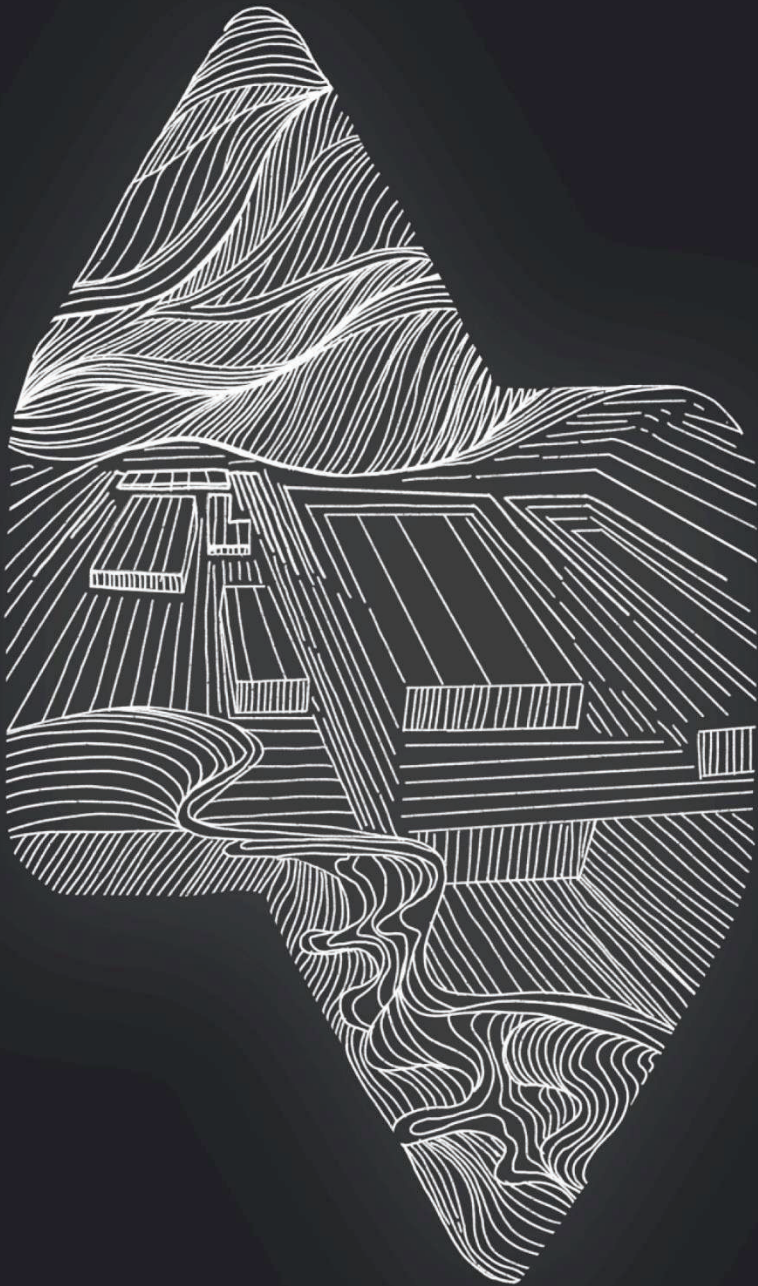

ACCOLADE HOLDING, A.S.

Interim consolidated financial statements for the period of 6 Months Ended 30 June 2023

Accolade

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended

In thousands of CZK	Notes	30 June 2023	30 June 2022
Revenues	8	2 060 503	1 750 054
Cost of revenues	8	-1 248 751	-1 291 864
Gross profit		**811 752**	**458 190**
General and administrative expenses	8	-4 421	-3 083
Personnel expenses	35,36	-129 387	-102 587
Depreciation and amortization	19,20	-30 640	-30 774
Other income/expense	8	-27 021	252 952
Net valuation result on investment property	25	95 146	0
Net valuation result on equity-accounted associates	24, 25	-41 656	-260 500
Net valuation result on financial investments	25	1 910	20 110
Profit from operations		**675 683**	**334 308**
Financial income	8	473 934	212 814
Financial expense	8	-359 777	-347 101
Share on income/loss of financial investments		95 067	58 428
Profit before tax		**884 907**	**258 449**
Income taxes	9,10	-47 409	-9 821
PROFIT FOR THE PERIOD		**837 498**	**248 628**
Profit/(loss) for the year attributable to:			
Owners of the parent		772 098	285 581
Non-controlling interests		65 400	-36 953
PROFIT FOR THE PERIOD		**837 498**	**248 628**
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**837 498**	**248 628**
Total comprehensive income attributable to:			
Owners of the parent		772 098	285 581
Non-controlling interests		65 400	-36 953

The accompanying notes on pages 7 to 53 are an integral part of the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of CZK	Notes	30 June 2023	31 December 2022
ASSETS			
CURRENT ASSETS			
Inventories	11	53 700	48 088
Trade and other receivables	13	460 728	192 857
Tax receivables	17	196 296	336 003
Prepayments and other current assets	17	481 121	313 408
Cash and cash equivalents	12	804 357	667 183
TOTAL CURRENT ASSETS		**1 996 202**	**1 557 539**
NON-CURRENT ASSETS			
Investment property	18,25	13 267 711	11 849 112
Investment property under development	18	6 498 222	7 518 244
Property, plant and equipment	19	788 649	757 551
Intangible assets	20	158 209	143 685
Investments in equity-accounted associates	24,25	1 346 009	1 239 123
Investments at fair value through profit and loss	22,25	1 248 223	1 263 165
Trade and other receivables	13	2 372 268	1 973 276
Derivative financial instruments	34	48 202	33 015
TOTAL NON-CURRENT ASSETS		**25 727 493**	**24 777 171**
TOTAL ASSETS		**27 723 695**	**26 334 710**

The accompanying notes on pages 7 to 53 are an integral part of the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of CZK	Notes	30 June 2023	31 December 2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	14	1 901 750	2 013 015
Loans and borrowings	16	1 987 120	2 801 375
Lease liabilities	15	24 683	24 602
Employee benefits	26,36	22 199	20 084
Tax payables	9,26	33 923	11 548
Provisions	27	62 520	138 498
TOTAL CURRENT LIABILITIES		**4 032 195**	**5 009 122**
NON-CURRENT LIABILITIES			
Trade and other payables	14	905 626	351 093
Loans and borrowings	16	10 206 426	9 396 430
Lease liabilities	15	549 135	549 727
Deferred tax liability	10	227 185	91 746
TOTAL NON-CURRENT LIABILITIES		**11 888 372**	**10 388 996**
EQUITY			
Share capital	29	2 400	2 400
Reserve fund		1 190	1 170
Retained earnings		11 009 272	8 427 734
Net result for the period		772 098	2 591 323
Equity attributable to equity holders of the parent		**11 784 960**	**11 022 627**
Non-controlling interest		18 168	-86 035
TOTAL EQUITY		**11 803 128**	**10 936 592**
TOTAL LIABILITIES AND EQUITY		**27 723 695**	**26 334 710**

The accompanying notes on pages 7 to 53 are an integral part of the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended

In thousands of CZK	Share capital	Reserve fund	Retained earnings	Net result for the period	Non-controlling Interest	Total equity
1 January 2023	**2 400**	**1 170**	**8 427 734**	**2 591 323**	**-86 035**	**10 936 592**
Profit for period				772 098	65 400	837 498
Purchase of non-controlling interest			-38 803		38 803	0
Transfer of profit to retained earnings			2 591 323	-2 591 323		0
Revaluation			-13 080			- 13 080
Acquisitions		20				20
Application of hedge accounting			38 338			38 338
Correction of previous years			3 760			3 760
30 June 2023	**2 400**	**1 190**	**11 009 272**	**772 098**	**18 168**	**11 803 128**

In thousands of CZK	Share capital	Reserve fund	Retained earnings	Net result for the period	Non-controlling Interest	Total equity
1 January 2022	**2 400**	**1 170**	**5 098 125**	**3 415 371**	**-48 257**	**8 468 809**
Profit for period				285 581	-36 953	248 628
Purchase of non-controlling interest			-33 516		33 516	0
Transfer of profit to retained earnings			3 415 371	-3 415 371		0
Revaluation			30 078			30 078
Application of hedge accounting			-19 143			-19 143
Correction of previous years			2 159			2 159
Dividends			-120 000			-120 000
30 June 2022	**2 400**	**1 170**	**8 373 074**	**285 581**	**-51 694**	**8 610 531**

The accompanying notes on pages 7 to 53 are an integral part of the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended

In thousands of CZK	Note	30 June 2023	30 June 2022
Cash flows from operating activities			
Profit for the year before taxation		**772 098**	**285 581**
Adjustments for:			
Amortization and depreciation	19,20	30 640	30 774
Net valuation result on investment property	25	-95 146	0
Net valuation result on equity-accounted associates	25	41 656	260 500
Net valuation result on financial investments	25	-1 910	-20 110
Gain/loss from sale of investment property	18	-246	-293 947
Finance income	8	-91 166	-37 931
Finance expense	8	307 890	149 056
Income tax expense	9	47 409	9 821
Other non-cash operations		588 073	-18 253
Operating cash flow before changes in working capital		**827 200**	**79 910**
Decrease/(increase) in trade and other receivables	13,15	-694 869	-870 572
Decrease/(increase) in inventories	11	-5 612	-27 242
Derivative financial assets	35	-15 187	-4 021
Increase/(decrease) in trade and other payables	14,15	-673 612	386 797
Increase/(decrease) in provisions and employee benefits	27,36	-73 863	-46 912
Changes in net working capital		**-1 463 143**	**-561 950**
Net cash flows from operating activities		**-635 943**	**-482 040**
Investing activities			
Acquisition of investment property	18	-2 329 226	-5 000 223
Acquisition of property, plant and equipment	19	-76 177	-63 986
Acquisition of intangible assets	20	-16 911	-24 227
Proceeds from disposal of investment property, PPE and intangible assets	18,19,20	17 072	718 177
Acquisition of new shares, net of cash acquired		-625 325	-45 890
Interest received	16	91 166	37 931
Net cash used in investing activities		**-2 939 401**	**-4 378 218**
Financing activities			
Dividends paid to the holders of the parent		0	-120 000
Repayment of borrowings		-240 570	-1 104 181
Proceeds from loans and borrowings	16	3 504 903	6 839 222
Payment of lease liabilities	16	-14 279	-13 821
Interest paid on loans and borrowings	15	-309 634	-150 513
Net cash (used in)/from financing activities	16	**2 940 420**	**5 450 707**
Net increase in cash and cash equivalents		**137 174**	**876 030**
Cash and cash equivalents at the beginning of year		**667 183**	**490 862**
Exchange (losses)/gains on cash and cash equivalents		0	0
Cash and cash equivalents at end of the period		**804 357**	**1 366 892**

The accompanying notes on pages 7 to 53 are an integral part of the interim consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

1. GENERAL INFORMATION

The Business of the Company

The principal activities of Accolade Holding, a.s. ("the Company") and its subsidiary companies ("the Group") and the nature of the Group's operations are (i) investing in rental industrial property in Central Europe, (ii) operating Brno airport. In terms of human resources, the Group is serviced by fully owned service subsidiaries and a partially owned technical supervision subsidiary. Financing activities are carried out by fully owned financing subsidiaries. For each property development project, a special fully owned subsidiary is incorporated. As the property development project is completed, leased out and rental payments start to be collected it is sold to the investment fund in which the Company has a minority stake only and its shares are revaluated in the fair value. Therefore, the financial statements of this investment fund are not consolidated within the Group.

Company structure and identification

Accolade Holding, a.s. is a joint-stock company incorporated and registered in the Czech Republic with a registered address at Sokolovská 394/17, Karlín, 186 00 Praha 8, Czech Republic. The Company was formed on 23 December 2010.

The Company prepares voluntarily Interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS Standards) as adopted by EU, which are available at the registered address.

