŠkoFIN s. r. o. from 1 November 2020 to 30 June 2022, when he was responsible for Back Office. Effective as of 15 March 2021, he was appointed as a ŠkoFIN s. r. o. Managing Director with no change in his responsibilities.



NATALIYA BAUHUBER

Nataliya Bauhuber has been a ŠkoFIN s. r. o. Managing Director since 1 September 2022. She is in charge of Middle and Back Office.

Composition of supervisory bodies in 2022:

SUPERVISORY BOARD

SUPERVISORY BOARD AS AT 31 DECEMBER 2022:

- Jan Hurt, member
- Jiří Maláček, member
- Sven Kunath, member
- Zhong Zhong, member

AUTHORISED SIGNATORIES

AUTHORISED SIGNATORIES AS AT 31 DECEMBER 2022:

- Kamila Brunclíková
- Radek Milštajn
- Pavel Kučera

MAJOR EVENTS IN 2022



In 2022, Volkswagen Financial Services successfully concluded 37,929 new and used car financing contracts. The net after-tax profit reached CZK 888 million.

We celebrated thirty years of Volkswagen Financial Services' presence on the Czech market in 2022 with various events and activities. We leveraged the anniversary in our marketing communications with customers, held events with clients and employees to acknowledge this achievement, and tied CSR projects to it. We marked the most important milestones of the past three decades together at a gala evening in Prague Castle's Spanish Hall in June 2022.

Our goal in 2022 was to cater to customers' needs and continue ensuring that they remained mobile, even as geopolitical considerations stunted component supply on the automotive market. With that in mind, we offered short-term operating leases on vehicles returned to us at the end of their lease term. We also made other accommodations in response to the unusual situation where clients on the Czech market and beyond were having to wait longer for the delivery of their new vehicles. For example, if the current vehicles of clients who had ordered a new one were financed by Volkswagen Financial Services, we extended their contracts on unchanged terms until the new car was delivered.

The most important digitalisation project last year was the development of the new Moje VWFS customer portal, which clients can use to communicate with the company or directly request changes to the data kept on them. The portal also shows the current balance under their contract, the repayment schedule, and an overview of the vehicle and its insurance. In addition, we are constantly expanding the range of individual tasks that clients will be able to perform online with just a few clicks. For example, they can already request a lien release or a change in contact details, and soon they will be able to download, for instance, their car's green card to their mobile phone.

Last year, we successfully completed a CRM project that enabled us to make the offline-to-online switch to our Salesforce tool for much of our client communications. We also launched online sales of our used cars, complete with financing. The current version offers clients the opportunity to choose from over a hundred cars, customise the financing parameters to suit their needs, find out everything they need to know about the range of cars on offer, and arrange financing for a used car, no matter where they are. Servicing can now be booked online, and we are working on other products such as insurance.

We have moved forwards in the development of our popular Financování CHYTŘE credit facility, which is notable for the high flexibility it offers when setting the down payment, monthly repayments, and the choice of a final balloon payment. Clients particularly like the possibility of opting for extremely low monthly repayments and flexibility in settling the final outstanding balance. In 2022, we innovated this product with a buyback guarantee and pre-paid servicing for five years free of charge.

In terms of insurance, we introduced floating policies, which are more cost effective for customers.

As of 2022, we offer our corporate clients operating leases or credit for the acquisition of any make of car available on the Czech market. In this way, we can deliver a comprehensive solution to clients' corporate fleet requirements. By broadening the range of makes we finance, we are responding to the mobile needs of corporate clients, whether they be SMEs financing, perhaps, just two cars, or multinational corporations with fleets of hundreds of cars.

Another priority for Volkswagen Financial Services is electromobility. When clients purchase an electric vehicle, we offer a full range of services to make the transition from a conventional to an electric vehicle as smooth as possible. These services include competitive insurance for electric vehicles and servicing, which actually works out cheaper than for internal combustion engines. With us, corporate customers have the option of financing not only the car, but also the infrastructure, i.e. the charging points known as wallboxes. Similarly, we can help our dealers, for example, to adapt their dealerships to new standards requiring charging stations.

Last year there was a change in the senior management of Volkswagen Financial Services, with Nataliya Bauhuber becoming a Managing Director of Volkswagen Financial Services as of 1 September 2022. She succeeded the previous Managing Directors Axel Herrmann and Hans-Peter Seitz. Nataliya Bauhuber arrived at Volkswagen Financial Services as a manager with 18 years' automotive, finance, IT and compliance experience. She is responsible for Back Office and Middle Office.

CORPORATE SOCIAL RESPONSIBILITY



Our business model is built on a solid footing supported by our values such as customer focus, openness, accountability, enthusiasm and the courage to keep trying new things.

Volkswagen Financial Services' corporate responsibility and human resources policy is based on the global strategy and corporate values of the entire Volkswagen Group. To us, they are the rules that guide us in the pursuit of our long-term goals and in the fulfilment our responsibilities towards all stakeholders. We aspire to maintain our reputation as one of the most reliable employers and trade partners in the Czech market.

This is why we place great emphasis on long-term and intensive in-house training with a primary focus on developing individual qualities and teamwork. We devise and improve incentive programmes and upgrade working environment, improving its comfort and safety to the satisfaction of our employees, because each of them is a unique individual to us.

We insist on unconditional observance of our Code of Conduct. We condemn any unlawful business practices. We care about the world outside our company, which is why we are committed to minimising the environmental impact of our activity and considering the influence of each individual step on our surroundings before actually taking it.

The security of our customers' personal data is our utmost priority. We carefully adhere to the rules protecting consumers and the principles of fair competition.

Volkswagen Financial Services is a founding member of the Non-Banking Client Information Register. ŠkoFIN is a responsible lender.

Research and Development Activities

Volkswagen Financial Services is actively involved in developing IT systems and methods for financial services geared towards innovating reporting tools and defining procedures for financial risk identification.

Environmental Impact of the Company's Activity

Since the company conducts business in the field of financial service provision, its activity does not affect the environment directly.

Organisational Units Abroad

Volkswagen Financial Services has no organisational units abroad.

Acquisition of own shares

The company did not acquire its own shares during that period.

Subsequent events

There have been no significant events subsequent to year-end that would have an impact on the financial statements as of 31 December 2022 and/or on the matters set out in this annual report.

Sponsorship and charity events in 2022

Besides financing and selling cars and providing related services, Volkswagen Financial Services is dedicated to supporting the local community and selected charity projects. Through this philanthropic and charity work, we help individuals with disabilities to become more mobile, independent and happy in their lives. As part of last year's celebrations of the company's 30th anniversary, we also decided to turn our attention to other charitable projects and carry out at least 30 good deeds over the year.

