Accolade

2022

CONSOLIDATED ANNUAL REPORT

CONTENT

FOREWORD OF THE CEO

When we were founded 13 years ago, we set out to think globally. Today, I can confidently say that it is the Accolade Group that is significantly contributing to making state-of-the-art infrastructure available for business across Europe. Industrial premises are clearly part of the future of the European economy. I believe that every period of uncertainty gradually makes us a more enlightened society, one not content with promises from supposedly friendly countries, one that will be more self-sufficient in the fulfilling our basic needs, whether we are talking about medicines or other products.

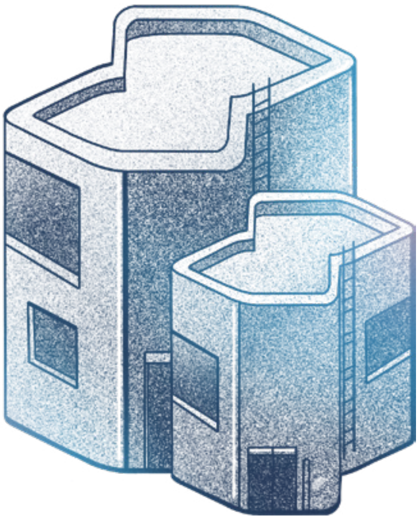
Our core mission, however, is also inextricably linked to the push for sustainability and the decarbonisation of production. Hand in hand with this is the continued dynamic development of not only traditional but also new industrial sites. We are proud of the fact that we have always been able to recognize the potential of these areas before it was fully manifested, and so today we can proudly claim to be among the pioneers of the most attractive industrial zones in Central and Eastern Europe, such as Szczecin in Poland or the long-neglected Karlovy Vary region in the Czech Republic.

In closing, I would like to add the most important element - probably the word gratitude. Gratitude for every milestone we have reached, for every success we have achieved, as we work together to make Europe a safer place for the future. A future in which business and sustainability are not mutually exclusive, but are instead mutually reinforcing. This is the long-term journey we will continue on. And I'm looking forward to it.

Milan Kratina
CEO, Accolade

ABOUT ACCOLADE

PRESENTATION OF ACCOLADE



ACCOLADE HOLDING, A. S.

Accolade Holding, a. s., ("the Company") is a joint-stock company and was registered on 23 December 2010 in the Czech Republic. Its registered office is Sokolovská 394/17, Karlín, 186 00 Praha 8, Czech Republic and the identification number is 28645065. The Company is recorded in the Commercial Register kept by the Municipal Court in Prague (Czech Republic), section B, Insert No. 19102. Registered capital of the Company totalled CZK 2 400 000 and comprised 24 common registered shares with a nominal value of CZK 100 000 each.

OWNERS

MILAN KRATINA

CEO, Member of the board of directors from 26 March 2018

While studying law at Masaryk University in Brno, he met for the first time with the preparation of land for the construction of industrial properties, and since then his fascination with the industrial infrastructure never let him go. Quite the opposite. In 2011, he founded Accolade, a company which in a few years of activity became one of the most influential players in the industrial infrastructure market. Milan Kratina is a 50% shareholder of Accolade Holding, a. s.

ZDENĚK ŠOUSTAL

Member of the board of directors from 30 January 2019

It was him, who first recognized the potential of investments into industrial infrastructure and supported Milan Kratina both mentally and financially in founding of own business. Thanks to his entrepreneurship experience he became together with Milan Kratina the main driving force for the growth of the whole group. Currently he participates in strategic management and communication with key partners. Zdeněk Šoustal is a 50% shareholder of Accolade Holding, a. s.

MANAGEMENT

LUKÁŠ RÉPAL
Chief Operating Officer

After more than 12 years of professional experience in the industrial and commercial real estate market and also valuable foreign experience in managing large real estate projects in Dubai, Lukáš Répal became the Group's Chief Operating Officer (COO) in 2019. His main task is to lead the business and strategic management with a focus on developing foreign markets. Besides, he is responsible for well-functioning key activities such as locations development, new investments, HR or marketing.

JIŘÍ STRÁNSKÝ
Head of Development

In the past, he participated in dozens of major construction projects throughout the Czech Republic and after his experience in commercial development, he moved to the industrial field. In the Accolade jersey, he managed to create a young and highly effective team that has great credit for the growth of the company. Also thanks to them the tenants will get top location and on-key building from A to Z.