The Company held following subsidiaries, directly or indirectly:

	Ownership	Established	Ownership as at 30 Jun 2023	Ownership as at 31 Dec 2022
Accolade Fund SICAV P.L.C., IN: SV322	Direct	15.07.2014	100%	100%
Accolade Capital Holding (Malta) Limited, IN: C88462	Direct	25.09.2018	100%	100%
Accolade Investment Company Limited, IN: C94600	Indirect	20.01.2020	100%	100%
Accolade, s.r.o., IN: 27851371	Direct	30.06.2008	100%	100%
Accolade Building Solutions s.r.o., IN: 04677510	Direct	29.12.2015	50%*	50%*
Accolade Energy, s.r.o., člen koncernu, IN: 07398484	Direct	24.08.2018	100%	100%
Accolade Finance CZ s.r.o., člen koncernu, IN: 06336744	Direct	09.08.2017	100%	100%
Accolade Financial Services, s.r.o., člen koncernu, IN 05637228	Direct	18.12.2016	100%	100%
Accolade Reality, s.r.o., IN: 24167452	Direct	02.07.2014	100%	100%
Parcely Býchory, s.r.o., člen koncernu IN: 03551334	Direct	07.11.2014	100%	100%
Accolade Finance Bochum, s.r.o., člen koncernu, IN: 09112375	Direct	26.04.2020	100%	100%
Accolade Finance Venlo, s.r.o., člen koncernu IN: 09945521	Direct	22.02.2021	100%	100%
Accolade Finance Valencia, s.r.o., člen koncernu IN: 17106559	Direct	03.05.2022	100%	100%
Accolade Finance Cheb, s.r.o., člen koncernu, IN: 19166044	Direct	20.03.2023	100%	n/a
Accolade Portfolio I, s.r.o., člen koncernu, IN: 09112383	Direct	26.04.2020	100%	100%
Accolade Portfolio F1, a.s., člen koncernu, IN: 09171436	Indirect	19.05.2020	100%	100%
Accolade Portfolio F2, a.s., člen koncernu, IN: 09210164	Direct	01.06.2020	100%	100%
Brno Airport Park, a.s. IN: 09407341	Indirect	11.08.2020	100%	100%
Accolade CZ VII, s.r.o., člen koncernu, IN: 01823591	Direct	26.06.2013	100%	100%
Accolade CZ XIV, s.r.o., člen koncernu, IN: 03559149	Direct	11.11.2014	100%	100%
Accolade CZ XV, s.r.o., člen koncernu, IN: 04677552	Direct	29.12.2015	100%	100%
Accolade CZ XIX, s.r.o., člen koncernu, IN: 04677609	Direct	29.12.2015	100%	100%
Accolade CZ XXI, s.r.o., člen koncernu, IN: 04677480	Direct	29.12.2015	100%	100%
Accolade CZ XXII, s.r.o., člen koncernu, IN: 04677498	Direct	29.12.2015	100%	100%
Accolade CZ XXVII, s.r.o., člen koncernu, IN: 05593221	Direct	24.11.2016	70%	70%
Accolade CZ XXX, s.r.o., člen koncernu, IN: 05593271	Direct	24.11.2016	100%	100%
Accolade CZ XXXII, s.r.o., člen koncernu, IN: 05593298	Direct	24.11.2016	100%	100%

	Ownership	Established	Ownership as at 30 Jun 2023	Ownership as at 31 Dec 2022
Accolade CZ XXXIII, s.r.o., člen koncernu, IN: 05593301	Indirect	24.11.2016	100%	100%
Accolade CZ XXXIV, s.r.o., člen koncernu, IN: 05593328	Direct	24.11.2016	100%	100%
Accolade CZ XXXV, s.r.o., člen koncernu, IN: 06336434	Direct	09.08.2017	100%	100%
Accolade CZ XXXVIII, s.r.o., člen koncernu, IN: 06336671	Direct	09.08.2017	100%	100%
Accolade CZ XXXIX, s.r.o., člen koncernu, IN: 06336701	Direct	09.08.2017	100%	100%
Accolade CZ XL, s.r.o., člen koncernu, IN: 06336736	Direct	09.08.2017	100%	100%
Accolade CZ 42, s.r.o., člen koncernu, IN: 07398565	Direct	24.08.2018	100%	100%
Accolade CZ 45, s.r.o., člen koncernu, IN: 08935700	Direct	10.02.2020	100%	100%
Accolade CZ 48, s.r.o., člen koncernu, IN: 09112405	Direct	26.04.2020	100%	100%
Accolade CZ 50, s.r.o., člen koncernu, IN: 09225081	Direct	05.06.2020	71%	71%
Accolade CZ 51, s.r.o., člen koncernu, IN: 09641319	Direct	30.10.2020	63%	63%
Accolade CZ 52, s.r.o., člen koncernu, IN: 09641327	Direct	30.10.2020	100%	100%
Accolade CZ 53, s.r.o., člen koncernu, IN: 09641335	Direct	30.10.2020	100%	100%
Accolade CZ 54, s.r.o., člen koncernu, IN: 09641351	Direct	30.10.2020	100%	100%
Accolade CZ 55, s.r.o., člen koncernu, IN: 09641360	Direct	30.10.2020	100%	100%
Accolade CZ 57, s.r.o., člen koncernu IN: 10724834	Direct	31.03.2021	100%	100%
Accolade CZ 58, s.r.o., člen koncernu IN: 10733701	Direct	06.04.2021	100%	100%
Accolade CZ 59, s.r.o., člen koncernu IN: 10733728	Direct	06.04.2021	100%	100%
Accolade CZ 60, s.r.o., člen koncernu IN: 10733736	Direct	06.04.2021	100%	100%
Accolade CZ 61, s.r.o., člen koncernu IN: 11649160	Direct	08.07.2021	100%	100%
Accolade CZ 62, s.r.o., člen koncernu IN: 11649194	Direct	08.07.2021	100%	100%
Accolade CZ 63, s.r.o., člen koncernu IN: 11649208	Direct	08.07.2021	100%	100%
Accolade CZ 64, s.r.o., člen koncernu IN: 11649216	Direct	08.07.2021	100%	100%
Accolade CZ 65, s.r.o., člen koncernu IN: 11649224	Direct	08.07.2021	100%	100%
Accolade CZ 66, s.r.o., člen koncernu IN: 11986131	Direct	31.10.2021	100%	100%
Accolade CZ 67, s.r.o., člen koncernu IN: 11986140	Direct	31.10.2021	100%	100%
Accolade CZ 68, s.r.o., člen koncernu IN: 11986158	Direct	31.10.2021	50%*	50%*
Accolade CZ 69, s.r.o., člen koncernu IN: 11986166	Direct	31.10.2021	100%	100%
Accolade CZ 70, s.r.o., člen koncernu IN: 11986174	Direct	31.10.2021	100%	100%
Accolade CZ 72, s.r.o., člen koncernu IN: 14248484	Direct	13.02.2022	100%	100%
Accolade CZ 73, s.r.o., člen koncernu IN: 14248492	Direct	13.02.2022	100%	100%
Accolade CZ 74, s.r.o., člen koncernu IN: 14248506	Direct	13.02.2022	100%	100%
Accolade CZ 75, s.r.o., člen koncernu IN: 14248514	Direct	13.02.2022	100%	100%
Accolade CZ 76, s.r.o., člen koncernu IN: 17473233	Direct	29.08.2022	100%	100%
Accolade CZ 77, s.r.o., člen koncernu IN: 17473241	Direct	29.08.2022	100%	100%
Accolade CZ 78, s.r.o., člen koncernu IN: 17473250	Direct	29.08.2022	100%	100%
Accolade CZ 79, s.r.o., člen koncernu IN: 17473268	Direct	29.08.2022	100%	100%
Accolade CZ 80, s.r.o., člen koncernu IN: 17473276	Direct	29.08.2022	62,5%	100%
Accolade CZ 81, s.r.o., člen koncernu IN: 19062290	Direct	17.02.2023	100%	n/a
Accolade CZ 82, s.r.o., člen koncernu IN: 19062656	Direct	17.02.2023	100%	n/a
Accolade CZ 83, s.r.o., člen koncernu IN: 19062818	Direct	17.02.2023	100%	n/a
Accolade CZ 84, s.r.o., člen koncernu IN: 19063474	Direct	17.02.2023	100%	n/a
Accolade CZ 85, s.r.o., člen koncernu IN: 19063482	Direct	17.02.2023	100%	n/a
Industrial Center CR 2 s.r.o., IN: 05651689	Direct	26.11.2018	100%	100%
Industrial Center CR 4 s.r.o. IN: 06328202	Indirect	31.08.2022	100%	100%

	Ownership	Established	Ownership as at 30 Jun 2023	Ownership as at 31 Dec 2022
LETIŠTĚ BRNO a.s., IN: 26237920	Indirect	08.11.2017	100%	100%
B.A.W.D.F. s.r.o., IN: 47914602	Indirect	08.11.2017	100%	100%
Moravia GSA s.r.o. IN: 07158076	Indirect	12.06.2018	55%	55%
Karlovarská park s.r.o. IN: 04468341	Indirect	19.10.2015	100%	10%
RG construction CZ s.r.o. IN: 08311641	Indirect	05.04.2022	100%	100%
Common Springhill, s.r.o. IN: 07750811	Indirect	24.09.2021	100%	100%
Nordland Bohatice, s.r.o. IN: 07750137	Indirect	24.09.2021	100%	100%
Accolade sp. z o.o., IN: 0000755099	Direct	30.10.2018	100%	100%
Accolade Energy Poland sp. z o.o. IN: 0000902876	Direct	28.04.2021	100%	100%
Accolade PL VI, sp. z o.o., IN: 0000636025	Direct	08.09.2016	100%	100%
Accolade PL IX, sp. z o.o., IN: 0000696293	Direct	31.10.2017	100%	100%
Accolade PL XVII sp. z o.o., IN: 0000786062	Direct	24.06.2019	70%	70%
Accolade PL XVIII sp. z o.o., IN: 0000785922	Direct	07.08.2019	50%*	50%*
Accolade PL XXI sp. z o.o. IN: 0000877112	Direct	11.01.2021	70%	70%
Accolade PL XXII sp. z o.o. IN: 0000877650	Direct	14.01.2021	70%	70%
Accolade PL XXVI sp. z o.o. IN: 0000885296	Direct	24.02.2021	100%	100%
Accolade PL XXVII sp. z o.o. IN: 0000885728	Direct	25.02.2021	100%	100%
Accolade PL XXIX sp. z o.o. IN: 0000909922	Direct	20.07.2021	60%	60%
Accolade PL XXX sp. z o.o. IN: 0000909919	Direct	14.07.2021	70%	70%
Accolade PL XXXI sp. z o.o. IN: 0000910220	Direct	16.07.2021	60%	60%
Accolade PL XXXII sp. z o.o. IN: 0000910784	Direct	28.07.2021	60%	60%
Accolade PL XXXIII sp. z o.o. IN: 0000909957	Direct	28.07.2021	100%	100%
Accolade PL XXXIV sp. z o.o. IN: 0000882627	Direct	01.07.2021	60%	60%
Accolade PL XXXV sp. z o. o. IN: 0000895837	Direct	01.07.2021	50%*	50%*
Accolade PL XXXVI sp. z o.o. IN: 0000901478	Direct	24.09.2021	60%	60%
Accolade PL XXXVIII sp. z o.o. IN: 0000903440	Direct	02.11.2021	55%	55%
Accolade PL XXXIX sp. z o.o. IN: 0000943202	Direct	24.01.2022	50%*	50%*
Accolade PL XL sp. z o.o. IN: 0000941283	Direct	21.12.2021	60%	60%
Accolade PL 41 sp. z o.o. IN: 0000942972	Direct	14.03.2022	100%	100%
Accolade PL 42 sp. z o.o. IN: 0000957625	Direct	04.04.2022	63%	100%
Accolade PL 43 sp. z o.o. IN: 0000941833	Direct	18.02.2022	55%	55%
Accolade PL 44 sp. z o.o. IN: 0000934508	Direct	22.12.2021	100%	100%
PDC Industrial Center 204 sp. z o.o. IN: 0000901829	Direct	19.01.2022	100%	100%
Accolade PL 46 sp. z o.o. IN: 0000968625	Direct	05.05.2022	100%	100%
Accolade PL 47 sp. z o.o. IN: 0000970549	Direct	09.05.2022	100%	100%
Accolade PL 48 sp. z o.o. IN: 0000966789	Direct	19.04.2022	100%	100%
Accolade PL 49 sp. z o.o. IN: 0000956819	Direct	31.03.2022	55%	55%
Accolade PL 50 sp. z o.o. IN: 0000988898	Direct	24.08.2022	100%	100%
Accolade PL 51 sp. z o.o. IN: 0000984035	Direct	25.07.2022	100%	100%
Accolade PL 52 sp. z o.o. IN: 0000992880	Direct	19.09.2022	100%	100%
Accolade SK II, s.r.o. IN: 53779487	Direct	15.05.2021	100%	100%
Accolade SK III, s.r.o. IN: 54175283	Direct	07.06.2022	100%	100%
Accolade SK IV, s.r.o. IN: 54679141	Direct	16.06.2022	100%	100%
Accolade SK V, s.r.o. IN: 55254845	Direct	04.03.2023	100%	n/a
Accolade SK VI, s.r.o. IN: 55254195	Direct	07.03.2023	100%	n/a

	Ownership	Established	Ownership as at 30 Jun 2023	Ownership as at 31 Dec 2022
Accolade I B.V. IN: 861129416	Direct	07.05.2020	80%	80%
ACCOLADE VITO, S.L. IN: B01610369	Direct	30.12.2020	65%	65%
ACCOLADE SERV, S.L. IN: B06891386	Direct	26.07.2021	100%	100%
ACCOLADE ALZ, S.L. IN: B06915771	Direct	26.07.2021	55%	55%
ACCOLADE MURC, S.L. IN: B06915797	Direct	25.11.2021	60%	60%
ACCOLADE BUR, S.L. IN: B06915748	Direct	25.11.2021	100%	100%
SERSAM SPV 2022, S.L. IN: B09677907	Direct	14.07.2022	100%	100%
ALFAR SPV 2022, S.L. IN: B10575876	Direct	14.07.2022	100%	100%
Accolade I d.o.o. IN: 12820590917	Indirect	03.09.2021	100%	100%
Accolade II d.o.o. IN: 75563378267	Indirect	22.03.2022	100%	100%
Accolade III d.o.o. IN: 44196876040	Direct	22.03.2022	100%	100%
Accolade SERV d.o.o. IN: 32678013071	Direct	22.03.2022	100%	100%
Accolade V d.o.o. IN: 62395377067	Direct	11.01.2023	100%	n/a
Accolade VI d.o.o. IN: 28319438345	Direct	10.10.2022	100%	100%
Accolade VII d.o.o. IN: 42704498447	Direct	03.11.2022	100%	100%
GELSENWASSER Beteiligungen SE IN: HRB16992	Indirect	14.12.2022	100%	100%
ACCOLADELIS, UNIPESSOAL LDA IN: 517060914	Direct	13.07.2022	100%	100%
ACCOLADE SEV, S.L. IN: B06891378	Direct	06.10.2021	n/a**	60%
ACCOLADE VAL, S.L. IN: B01610724	Direct	30.12.2020	n/a**	72%
Accolade CZ 56, s.r.o., člen koncernu IN: 10724613	Direct	31.03.2021	n/a**	100%
Accolade CZ 46, s.r.o., člen koncernu, IN: 08935831	Direct	11.02.2020	n/a**	100%

* Companies Accolade CZ 68, s.r.o., člen koncernu, Accolade Building Solutions s.r.o., Accolade PL XVIII sp. z o.o., Accolade PL XXXV sp. z o.o. and Accolade PL XXXIX sp. z o.o. are considered as daughter companies (subsidiaries) upon which the control of the Group is exercised.