LONG-TERM PARTNERSHIPS

Centrum Paraple

One of the long-standing partners we regularly support is Centrum Paraple, a charity organisation that helps people with spinal cord injuries and paralysis. In 2022, we were involved in several sports events in support of the disabled. For example, we became the main sponsor of the Run and Ride for Paraple and, as part of the virtual run, our employees contributed to the running of the Centre. Volkswagen Financial Services runners ran 2,405.7 km in just under 30 days, finishing 13th out of 229 teams. Through our participation, we supported a disabled golf team and paid the green fee for one of the players. Our employees regularly help out at the Centrum Paraple building on volunteer days, for example, by cleaning up the garden or doing some painting and decorating.

Sue Ryder

We have regularly supported Sue Ryder, an organisation providing services to mobility-impaired seniors, since 2015. Last year, we competed in the Sue Ryder Charity Cup, a five-a-side football tournament, for the eighth time. The funds raised, including the proceeds from the auction of a jersey signed by Sparta football players, went to support the organisation's charity efforts. The company also took part in two other campaigns. In the spring, there was the "Bed Campaign", in which the public had the opportunity to contribute to the replacement of beds in the retirement home. Volkswagen Financial Services added 50% to each individual contribution/matched the individual donations with an extra 50%, bringing the total donation to more than CZK 130,000, which went towards the purchase of much-needed new adjustable beds. In the autumn campaign "Old Age is as Fragile as a Christmas Ornament", the company donated CZK 130,000 to help keep the retirement home running smoothly.

Breakfaststory

Since 2020, we have supported Breakfaststory, a platform that specialises in helping the underprivileged, the elderly, and single mothers, by purchasing refreshments from it. We regularly use the platform's services to lay on refreshments for internal events, including those that were part of the celebration of our 30th anniversary on the Czech market. These events included a get-together as part of the "Delight Someone with Breakfast" project and a creative workshop we held in support of the Přístav Home.

CHARITY FUNDRAISING

Fundraising for Kubík

For some of us, donating regularly to fundraising for Kubík is a very personal matter. Kubík is the son of one of our employees and suffers from epilepsy and polio. We have been supporting Kubík and his family with regular fundraisers for several years now. The money we manage to raise each year goes towards funding his expensive treatment. Thanks in part to this help, Kubík is able to undergo regular physiotherapy both at home and at specialised facilities as he makes steady progress.

Children's Centre at Thomayer Hospital and Sue Ryder

Knowing that Christmas is about making wishes come true under the tree, our employees bought and wrapped presents at their own expense and donated them to the "Wishing Tree" charity event. In doing so, they helped to make Christmas that extra bit special for Sue Ryder retirement home clients and for the patients of the Children's Centre at Thomayer Hospital, which cares for abandoned and disabled children. The seniors received medical supplies and home décor and the children were gifted toys and musical instruments.

CHARITY FUNDRAISING

Dobré víly

One of the new projects we decided to pursue in 2022 in connection with our celebrations and charity activities was fundraising for children in children's homes where the Dobré víly (Good Fairies) association is active. Members of the association spend a lot of time with children from children's homes, helping them with their schoolwork and regularly organising extracurricular activities such as outings and summer camps. Dobré víly also grants wishes, which is another way for our employees to support the children. They were able to purchase vouchers for a specific wish. These were not material gifts, but, for example, six months of tutoring, ski lessons or guitar lessons.

ASSISTANCE FOR VICTIMS OF THE WAR IN UKRAINE

Člověk v tísní

The war in Ukraine provoked a huge wave of solidarity in the Czech Republic, and we also decided to help in our own distinctive way. Volkswagen Financial Services loaned five vehicles from its fleet to Člověk v tísní (People in Need), which helped to distribute basic groceries and other vital supplies to places afflicted by the war. Although the vehicles were empty when they left us, that was all the motivation our employees needed to hold a fundraiser to help people from Ukraine who had to contend with the consequences of the war. Staff managed to raise CZK 70,544, and the company decided to increase this amount by CZK 79,456, taking the total raised to CZK 150,000.

OTHER CSR ACTIVITIES

In 2022, we also placed successful bids for good deeds with a total value of CZK 200,000 in the "Auction of Good Deeds". They included the purchase of hearing aids and specialised seats for disabled children and the construction of a pen for rescue animals. Our 30 activities in support of others also included the Run for Cystic Fibrosis, support for the Movember charity campaign, and participation in the Prague Relay and Run for the Deaf-blind.



FINANCIAL SITUATION IN 2022

**ŠkoFIN s. r. o. posted a net profit of CZK 888 million in 2022
(2021: CZK 925 million).**

Key figures for the year	2022	2021
TOTAL AMOUNT OF ASSETS	CZK 44,163 million	CZK 39,237 million
TOTAL EQUITY	CZK 6,684 million	CZK 5,796 million
AVERAGE NUMBER OF EMPLOYEES	233	234

OUTLOOK FOR 2023



The landscape in which we do business is changing at perhaps the most dramatic pace in the three decades we have been operating on the market. Not only is the world around us transforming, but we are also seeing the emergence of trends such as electromobility, autonomous driving, and digitalisation. At the same time, customer behaviour is evolving. For example, customers are demanding more convenience in services, they want to use a car instead of owning it, and they want fully integrated solutions – not only in financing, but also in insurance, servicing and other additional services.

Consequently, these days are full of challenges and require an approach that will enable us to respond flexibly to the increasingly fast-changing realities of the market, shifting customer preferences, evolving sales channels, and trends permeating the entire automotive industry. That is why we have come up with Mobility 2030, a new strategy for Volkswagen Financial Services.

We want to offer sustainable mobility throughout a vehicle's entire life cycle and for as long as our customers are able to drive. This means being with them from the moment they obtain their driving licence as youngsters, so we can provide them with our services – whether they buy new or used cars – until they stop driving. It goes without saying that we also want to be a stable mobility partner for our corporate clients. We place a premium on the loyalty of our customers and strive to accommodate their requirements.

We are now on the cusp of a new phase in which we will continue to improve and professionalise our services so that they always reflect the very latest global and local trends and customer requirements. We want to continue digitalising our products and services in order to bring greater convenience and deliver added value to our clients and partners.

INDEPENDENT AUDITOR'S REPORT





(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ŠkoFIN s.r.o.:

Opinion

We have audited the accompanying financial statements of ŠkoFIN s.r.o. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

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

Other Information

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

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

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

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

A member firm of Ernst & Young Global Limited
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has been incorporated in the Commercial Register administered by the Municipal Court in Prague,
Section C, entry no. 88504, under identification No. 26704153.



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

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

The Statutory Representatives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Representatives determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Representatives are 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 Statutory Representatives either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Representatives.
- Conclude on the appropriateness of the Statutory Representatives' 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.

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

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


Roman Hauptfleisch, Auditor
License No. 2009

3 April 2023
Prague, Czech Republic

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3

FINANCIAL STATEMENTS

A large concrete dam with a spillway, surrounded by lush green trees and a clear blue sky. Two ziplines are visible in the sky.