JAREK WNUK
Managing Director Poland

For over 20 years, he has gained experience in commercial real estate, from international agencies through global development companies to private equity funds. He now brings that experience together in his role as Managing Director for the Polish market, with responsibility for all activities, including the further development of the existing portfolio as well as preparation and implementation of fundraising.

TOMÁŠ HANÁČEK
Head of Business Development

For 16 years, he worked in many different parts of the financial world. From the build of financial and technological startups to the administration of finance and financing corporate sector in the biggest European banks. Thanks to that he is the leader of the team, which takes care of the satisfaction and comfort of investors, who decide together with Accolade fund to support the growth of the modern industry in Europe.

TOMÁŠ PROCHÁZKA
Chief Financial Officer,
Member of the Supervisory Board

For more than ten years, he managed commercial real estate finacing business for a major European bank in the Czech Republic and Slovakia. No wonder, he became the Group's Chief Financial Officer (CFO) in summer 2018. Finance, accounting and project financing are under the lead of Tomáš Procházka in perfect condition.

ABOUT US

We are an investment company providing first-rate infrastructure for business in Europe. Most of our tenants are global brands in the e-commerce, processing industry and logistics sectors. We own a network of 51 industrial parks in the Czech Republic, Poland, Germany, Spain, the Netherlands and Slovakia with BREEAM certification that guarantees a sustainable and friendly approach to the environment. For the future, we plan on building a polygon for the development and certification of self-driving vehicles.

51 industrial parks in 6 countries

125 industrial buildings

20 Revitalized industrial areas
1,338,921 sq m of revitalized brownfields
→ 31% of our portfolio

BREEAM and friendly approach to the environment
(from 2020 at least the "Excellent" level)

297 tenants (light production, logistics and e-commerce)

2.8 mil. sq m of managed portfolio

2.65 bil. € in asset value

Fund of qualified investors
– more than 3,000 investors

118 industrial buildings

International airport Brno-Tuřany

Polygon for the development of self-driving vehicles *(planned)*

OUR VISION

We are confident that we will continue to expand our portfolio into other strategic locations in Europe.

Modern parks with a high share of revitalized brownfields with a long industrial tradition will continue to meet the strictest standards of respectful approach to the world around us. With our continued and dedicated expertise we contribute to the development and economic growth of regions in the following years.

At the same time, it is our commitment to remain a transparent financial institution that appreciates investors' assets.

- TOP LOCATIONS
- SUSTAINABLE BUILDINGS
- FIRST-CLASS TENANTS
- SATISFIED INVESTORS

2011

Czech market entry

FOUNDING ACCOLADE

2013

FOUNDING ACCOLADE HOLDING, A. S.

First building in Týniště, Czech Republic

Stříbro Park, beginning of construction, Czech Republic

2014

FOUNDING ACCOLADE FUND SICAV

Czech Industrial Zone of the Year for Park Stříbro

2015

Polish market entry
First park in Poland, Lublin

Initiating of the BREEAM certification min. Very Good

First brownfield in Poland, Szczecin

Best of Realty, 3rd place for BWI building

2016

German market entry
First park in Germany, Alsdorf

First hall with a BREEAM Excellent certificate

2017

CIJ Awards 2017, Best Industrial Zone for Park Cheb

Purchasing Brno Airport

Initiating of self-driving car polygon authorization

2018

Spanish market entry

1 mil. sq m in Poland

First hall with a BREEAM Outstanding certificate

2019

Slovak market entry
First park in Slovakia, Košice

Financial Times, fastest growing company in the Czech Republic

2020

First brownfield in Germany, Bochum

Best of Realty award for park Cheb South

Top Real Estate Fund for Accolade Fund Sicav

Financial Times, 3rd fastest growing company in the Czech Republic

2021

Dutch market entry

100 Employees

Accolade Industrial Art

Festival Krumlov

CIJ Awards for Park Cheb South

2022

Opening office in Spain

Initiating of the BREEAM certification min. Excellent

1.5 mil. sq m in Accolade Fund Sicav

CEEQA in Rising Star Awards 2022 category

Best of Realty Award ,CIJ Awards and Estate Awards for Park Kojetín

2023

Opening office in Szczecin

Launching the Accolade ESG Strategy 2027

Joining United Nations Global Compact

ESG

What will follow?