** Companies were sold from the Group in the period 1 January – 30 June 2023

Shareholders

The Company ultimate shareholders as of 30 June 2023 and 31 December 2022 were as follows:

	Interest in ultimate parent share capital	
Shareholder	**30 June 2023**	**31 December 2022**
Milan Kratina	50%	50%
Zdeněk Šoustal	50%	50%

Management

Board of directors ("BoD") consists of the two shareholders Milan Kratina and Zdeněk Šoustal. The company is always represented by two board members together.

Information on independent auditor

The Interim Consolidated Financial Statements of the Accolade Holding, a.s. were reviewed by an independent auditor BDO Audit s.r.o.

2. GOING CONCERN

As at the date of signing interim consolidated financial statements management does not consider that there are any facts or circumstances, which would indicate a threat to the continuation of the Group activity in a period of at least 12 months as result of the intentional or involuntary omissions or a significant reduction in its current activities, therefore the accompanying Financial Statements have been prepared on a going concern basis.

3. BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These Interim Consolidated Financial Statements (hereinafter "Financial Statements") for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The Financial Statements are presented in Czech crowns (CZK), which is the Group's functional and presentation currency. All values are rounded to the nearest thousand (CZK '000), except where otherwise indicated.

4. BASIS OF CONSOLIDATION

The Financial Statements incorporate the interim financial statements of the Company and all its subsidiaries. Intra-group transactions, including sales, profits, receivables and payables, have been eliminated on consolidation. All subsidiaries use uniform accounting policies.

Business combinations

The results of subsidiaries acquired are included in the income statement from the date of acquisition. Assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. Earn-outs paid as part of an acquisition are assessed on an individual basis and treated as either part of the acquisition consideration or as employee compensation depending on the nature of the agreement.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Inter-company balances, and any gains and losses or income and expenses arising from intra-Group transactions, are eliminated in the Financial Statements of the Group.

Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the investee after the date of acquisition.

Consolidation methods

The assets and liabilities of the companies included in the Financial Statements are recognized in accordance with the uniform accounting policies used within the Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries. Any difference that arises from the acquisition of additional shares of an already consolidated subsidiary is taken directly to equity. Unless otherwise stated, the proportionate equity directly attributable to noncontrolling interests is determined at the acquisition date as the share of the fair value of the assets (excluding goodwill) and liabilities attributable to them. Contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration do not generally result in the adjustment of the acquisition-date measurement. Acquisition-related costs that are not equity transaction costs are not added to the purchase price, but instead recognized as expenses in the period in which they are incurred.

The consolidation process involves adjusting the items in the separate financial statements of the parent and its subsidiaries and presenting them as if they were those of a single economic entity. Intragroup assets, liabilities, equity, income, expenses and cash flows are eliminated in full. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments, and deferred tax assets and liabilities are offset where taxes are levied by the same tax authority and have the same maturity.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

New and amended IFRS that are bindingly effective for accounting period beginning on January 1, 2023

In a given year, the following amendments to IFRS became binding for use in the EU. Most of these changes in IFRS generally require full retrospective application (i.e. the values of the comparable period must be reworked), but some changes allow only prospective adjustment (i.e. without adjustments to the values of comparable periods) or simplified (modified) retrospective adjustment.

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

Insurance companies may apply to IFRS 9 Financial Instruments at the same time as IFRS 17 Insurance Contracts. These standards have different requirements for comparative information that will be years upon initial application. IFRS 17 requires companies to perform one restated comparative period. IFRS 9 allows but requires restatement of comparable periods and demonstrates that the company applies IFRS 9 to financial assets derecognized in the comparable period.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)

In May 2021, the International Accounting Standards Board (IASB) issued an amendment to IAS 12 Income Taxes relating to deferred tax relating to assets and liabilities arising from a single transaction. The amendments added paragraphs 15 and 24 of IAS 12 Income Taxes, which will no longer apply to transactions that, on initial recognition, give rise to the same taxable and deductible temporary differences.

For some transactions, IFRS standards require simultaneous recognition of an asset and a liability. As a result, IAS 12 could also require accounting for offsetting temporary differences. Prior to the amendments, it was not clear whether IAS 12 required the recognition of deferred taxes on these temporary differences or whether the initial recognition exception applied. The exception prohibits an entity from recognizing deferred tax assets and liabilities on initial recognition of an asset or liability from a transaction that is not a business combination and does not affect accounting or taxable profit.

The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)

Amendments to IAS 1 were issued on 12 February 2021. The amendments change the requirements of IAS 1 regarding the disclosure of accounting rules. After applying these amendments, accounting entities will publish their material accounting rules instead of their significant accounting rules. Previous amendments to IAS 1 deal with the concept of "materiality" and explain how an entity can identify significant accounting policies.

To support these amendments, the IASB has developed procedures and examples that explain and demonstrate the use of the "four-step materiality process" described in IFRS Opinion No. 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)

The IFRS 17 standard contains new requirements for the reporting and valuation of liabilities from insurance contracts. This standard will replace the currently valid standard IFRS 4. The aim is to help companies with the implementation of IFRS 17 and to facilitate the clarification of the impact of IFRS 17 on the financial performance of the companies concerned.

The effectiveness of the IFRS 17 standard is determined for the accounting period starting on January 1, 2023 and following.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)

Amendments to IAS 8 were issued on 12 February 2021. The purpose of these amendments is to clarify the difference between changes in accounting estimates and changes in accounting rules and the correction of errors.

The amendments to IAS 8 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

The IFRS amendments did not have a significant impact on the financial statements.

New and amended IFRS adopted for use in the EU, which are not bindingly effective for accounting period beginning on 1 January 2024, but may be applied earlier.

As of the date of approval of these financial statements, no amendment or revision of IFRS has yet been approved that would be binding for use in the EU (and would allow earlier use) for the period ending 12/31/2024.

New and amended IFRS issued by the International Accounting Standards Board (IASB), but not yet adopted by the EU.

As of the date of approval of these financial statements, the following standards, amendments and interpretations have not yet been approved by the European Commission for use in the EU:

- Amendments to IAS 1 Presentation of Financial Statements:
  - Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020);
  - Non-current Liabilities with Covenants (issued on 31 October 2022)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

The Group does not anticipate a significant impact of the above IFRS amendments.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements in accordance with IFRS requires the directors to make critical accounting estimates and judgments that affect the amounts reported in the Financial Statements and accompanying notes. These estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The preparation of the Financial Statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the Financial Statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the Financial Statements:

7. SIGNIFICANT ACCOUNTING POLICIES

7.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group classifies fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** fair value measurements using quoted market price (unadjusted) in an active market for identical assets or liabilities that the entity has the ability to access;
- **Level 2:** fair value measurements using methods for which significant inputs are derived directly or indirectly from information observable in active markets for similar assets or liabilities;
- **Level 3:** fair value measurements using methods for which significant inputs are not derived from observable information in active markets.

The Group measures a number of items at fair value:

- Investment property (level 3 of measurement)
- Financial instruments at fair value through profit or loss (level 3 of measurement)
- Derivative financial instruments (level 1 of measurement)

7.2. Investment Property under development

Property that is being constructed or developed for future use as investment property, is classified as investment property under development classified and measured in line with IAS 16. Investment property under development is initially measured at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. It includes costs of labor, site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site. Borrowing cost are also capitalized to the value of Investment property under development.

When construction or development is completed, property is reclassified to a different accounting standard based on the intended use of the property. If the intended use of the property is to lease it out in return for rental payments and sell it, it is subsequently accounted for as investment property (Note 7.3). If the intended use is not to sell the property, it is reclassified to property plant and equipment held within cost model (Note 7.4).

7.3. Investment Property

Investment property under development (Note 7.2) is reclassified into investment property once developed and the property is held for earning of rental income, for capital appreciation, or for both and it is intended for sale. At the same time rental payments start to be collected which triggers treatment within operating lease (Note 7.5).

Plots of lands, which are intended for sale without any development, are held as investment property as well.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss. An external, independent valuator having appropriately recognized professional qualifications and recent experience in the location and category of property being valued, values the portfolio of investment property at least annually.

The independent valuation report was obtained as at 30 June 2023 and 31 December 2022 was incorporated into the Financial Statements of the Group.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

7.4. Property Plant and Equipment

Properties held within IAS 16 property plant and equipment are motor vehicles. Moreover, separately acquired plots of lands and brownfields with no specific use are also classified within property plant and equipment. All buildings, property, plant and equipment are held within the cost model and are measured at cost less accumulated depreciation and impairment losses (Note 7.11). Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The present value of the expected cost for the restoration of rented premises after the end of their use is included in the cost of construction if the recognition criteria for a provision are met. Refer to the accounting policy on Provisions for further information about the recorded restoration provision.

Ordinary repairs and maintenance costs are charged to the income statement in the accounting period during which they are incurred.

Depreciation is recorded on a straight-line basis over the estimated useful life of an asset as follows:

Buildings	Thirty years
Motor vehicles	Six years
Furniture	Six years
Office Machinery	Four years

Gains or losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is de-recognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Items of property, plant and equipment with useful lives of less than one year and with a cost not exceeding CZK 80 thousand are directly expensed.

7.5. Leases

7.5.1. As a lessee

Assets leased from a lessor is accounted for by recognizing a right-of-use asset and a lease liability. Specific assets accounted for this way are International Airport Brno and offices occupied by the Group employees. Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased asset.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. However, as Airport Brno is leased with zero interest charges, the lease liability is affected only by the rental payments and not by interest charge.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

7.5.2. As a lessor

When the Group acts as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease. So far, all existing leases have been determined to be operating leases. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of rental income under the title "Industrial leasing". Properties leased out under operating leases are classified as investment property and stated at fair value (Note 7.3).

7.6. Intangible Assets

Intangible assets are acquired by purchase. They are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the income statement in the separate expense category.

Items of intangibles with a cost not exceeding CZK 60 thousand are directly expensed.

Amortization of intangible assets with finite lives is recorded on a straight-line basis over their estimated useful lives as follows:

Computer Software	Three years

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognized immediately as an expense.

Goodwill is capitalized as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

7.7. Financial assets and contract assets

On initial recognition, a financial asset is classified as measured at: amortized cost or fair value through Profit and Loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group subsequently measures financial assets as follows:

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- Financial assets at amortized costs: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Fair value through profit and loss investments

Long-term financial assets consist of shares in companies with shares of less than 20% and units (profit participation certificates). Shares and securities are mandatorily determined and valued at fair value through profit and loss.

Financial assets are initially recognized at fair value plus transaction cost, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Accolade Holding, a.s. owns unit certificates issued by Accolade Fund SICAV, which are valued at fair value and revalued on a quarterly basis. The carrying value of each certificate is equal to its fair value.

Trade and other receivables

Trade receivables are carried at the original invoice amount, including value-added tax and other sales taxes, and less allowance for doubtful receivables. The carrying value of trade and other receivables classified at amortised cost approximates fair value. All account receivables are neither past due nor impaired as at 30 June 2023, and 31 December 2022, respectively.

Trade receivables do not include a significant financing component because they are due within 30 days of the invoice date. The valuation of doubtful receivables is reduced by means of provisions attributable to the cost of their realization value, based on an individual assessment of the individual debtors and the age structure of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks. The carrying amount approximates to fair value because of the short-term maturity of these instruments.

Cash at banks represent current account on demand, therefore 12-month and lifetime expected losses are the same. Moreover, all cash is held at banks with high creditworthiness (i.e., a high credit rating) therefore no significant credit losses are expected.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above.

Contract assets

Contract assets (unbilled revenue) represents work in progress, which relates to the cost of development extras and specific fit outs for the tenants. Contract assets are stated at the lower of cost and net realizable value (being the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale). Where the net realizable value is below cost, contract assets are written down to the lower value, and the impairment loss is recorded in the income statement. Costs of contract assets include the purchase price and related costs of acquisition (transport, customs duties and insurance). There are no contract assets at the Financial Statements.

ECL model for impairment

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss (ECL) provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The Group applies the provision matrix as a practical expedient to calculate ECLs under the simplified approach. The provision matrix is based on Group's historical observed loss rates and is adjusted for forward-looking information. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking information are analyzed. In determining lifetime ECLs for trade receivables without a significant financing component, the time value of money will not need to be considered as it is insignificant. The ECLs therefore does not need to be discounted.

The Group identifies the most important factors driving the credit risk of each group. In the second step, the Group establishes a historical loss rate for each group with similar credit risk characteristics. This rate is based on past 3 consecutive accounting periods. In the next step, the Group determines the expected loss rate for each group of receivables, which is further divided into subcategories based on the number of days past due (e.g. the loss rate for receivables that are not due, the loss rate for receivables 1–30 days past due, loss rate for receivables 31–60 days past due, etc.). When determining the expected loss rate, the Group consider whether the historical loss rates were incurred under economic conditions that correspond to the expected conditions during the exposure period of the given portfolio of receivables at the balance sheet date.