31 December 2022

BALANCE SHEET

as at 31 December 2022

(CZK mil.)			Gross amount	Provision	2022 Net amount	2021 Net amount
ASSETS						
B.		Fixed assets	17,271	(3,415)	13,856	12,688
B.	I.	Intangible fixed assets	1,089	(555)	534	458
	2.	1. Software	766	(555)	211	33
	5.	2. Intangible fixed assets in the course of construction	323	-	323	425
B.	II.	Tangible fixed assets	16,182	(2,860)	13,322	12,230
	2.	Equipment	15,914	(2,860)	13,054	11,934
	5.	2. Tangible fixed assets in the course of construction	268	-	268	296
C.		Current assets	30,996	(738)	30,258	26,511
C.	II.	Receivables	30,992	(738)	30,254	26,500
	1.	Long-term receivables	9,775	(171)	9,604	9,087
	1.	1. Trade receivables	8,705	(167)	8,538	8,142
	1.	4. Receivables – other	1,070	(4)	1,066	945
	2.	Short-term receivables	21,217	(567)	20,650	17,413
	2.	1. Trade receivables	20,337	(565)	19,772	16,513
	2.	4. Receivables – other	880	(2)	878	900
C.	IV.	Cash	4	-	4	11
D.		Prepayments and accrued income	49	-	49	38
D.	1.	Prepaid expense	9	-	9	6
D.	3.	Accrued income	40	-	40	32
TOTAL ASSETS			48,316	(4,153)	44,163	39,237

BALANCE SHEET

for the year ended 31 December 2022

(CZK mil.)			2022 Net amount	2021 Net amount
LIABILITIES AND EQUITY				
A.		Equity	6,684	5,796
A.	I.	1.	Share capital	865
A.	II.	2.	Capital funds	-
A.	III.		Reserve fund and other reserves	257
		1.	Other reserve funds	110
		2.	Statutory and other reserves	147
A.	IV.	1.	Retained earnings	4,674
A.	V.		Result for the current period	888
B.	+ C.		Liabilities	36,797
B.			Provisions	319
C.			Liabilities	36,478
C.	I.		Long-term liabilities	12,553
		2.	Liabilities due to financial institutions	9,300
		6.	Liabilities – subsidiaries and controlling parties	2,197
		8.	Deferred tax liability	1,056
C.	II.		Short-term liabilities	23,925
		1.	Debentures and bonds issued	475
		2.	Liabilities due to financial institutions	6,468
		4.	Trade payables	6,764
		6.	Liabilities – subsidiaries and controlling parties	8,750
		8.	Liabilities – other	1,468
D.			Accruals and deferred income	682
D.		2.	Deferred income	682
TOTAL LIABILITIES			44,163	39,237

INCOME STATEMENT

for the year ended 31 December 2022

(CZK mil.)		2021	2020 RESTATED*
I.	Sales of products and services	4,340	3,959
II.	Sales of goods	29	121
A.	Cost of sales	1,791	1,836
A. 1.	Cost of goods sold	29	120
A. 2.	Raw materials and consumables used	79	54
A. 3.	Services	1,683	1,662
D.	Staff costs	326	300
E.	Value adjustments in operating activities	1,233	1,252
III.	Operating income – other	6,718	7,358
III. 1.	Sales of fixed assets	5,166	5,605
III. 3.	Other operating income	1,552	1,753
F.	Operating expenses – other	6,724	7,479
F. 1.	Net book value of fixed assets sold	4,769	5,340
F. 3.	Taxes and charges from operating activities	22	61
F. 4.	Operating provisions and complex prepaid expenses	88	7
F. 5.	Other operating expenses	1,845	2,071
*	Operating result	1,013	571
VI.	Interest and similar income	1,019	852
J.	Interest and similar expenses	937	320
J. 1.	Interest and similar income – subsidiaries or controlling party	447	151
J. 2.	Other interest and similar expense	490	169
VII.	Other financial income	2	11
K.	Other financial expenses	11	10
*	Financial result	73	533
**	Result before taxation	1,086	1,104
L.	Tax on profit	198	179
L. 1.	Tax on profit – current	2	(4)
L. 2.	Tax on profit – deferred	196	183
***	Result for the financial period	888	925
	Net turnover for the financial period	12,108	12,301

* See note 2. 7.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

(CZK mil.)	Share capital	Capital funds	Other reserve funds	Retained earnings	Total
As at 1 January 2021	865	1	257	6,349	7,472
Termination of hedging instruments	-	(1)	-	-	(1)
Paid retained profit share	-	-	-	(2,600)	(2,600)
Net profit for the period	-	-	-	925	925
As at 31 December 2021	865	-	257	4,674	5,796
Net profit for the period	-	-	-	888	888
As at 31 December 2022	865	-	257	5,562	6,684

CASH FLOW STATEMENT

Year ended 31 December 2022

(CZK mil.)		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
	Net profit on ordinary activities before tax	1,086	1,105
A.1	Adjustments for non-cash movements:		
A.1.1	Depreciation of fixed assets	1,436	1,449
A.1.2	Changes in provisions	(116)	(191)
A.1.3	Loss from disposal of fixed assets	(396)	(265)
A.1.5	Net interest (income)/ expense	(82)	(532)
A.1.6	Other non-cash movements	54	48
A*	Net cash flow from operating activities before tax, changes in working capital	1,982	1,614
A.2	Working capital changes:		
A.2.1	Changes in receivables and prepayments	(3,642)	5,188
A.2.2	Changes in short-term payables and accruals	994	(1,017)
A**	Net cash flow from operating activities before tax	(666)	5,785
A.3	Interest paid	(726)	(295)
A.4	Interest received	1,020	852
A.5	Income tax paid	13	17
A***	Net cash flow from operating activities	(359)	6,359
CASH FLOWS FROM INVESTING ACTIVITIES			
B.1	Acquisition of fixed assets	(7,363)	(7,554)
B.2	Proceeds from the sale of fixed assets	5,166	5,605
B***	Net cash flow from investing activities	(2,197)	(1,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
C.1	Changes in long- and short-term liabilities		
C.1.1	Changes in bank loans	5,400	1,100
C.1.2	Changes in loans provided by related parties	(2,950)	(2,555)
C.1.3	Income from issued debentures and bonds	130	(549)
C.2	Changes in equity		
C.2.6	Paid retained profit share	-	(2,600)
C***	Net cash flow from financing activities	2,580	(4,604)
	Net increase/decrease in cash and cash equivalents	24	(194)
	Cash and cash equivalents as at the beginning of the year	(839)	(645)
	Cash and cash equivalents as at the end of the year	(815)	(839)

1. GENERAL INFORMATION

1. BACKGROUND INFORMATION ABOUT THE COMPANY

ŠkoFIN s. r. o. (“the Company”) is a limited liability incorporated on 10th August 1992 in the Czech Republic. The Company’s registered office is located at Prague 5, Pekařská 635/6, Jinonice, Czech Republic and the business registration number (IČ) is 45805369. The Company’s primary business activities are the purchase of assets for resale, sale (leasing of cars) and the provision of consumer credits.