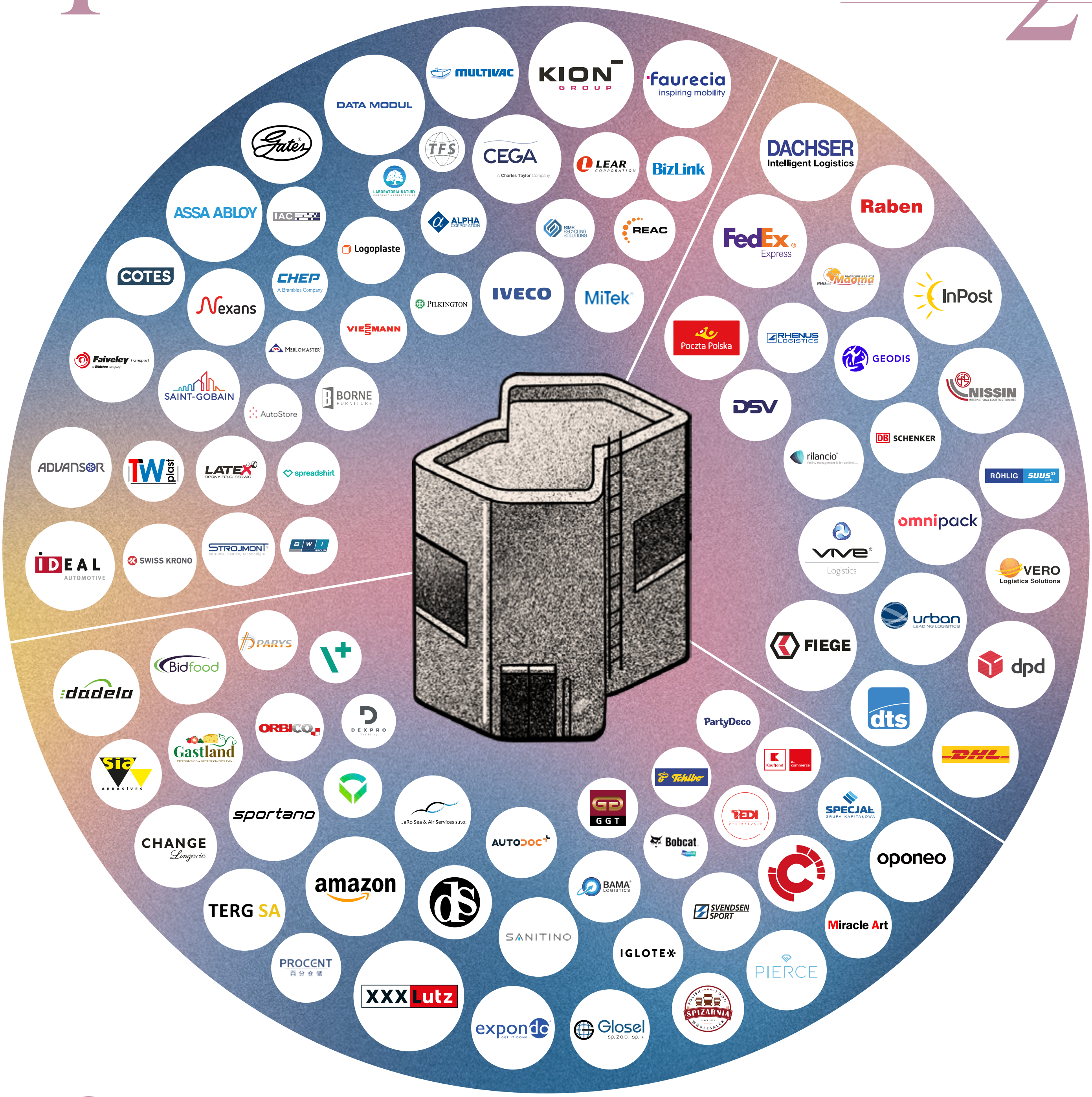
UNIQUENESS OF OUR PARKS

- **Strategic position** with quality infrastructure
- Modern **environmentally friendly** buildings
- Tenants of **world brands** from e-commerce, logistics and production
- Supporting the region‘s **economic and social growth**
- The rebuilding of **tradition** – revitalization of the brownfields
- **The highest technical standards** of modern construction

OUR TENANTS

1 PRODUCTION

LOGISTICS 2



3 RETAIL & E-COMMERCE

TAILOR-MADE PARKS FOR GLOBAL BRANDS

We attract global brands from the light manufacturing, logistics and e-commerce sectors to our modern and sustainable parks. We build parks tailored to each tenant and are able to meet even the most specific requirements.