In the last step, the Group calculates the amount of impairment allowances based on the current gross amount of receivables multiplied by the expected loss rate.

7.8. Prepayment and other current assets

The Group records pre-paid expenses, accrued revenues and estimated revenues in order to ensure that revenues and incomes are allocated to the correct accounting period. Expenses relating to future reporting periods are deferred as prepayments. Other current assets consist of assets that are either owed to the group within one year or likely to be used within one year.

7.9. Derivative financial instruments

The Group uses derivatives to hedge against potential risks. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument or instrument held for trading. The Group designates as hedging instruments only those which fulfil the requirements of hedge accounting.

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. The gain or loss on re-measurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for hedges of a net investment in a foreign operation.

7.10. Inventories

Inventories represent work in progress, which relates to the cost of early stage of property development before a dedicated legal entity has been setup for the particular development project. It also contains goods related to airport day to day operations like supplies for the airplanes and material representing spare parts etc.

Inventories are measured at cost (i.e. purchase price plus associated direct costs).

7.11. Impairment of other non-financial assets

The carrying amounts of the Group's assets, other than investment property, investment property under development and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In respect of goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognized in profit or loss. An impairment loss in respect of a Property, plant and equipment measured at fair value is reversed through profit and loss to the extent that it reverses an impairment loss on the same asset that was previously recognized in profit and loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

7.12. Short- and long-term deposits and similar instruments

The Group considers all highly liquid investments with original maturity dates of greater than three months and maturing in less than one year to be short-term deposits. Deposits with a maturity date of greater than one year from the balance sheet date are classified as long-term.

7.13. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as a deduction from related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as a reduction of such assets in the period when there is a reasonable assurance that the grant will be received.

7.14. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

7.15. Employee benefits

Pension obligations

Contributions are made to the Government's health, retirement benefit and unemployment plan at statutory rates applicable during the period and are based on gross salary payments. The Group has no further payment obligations once the contributions have been paid. The expense for the contributions is charged to profit or loss in the same period as the related salary expense.

Provision for untaken vacation and bonuses

The provision for untaken vacation entitlement is recorded based on analysis of untaken holiday in current accounting period and average wages including social security and health insurance cost for individual employees. Also, performance bonuses granted are accrued in the similar way.

7.16. Financial liabilities at amortised costs

Financial liabilities are classified and measured at initial recognition as financial liabilities at amortised cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

Any gain or loss on derecognition is also recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Trade and other payables

Trade payables are recognized at their nominal value which is deemed to be materially the same as the fair value and divided to two groups: settled short-term and long-term.

7.17. Equity

Issued capital

Issued capital represents the amount of capital registered in the Shareholders Register and is classified as equity. External costs directly attributable to the issuance of share capital, other than upon a business combination, are shown as a deduction from the proceeds, net of tax, in equity.

Reserves

Consolidated reserves include Other capital funds, which represent contribution outside the registered capital and are created based on decision of Board of directors of the consolidated activities.

Retained earnings

Consolidated retained earnings arises from accumulation of profits and losses of the consolidated activities and are subject of dividend distribution after approval of the Board of directors.

7.18. Legal settlement and other contingencies

Determining the amount to be accrued for legal settlements requires the directors to estimate the committed future legal and settlement fees the Group is expecting to incur, either where suits are filed against the Group for infringement of patents, or where the Group may be required to indemnify a licensee. The directors assess the extent of any potential infringement based on legal advice and written opinions received from external counsel and then estimate the level of accrual required.

7.19. Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group divides financial liabilities into current and non-current according to its maturity. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

7.20. Revenue

The Group makes significant estimates in applying its revenue recognition policies. In particular, as discussed in details in the revenue recognition policy below, estimates are made in relation to the use of the percentage-of-completion accounting method, which requires that the extent of progress toward completion of contracts can be anticipated with reasonable certainty. The use of the percentage-of-completion method is itself based on the assumption that, at the outset of license agreements, there is an insignificant risk that customer acceptance is not obtained. The Group also makes assessments, based on prior experience, of the extent to which future milestone receipts represent a probable future economic benefit to the Group. In addition, when allocating revenue to various components of arrangements involving several components, it is assumed that the fair value of each element can be estimated reliably. The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent with the application of the revenue recognition policy affect the amounts reported in the Financial Statements. If different assumptions were used, it is possible that different amounts would be reported in the Financial Statements.

The usual maturity of payments is set in the range from 7 to 30 days. In general, contracts with other entities do not have significant financing component or variable consideration amount. There are no specific terms in the contracts and there are no special guarantees or other obligations related to the customers revenues.

The Group does not record any unsatisfied performance obligation.

Determining the transaction price and allocating the price to performance obligations

Group always evaluates whether it is probable that economic benefits (usually cash) will flow to the Group and therefore whether these receipts should initially be included in the arrangement consideration (i.e., in the determination of the contract price).

In particular, it considers:

- whether there is sufficient certainty that the invoice will be raised in the expected timeframe, particularly where the invoicing milestone is in some way dependent on customer activity;
- whether it has sufficient evidence that the customer considers that the Group's contractual obligations have been, or will be, fulfilled;
- whether there is sufficient certainty that only those costs expected to be incurred will indeed be incurred before the customer will accept that a future invoice may be raised; and
- the extent to which previous experience with similar product groups and similar customers supports the conclusions reached.

Where the Group considers that there is insufficient evidence that it is probable that the economic benefits associated with such future milestones will flow to the Group, taking into account these criteria, such receipts are considered as constrained variable consideration and therefore excluded from the determination of the total contract price until there is sufficient evidence that it is probable that the economic benefits associated with the transaction will flow to the Group. The Group does not discount future invoicing milestones, as the effect of so doing would be immaterial, given the current business model when customers are either in advance or shortly after the completion of the project/delivery with only short payment terms.

Where agreements involve several components (i.e., performance obligations), the entire contract price from such arrangements is allocated to each performance obligation based on their stand-alone selling prices.

The Group has taken advantage of the following practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortization period of the asset otherwise recognized would have been one year or less.

For all types of revenue, if the amount of revenue recognized exceeds the amounts invoiced to customers, the excess amount is recorded as a contract asset within accounts receivable. The excess of amounts invoiced over revenue recognized is recorded as contract liability.

7.20.1. Revenue related to developed properties

Revenues from sale of properties

Revenue from sale of properties is recognized when the control has passed to the buyer at the amount to which the Group expect to be entitled, recovery of the consideration is probable, the associated costs can be estimated reliably and there is no continuing management involvement with the costs and the amount of revenue can be measured reliably, i.e. on the date on which the control to individual ready-made company with transfer of legal ownership. Revenue is measured net of returns and trade discounts. When appropriate, revenue from such sales is deferred until the property is completed and the properties are ready for sale, including the necessary regulatory permissions.

Revenue from development activities

Revenues from customer specific fit-outs of rented facilities are presented in statement of comprehensive income. Income from development activities includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. It is recognized on a straight-line basis per duration of respective rental contract.

Rental income and service charge income

Rental income from leases is recognized as income in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Service charge is integral, but separately identifiable, part of rental contracts. The Group has identified that the service charges are distinct from rentals and are therefore accounted separately. The service charge is priced and contracted based on market prices relevant for the region of operation. The service charge income is recognized evenly over time of the service rendered as the customer simultaneously receives and consumes the benefits from the provided service. Service and management charges are included in net rental income gross of the related costs. The Group determined that it does control the services before they are transferred to tenants and therefore that the Group acts rather as a principal in these arrangements.

7.20.2. Revenue related to airport operations

Airport fees

The Group provides services connected to the usage of the civil International Airport Brno-Turany (LKTB/BRQ) mainly to air operators and charges them with two main categories of airport fees for it:

- Passenger service fees - The Group collects from air operators for every departing passenger fee for usage of Airport's resources and infrastructure. Revenues from passenger service fees are recognized at the time of departure
- Landing & Parking fee - The Group charges air operators for every aircraft that lands (or makes training movement that is the subject of payment) at BRQ. The fee depends on the certified maximum takeoff weight (MTOW) of the aircraft and time between arrival and consequent

departure (Parking fee). Revenues from landing fee is recognized at the moment of departure (or when the training flight is finished)

Handling charges

The Group provides ground handling services for air operators - among other passenger handling, baggage handling, cleaning of the board interior, aircraft handling, aircraft de-icing, third party services arrangements, etc. The contracts with customers are mostly set for a fixed period with the cooperation period from 1 to 3 years. The prices are subject of contractual agreement or are stated by the fixed price list. The total revenue depends on the type of aircraft, the number of flights and range of the granted services or other service requirements.

Revenues from airport charges are recognized at the moment of provision of the service.

Revenue from contracts with customers

Airport Charges and Fees Price List is based on the relevant provisions of generally binding legal regulations of the Czech Republic, in particular Act No. 526/1990 Coll. on prices as amended, Act No. 235/2004 Coll. on VAT as amended, Act No. 586/1992 Coll. on income taxes as amended and Act No. 254/2004 Coll. on the limitation of cash payments.

The total charge of whole flight can differ according to awarded incentives. The incentive scheme motivates air operators to develop air connections to and from BRQ and contributes to effective usage of airport's infrastructure and capacity. The involvement of the air operators in the incentive program must be approved by the Group, the criteria are objective and the same for all operators. The determination of the airport price list including the incentive program is transparent. The most significant incentives are:

- Volume-based incentive program - they are awarded for reached volume and year on year increase in number of passengers. The incentive is provided to air operators through regressive discount on airport fees and charges.
- Route- based incentive program - the incentives are provided to air operators that extended their activities by launching new destinations, increase in their seat capacity or replacing existing operations. The incentive is awarded as discount to airport fees and charges.

In addition to these incentives the Group supports increase in capacity or increase in operation of off-season destinations.

The airport fees and charges are collected cash/card (mostly to General Aviation air operators) or invoiced in monthly interval and 14-day due period is generally applied. Based on risk determination of individual operators the Group requires security in form of advance payment or deposit.

Sale of goods – airport

The part of the group's revenue is derived from selling goods with revenue recognized at a point in time when control of the goods has transferred to the customer.

7.21. Taxes

Current income tax

Current income tax assets and liabilities for an accounting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

7.22. Foreign currency transactions

Functional and presentation currency

The functional currency of each Company entity is the currency of the primary economic environment in which that entity operates. The Financial Statements are presented in Czech crowns, which is the presentation and functional currency of the Group.

Transactions and balances

Transactions denominated in foreign currencies have been translated into the functional currency of each Company entity at average rates of exchange for the period of transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at closing rates of exchange at the balance sheet date. Exchange differences have been included in financial income and expenses.

Group companies

The results and financial positions of all Group entities (none of which has the currency of a hyper-inflationary economy) which are not in Czech crowns are translated into Czech crowns as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rates of exchange at the balance sheet date;
- income and expenses for each income statement presented are translated at daily exchange rates of transactions; and
- all resulting exchange differences are recognized as a separate component of equity, being taken through other comprehensive income via the cumulative translation adjustment.

When a foreign operation is partially disposed of or sold, exchange differences that were recognized through other comprehensive income are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates of exchange.

8. INCOME STATEMENT DISCLOSURES

Revenues

CZK '000	30 June 2023	30 June 2022
Industrial leasing	362 022	195 035
Airport operations	154 286	117 520
Gains from sale of assets	1 332 624	845 778
Other	211 571	591 722
Total	**2 060 503**	**1 750 054**

Revenues from industrial leasing include revenues from properties classified as investment property or investment property under development. Airport operations include all revenues from companies operating the Brno airport. Gains from sale of assets are related to revenues from sold properties via share deals or directly as asset deals. Other revenues include mainly revenues from transferred receivables, development and asset management fees of service entities and management and performance fees of investment fund.

Cost of Revenues

CZK '000	30 June 2023	30 June 2022
Industrial leasing	-107 541	-66 368
Airport operations	-48 997	-45 339
Costs related to sale of assets	-956 999	-1 079 945
Other	-135 214	-100 211
Total	**-1 248 751**	**-1 291 864**

General and administrative expenses

CZK '000	30 June 2023	30 June 2022
Travel and representation expenses	-4 421	-3 083
Total	**-4 421**	**-3 083**

Other income/expense

CZK '000	30 June 2023	30 June 2022
Real estate and other taxes	-10 563	-8 994
Gifts	-3 234	-26 656
Sold material	-722	-945
Cost of sold other fixed assets	-631	-533 592
Other expenses	-23 815	-90 002
Total other expenses	**-38 965**	**-660 189**
Revenues from sold other fixed assets	877	827 539
Revenues from sold material	831	1 391
Other revenues	10 236	84 211
Total other revenues	**11 944**	**913 141**
Other income/expense	**-27 021**	**252 952**

Cost of sold other fixed assets are related to sold assets classified under IAS 16. Other expenses include insurance, fees and change of provisions. Other revenues include other operating fees of investment fund and service companies.