As at 31 December 2022 the Company is fully owned by Volkswagen Finance Overseas B.V. incorporated in Netherlands, and the ultimate holding company is VOLKSWAGEN AG, incorporated in Wolfsburg, Germany.

The Company VOLKSWAGEN FINANCIAL SERVICES AG, incorporated in Braunschweig, Germany, the sole owner of Volkswagen Finance Overseas B.V., prepares the consolidated financial statements of the smallest group of entities of which the Company forms a part as a subsidiary. The consolidated financial statements of the smallest group of entities of which the Company forms a part as a subsidiary can be obtained in annual report of VOLKSWAGEN FINANCIAL SERVICES AG.

The Company VOLKSWAGEN AG prepares the consolidated financial statements of the largest group of entities of which the Company forms a part as a subsidiary. The consolidated financial statements of the largest group of entities of which the Company is a part can be obtained in annual report of VOLKSWAGEN AG on web page www.volkswagenag.com.

On July 1, 2022, Hans-Peter Seitz terminated his employment with the company as statutory representative, and on September 1, 2022, Axel Rolf Herrmann terminated his employment with the company as statutory representative. On September 1, 2022, Nataliya Wolodimiriwna Bauhuber was appointed to the position of statutory representative. Apart from the above, no significant changes were made in the public register in 2022.

MEMBERS OF STATUTORY AND SUPERVISORY BODIES AS AT 31 DECEMBER 2022 WERE AS FOLLOWS:

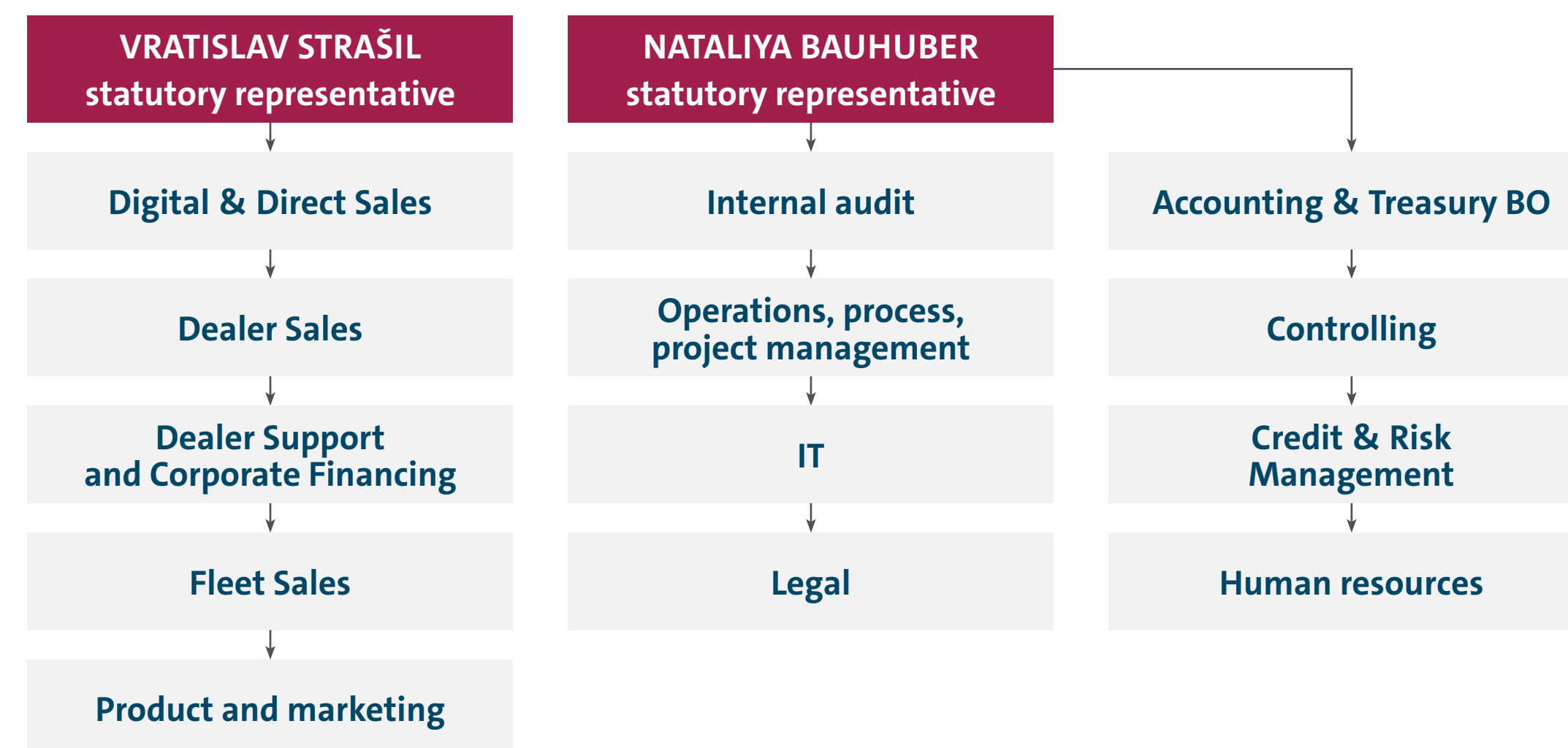
STATUTORY REPRESENTATIVE

NATALIYA BAUHUBER VRATISLAV STRAŠIL

SUPERVISORY BOARD

JAN HURT SVEN KUNATH JIŘÍ MALÁČEK ZHONG ZHONG

THE COMPANY IS ORGANISED AS FOLLOWS:



2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2022 and 2021.

The financial statements have been prepared assuming that the Company will continue as a going concern.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING METHODS AND DEPARTURES THEREFROM

The accounting policies applied by the Company in preparing the 2022 and 2021 financial statements are as follows:

a) Intangible Fixed Assets

All intangible assets with a useful life longer than one year and a unit cost of more than CZK 80,000 are treated as intangible and tangible fixed assets.

Intangible fixed assets are recorded at acquisition value and related costs. They are amortised applying the straight-line method over their estimated useful lives and anticipated residual value of the intangible fixed assets. Technical improvements of intangible fixed assets exceeding CZK 80,000 per item per year are capitalised.

Expenditure on research, as well as expenditure on self-generated development, is included in the cost of the accounting period in which it is incurred. Expenditures purchased from third parties are capitalised in intangible fixed assets if they meet the defined criteria: except for the financial limit for capitalisation of intangible assets and sufficient economic benefits related to the use of development results, in particular existing company intent and ability to complete development, existing technical feasibility, and reliability assets.

The depreciation plan is updated during the use of the long-term intangible asset based on changes in the expected useful life and expected residual value of this asset.