1

CAREFULLY SELECTED LOCATION

A good location has always been the key to our success. We carefully select locations that offer quality infrastructure and can boast a long industrial tradition. Our parks often replace old manufacturing sites that we have revitalized and given a new purpose.

2

BUILT IN HARMONY WITH NATURE

We build parks in a considerate way and minimize environmental impacts. We are reducing our carbon footprint, using sustainable technologies, incorporating smart solutions to ensure energy saving and water conservation. Our projects are certified according to DGNB and BREEAM standards, where we always aim to achieve a rating of at least “Excellent”.

3

GOOD NEIGHBOR

In the communities where we operate, we work with municipal governments to support civic amenities and local development. Our goal is to be a responsible partner, a good neighbor and overall to make the regions a better place to live.

SUSTAINABLE FUTURE

Accountability to our investors, tenants, business partners, society, and the environment is part of our corporate culture. We are committed in this regard each and every day. It is our priority to be a reliable, responsible, and transparent company that applies sustainable development principles.

ENVIRONMENTAL

We invest and do business in a manner that is consistent with the protection of the environment.

- Brownfield reclamation and revitalization of areas around our parks
- BREEAM certification rating of “Excellent” or higher as of 2015
- Promotion of renewable energy
- Carbon footprint reduction
- Regulation of drinking water consumption
- Environmentally-friendly technology

SOCIAL

We support those who need our help and ensure suitable conditions of employment.

- Support of charitable projects across regions
- Gender balance
- Equal opportunities
- Suitable conditions of employment

GOVERNANCE

Our priority is a transparent and fair approach to investors, tenants, and business partners.

- Responsible company management
- Transparent ethical conduct in compliance with our Criminal Compliance Code and Code of Ethics
- Education and motivation of our employees
- Involvement of employees in socially beneficial projects

WE REVITALIZE BROWNFIELDS

In addition to projects in new locations, it is also our long-term goal to invest in projects that promote revitalization of existing neglected sites.

- Attractive locations in terms of our strategy and investments (close to major cities and near city centers).
- Brownfield areas are often perspective for future tenants thanks to their great transport accessibility.
- Given their industrial history, these sites frequently feature excellent technology and energy infrastructure.
- Opportunity to build on traditions with a fresh new look, breathing new life and giving new purpose to neglected sites.

Brownfields account for 31% of Accolade's portfolio.

REVITALIZATION OF AREAS AROUND OUR PARKS

At Accolade, the revitalization of areas surrounding our industrial parks is also very important to us, with particular focus on biodiversity. In our parks, you can find insect hotels, reptile refuges, apiaries, and wildflower meadows for butterflies. We also put emphasis on preserving original green space.

INVESTING IN QUALITY AND MODERN TECHNOLOGY

At Accolade, we comply with the principle of responsible investments with respect for the world around us. We plan our projects in a manner that ensures their compliance with the highest standards of the internationally accepted BREEAM sustainable approach certification.

BREEAM certification guarantees:

- High level of environmental friendliness
- Suitable working conditions for employees
- Energy self-sufficiency of buildings

Health, safety, and environmental risks are monitored prior to and throughout the development of our projects. As of 2020, all new Accolade projects have certification of "Excellent" or higher.

In 2020, we received the highest BREEAM rating ("Outstanding") for our park in Cheb South.

BREEAM
CODE FOR A SUSTAINABLE BUILT ENVIRONMENT

BREEAM	Outstanding	Excellent	Very Good	Good	TOTAL
BREEAM projects	278,257 sq m	400,372 sq m	925,754 sq m	322,057 sq m	**1,932,973 sq m**

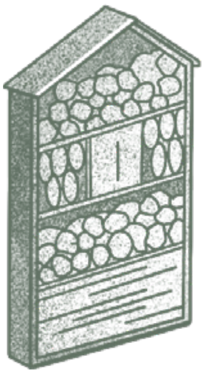
DGNB*	Platinum	Gold	Silver	Bronze	TOTAL
BREEAM projects		27,598 sq m			**27,598 sq m**

*In Germany, we are pursuing the DGNB certification there, which takes into account the entire project life cycle and overall project performance.

OUR KEY ENVIRONMENT ACTIVITIES & LONG-TERM SUPPORT FOR CHARITABLE

BEEHIVES, LIZARD HABITATS AND INSECT HOTELS

Beehives, lizard habitats, and insect hotels are not just aesthetic elements in our parks. They provide a refuge for a variety of species, thus promoting biodiversity.