9. INCOME TAX

Structure of the income tax for the period 1 January - 30 June 2023 and 1 January - 30 June 2022 is as follows:

CZK '000	30 June 2023	30 June 2022
Current income tax	47 045	9 821
Deferred tax	364	0
Total	**47 409**	**9 821**

Estimates and assumptions, including uncertainty over income tax treatments

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the group's belief that its tax return positions are supportable, the group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

No material uncertain tax positions exist as at 30 June 2023 nor as at 30 June 2022. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

10. DEFERRED TAX

The Group quantified deferred taxes as at 30 June 2023 and 31 December 2022 as follows:

CZK '000	30 June 2023		31 December 2022	
Deferred tax items	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Difference between net book value of fixed assets for accounting and tax purposes	14 056	-151 255	9 558	-167 919
Other temporary differences:				
Provisions	179		541	
Tax losses	1 466		18 760	
Other	151 022	-242 654	163 481	-116 168
Total	**166 724**	**-393 909**	**192 341**	**-284 088**
Valuation allowance				
Deferred tax asset, net	**-**	**-227 185**	**-**	**-91 746**

The Group can carry forward tax losses generated for up to 1 – 5 years based on the Czech jurisdiction. The total remaining tax loss carry forward from the years 2018 through 2023 amounts to CZK 98 736 thousand out of which no deferred tax asset was recognized in the Financial Statements at 30 June 2023. The benefits will be recognized when realized or if it will be probable that the unrecognized portion of tax losses will be recoverable against available future profits.

11. INVENTORIES

CZK '000	30 June 2023	31 December 2022
Raw materials and consumables	3 561	2 965
Work-in-progress	45 204	43 457
Goods for resale	4 935	1 666
Total inventories	**53 700**	**48 088**

Raw materials and consumables include gas, oil and other small items used in operations of the Airport. Work-in-progress consists of new projects under development that has not been determined for the investments under development yet. Goods for resale include soft drinks and snacks used in the Airport.

12. CASH

CZK '000	30 June 2023	31 December 2022
Cash at bank available on demand	784 166	663 328
Cash on hand	20 191	3 855
Total Cash and cash equivalents	**804 357**	**667 183**

Cash and cash equivalents for purposes of the statement of cash flows comprises total Cash and cash equivalents mentioned in table above.

13. ACCOUNTS RECEIVABLES

CZK '000	30 June 2023	31 December 2022
Trade receivables	177 766	131 667
Less: Provision for impairment of trade receivables	-5 631	-4 815
Trade receivables – net	**172 135**	**126 852**
Receivables from shareholders	2 858	0
Loans to affiliated and third parties	2 372 268	1 973 276
Prepayments	43 494	24 316
Other receivables	242 241	41 689
Total trade and other receivables	**2 832 996**	**2 166 133**
Less: non-current portion – Loans to affiliated and third parties	-2 372 268	-1 973 276
Current portion of trade and other receivables	**460 728**	**192 857**

Accounts receivables are measured at fair value and are subsequently measured at amortized cost, less allowance for credit losses. The carrying amount of the accounts receivable approximates the fair value. The Group periodically review whether an allowance for credit losses is needed by considering factors such as past payment experience, credit quality, aging of the accounts receivable balances, expected lifetime losses, and current economic conditions that may affect a tenant's ability and willingness to pay.

ECL model for account receivables:

When applying simplified approach to trade receivables with no significant financing component the Group prepare a provision matrix with reference to the above-mentioned factors. Then all tenants are divided to the groups (stage 2, stage 3) with similar risk characteristics and expected credit loss provision is computed.

Gross carrying amount of trade receivables from non-financial corporations divided to two groups and the lifetime expected loss provision is as follows:

30 June 2023	Gross carrying amount of trade receivables			Expected loss provision for trade receivables			Net carrying amount of trade receivables
CZK '000	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	
Non-financial corporations	173 262	4 504	177 766	-1 127	-4 504	-5 631	172 135
Total	**173 262**	**4 504**	**177 766**	**-1 127**	**-4 504**	**-5 631**	**172 135**

31 December 2022	Gross carrying amount of trade receivables			Expected loss provision for trade receivables			Net carrying amount of trade receivables
CZK '000	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	
Non-financial corporations	127 083	4 584	131 667	-231	-4 584	-4 815	126 852
Total	**127 083**	**4 584**	**131 667**	**-231**	**-4 584**	**-4 815**	**126 852**

If the financial condition of tenants were to deteriorate or improve, or actual future economic performance is different to the Group's estimates, additional allowances or reversals may be required in future periods ant therefore the receivable could be transferred between stages.

30 June 2023 CZK '000	31 December 2022	Additions	Derecognitions	Transfer between stages	Other changes in credit risk	Other	30 June 2023
Stage 2	-231	-896	0	0	0	**0**	**-1 127**
Stage 3	-4 584	0	80	0	0	**0**	**-4 504**
Total	**-4 815**	**-896**	**80**	**0**	**0**	**0**	**-5 631**

31 December 2022 CZK '000	31 December 2022	Additions	Derecognitions	Transfer between stages	Other changes in credit risk	Other	31 December 2022
Stage 2	-309	0	78	0	0	**0**	**-231**
Stage 3	-5 841	0	1 257	0	0	**0**	**-4 584**
Total	**-6 150**	**0**	**1 335**	**0**	**0**	**0**	**-4 815**

All loans to third parties are due within 10 years of 30 June 2023. None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, 12 month expected credit losses have been recognized, and there are no non-current receivable balances lifetime expected credit losses.

14. ACCOUNTS PAYABLE

CZK '000	30 June 2023	31 December 2022
Trade payables	1 301 261	1 208 779
Advances received	5 757	8 829
Accruals	351 923	483 839
Deferred income	128 114	61 992
Other payables	1 020 321	600 669
Total Trade and other payables	**2 807 376**	**2 364 108**
Less: non-current portion – Trade and other payables	- 905 626	- 351 093
Current portion of Trade and other payables	**1 901 750**	**2 013 015**

15. LEASES

Nature of leasing activities (in the capacity as lessor)

The group leases a number of properties (logistic warehouses) in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The following table presents the maturity profile of the Group's rental income from operating lease based on contractual undiscounted payments:

CZK '000	30 June 2023	31 December 2022
Less than 12 month	511 358	575 168
1 to 5 years	2 511 308	2 363 514
More than 5 years	905 549	1 082 307
Total	**3 928 215**	**4 020 989**

The following table presents future expected lease receivables from operating lease based on contractual undiscounted payments:

CZK '000	30 June 2023	31 December 2022
Short- term lease receivables	511 358	575 168
Long-term lease receivables	3 416 857	3 445 821
Total lease liabilities	**3 928 215**	**4 020 989**

ECL model – lease receivables

The Group has lease receivables towards non-financial corporations. Group has done the review of tenants and assessed receivables collection history and concluded, that contractual payments could be expected to be received almost in the full amount and no significant credit losses may occurred. Applied provision matrix is based on the application of the appropriate loss rate to expected future cash-incomes corresponding to the lease agreements.

The future minimum operating lease payments (undiscounted) due from tenants to be received at 30 June 2023 and 31 December 2022 are as follows:

30 June 2023	Gross carrying amount of lease receivables			Expected loss provision for lease receivables			Net carrying amount
CZK '000	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	of lease receivables
Non-financial corporations	3 924 974	3 241	3 928 215	-39 250	-65	-39 315	3 888 900
Total	**3 924 974**	**3 241**	**3 928 215**	**-39 250**	**-65**	**-39 315**	**3 888 900**

31 December 2022	Gross carrying amount of lease receivables			Expected loss provision for lease receivables			Net carrying amount
CZK '000	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	of lease receivables
Non-financial corporations	4 017 781	3 208	4 020 989	-40 178	-64	-40 242	3 980 747
Total	**4 017 781**	**3 208**	**4 020 989**	**-40 178**	**-64**	**-40 242**	**3 980 747**

Movement in credit loss allowances:

30 June 2023 CZK '000	31 December 2022	Additions	Derecognitions	Transfer between stages	Other changes in credit risk	Other	30 June 2023
Stage 2	-40 178	-5	933	0	0	0	-39 250
Stage 3	-64	-1	0	0	0	0	-65
Total	**-40 242**	**-6**	**933**	**0**	**0**	**0**	**-39 315**

31 December 2022 CZK '000	31 December 2021	Additions	Derecognitions	Transfer between stages	Other changes in credit risk	Other	31 December 2022
Stage 2	-27 869	-12 309	0	0	0	0	-40 178
Stage 3	0	-64	0	0	0	0	-64
Total	**-27 869**	**-12 373**	**0**	**0**	**0**	**0**	**-40 242**

Historical experience of collecting lease receivables supported by the level of defaults confirms that the credit risk is low across the entities in the Group and territories.

Right-of-Use Assets

For the period ended 30 June 2023, assets arising from leases where the Group is a lessee have been accounted for under IFRS 16. The net carrying amount of right of use assets includes CZK 544 693 ths. Held under leases for the period ended 30 June 2023 (31 December 2022: CZK 542 397 ths).

Movements in Right-of-Use Assets are described also in 13. PROPERTY, PLANT AND EQUIPMENT:

CZK '000	30 June 2023	31 December 2022
The carrying amount of right-of-use assets at the end of the reporting period:	**1 040 257**	**1 019 534**
Land and buildings	857 840	853 216
Fixtures, fittings and motor vehicles	182 417	166 318
Plants and other equipment	0	0
IT equipment	0	0
Depreciation charge for right-of-use assets:	**-495 564**	**-477 137**
Land and buildings	-393 546	-358 918
Fixtures, fittings and motor vehicles	-102 018	-118 219
Plants and other equipment	0	0
IT equipment	0	0
The net carrying amount of right-of-use assets at the end of the reporting period:	**544 693**	**542 397**
Land and buildings	464 294	494 298
Fixtures, fittings and motor vehicles	80 399	48 099
Plants and other equipment	0	0
IT equipment	0	0

Lease liabilities

The Group's leasing liabilities are as follows:

- **Real estate leases** – the Group leases lands and buildings for its airport business and office buildings for employees. The major leases located in Czech Republic. Lease contracts are negotiated on an individual basis, lease terms contain a wide range of different terms and conditions. Leases are typically made for fixed period of 10-30 years and may include extension, termination and other options, which provide operational flexibility to the Group.

- **Vehicle leases** – the Group leases cars for employees and management and other functions. Vehicle leases typically run for an average period of three years and provide renewal options.
- **Other leases** – the Group also leases IT equipment, software licenses and other small equipment that combined are insignificant to the total leased asset portfolio.

The maturity analysis of lease liabilities based on contractual cash flows:

CZK '000	30 June 2023	31 December 2022
Less than 12 month	24 683	24 602
1 to 5 years	100 594	99 439
More than 5 years	448 541	450 288
Total	**573 818**	**574 329**

CZK '000	30 June 2023	31 December 2022
Short- term lease liabilities	24 683	24 602
Long-term lease liabilities	549 135	549 727
Total lease liabilities	**573 818**	**574 329**

Leases of low-value assets are recognized as Short-term lease liabilities. The Group recognizes such lease payments as an operating expense, which are recorded on a straight-line basis over the term of the lease. These are mainly payments for various software licenses, maintenance and other services carried on a monthly or annual basis.

CZK '000	30 June 2023	31 December 2022
Interest expense on lease liabilities	1 745	2 892
Total cash outflow for leases (excluding VAT)	14 279	27 603
CZK '000	**16 024**	**30 495**

In the period 1 January - 30 June 2023 the Group incurred interest expense on lease liabilities of CZK 1 745 ths. (in 2022: CZK 2 892 ths.)

There are no significant variable lease payments included in the Group's lease arrangements.

The discount rate used to determine the right-of-use asset and the lease liability for each leased assets is calculated based on the incremental borrowing rate at inception of the lease. The Group calculated the rate applicable to each lease contract on the basis of lease duration.

16. LOANS AND BORROWINGS

Financing is provided to Group through a combination of borrowings provided by banks, bond investors and loans provided by related and unrelated parties. The book value of loans and borrowings are as follows:

CZK '000	30 June 2023	31 December 2022
Non-Current		
Bank loans		
- unsecured	0	0
- secured	5 310 513	5 091 211
Collateralised borrowings	1 584 857	855 432
Unsecured borrowings	3 311 056	3 449 787
Total non-current loans and borrowings	10 206 426	9 396 430

Current		
Bank loans		
- unsecured	0	0
- secured	228 387	342 083
Collateralised borrowings	635 148	674 453
Unsecured borrowings	1 123 585	1 784 839
Total Current loans and borrowings	1 987 120	2 801 375
Total loans and borrowings	**12 193 546**	**12 197 805**

The interests profile of the Group's loans and borrowings is as follows:

CZK '000	30 June 2023	31 December 2022
Floating rate	7 204 373	5 923 026
Fixed rate	4 989 173	6 274 779
Total	**12 193 545**	**12 197 805**

The currency profile of the Group's loans and borrowings is as follows:

CZK '000	30 June 2023	31 December 2022
CZK	700 545	1 190 681
EUR	11 493 001	10 895 785
Other	0	111 339
Total	**12 193 545**	**12 197 805**

The Group has undrawn committed borrowing facilities available at 30 June 2023 and 31 December 2022, for which all conditions have been met, as follows:

CZK '000	30 June 2023	31 December 2022
Expiry within 1 year	1 119 865	1 117 220
Expiry in more than 1 years	2 949 592	2 449 673
Total	**4 069 457**	**3 566 893**

17. OTHER CURRENT ASSETS

CZK '000	30 June 2023	31 December 2022
Income Tax receivable	0	0
VAT receivable	141 099	329 575
Other tax receivable	55 196	6 428
Total tax receivables	**196 296**	**336 003**
Prepayments and other current assets	481 121	313 408
Total other current accounts assets	**677 417**	**649 411**

Prepayments is mainly composed of paid advances on utilities, deferred financing costs and letting fees. Other current assets comprise the short-term part of rent-free incentives granted to tenants, as well as accrued amounts from the year-end service charge reconciliation.