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

Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

b) Tangible Fixed Assets

All tangible assets with a useful life longer than one year and a unit cost of more than CZK 80,000 are treated as tangible fixed assets.

Purchased tangible fixed assets are initially recorded at cost, which includes all costs related to their acquisition. Technical improvements of tangible fixed assets exceeding CZK 80,000 per item per year are capitalised.

For the purpose of depreciation, the tangible fixed assets are divided into two groups – fixed assets for which a lease agreement was concluded with a customer, leasing fixed assets (further divided into financial lease, operating lease and operating lease with services) – and fixed assets which are not the subject of the leasing business.

The Company's tangible fixed assets are depreciated using the following methods:

- Accounting depreciation of tangible fixed assets subject to finance lease contracts is calculated on a daily straight line basis from the date of contract commencement to the date of termination of the leasing contract;
- Accounting depreciation of tangible fixed assets subject to an operating lease contract is calculated so as to reduce the cost of the fixed asset down to its estimated residual value on a straight-line basis from the first day of the month the asset is delivered to the client over the lease term;
- Accounting depreciation of tangible fixed assets subject to an operating lease contract with services is calculated on a straight-line basis using a daily method from the day the asset is delivered to client over the lease term;
- Accounting depreciation of tangible fixed assets not subject to the lease business is calculated using the straight-line method over the fixed asset's estimated useful life.

The Company applies an annual depreciation charge of 11%–50% (depending on the class of assets).

The amortisation/depreciation plan is updated during the useful life of the intangible and tangible fixed assets based on expected useful life change and anticipated residual value of the intangible and tangible fixed assets.

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

The provision to operating lease is determined based on the estimated recoverable amount and on the expected date of termination of the leasing contract.

Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

c) Cash

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

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

d) Receivables

Receivables are initially measured at nominal value, purchased receivables at cost. Receivables are stated less a provision for doubtful amounts.

Irrecoverable receivables are written-off on the basis of a court decision or completion of bankruptcy proceedings against the customer.

Statistical models and methods are used for the calculation of amount of impairment.

e) Equity

The share capital of the company is reported in the amount entered in the commercial register of the municipal court. Any increase or decrease in the share capital based on the decision of the general meeting, which was not registered on the date of the financial statements, is reported as changes in the share capital.

The Company is fully governed by the new Corporations Act and used the option not to create a reserve fund. The reserve fund was created from the profit of the Company. The Company no longer creates a reserve fund.

f) Provisions and Liabilities

The Company creates legal provisions in accordance with the Act on Provisions and provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term liabilities and current liabilities are carried at their nominal values.

Long-term liabilities and current liabilities to credit institutions are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

Liabilities or contingent liabilities, if any, that are not recorded in the balance sheet because significant uncertainties exist with respect to the amount, title or timing of the expected outflow of benefits are described in Note 14.

g) Leases

The costs of assets held under operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are published in the notes but not recognised in the balance sheet.

h) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the exchange rate as at the transaction date. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

i) 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 balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared

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

j) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Sales are recognised upon the delivery of products and customer acceptance and are stated net of discounts and value-added tax.

Sales of production represent revenues from leasing services provided by the Company and revenues from the administration and financing of receivables in the form of factoring. Leasing revenues are accounted for on a straight-line basis over the lease term from the date of commencement of the lease contract to the normal or early termination of the lease contract. Contractual fees and penalties are recognized when enforced.

Revenues from provided credits including consumer credits are recognized as interest income using the effective interest rate method over the term of the contract depending on the total amount outstanding on the credit provided.

Revenues from financing the dealer network are recognized in revenues using the effective interest rate method over the finance period depending on the outstanding total amount of finance provided. Factoring commission is accrued in revenues using the straight-line method on a daily basis.

k) Income Tax

Income tax expense is calculated using the applicable tax rate on accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable income (eg., creation and settlement of other provisions and adjustments, entertainment expenses, difference

between accounting and tax depreciation, etc.). In addition, items reducing the tax base (gifts), deductible items (tax loss, costs of implementing research and development projects) and income tax rebates are considered.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realisation.

I) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognised in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet. If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognised in the financial statements.

4. FIXED ASSETS

a) Intangible Fixed Assets

(CZK mil.)	1/1/2022	Additions	Disposals	31/12/2022
COST				
Software	536	240	10	766
Intangible fixed assets in the course of construction	425	158	260	323
Total	961	398	270	1,089
ACCUMULATED AMORTISATION				
Software	503	62	10	555
Total	503	62	10	555
Net book value	458			534

(CZK mil.)	1/1/2021	Additions	Disposals	31/12/2021
COST				
Software	521	15	0	536
Intangible fixed assets in the course of construction	341	167	83	425
Total	862	182	83	961
ACCUMULATED AMORTISATION				
Software	478	25	0	503
Total	478	25	0	503
Net book value	384			458

Additions to the cost of intangible fixed assets are represented mainly by acquisitions.
 Additions to accumulated amortisation of intangible fixed assets are represented by amortisations charges.

b) Tangible Fixed Assets

(CZK mil.)	1/1/2022	Additions	Disposals	31/12/2022
COST				
Equipment	14,578	7,339	6,003	15,914
Tangible fixed assets in the course of construction	296	0	28	268
Total	14,874	7,339	6,031	16,182
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
Equipment	2,510	1,374	1,094	2,790
Impairment provision against fixed assets	134	38	102	70
Total	2,644	1,412	1,196	2,860
Net book value	12,230			13,322

(CZK mil.)	1/1/2021	Additions	Disposals	31/12/2021
COST				
Equipment	14,071	7,429	6,922	14,578
Tangible fixed assets in the course of construction	271	25	-	296
Total	14,342	7,454	6,922	14,874
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
Equipment	2,619	1,425	1,534	2,510
Impairment provision against fixed assets	179	99	144	134
Total	2,798	1,524	1,678	2,644
Net book value	11,544			12,230

The net book value of tangible fixed assets subject to lease contracts amounted to CZK 13,256 mil. as at 31 December 2022 (2021: CZK 12,108 mil.).

The total value of tangible assets which are not reflected in the accompanying balance sheet was CZK 18 mil. and CZK 15 mil. as at 31 December 2022 and 2021, respectively.

Tangible fixed assets include also vehicles stemming from terminated operating lease contracts with a net book value of CZK 254 mil. as at 31 December 2022 (2021: CZK 108 mil.). The Company created an impairment provision of CZK 1 mil. (2021: CZK 1 mil.) against these assets. This provision is recorded in provisions against residual value risk.

Additions to the cost of tangible fixed assets are represented mainly by acquisitions. Additions to accumulated depreciation of tangible fixed assets are represented mainly by depreciation. Disposals of cost of tangible fixed assets are represented mainly by disposals through sale. In 2022, the cost of disposal through sale amounted to CZK 5,805 mil. (2021: CZK 6,835 mil.). The other reasons for disposals (mainly stolen and damaged cars) of tangible fixed assets in 2022 had an acquisition cost of the fixed assets of CZK 123 mil. (2021: CZK 87 mil.).

