

EXPLANATORY NOTES TO ANNUAL REPORT ON DIRECT INVESTMENT ABROAD ("PRINZA71")

Foreign direct investment of a domestic company means an enterprise in which the domestic company holds a share of 10% or more of the registered capital or voting rights.

A) A subsidiary abroad is a company in which an investor controls more than 50% of the voting rights.

B) An associate abroad is a company in which an investor controls at least 10% and at most 50% of the voting rights.

Definition of the ultimate controlling unit for report "PRINZA71":

The ultimate controlling unit is an investor (resident in the Czech Republic) who is not controlled (either directly or indirectly) by another institutional unit having its registered office abroad, i.e. who has no direct or indirect foreign investor or its foreign investor holds a share of less than 50% of the registered capital or voting rights.

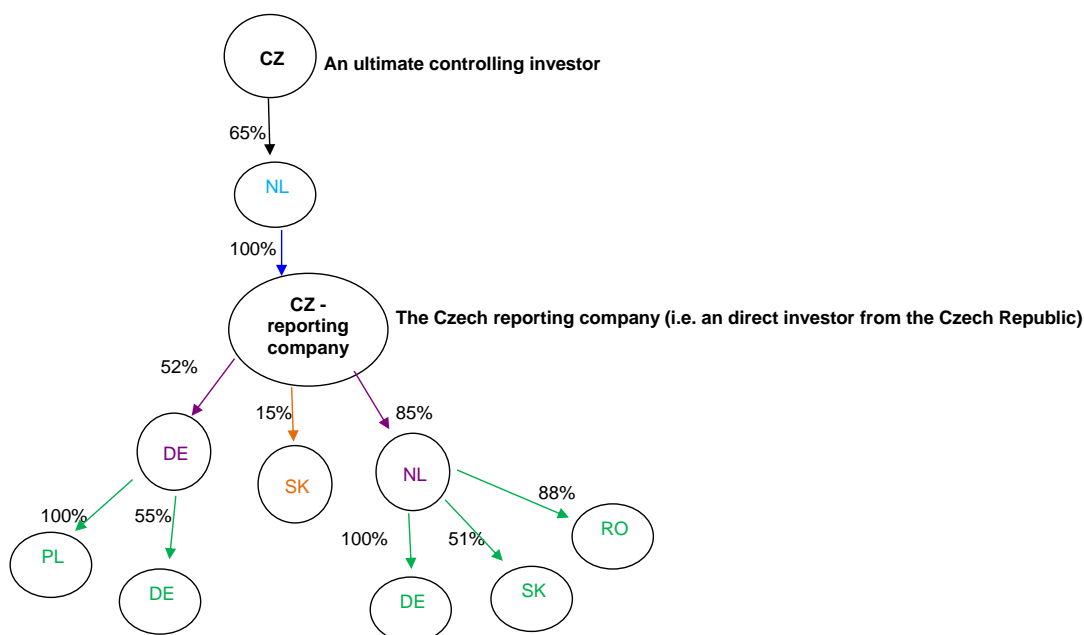
Explanatory notes to report "PRINZA71" for fill data in point 2a ("Selected economic indicators of the direct investment abroad at the end of the reported period") **and point 5 (fields 70R170 - 70R350):**

Please fill in point 2a if the ultimate controlling investor is a resident in the Czech Republic and your reporting company in the Czech Republic has an interest in the registered capital of the indicated company abroad of more than 50%.

Please fill in point 5 fields 70R170 - 70R350 if the ultimate controlling investor is a resident in the Czech Republic and your direct investment abroad has subsidiaries i. e. an interest of 50% or more in the registered capital or voting rights.

Chart of FDI relations

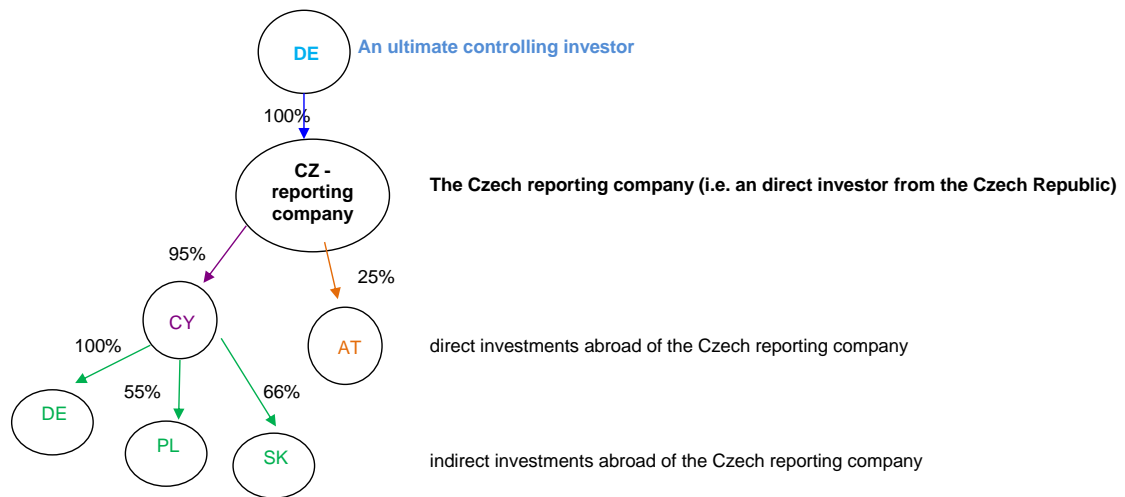
Figure 1.1 An Ultimate controlling investor is a resident from the Czech Republic ("CZ")



In the above case, the Czech reporting company has:

- 1 An ultimate controlling investor (a resident from the Czech Republic)
- 1 A foreign direct investor – the parent company (NL) of the Czech reporting company - their relationship is not part of the report of PRINZA71
- 2 subsidiaries abroad (DE, NL) - information is filled in the report of PRINZA71
- 5 Other (indirectly owned) foreign companies (PL, DE, DE, SK, RO) of subsidiaries abroad (holding of over 50 %) information is filled in the report of PRINZA71
- 1 An affiliate company abroad (SK) - data is filled in the report of PRINZA71

Figure 2 An Ultimate controlling investor is a non-resident (for example "DE")



In the above case, the Czech reporting company has:

- 1 An ultimate controlling investor (DE) - non-resident of the Czech Republic
- 1 A subsidiary abroad (CY) - data is filled in the report of PRINZA71
- 3 Other (indirectly owned) foreign companies (DE, PL, SK) of subsidiary abroad (holding of over 50 %), information is filled in the report of PRINZA71
- 1 An affiliate company abroad (AT) - data is filled in the report of PRINZA71