18. INVESTMENT PROPERTY

CZK '000	Investment property under development	Investment property	Total
At January 1, 2023	7 518 244	11 849 112	19 367 356
Additions	1 385 496	1 791 944	3 177 440
Change of the category/transfer	-752 160	752 160	0
Disposals	-1 653 358	-1 220 651	-2 874 009
Fair value gain (loss) recognized in profit or loss		95 146	95 146
At June 30, 2023	**6 498 222**	**13 267 711**	**19 765 933**
CZK '000	**Investment property under development**	**Investment property**	**Total**
At January 1, 2022	6 422 232	7 925 097	14 347 329
Additions	2 078 776	4 762 551	6 841 327
Disposals	-982 764	-2 338 921	-3 321 685
Fair value gain (loss) recognized in profit or loss		1 500 385	1 500 385
At December 31, 2022	**7 518 244**	**11 849 112**	**19 367 356**

Investment property under development comprises unfinished construction projects in different phases of completion. The additions are primarily related to the growing number of new projects in the Czech Republic and abroad and the expansion of the Group's operations into other countries and new markets. Disposals presents transfers to investment property after the project is completed.

Investment property is composed of the lands and industrial buildings that leased out to the various tenants outside the Group. The most significant changes are completion of several projects and their following sale to the Fund.

A part of owned land plots and buildings are subject of bank pledges.

The investment properties were valued using inputs to the valuation technique used in accordance with IFRS 13 carried out by external independent qualified valuers with recent experience valuing investment properties in the location held by the Group at least annually.

The fair value of the investment property has not been adjusted significantly for the purposes of financial reporting.

The fair value of investment property is categorised as a level 3 recurring fair value measurement.

Fair value measurement

The valuation technique and significant unobservable inputs used in determining the fair value measurement of investment property, as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below.

Valuation Techniques used	Significant assumptions/ unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Fair value is determined by applying the income approach based on the estimated rental value of the property. Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an external valuer or management based on comparable transactions and industry data. Valuations also reflect the type of tenants in occupation, lease term and rent-free period, the quality of building and its location, Breeam certification and other positive and negative factors affecting the value of property.	Discount rate (5.00% to 6.90%; weighted average 6.18%) Terminal yield (5.00% to 7.26%; weighted average 6.40%) Expected vacancy rate (0%) Rental growth rate (0%) Rent-free periods: 0-12 months for new leases	The higher the discount rate, terminal yield and expected vacancy rate the lower the fair value. The higher the discount rate, terminal yield and expected vacancy rate the lower the fair value. The longer the rent-free period the lower the fair value

There were no changes to the valuation techniques of level 3 fair value measurements in the period and there were no transfers between Levels during the year. The fair value measurement is based on the above items highest and best use, which does not differ from their actual use.

Date of the revaluation: 30 June 2023

19. PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment comprising of owned assets and leased assets are summarised below:

CZK '000	Land	Buildings	Fixtures, fittings and motor vehicles	Right of Use	Other fixed assets	Artworks	Assets under construction	Total
Cost								
At January 1, 2023	23 696	67 881	110 362	1 019 534	0	650	108 126	1 330 249
Additions	3 984	101	10 266	20 723	0	0	35 973	71 047
Disposals	0	0	-1 896	0	0	0	-14 845	-16 741
At June 30, 2023	**27 680**	**67 982**	**118 732**	**1 040 257**	**0**	**650**	**129 254**	**1 384 555**
Accumulated depreciation								
At January 1, 2023	0	-17 430	-78 131	-477 137	0	0	0	-572 698
Charge for the year	0	-871	-4 602	-22 865	0	0	0	-28 338
Disposals	0	0	692	4438	0	0	0	5 130
At June 30, 2023	**0**	**-18 301**	**-82 041**	**-495 564**	**0**	**0**	**0**	**-595 906**
Net book value at June 30, 2023	**27 680**	**49 681**	**36 691**	**544 693**	**0**	**650**	**129 254**	**788 649**

CZK '000	Land	Buildings	Fixtures, fittings and motor vehicles	Right of Use	Other fixed assets	Artworks	Assets under construction	Total
Cost								
At January 1, 2022	250 166	183 962	110 167	1 014 987	4 083	650	128 913	1 692 928
Additions	13 358	703	18 351	15 333	0	0	11 762	59 507
Disposals	-239 828	-116 784	-18 156	-10 786	-4 083	0	-32 549	-422 186
At December 31, 2022	**23 696**	**67 881**	**110 362**	**1 019 534**	**0**	**650**	**108 126**	**1 330 249**
Accumulated depreciation								
At January 1, 2022	0	-27 501	-74 425	-440 518	-4 356	0	0	-546 800
Charge for the year	0	-3 222	-5 238	-36 619	0	0	0	-45 079
Disposals	0	13 293	1 532	0	4 356	0	0	19 181
At December 31, 2022	**0**	**-17 430**	**-78 131**	**-477 137**	**0**	**0**	**0**	**-572 698**
Net book value at December 31, 2022	**23 696**	**50 451**	**32 231**	**542 397**	**0**	**650**	**108 126**	**757 551**

Bank borrowings are secured on the Group's freehold land and buildings, see Note Pledges for more information.

Majority of land consists of lands purchased in area Ostrov u Stříbra, Kojetín and Letiště Brno-Tuřany. Buildings include airport building in Brno.

Fixtures, fittings and motor vehicles amounted to CZK 36 691 ths. (2022: 32 231 ths.) includes own machines and cars used in the operations of the airport and equipment used in the office headquarters.

The Group has considered the terms and conditions of active lease contracts and has applied IFRS 16 for several of them. In a position of a lessee the Group recognises as an asset the "Right of use" of international public airport Letiště

Brno-Tuřany, operative lease of offices and cars. Concurrently at the commencement date, the Group recognizes corresponding lease liabilities measured in the present value of unpaid lease payments for these contracts. The amount of the liability of the airport lease was not discounted to the present value using implicit interest rate as according to the leasing agreement the lessor does not require any rental interest. The lease liabilities were discounted based on the lease agreement, which was concluded for an indefinite period with a one-month notice period without a significant fine. The lease agreement was calculated for 10 years, i.e., the period of the longest depreciated asset. There were no modifications or changes in lease agreements during the reporting period.

For the period ended 30 June 2023, assets arising from leases where the Group is a lessee have been accounted for under IFRS 16. The net carrying amount of right of use assets includes CZK 544 693 ths. Held under leases for the period ended 30 June 2023 (31 December 2022: CZK 542 397 ths.).

The net book value of assets under construction includes an amount of CZK 85 082 ths. (2022: CZK 74 094 ths.) relating to the new buildings, machines and technical improvements in the airport and paid advances related to new asset purchases amounted to CZK 44 172 ths. (2022: 34 031 ths.) The cost of the buildings and machines will be depreciated once the property is complete and available for use.

Borrowing costs

The Group capitalizes borrowing costs that are directly incurred in connection with acquisition, construction or production of a qualifying asset. Borrowing costs are part of total construction costs until the qualifying asset is finished and get ready for its intended use or sale. Afterwards incurred borrowing costs are recognised as an expense.

CZK '000	30 June 2023	31 December 2022
Interest on bank loans	28 560	21 397
Interest on loans from third parties	76 354	148 169
Total	**104 914**	**169 566**

20. INTANGIBLE ASSETS

Details of intangible assets presented in Group's consolidated statement of financial position are as follows:

CZK '000	Software	Goodwill	Other intangible assets	Assets under construction	Total
Cost					
At January 1, 2023	15 012	134 773	14 324	42	164 151
Additions	85	16 041	0	785	16 911
Disposals	0	0	0	-85	-85
At June 30, 2023	**15 097**	**150 814**	**14 324**	**742**	**180 977**
Accumulated depreciation					
At January 1, 2023	-7 282	0	-13 184	0	-20 466
Charge for the year	-1 778	0	-524	0	-2 302
Disposals	0	0	0	0	0
At June 30, 2023	**-9 060**	**0**	**-13 708**	**0**	**-22 768**
Net book value at June 30, 2023	**6 037**	**150 814**	**616**	**742**	**158 209**

CZK '000	Software	Goodwill	Other intangible assets	Assets under construction	Total
Cost					
At January 1, 2022	12 055	112 172	14 224	0	138 451
Additions	2 957	22 601	100	42	25 700
Disposals	0	0	0	0	0
At December 31, 2022	**15 012**	**134 773**	**14 324**	**42**	**164 151**
Accumulated depreciation					
At January 1, 2022	-4 409	0	-8 511	0	-12 920
Charge for the year	-2 873	0	-4 673	0	-7 546
Disposals	0	0	0	0	0
At December 31, 2022	**-7 282**	**0**	**-13 184**	**0**	**-20 466**
Net book value at December 31, 2022	**7 730**	**134 773**	**1 140**	**42**	**143 685**

Goodwill was calculated at the date of acquisition of Airport Brno. The recoverable amounts of each CGU were determined as the resent value of the estimated future cash flows discounted at the effective interest rate. As at 30.6.2023 and 31.12.2022 no impairment was identified.

One acquisition was taken place in 2023 and was structured as share deal acquiring: Karlovarská park s.r.o. From this acquisition goodwill had been arising.

Other intangible assets include project studies. Assets under construction include new SW development for service companies. The life usage of this SW has not been determined yet, therefore the Group performed impairment testing with no impairment needed.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF NET FINANCIAL ASSETS AT AMORTISED COSTS

The table below provides a comparison by class of the carrying amounts and fair value of the financial assets and financial liabilities at amortised costs in the Group's consolidated statement of financial position:

30 June 2023			Level of fair value		
CZK '000	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at amortised costs	**4 166 676**	**4 166 676**	**0**	**0**	**4 166 676**
Trade and other receivables	2 832 996	2 832 996	0	0	2 832 996
Prepayments and other financial assets	529 323	529 323	0	0	529 323
Cash equivalents	804 357	804 357	0	0	804 357
Financial liabilities at amortised costs	**15 000 922**	**15 000 922**	**0**	**0**	**15 000 922**
Trade and other payables	2 807 376	2 807 376	0	0	2 807 376
Loans and borrowings	12 193 546	12 193 546	0	0	12 193 546
Net book value as at June 30, 2023	**-10 834 246**	**-10 834 246**	**0**	**0**	**-10 834 246**

31 Dec 2022			Level of fair value		
CZK '000	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at amortised costs	**3 179 739**	**3 179 739**	**0**	**0**	**3 179 739**
Trade and other receivables	2 166 133	2 166 133	0	0	2 166 133
Prepayments and other financial assets	346 423	346 423	0	0	346 423
Cash equivalents	667 183	667 183	0	0	667 183
Financial liabilities at amortised costs	**14 561 913**	**14 561 913**	**0**	**0**	**14 561 913**
Trade and other payables	2 364 108	2 364 108	0	0	2 364 108
Loans and borrowings	12 197 805	12 197 805	0	0	12 197 805
Net book value as at December 31, 2022	**-11 382 174**	**-11 382 174**	**0**	**0**	**-11 382 174**

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The table below provides information of the carrying amounts and fair value of the financial assets at fair value through profit and loss in the Group's consolidated statement of financial position:

30 June 2023		Level of fair value		
CZK '000	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss	**1 248 223**	**0**	**0**	**1 248 223**
Financial assets at fair value through profit and loss	1 248 223	0	0	1 248 223
31 Dec 2022		**Level of fair value**		
CZK '000	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss	**1 263 165**	**0**	**0**	**1 263 165**
Financial assets at fair value through profit and loss	1 263 165	0	0	1 263 165

The fair value of financial assets is categorised as a level 3 recurring fair value measurement based on the unobservable inputs. There was no reclassification between Levels during the period.

23. FINANCIAL ASSETS AND LIABILITIES ACCORDING TO GEOGRAPHICAL LOCATION

	Czech Republic		EU	
CZK '000	**30 June 2023**	**31 December 2022**	**30 June 2023**	**31 December 2022**
Financial assets at amortised costs	**3 324 208**	**2 077 568**	**842 467**	**1 102 171**
Trade and other receivables	2 525 638	1 611 410	307 359	554 723
Prepayments and other financial assets	290 367	150 307	238 956	196 117
Cash equivalents	508 204	315 852	296 153	351 331
Financial assets at fair value through profit and loss	**28 882**	**97 925**	**1 219 340**	**1 165 240**
Financial liabilities at amortised costs	**8 830 029**	**8 296 629**	**6 170 893**	**6 265 284**
Trade and other payables	1 273 506	860 587	1 533 870	1 503 521
Loans and borrowings	7 556 523	7 436 042	4 637 023	4 761 763

The Group operational activities are mainly performed in Czech Republic, Poland, Slovakia, Spain, Croatia and then several other European countries.