The Company does not use any assets held under finance lease contracts.

Fixed assets of the Company are not burdened by any conditional transfer of ownership rights or collateral.

5. RECEIVABLES

(CZK mil.)		31/ 12/ 2022	31/ 12/ 2021
LONG-TERM RECEIVABLES			
Long-term trade receivables		8,705	8,302
Long-term other receivables		1,070	968
Total long-term receivables		9,775	9,270
Provision for doubtful long-term receivables		(171)	-183
Net book value of long-term receivables		9,604	9,087
SHORT-TERM RECEIVABLES			
Trade receivables	– current	19,761	16,512
	– overdue	576	686
Total trade receivables		20,337	17,198
Other receivables	– current	541	520
	– overdue	15	4
Total other receivables		556	524
Estimated receivables		324	385
Total short-term receivables		21,217	18,107
Provision for doubtful short-term receivables		(567)	(694)
Net book value of short-term receivables		20,650	17,413
Total receivables		30,992	27,377
Total net book value of receivables		30,254	26,500

Receivables with maturity over 5 years as at 31 December 2022 amounted to CZK 578 mil. (2021: CZK 413 mil.).

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

Receivables from consumer credits are secured by the conditional transfer of ownership rights, the guarantor and pledged collateral, respectively. Factoring receivables are secured by the related car.

Short-term trade receivables include mainly factoring receivables and the short-term consumer credits provided to customers. The Company provides a significant part of the financial services for new and used car financing (receivables factoring) of the ŠKODA brand for the distribution network of ŠKODA AUTO, a. s., and financial services for the distribution network of Porsche Česká republika, s. r. o., in the Czech Republic.

The total amount of receivables resulting from these services, as at 31 December 2022 for ŠKODA AUTO, a. s., amounts to CZK 6,013 mil. (2021: CZK 5,332 mil.). The total amount of receivables resulting from these services provided as at 31 December 2022 for Porsche Česká republika, s. r. o., amounts to CZK 4,091 mil. (2021: CZK 2,661 mil.).

Other short-term receivables include mainly short-term loans provided to dealers as at 31 December 2022 of CZK 484 mil. (2021: CZK 459 mil.). Penalties related to trade receivables as at 31 December 2022 amounting to CZK 3 mil. (2021: CZK 4 mil.) are also recognised in the balance sheet in short-term receivables.

Tax receivables include corporate tax receivable as at 31 December 2022 amounting to CZK 2 mil. (2021: CZK 18 mil.) and VAT receivable as at 31 December 2022 amounting to CZK 39 mil. (2021: CZK 33 mil.).

Estimated receivables include mainly estimated revenues from insurance and sale support from concern group's car brands.

Long-term trade receivables include mainly the long-term portion of credits provided to entrepreneurs and firms as at 31 December 2022 amounting to CZK 7,007 mil. (2021: CZK 6,419 mil.) and consumer credits provided to private individuals as at 31 December 2022 amounting to CZK 1,697 mil.

(2021: CZK 1,884 mil.). Other long-term receivables include long-term loans provided to dealers as at 31 December 2022 amounting to CZK 1,058 mil. (2021: CZK 959 mil.).

Interest income from short-term and long-term credits and commissions from the factoring of receivables are disclosed in Note 15.

Receivables are secured by promissory notes amounting to CZK 1,504 mil. as at 31 December 2022 (2021: CZK 1,332 mil.), by the pledge of collateral of CZK 200 mil. as at 31 December 2022 (2021: CZK 124 mil.) and by ownership right transfers of CZK 12,774 mil. as at 31 December 2022 (2021: CZK 11,094 mil.).

6. ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Notes 4 and 5).

Changes in the allowance accounts (in CZK mil.):

Allowances against	Balance as at 31/12/2020	Additions	Deductions	Balance as at 31/12/2021	Additions	Deductions	Balance as at 31/12/2022
Fixed assets	179	99	(144)	134	38	(102)	70
Receivables	1,031	396	(550)	877	171	(310)	738

7. CASH

The Company has open bank accounts including overdraft accounts. As at 31 December 2022 and 2021, the drawn element of the overdraft was CZK 818 mil. and CZK 850 mil., respectively, and is classified as a short-term bank loan in the accompanying balance sheet (see Note 11).

8. EQUITY

The share capital of the Company of CZK 865 mil. was fully paid as at 31 December 2022 and 2021.

The reserve fund of CZK 110 million was created from the profit of the Company.

On 1 December 2021, Volkswagen Finance Overseas B.V., the sole shareholder of the Company, decided, on the basis of a proposal by the Company's directors and the opinion of the Supervisory Board of the Company, to pay the amount of CZK 2,600 million. CZK from retained earnings of previous years of the Company towards Volkswagen Finance Overseas B.V., the sole shareholder of the Company. The amount was paid as decided by Volkswagen Finance Overseas B.V. as of 14 December 2021.

The general meeting of shareholders approved on 25 April 2022 the financial statements for 2021 and decided to retain the profit earned in 2021 of CZK 925 million in earnings.

The Company assumes to pay the profit earned in 2022 to the sole shareholder Volkswagen Finance Overseas B.V.

9. PROVISIONS

The movements in the provision accounts were as follows (in CZK mil.):

Provisions for	Balance as at 31/12/2020	Additions	Deductions	Balance as at 31/12/2021	Additions	Deductions	Balance as at 31/12/2022
Fleet costs	138	98	(152)	84	103	(30)	157
Business risks	10	54	(4)	60	89	(76)	73
Employee bonuses and payoffs	71	127	(115)	83	137	(137)	83
Court cases	5	-	-	5	1	-	6
Total	224	279	(271)	232	330	(243)	319

The provision for business risks also includes a provision to cover the potential loss from the provided lease contracts due to an increase in input costs.

For an analysis of the current and deferred income tax, see Note 13 – Income tax.

Tax advance payments paid by Company as at 31 December 2022 amounting to CZK 9 mil. (as at 31 December 2021: CZK 93 mil.) were netted off with the provision for income tax of CZK 6 mil. created as at 31 December 2022 (as at 31 December 2021: CZK 75 mil.). Final receivable as at 31 December 2022 amounting CZK 2 mil. (as at 31 December 2021: CZK 18 mil.) is presented within short-term receivables, see Note 5.