STORMWATER INFILTRATION/ DETENTION IMPROVING THE CONDITION OF GROUNDWATER

We support the sustainable water management practises with systems for stormwater infiltration and detention installed in our parks. They enhance the local environment by improving water quality, recharging groundwater, and reducing the risk of flooding.

MEADOWS REPLACING LAWNS REQUIRING WATERING

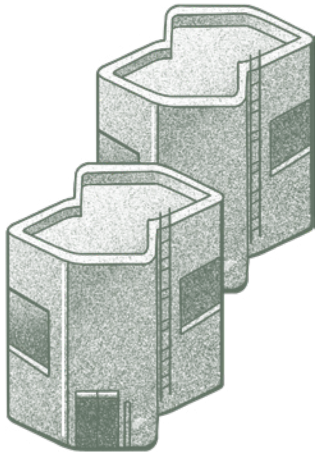
We dedicate some green areas in our parks to meadows and wildflowers to reduce the use of resources and to provide . A greater variety of habitats for wildlife, support a greater diversity of species, improve soil health and reduce maintenance needs.

ELECTRIC CAR CHARGING STATION

Electric car charging stations in our parks help to improve the local environment, reduce dependence on fossil fuels, and support a more sustainable and efficient future.

SOLAR AND PHOTOVOLTAIC PANELS ON THE ROOF

Solar ready roofs in our industrial parks help to reduce the need for grid-supplied electricity, support a transition to clean energy sources, and reduce greenhouse gas emissions.



A WHITE ROOF MEMBRANE THAT HELPS PREVENT HEAT BUILD UP BY 50%

A white roof membrane installed in our parks reflects sunlight and reduces the amount of heat absorbed by the roof and building.

EMPHASIS ON REVITALIZATION OF NEGLECTED BROWNFIELDS

Maintaining biodiversity and ecological balance is crucial, which is why we endorse the revitalization of abandoned brownfields that have a significant industrial heritage.

BUILDINGS' LIFE CYCLE ANALYSES

A building's life cycle analysis (LCA) is a comprehensive assessment of the environmental impact of a building, from the raw materials and construction processes used to build it, to its operation, maintenance, and eventual demolition or disposal.

CARBON FOOTPRINT REDUCTION – THE POLICY OF ENERGY SAVINGS, WATER SAVINGS, AND TRANSPORTATION SOLUTIONS

Environmental protection is our top priority. Our long-term objective is to reduce the carbon footprint of industrial real estate within the Accolade portfolio.

PROJECTS AND ORGANIZATIONS

Addition to providing support to the disabled, we also invest in culture, sports, science, and education. We cooperate with local governments and support amenities for people and local development wherever we operate.

EQUAL OPPORTUNITIES AND SUITABLE CONDITIONS FOR OUR EMPLOYEES

We know that a company can only grow with its employees, that is why we try to ensure their pleasant working environment, equal opportunities, and we support them in their professional and personal development.

TRANSPARENTLY DEFINED PROCESSES AND RESPONSIBLE COMPANY MANAGEMENT

Our priority is a straightforward and fair approach to investors, tenants, and all business partners. In compliance with fair business practices, we treat everybody in a professional and open manner, always following our rules.

ONE OF THE WORLD'S GREENEST INDUSTRIAL BUILDINGS

Our investments in new environmental solutions relating to industrial properties resulted in the “Outstanding” rating under the BREEAM sustainability certification in 2020. Our building within the revitalized site of former Cheb engineering plant thus became the greenest industrial building in the world according to the BREEAM International New Construction 2016 standard, receiving a record high score of 90.68%.

Sustainable development principles are widely applied throughout the building’s area of 27,000 square meters. But the most impressive parameters of the project relate to water management, in line with the increasing relevance of climate change.

Thanks to a unique system of flushing toilets with rainwater, it has been possible to reduce the consumption of drinking water by an incredible 84% compared to the industry standard. The building also features smart LED lighting, measuring and optimizing energy consumption, as well as exterior blinds that result in significant energy savings in connection with air-conditioning.

All this contributes to a 56% reduction in energy consumption and a 58% carbon footprint reduction. All the construction materials were selected with ecology and sustainable development in mind. The quality of the indoor environment, which takes into account working conditions for employees, also contributed to the high rating.