24. EQUITY-ACCOUNTED ASSOCIATES

The following companies have been included in the consolidated financial statements using the equity method:

Name	Country of incorporation principal place of business	Proportion of ownership interest held as at 30 Jun 2023
Ballesteros one a.s.	Czech Republic	20%
Thyramen a.s.	Czech Republic	20%
CHEVAK Cheb, a.s.	Czech Republic	28,16%
TEREA Cheb s.r.o.	Czech Republic	50%
KMS KRASLICKÁ MĚSTSKÁ SPOLEČNOST s.r.o.	Czech Republic	50%
ACCOLADE HU I Kft	Hungary	20%
PDC Industrial Center 213 Sp. z o.o.	Poland	25%
Accolade PL XI sp. z o. o.	Poland	22%
Accolade PL XVI sp. z o.o.	Poland	39%
Accolade PL XX sp. z o.o.	Poland	26%
Accolade PL XXV sp. z o.o.	Poland	49%
Accolade PL XXVIII sp. z o.o.	Poland	49%

Summarised financial information:

CZK '000	30 June 2023
Current assets	1 467 698
Non-current assets	10 978 558
Current liabilities	-840 005
Non-current liabilities	-7 636 581
Total comprehensive income	97 469
Net assets in FV (100%)	4 067 139
Group share of net assets in FV	**1 346 009**
Fair value gain (loss) recognised in profit or loss	**-41 656**

25. NET FAIR VALUE RESULT ON INVESTMENT AND FINANCIAL INVESTMENTS

Net fair value result on investment property, investments in equity-accounted associates and other financial investments as at 30 June 2023 is summarised below:

CZK '000	30 June 2023 (before re-evaluation)	Change of fair value	30 June 2023
Investment property	13 172 565	95 146	13 267 711
Equity-accounted associates	1 387 665	-41 656	1 346 009
Financial investments at fair value through profit and loss	1 246 313	1 910	1 248 223
Total	**15 806 543**	**55 400**	**15 861 943**

A part of financial investments at fair value through profit and loss are investment stocks that Group has in Accolade Industrial Fund, sub-fund of Accolade Fund SICAV p.l.c. The numbers of stocks and their fair value for Class A and Class B were as follows:

CZK '000	Number of stocks as at 30 June 2023	Fair value as at 30 June 2023	Number of stocks as at 31 Dec 2022	Fair value as at 31 Dec 2022
Investment stocks – Class A	1 893	537 265	1 818	519 499
Investment stocks – Class B	80	590 143	80	595 707
Total	**1 973**	**1 127 408**	**1 898**	**1 115 206**

The fair value of quoted securities is based on market prices published by the Accolade Industrial Fund.

26. OTHER CURRENT LIABILITIES

CZK '000	30 June 2023	31 December 2022
Income Tax payable	30 426	9 259
Other tax payables	3 497	2 289
Employee related liabilities	22 199	20 084
Total other current liabilities	**56 122**	**31 632**

27. PROVISIONS

CZK '000	31 Dec 2022	Creation of provision	Reversal of provision	30 June 2023
Provision for tax payable	101 172	41 644	101 172	41 644
Other	37 326	20 876	37 326	20 876
Total	**138 498**	**62 520**	**138 498**	**62 520**
CZK '000	**31 Dec 2021**	**Creation of provision**	**Reversal of provision**	**31 Dec 2022**
Provision for tax payable	48 127	101 172	48 127	101 172
Other	21 794	37 326	21 794	37 326
Total	**69 921**	**138 498**	**69 921**	**138 498**

Provision stands for liability of uncertain time and amount. The Group recognised provision for tax payable, which is the estimated amount of income tax that the Company and its subsidiaries is legally expected to pay for the current year, and other provisions. Other provisions are represented by provision for services, which were provided during the current year but was not invoiced as of balance sheet day. All reported provisions are considered as short-term (current) liabilities.

28. GOVERNMENT GRANTS

In 2022, the entity was provided with a subsidies from the State Fund for Transport Infrastructure in the total amount of 1 625 TCZK for the purpose of protecting airport area from offenses. In particular, a device for trace detection of explosives and a camera system were acquired.

No subsidy received in the period 1 January – 30 June 2023.

29. SHARE CAPITAL

	Number of shares		CZK '000	
Shares	**30 Jun 2023**	**31 Dec 2022**	**30 Jun 2023**	**31 Dec 2022**
Ordinary shares of CZK 100 thousand each	24	24	2 400	2 400
Total Share Capital	**24**	**24**	**2 400**	**2 400**

The Group does not own its shares as at 30 June 2023 and 31 December 2022, respectively. The Group has a reserve fund amounted to CZK 1 190 ths. (31 December 2022: CZK 1 170 ths.), which was created from previous profits in preceding periods.

30. RELATED PARTY DISCLOSURES

Shareholders structure, subsidiaries and associates

Shareholders structure, interests in subsidiaries and associates are set out in Note 1.

The Group undertakes transactions with related parties on an arm's length basis.

The Group applies transfer prices for its business activities in conformity with market levels and in accordance with national and international tax requirements. The related party transactions performed by the Group form part of the Group's ordinary business activities in terms of their purpose and terms and conditions.

The Group does not operate with goods or products and the main transactions that have profit or loss impact on the result are services that are purchased from the third parties and reinvoiced to the entities in the Group (trade receivables and payables), services provided within the Group and interests on intercompany loans. Loans and borrowings are provided mainly with maturity period of 5 years and fixed interest rate.

For the purposes of presenting this information, the following are considered to be related parties:

a) Shareholders: persons that owns shares in the mother company
b) Associates: companies that are not fully controlled and minority owned by the Group (control of at least 20% of total share capital but less than 50% of share capital)
c) Affiliates: companies that are not fully controlled and minority owned by the Group (control less than 20% of total share capital)
d) Other related parties: other people, companies and entities related to the Group, e.g. joint venture partners or companies controlled (or jointly controlled) by key management personnel

Summary of the total amounts of transactions concluded with the Group's related parties:

CZK '000	Profit (+) or loss (-) impact		Receivables (+) / Payables (-) to Related parties	
Related party	**2023 Revenues/Costs**	**2022 Revenues/Costs**	**30 June 2023**	**31 Dec 2022**
Shareholders	-340	-609	7 288	609
Associates	63 186	64 873	5 056	2 833
Affiliates	6 149	29 307	191	247
Other related parties	117 481	661 174	-140 135	-623 979
Total	**186 476**	**754 745**	**-127 600**	**-620 290**

Outstanding balances of loans received from related parties:

CZK '000		Outstanding loan from Related parties including accrued interests	
Related party	**Interest rate**	**30 June 2023**	**31 Dec 2022**
Shareholders	7%	0	20 913
Other related parties	7%	15 972	115 764
Other related parties	8%	3 130 270	3 554 730
Total		**3 146 242**	**3 691 408**

Outstanding balances of loans provided to related parties:

CZK '000		Outstanding loan to Related parties including accrued interests	
Related party	**Interest rate**	**30 June 2023**	**31 Dec 2022**
Associates	7%	202 072	0
Associates	8%	1 084 493	1 007 491
Affiliates	7%	7 013	15 928
Affiliates	8%	105 379	106 264
Other related party	7%	384 288	115 521
Other related party	8%	175 552	50 098
Total		**1 958 796**	**1 295 302**

There have been no material changes to the Group's related party transactions during the period ended 30 June 2023 other than above mentioned. Based on the applied ECL model in the respect of related parties' receivables, no provision was made.

31. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITES

Issued guarantees

As at the date of these Financial Statements the following guarantees were registered:

Guaranty issued for	Guaranty issued in favour of	Ground
Accolade Holding, a.s.	Banka CREDITAS a.s.	Financial guarantee contracts
Accolade Portfolio I, s.r.o.	PPF Banka, a.s.	Financial guarantee contracts
Industrial Center CR 4 s.r.o.	Česká spořitelna, a.s.	Financial guarantee contracts
Accolade CZ XXVII, s.r.o., člen koncernu	ČSOB, a.s.	Financial guarantee contracts
Accolade CZ XXXIII, s.r.o., člen koncernu	MONETA Money Bank, a.s.	Financial guarantee contracts
Accolade CZ XL, s.r.o., člen koncernu	MONETA Money Bank, a.s.	Financial guarantee contracts
Accolade CZ 45, s.r.o., člen koncernu	Česká spořitelna, a.s.	Financial guarantee contracts
Accolade CZ 52, s.r.o., člen koncernu	MONETA Money Bank, a.s.	Financial guarantee contracts
Accolade CZ 67, s.r.o., člen koncernu	MONETA Money Bank, a.s.	Financial guarantee contracts
Accolade CZ 68, s.r.o., člen koncernu	Trinity bank, a.s.	Financial guarantee contracts
Accolade CZ 70, s.r.o., člen koncernu	PPF Banka, a.s.	Financial guarantee contracts
Accolade Finance Venlo, s.r.o., člen koncernu	Various entities	Commercial relations
Accolade Finance CZ, s.r.o., člen koncernu	Various entities	Commercial relations
Accolade, s.r.o.	Various entities	Commercial relations
ACCOLADE BUR, S.L.	Banco Santander, S.A.	Financial guarantee contracts
Accolade SK II, s.r.o.	Tatra banka, a.s.	Financial guarantee contracts
Accolade SK III, s.r.o.	Trinity bank, a.s.	Financial guarantee contracts
Accolade Holding, a.s.	Banka CREDITAS a.s.	Financial guarantee contracts
Accolade Portfolio I, s.r.o.	PPF Banka, a.s.	Financial guarantee contracts

32. PLEDGES

As at the date of these Financial Statements the assets in the following companies are pledged:

Company name	Pledge in favour of
Accolade Holding, a.s.	Banka CREDITAS a.s.
Accolade Portfolio I, s.r.o.	PPF Banka, a.s.
Industrial Center CR 2 s.r.o.	Banka CREDITAS a.s.
LETIŠTĚ BRNO a.s.	Raiffeisenbank a.s.
Brno Airport Park, a.s.	Raiffeisenbank a.s.
Industrial Center CR 4 s.r.o.	Česká spořitelna, a.s.
Accolade CZ XXVII, s.r.o., člen koncernu	ČSOB a.s.
Accolade CZ XXXIII, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ XL, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ 45, s.r.o., člen koncernu	Česká spořitelna, a.s.
Accolade CZ 50, s.r.o., člen koncernu	Banka CREDITAS a.s.
Accolade CZ 52, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ 67, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ 68, s.r.o., člen koncernu	Trinity bank, a.s.
Accolade CZ 70, s.r.o., člen koncernu	PPF Banka, a.s.
Accolade PL VI sp. z o.o.	Alior Bank S.A.
Accolade PL XVII sp. z o.o.	mBank S.A.
Accolade PL XXI sp. z o.o.	Santander Bank Polska S.A.
Accolade PL XXIX sp. z o.o.	Bank Polska Kasa Opieki S.A.
Accolade PL XXXIV sp. z o.o.	Santander Bank Polska S.A.
Accolade PL XXXV sp. z o. o.	Bank Polska Kasa Opieki S.A.
Accolade PL XXXVI sp. z o.o.	Santander Bank Polska S.A.
Accolade PL 42 sp. z o.o.	Alior Bank S.A.
Accolade PL 44 sp. z o.o.	Bank Polska Kasa Opieki S.A.
ACCOLADE BUR, S.L.	Banco Santander, S.A.
Accolade SK II, s.r.o.	Tatra banka, a.s.
Accolade SK III, s.r.o.	Trinity bank, a.s.

33. FINANCIAL RISK MANAGEMENT

The Group’s operations expose it to a variety of financial risks that include currency risk, interest rate risk, credit risk and liquidity risk.

In respect to the currency risk, the Group primarily focuses on natural hedging, trying to match a currency structure of assets and liabilities. Industrial properties are leased in Euro and thus bank loans financing these assets are denominated in Euro as well. Rental income of the existing portfolio is the subject of continuous monitoring and is indexed on annual basis in order to be align with market prices and reflect economic reality. Borrowings, cash and cash equivalents and liquid investments are used to finance operational activities. The Group’s cash flow is carefully monitored on a daily basis. Excess cash, considering expected future cash flows, is placed on either short- or long-term deposits to maximize the interest income thereon.

The Group is also implementing hedge accounting in order to eliminate or reduce it’s exposure to currency risk. Each company in the Group individually assessed the volume of transactions in foreign currency, and in cases, where hedge accounting proved to be highly effective prepare documentation according to the general requirements.

Interest rate risk is mitigated either by fixed interest rates of the long-term investment loans or by using interest rate derivative instruments, mostly interest rate swaps.

The responsibility for monitoring financial risk management is with Group's CFO. The policies are implemented by the Group's finance departments. The Group has a treasury policy and procedures that set out specific guidelines to manage such market risks as currency risk, interest rate risk, credit risk and liquidity risk, and also sets out circumstances where it would be appropriate to use financial instruments to manage these. When assessing hedging effectiveness, the Group uses qualitative and quantitative methods.

Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to maintain sufficient financial resources to mitigate against risks and unforeseen events.

33.1. Currency risk

The Group's earnings and liquidity are affected by fluctuations in foreign currency exchange rates, principally in respect of the euro and Polish zloty, reflecting the fact that part of its revenues and cash receipts are denominated in euro and Polish zloty, while a significant proportion of its costs are settled in Czech crown. The Group seeks to use currency exchange contracts and currency options to manage the EUR/CZK and PLN/CZK risks as appropriate, by monitoring the timing and value of anticipated euro and PLN receipts in comparison with its requirement to settle certain expenses in EUR and PLN. The Group reviews the resulting exposure on a regular basis and evaluates use of hedges to minimize this exposure using currency exchange contracts and currency options for the sale of EUR and PLN as appropriate.

The Group is also exposed to currency risk in respect of the foreign currency denominated assets and liabilities of its abroad subsidiaries. At present, the Group does not consider this to be a significant risk since the Group does not intend to move assets between group companies.

The Group has elected not to apply hedge accounting, and all movements in the fair value of derivative foreign exchange instruments are recorded in the income statement, offsetting the foreign exchange movements on the accounts receivable, cash and cash equivalents and short-term deposits balances being hedged.

Financial assets and liabilities include cash and cash equivalents, trade and other receivables and interest-bearing loans and borrowings, trade and other payables, lease liabilities and other current liabilities.