10. LIABILITIES

(CZK mil.)	31/12/2022	31/12/2021
Long-term bank loans due between 1–5 years	9,300	6,250
Long-term borrowings (Notes 11 and 17)	2,197	3,047
Deferred tax liability (Note 13)	1,056	861
Total long-term liabilities	12,553	10,158
Debentures and bonds issued – current	475	332
Bank overdrafts	818	850
Other bank loans due within one year (including current portion of long-term loans)	5,650	3,300
Trade payables – current	6,764	5,696
Short-term borrowings (Notes 11 and 17)	8,750	10,850
Liabilities to employees	14	13
Liabilities to social security and health insurance	8	6
Taxes and state subsidies payable	2	2
Estimated liabilities	1,440	1,184
Other liabilities	4	-
Total short-term liabilities	23,925	22,234
Total liabilities	36,478	32,392

Trade liabilities include as at 31 December 2022 related party liabilities due to factoring of receivables of CZK 2,525 mil. (2021: CZK 2,135 mil.), see Note 17.

As at 31 December 2022 the social security and health insurance liability amounted to CZK 8 mil. (2021: CZK 6 mil.). The Company has no overdue tax liabilities.

Issued short-term bonds amounting to CZK 475 mil. as at 31 December 2022 (2021: CZK 332 mil.) are guaranteed by Volkswagen Financial Services AG and are not publicly traded. The funds from issued bonds are used for short-term refinancing with maturity within 1 year.

Estimated liabilities include estimated payables for services and supplies not yet invoiced and insurance relating to leasing contracts not yet invoiced and unpaid interest.

Payables have not been secured against any assets of the Company and are not due after more than 5 years.

The Company does not have any other liabilities which were not recorded in the balance sheet.

The Company did not provide any guarantees which were not disclosed in the notes.

Long-term liabilities to related parties (see Note 17).

11. AMOUNTS OWED TO CREDIT INSTITUTIONS

(CZK mil.)	31/12/2022	31/12/2021
Bank overdrafts (Note 7)	818	850
Other bank loans due within 1 year (incl. current portion of long-term loans)	5,650	3,300
Long-term loans due between 1–5 years	9,300	6,250
Total bank loans and overdrafts	15,768	10,400
Short-term borrowings (Notes 10 and 17)	8,750	10,850
Long-term borrowings (Notes 10 and 17)	2,197	3,047
Total loans and borrowings	26,715	24,297
of which – short-term	15,218	15,000
of which – long-term	11,497	9,297

No Company loans or other borrowings are due after more than 5 years. The longest loan tenor is 4.4 years as at 31 December 2022 (2021: CZK 4.8 years).

The Total Credit Limit of the Company as of 31 December 2022 is CZK 31,047 mil. (2021: CZK 31,997 mil). Credit limits provided by related parties are reported only in the amount of the current drawdown. However, the Company may draw loans from related party resources as needed in excess of the current drawdown.

Interest rates charged on long-term loans newly drawn by the Company in 2022 reached at most 7.21 % p. a. (2021: at most 3.89 % p. a.).

12. PREPAYMENTS, ACCRUALS AND DEFERRED INCOME

(CZK mil.)	31/12/2022	31/12/2021
Prepaid expenses	9	6
Accrued income	40	32
Total assets	49	38
Deferred income	682	817
of which – services	265	246
– unamortised part of the leasing down payment	1	4
– other deferred income	416	567
Total liability	682	817

Accruals and deferrals relate mainly to individual leasing and credit contracts. As a result, these costs and revenues are continually recognised in the Company's income statement over the length of these contracts.

13. INCOME TAXES

(CZK mil.)	2022	2021
Net profit before taxation	1,086	1,104
Adjustments to tax base:		
– additional tax-deductible costs	(3,713)	(3,477)
– non-tax-deductible costs	2,741	2,502
– non-taxable income	(146)	(161)
– additional taxable income	34	97
– research and development	-	(46)
Net taxable profit	2	19
Corporate income tax at 19%	-	4

Additional tax-deductible costs relate mainly to difference between accounting and tax depreciation of CZK 3,468 mil. (2021: CZK 3,396 mil.).

Net deferred tax liability structure:

(CZK mil.)	2022	2021
Total deferred tax liability	1,170	989
Arising from: Accelerated tax depreciation of tangible fixed assets subject to lease	1,170	989
Total deferred tax asset	114	128
Arising from: Other provisions	86	86
Other temporary differences	25	42
Research and development	3	-
Net deferred tax liability	1,056	861

14. COMMITMENTS AND CONTINGENCIES

The Company has the following rental commitments:

(CZK mil.)	2022	2021
Current within one year	17	17
Due after one year but within five years	55	57
Due after five years	0	0
Total commitments in respect of operational leases and rentals	72	74

15. REVENUES

(CZK mil.)	2022	2021
Leasing revenues – domestic	3,791	3,741
Factoring commission income	549	218
Sales of products and services	4,340	3,959
Revenues from sales of goods	29	121
Revenues from sale of cars – domestic	5,166	5,605
Other operating income	1,552	1,753
Revenues from credits (interest income)	1,019	852
Other interest income	2	11
Total revenues	12,108	12,301

16. PERSONNEL AND RELATED EXPENSES

Members of management include statutory directors, proxies, heads of departments and sub-departments.

(CZK mil.)	2022		2021	
	Total personnel	Members of management	Total personnel	Members of management
Average number of employees	233	23	234	24
Wages and salaries	241	75	223	58
Social security and health insurance	77	16	71	14
Social cost	8	1	6	2
Total personnel expenses	326	93	300	75

Other transactions with the Company's management are described in Note 17 Related party transactions.

17. RELATED PARTY TRANSACTIONS

(CZK mil.)	2022	2021
Sales of services	816	832
Sales of goods	247	283
Total revenues	1,063	1,115
Purchase of services	381	420
Purchase of goods for resale	4,404	4,768
Interest costs	446	151
Total Costs	5,231	5,339

The following related party balances were outstanding as at:

(CZK mil.)	31/ 12/ 2022	31/ 12/ 2021
RECEIVABLES		
Porsche Česká republika, s. r. o.	13	2
ŠKODA AUTO, a. s.	25	41
Porsche Inter Auto CZ, s. r. o.	394	518
Scania Czech Republic, s. r. o.	2	2
MAN Truck & Bus Czech Republic, s. r. o.	2	-
Total Receivables	436	563
LIABILITIES		
Porsche Česká republika, s. r. o.	2,284	2,135
ŠKODA AUTO, a. s.	4,233	3,550
Porsche Inter Auto CZ, s. r. o.	26	14
Volkswagen Bank GmbH	-	754
Volkswagen Financial Services AG	9,546	12,196
Volkswagen Financial Services N.V.	1,621	1,007
VW Digital Solution GmbH	28	-
Total Liabilities	17,738	19,656

Assigned receivables:

(CZK mil.)	2022	2021
Purchase – domestic	73,625	70,767
Sales – domestic	9,081	8,380

Company cars at acquisition cost of CZK 56 mil. as at 31 December 2022 (2021: CZK 58 mil.) are provided for business and private use by the statutory directors, the proxies, heads of the Company's departments and other employees of the Company.