Best of Realty
Nejlepší z realit

CIJ Awards

WE SUPPORT PROJECTS ADDRESSING ISSUES THAT CONCERN ALL OF SOCIETY

The association Wetlands (Mokřady, z. s.) Implements various solutions beneficial to theenvironment, such as ponds and wetlands.

The environment is one of the top priorities of our social responsibility strategy. Not only do we invest in industrial park development projects that meet world-class standards for environmental friendliness, but we also take part in projects addressing issues that concern all of society, such as water scarcity.

Specifically, we support the association Wetlands (Mokřady, z. s.) that deals with issues of water retention and water regime improvement in the landscape. The association implements various solutions beneficial to the environment, such as ponds and wetlands.

> "The environment is one of the top priorities of our ESG strategy."

INVESTING IN OTHERS

For many years, we have been supporting charitable project and organizations. We cooperate with local governments and support amenities for people and local development wherever we operate.

NONPROFIT ORGANIZATION MELA

From the very beginning, we have been supporting the public benefit company MELA that helps people suffering from mental or combined disabilities or psychiatric diseases.

VERONIKA KAŠÁKOVÁ ENDOWMENT FUND

We are a proud partner of the Veronika Kašáková Endowment Fund, which accompanies young people from children's homes on their journey to real life.

CHEB REGION

We support cultural and social event in the town of Cheb where we operate. We are delighted to cooperate with the Cheb Theater and other cultural organizations within the Cheb region.

CHEB REGION

We support cultural and social event in the town of Cheb where we operate. We are delighted to cooperate with the Cheb Theater and other cultural organizations within the Cheb region.

ST. GEORGE'S HOSPICE (HOSPIC SV. JIŘÍ)

We cooperate with an organization that provides comprehensive hospice palliative care services that involve health, psychological, social and spiritual support.

VÍTEČEK CENTER

We support the Víteček Center, whose mission is to help children and adults with disabilities and integrate them into mainstream society.

SCIENCE, CULTURE AND SPORTS

In addition to supporting people with disabilities, we also invest in culture, sports, science, and education.

ČESKÁ SPOŘITELNA – ACCOLADE CYCLING TEAM

Česká spořitelna – Accolade cycling Team, a team full of top-level cyclists who collect one victory after another, also promotes our brand.

KARLOVY VARY INTERNATIONAL FILM FESTIVAL

In the field of culture, we have been a partner of the Karlovy Vary International Film Festival. Furthermore, we invest in Czech cinematography.

NEURON ENDOWMENT FUND

We are setting the stage for modern business ventures and “New industry of the 21st century”, as we believe that scientific knowledge drives any successful society. Consequently, we have established a partnership with the Neuron Endowment Fund that supports leading scientists and their research.

"Each of us makes sure that their conduct complies with fair and transparent practice principles."

RESPONSIBLE COMPANY MANAGEMENT

A clearly defined strategy, transparency, and responsible company management. We are fully aware of our responsibility to our business partners, investors, and employees. We treat all of them in a professional and transparent manner and always play by the rules. Each of us makes sure that their conduct complies with fair and transparent practice principles. We treat our employees in a fair and transparent manner as well.

- Zero-tolerance policy to corruption and other dishonest practices
- We comply with the applicable legislation
- We adhere to fair competition principles
- We enforce the Criminal Compliance Program that consists or the Criminal Compliance
- Code and the Code of Ethics
- We comply with the applicable personal data protection legislation
- We support principles of the UN Initiative
- We create safe and healthy working environment for our employees

EXAMPLES OF OUR PARKS

CZECH REPUBLIC

Park Brno Airport

Park D5 Hořovice

Park Cheb

Park Prague Airport II

Park Stříbro

Park Teplice South

POLAND

Park Białystok I

Park Bydgoszcz III

Park Częstochowa

Park Kielce

Park Szczecin I

Park Zielona Góra

GERMANY

BTS Bochum

SLOVAKIA

Park Košice Airport

SPAIN

Park Valencia Picassent

INDUSTRIAL REAL ESTATE FUND

The main objective of our industrial fund is the long-term appreciation of our investors' assets. It succeeds mainly thanks to a well-established conservative strategy and a very effectively diversified portfolio. At the same time, however, these investments create space for further industrial revolution and the opportunity to participate in the development of a sustainable future in Europe.

1

Investments in the Fund

Both individuals and legal entities can invest in the Fund. The minimum investment is EUR 75,000 (or a CZK equivalent) with an investment horizon of five years.