All remaining assets and liabilities in foreign currencies are immaterial or not subject to exchange rate exposure (such as property, plant and equipment).

The following table shows financial assets and liabilities in individual currencies and net currency position:

30 June 2023 (CZK '000)	CZK	EUR	Other
Trade and other receivables	1 913 468	448 709	10 091
Non-Current assets	**1 913 468**	**448 709**	**10 091**
Trade and other receivables	277 079	156 024	27 624
Cash and cash equivalents	384 433	349 080	70 843
Current assets	**661 513**	**505 104**	**98 468**
Loans from the third parties	357 091	9 849 334	0
Trade and other payables	12 447	893 349	-169
Other non-current liabilities	776 320	0	0
Non-current liabilities	**1 145 859**	**10 742 683**	**-169**
Trade and other payables	429 127	1 354 929	117 694
Loans from the third parties	343 453	1 643 666	0
Other current liabilities	110 283	32 856	186
Current liabilities	**882 864**	**3 031 451**	**117 880**
Total 30 June 2023	**546 258**	**-12 820 321**	**-9 152**

31 December 2022 (CZK '000)	CZK	EUR	Other
Trade and other receivables	1 396 571	574 617	2 088
Non-Current assets	**1 396 571**	**574 617**	**2 088**
Trade and other receivables	75 708	98 063	19 086
Cash and cash equivalents	85 009	483 824	98 350
Current assets	**160 717**	**581 887**	**117 437**
Loans from the third parties	524 368	8 872 062	0
Trade and other payables	142 709	208 337	47
Other non-current liabilities	641 473	0	0
Non-current liabilities	**1 308 550**	**9 080 400**	**47**
Trade and other payables	526 115	1 108 619	378 281
Loans from the third parties	666 312	2 023 723	111 339
Other current liabilities	127 479	66 976	277
Current liabilities	**1 319 907**	**3 199 318**	**489 896**
Total 31 December 2022	**-1 071 169**	**-11 123 214**	**-370 419**

The table below presents the sensitivity of the profit before tax to a hypothetical change in EUR, USD and PLN currencies and the impact on assets and liabilities of the Group. The sensitivity analysis is prepared under the assumption that the other variables are constant.

Effect on profit before tax for the period 1 January – 30 June 2023 and the year 2022 (CZK '000):

Currency	% change	30 June 2023	31 Dec 2022
EUR	+/- 5.0%	-/+ 15 211 311	-/+ 13 411 816
USD	+/- 5.0%	-/+ 365	-/+ 619
PLN	+/- 5.0%	+/- 2 536	+/- 95 599
HRK	+/- 5.0%	n/a	+/- 16

33.2. Interest rate risk

The Group's objective for interest rate risk management is to reduce interest-rate risk through a combination of financial instruments, which lock in interest rates on debt and by matching a proportion of floating rate assets with floating rate liabilities. In line with the above interest rate risk management strategy, the Group has entered into a series of interest rate swaps and interest rate caps to hedge against fluctuations in interest rates for certain floating rate financial arrangements and certain other obligations.

Floating interest rates on financial liabilities are referenced to European interbank interest rates (EURIBOR). Secured long-term debt and interest rate swaps typically re-price on a quarterly basis. The Group uses current interest rate settings on existing floating rate debt at each year-end to calculate contractual cash flows. Fixed interest rates on financial liabilities are fixed for the duration of the underlying structures

33.3. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

At 30 June 2023 and 31 December 2022, the Group had no significant concentrations of credit risk. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically by the directors.

The credit risk is primarily assessed in connection with the tenants whom the Group is leasing space in its buildings. Prior to entering the lease contract, the tenant's credit worthiness is assessed with help of external credit rating reports. Apart from this the Group is performing its own financial analysis of the tenant which is then performed on a regular basis in the future as part of the credit monitoring process.

The lease contracts with tenants typically contain requirement for either a bank or parent company guarantee securing rental payments. Alternatively, a rental deposit might be in place.

The Group would consider a significant increase of the credit risk of the counterparty if it was overdue with a payment for more than 3 months. If the receivable was not paid in 6 months, it would be considered as a default of the counterparty.

The Group markets and sells to a relatively small number of customers with individually large value transactions. The Group performs credit checks on all customers (other than those paying in advance) in order to assess their creditworthiness and ability to pay its invoices as they become due. As such, the balance of accounts receivable not owed by large companies is still deemed by the directors to be of low risk of default due to the nature of the checks performed on them, and accordingly a relatively small allowance against these receivables is in place to cover this low risk of default.

The Group generally does not require collateral on accounts receivable, as many of its customers are large, well-established companies. The Group has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographic area. No credit limits were exceeded during the reporting period and the directors do not expect any significant losses from non-performance by these counterparties, other than those already provided for.

33.4. Liquidity risk

The Group's policy is to maintain balances of cash and cash equivalents and short- and long-term deposits and similar instruments, such that highly liquid resources exceed the Group's projected cash outflows at all times. Surplus funds are placed on fixed- or floating-rate deposits depending on the prevailing economic climate at the time (with reference to forward interest rates) and also on the required maturity of the deposit (as driven by the expected timing of the Group's cash receipts and payments over the short to medium term).

Management monitors rolling forecasts of the Group's short and medium-term expected cash flows. This is carried out at both a local and a Group level with the local subsidiaries being funded by the Group as required.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (CZK '000):

30 June 2023	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Interest-bearing loans and borrowings	0	1 987 120	9 126 961	1 079 465	12 193 546
Other financial liabilities	22 350	120 975	327 778	448 542	919 645
Trade and other payables	1 222 208	679 542	905 626	0	2 807 376
Total	**1 244 558**	**2 787 637**	**10 360 365**	**1 528 007**	**15 920 567**

31 December 2022	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Interest-bearing loans and borrowings	0	2 801 375	8 396 511	999 920	12 197 805
Other financial liabilities	21 625	173 106	191 186	450 288	836 205
Trade and other payables	1 246 615	766 400	351 093	0	2 364 108
Total	**1 268 240**	**3 740 881**	**8 938 789**	**1 450 208**	**15 398 118**

From the maturity analysis it is seen that the most significant group is interest bearing loans and borrowings. That loans and borrowings are repayable mainly in the range of one of five years. The Group expects to meet those liabilities from operating cash flows and income from maturing financial assets. To manage liquidity, the Group uses a combination of cash inflows from financial assets and available bank resources. In terms of cash flow there is no imminent risk that the Company and its subsidiaries will not be able to meet its maturing liabilities.

The table above also include an analysis of the maturity of leasing liabilities and does not include derivative financial liabilities.

33.5. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an appropriate capital structure to have sufficient capital to make strategic investments, including acquisitions. The capital structure of the Group consists of cash and cash equivalents, short- and long-term deposits, and capital and reserves attributable to owners of the Group, as disclosed on the consolidated statement of the financial position.

The Group's strategy is to have a capital structure that considers opportunities to invest in long-term profitable growth, prevailing trading conditions and the desire to improve balance sheet efficiency over time. The Group did not pay out dividend and does not expect to pay any dividend in foreseeable future. The capital structure is continually monitored by the Group.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 3.0. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

CZK '000	30 June 2023	31 December 2022
Interest-bearing loans and borrowings	12 193 546	12 197 805
Trade and other payables	2 807 376	2 364 108
Less: cash and short – term deposits	804 357	667 183
Net debt	**14 196 565**	**13 894 730**
Equity (resp. Net assets)	11 803 128	9 928 843
Net debt and Net assets	**25 999 693**	**23 823 573**
Gearing ratio*	**1,83**	**1,71**

34. DERIVATIVE FINANCIAL INSTRUMENTS

Although a certain degree of risk is inherent in the Group's business activities as it was described above, the Group efforts to minimize risks as low as reasonably and for this purposes uses derivative financial instruments. The fair value of derivatives is determined using observable market inputs based on valuations provided by banks and as such the Group had included derivatives in Level 1 of fair value hierarchy. Resulting gains and losses are taken to other reserves.

The uses of derivatives and the related values of derivatives are summarised in the following tables per category.

CZK '000	30 June 2023	31 December 2022
Interest rate derivatives - cash flow hedges	32 916	17 729
Forward foreign exchange contracts – cash flow hedges	15 286	15 286
Total derivative financial assets	**48 202**	**33 015**

None of concluded transactions were entered into for trading or speculative purposes.

The effect of hedge accounting on the Group's consolidated financial position and performance is as follows, including the outline timing and profile of the hedging instruments:

FX forward

The effects of the cash flow FX forward hedging are as follows at 30 June 2023:

'000	30 June 2023	31 Dec 2022
Carrying amount of derivatives (in CZK)	15 286	15 286
Change in fair value of designated hedging instrument (in CZK)	0	15 286
Change in fair value of designated hedged item (in CZK)	0	15 286
Maturity date	28 March 2024	28 March 2024
Notional amount (in EUR)	12 000	12 000
Hedge ratio	1:1	1:1

Interest rate swap

The effects of the cash flow interest rate swap hedging are as follows at 30 June 2023:

CZK '000	30 June 2023	31 Dec 2022
Carrying amount of derivatives (in CZK)	14 516	14 516
Change in fair value of designated hedging instruments (in CZK)	0	14 516
Change in fair value of designated hedged item (in CZK)	0	14 516
Maturity date	31 March 2027	31 March 2027
Notional amount (in EUR)	10 000	10 000
Hedge ratio	1:1	1:1

Interest rate cap

The effects of the cash flow interest rate swap hedging are as follows at 30 June 2023:

CZK '000	30 June 2023 1CAP	30 June 2023 2CAP	30 June 2023 3CAP
Carrying amount of derivatives (in CZK)	7 333	4 781	6 286
Change in fair value of designated hedging instruments (in CZK)	7 333	4 781	6 286
Change in fair value of designated hedged item (in CZK)	7 333	4 781	6 286
Maturity date	23 January 2029	10 September 2026	31 August 2027
Notional amount (in EUR)	8 050	3 425	5 690
Hedge ratio	1:1	1:1	1:1

Several interest rate caps were contracted in order to hedge the interest rate risk of an existing secured loans. A positive fair value or settlement received is recognised in the income statement of the Group as hedge accounting is not applied for this particular derivative.

35. KEY MANAGEMENT COMPENSATION AND DIRECTORS' REMUNERATION

The directors are of the opinion that the key management of the Group comprises the executive and non-executive directors of Accolade Holding, a.s. These persons have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. As at June 30, 2023, key management comprised of 7 people (2022: 6).

The aggregate amounts of key management compensation are set out below:

CZK '000	30 June 2023	31 December 2022
Salaries and short-term employee benefits	4 597	13 334
Total	**4 597**	**13 334**

The Group does not offer termination benefits, post-employment benefits or any other long-term compensation for key management personnel.

The outstanding liabilities and accruals related to key management are set out below:

CZK '000	30 June 2023	31 December 2022
Bonus accrual	0	0
Total	**0**	**0**

36. EMPLOYEE INFORMATION

The average number of persons, including executive directors and freelancers, employed by the Group:

Business line	30 June 2023	31 December 2022
Development	25	23
Airport	194	186
General and administrative	64	54
Total	**283**	**263**

Employee benefit expenses

CZK '000	30 June 2023	31 December 2022
Wages and salaries	97 123	177 301
Social security and health insurance	28 907	50 831
Social cost	2 877	4 923
Other	480	2 670
Total	**129 387**	**235 725**

37. SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and the date of the Financial Statements preparation is recognized 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 recognized in the Financial Statements.

No event materially affecting the financial position of the group occurred between the balance sheet date and the date of preparation of the Financial Statements. No other events have occurred after the end of the reporting period that would require adjusting the amounts recognised and disclosures made in the separate Financial Statements.

Companies established in 2023 after 30 June:

Company name	Establishment date	Country
Accolade Finance Okrouhlá, s.r.o., člen koncernu	12.9.2023	Czech Republic

Accolade

38. MANAGING DIRECTOR DECLARATION

The Group's managing director declares that, according to the best of his knowledge, the Financial Statements for the period ended 30 June 2023 of Accolade Holding, a.s. gives a true and fair view of the financial position, business activities and financial performance of the Group for the period ended 30 June 2023 and of the outlook for the future development of its financial position, business activities and financial performance.

....
Milan Kratina
Member of the Board, CEO
Accolade Holding, a.s.

....
Zdeněk Šoustal
Member of the Board
Accolade Holding, a.s.

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REPORT ON REVIEW OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

to the Shareholders of Accolade Holding, a.s.

Introduction

We have reviewed the accompanying interim consolidated financial statements of Accolade Holding, a.s., with its headquarters at Sokolovská 394/17, Karlín, 186 00 Praha 8, Czech Republic, IC (Registration Number) 28645065, and its subsidiaries (hereafter the Company), which comprise interim consolidated statement of financial position as at 30. 6. 2023, the interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the period from 1. 1. 2023 to 30. 6. 2023 and notes to the interim consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereafter the interim consolidated financial statements).

The Management Board of the Company is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU.

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 30. 6. 2023, and of its financial performance and its cash flows for the period from 1. 1. 2023 to 30. 6. 2023 in accordance with International Financial Reporting Standards as adopted by the EU.

In Prague, 25th January 2024

Audit firm:

BDO Audit s. r. o.

BDO Audit s. r. o.
Certificate No. 018

Partner:

Jiří Sedláček
Certificate No. 2550

BDO Audit s. r. o., a Czech limited company (registration Number 453 14 381, registered in Praha, No. C. 7279, certificate of Chamber of auditors No. 018) is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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