Except for the aforementioned remuneration and benefits there was benefit in form of financial contribution for fuel provided to the Company's statutory directors, the proxies and the heads of the Company's departments in 2022. To the Company's expats there was benefit in form of financial contribution for housing and flight tickets and kindergarten. Except for the aforementioned remuneration and benefits, there was no other consideration provided to the Company's statutory directors, the proxies and management in 2022 and 2021.

18. FEES PAID AND PAYABLE TO THE AUDIT COMPANY

The total fees paid and payable for a statutory audit of the financial statements performed by the audit company Ernst & Young Audit, s. r. o., and its related parties amounted CZK 3 mil. as at 31 December 2022 (2021: CZK 2 mil.).

19. SUBSEQUENT EVENTS

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

3 April 2023



Ing. Vratislav Stražil
Statutory Director



Nataliya Bauhuber
Statutory Director

REPORT ON RELATIONS



Pursuant to Section 82 of the Act on Corporations for the accounting period of the calendar year 2022

Statutory Directors of ŠkoFIN s. r. o., with its registered office at Pekařská 6, 155 00, Praha 5, identification number: 45805369, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 11881 (in this Report also the “**controlled company**” or the “**Company**”), have prepared the following Report on Relations pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act (the “**Corporations Act**”), for the accounting period of the calendar year 2022 (the “**Relevant period**”).

1. Structure of relations

1. 1. According to the information available to the Statutory Directors of the Company acting with due managerial care, for the whole of the Relevant period, the Company formed a part of a concern in which the ultimate controlling party is VOLKSWAGEN AG (the “Concern”). Information on the entities forming part of the Concern is stated as at 31. 12. 2022 according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Concern is graphically illustrated in Annex No. 1.
 1. 1. 1. Controlling Party
VOLKSWAGEN AG, with its registered office at Wolfsburg, Germany, (in this Report also the “**Controlling Party**”) indirectly controls the Company through the company Volkswagen Finance Overseas B.V. with the registered office in Amsterdam.

2. Role of the Company in the Concern

The Company provides financial services connected in particular with financing and support of Concern’s vehicles.

3. Methods and means of control

The Controlling Party indirectly controls the Company through the company Volkswagen Finance Overseas B.V. which was the sole shareholder in the Relevant period. The control of the Company occurs in particular through the decisions at the General Meeting.

4. Mutual Contracts within the Concern

4. 1. Contracts entered into between the Company and the Controlling Party that were effective and valid in the Relevant period:
In the Relevant period, the Contract on business cooperation with the Controlling Party was valid and effective.
4. 2. Contracts entered into between the Company and the other parties controlled by the Controlling Party that were effective and valid in the Relevant period:

In the Relevant period, the following contracts entered into with the other parties controlled by the Controlling Party were valid and effective:

Contractual counterparty	Contracts
ŠKODA AUTO A.S.	Contracts on business cooperation
	Contracts on providing services
	Car leasing
	Factoring contract
	Rental contract
	General operative lease contract
PORSCHE ČESKÁ REPUBLIKA S.R.O.	Contracts on business cooperation
	Contracts on providing services
	Factoring contract
	Provision of facilities in the event of an accident
PORSCHE INTER AUTO CZ S.R.O.	Agreement on providing target commissions
	Contracts on providing services
	Contracts on business cooperation
	Contract on car stocking
	Loan agreement
	Car leasing
PORSCHE INTER AUTO SLOVAKIA, S.R.O.	Operative lease service agreement

Contractual counterparty	Contracts
SCANIA CZECH REPUBLIC S.R.O.	Car leasing
	General operative lease contract
SCANIA FINANCE CZECH REPUBLIC, SPOL. S R.O.	Car leasing
SCANIA REAL ESTATE CZECH REPUBLIC S.R.O.	General operative lease contract
PORSCHE CENTRAL EASTERN EUROPE S.R.O.	Car leasing
	General operative lease contract
MAN TRUCK & BUS CZECH REPUBLIC S.R.O.	Car leasing
	General operative lease contract
PORSCHE ENGINEERING SERVICES, S.R.O.	Car leasing
INIS INTERNATIONAL INSURANCE SERVICE S.R.O.	Insurance agreement
	Contract on business cooperation
ŠKO-ENERGO, S.R.O.	General operative lease contract
BERIDER SERVICES S.R.O.	General operative lease contract
HOPPYGO S.R.O.	General operative lease contract
ŠKODA AUTO DIGILAB S.R.O.	General operative lease contract
ŠKODA AUTO VYSOKÁ ŠKOLA O.P. S.	General operative lease contract

Contractual counterparty	Contracts
VOLKSWAGEN BANK GMBH	Credit facility agreement
	Contracts on providing services
	Providing of loans
VOLKSWAGEN FINANCIAL SERVICES N.V.	Credit facility agreement
	Providing of loans
VOLKSWAGEN FINANCIAL SERVICES AG	Contracts on providing services
	Providing of loans
VOLKSWAGEN INTERNATIONAL FINANCE N.V.	Credit line agreement
VOLKSWAGEN FINANCIAL SERVICES DIGITAL SOLUTIONS GMBH	Framework agreement on providing IT services
VOLKSWAGEN AG	Agency contracts
VOLKSWAGEN VERSICHERUNG AG	Agreement on the Procurement of insurance
	Agreement on the Processing of personal data
VOLKSWAGEN RENTING, UNIPESOAL	Framework IT agreement
VOLKSWAGEN LEASING GMBH	Agreement on providing services
	Agreement on providing IT services
VOLKSWAGEN SOFTWARE ASSET MANAGEMENT GMBH	Agreement on providing IT services
VEHICLE TRADING INTERNATIONAL GMBH	Framework agreement on providing services

5. Legal acts made at the instigation of or in the interest of the Controlling Party or other parties controlled by the Controlling Party

Except mentioned above, during the Relevant period, the Company did not make any legal acts and other measures in the interest, or at the instigation of, the Controlling Party or other parties controlled by the Controlling Party, which would involve assets exceeding in value 10% of the Company's equity reported in the latest Financial Statements.

6. Assessment of a detriment and its compensation

No detriment occurred to the Company on the basis of the agreements entered into in the Relevant period between the Company and other entities from the Concern, other acts or measures which were implemented in the interest, or at the instigation of, of such entities by the Company in the Relevant period.

7. Evaluation of relations and risks within the Concern

7.1. Evaluation of advantages and disadvantages of relations within the Concern.

In particular the following advantages arise from the participation within the Concern to the Company: The Concern is a world-leading producer possessing a strong brand, strong financial background and access to the financing from which the Company benefits in particular during the entering into the transactions with its suppliers, customers, and during negotiation with banks and other providers of facilities, etc.

No disadvantages have arisen to the Company from the participation within the Concern.

7.2. No risks have arisen to the Company from the relations within the Concern.

31 March 2023



Ing. Vratislav Stražil
Statutory director



Nataliya Bauhuber
Statutory director

Annex No. 1: The ownership structure of ŠkoFIN s.r.o.