2

Purchase of fully rented buildings

The Fund only invests in fully rented buildings with solvent tenants. The tenant portfolio consists of stable international companies, primarily in the fields of manufacturing, logistics, and e-commerce.

3

Rental payments

The Fund collects the rents, generating the revenue for the investors. The regular rent payment is always guaranteed by a bank guarantee, the parent company of the lessee, or a security deposit. The rent is indexed on an annual basis.

4

Payment of investment with profit

On expiry of the investment horizon, you can decide whether you want your investment paid out including any appreciation, or reinvest your funds or a part thereof.

FINANCIAL SECTION

BUSINESS OVERVIEW AND OTHER MATTERS

Information about financial results and assets in 2022

Consolidated assets (in CZK thousand)

The assets of Accolade Group as at 31 December 2022 amounted to CZK 25 341 127 thousand and consisted mainly of investment properties in the development phase as well as completed and leased projects and investment lands. In 2022, the Accolade Group continued to pursue its long-term business plan and expanded its international presence into several new countries, such as Hungary and Portugal.

Consolidated revenues (in CZK thousand)

In 2022 Accolade Group achieved a consolidated revenues of CZK 3 948 825 thousand This represents an increase of CZK 797 747 thousand compared to 2021 financial year (CZK 3 151 078 thousand).

With the above turnover, the Accolade Group achieved a consolidated net profit excluding minority interests of CZK 1 597 740 thousand compared to 2021 financial year (CZK 3 415 371 thousand). This represents a decrease of CZK 1 817 631 thousand. The result is primarily driven by change of exchange rates and changes in the value of investment properties and financial investments.

Expected future business activity

In 2022 and over the coming years, Accolade Group will continue to actively seek locations suitable for the development of production, logistics and retail&e-commerce properties and optimize the performance of existing portfolio. At the same time, it will continue to develop new projects and lease them to reputable tenants. Geographically, it will continue to focus on activities in the Czech Republic and Poland and develop projects in new locations in Slovakia, Spain and Croatia.

Accolade Group will continue to finance not only the construction of new projects but also the revitalization of neglected brownfields. In the first half of 2023 year, share of brownfields in Group portfolio increased to 39%.

Risk management

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 market risks, and also sets out circumstances where it would be appropriate to use financial instruments.

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 its 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.

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.

Research and development activities

The Group has presented a project to build a fully functional and comprehensive polygon for testing vehicles with autonomous driving. The first testing in new research and development center located near Stříbro in Pilsen region could take in early 2024.

Environmental activities and labor law relations

The Accolade Group complies with applicable legislation and internal regulations in the area of labor relations. The Group considers the principles of environmental protection in the preparation and implementation of projects and actively monitors the impact of its activities on the environment.

Branches or divisions abroad

The Accolade Group has no branches abroad.

Acquisition of own shares

The Group has not purchased any of its own shares within the reported period.

Retrospective restatement

Based on the subsequent evaluation of estimates used in the multi-phase projects, Group management has modified the incorrect estimation of costs in construction in individual phases that are used in the valuation of investment property.

Valuations of finished projects or phases of projects cover all purchase costs for buildings, land and also additional costs under construction for technical improvements. This change has an impact on the valuation of investment property as at 31 December 2022, when the retrospective restatement or error was made. Details are published in Note 4 of Notes to consolidated financial statements.

The effect of this change is evaluated as a correction of an accounting estimate because the accounting policy—to measure the investment property at fair value—has not changed.

Subsequent events

During the reported period, on 24.02.2022, the Russian Federation began a war with Ukraine. This military intervention culminated in the Russian-Ukrainian crisis, which has an impact on the global economy. At the moment, the Management Board of the Company does not record any significant effects related to the impact of the conflict on its operations. Accolade Group has no subsidiaries or equity investments in Ukraine or Russia. The Management Board of the Company monitors the situation and continuing hostilities between these two countries an ongoing basis and assesses the potential impact on the Group's business activity.

The Management Board has taken specific measures to monitor and prevent the effects of COVID-19. The Management Board follows the policies and recommendations of state institutions, and at the same time makes every effort to continue operations in the best and safest way possible. As at the balance sheet date and the date of approval of the financial statements, the Management Board did not notice any noticeable negative impact on the financial situation of the Company and the Group.

There have been no other events that have materially affected the Group's financial position between the balance sheet date and the date of approval of the annual report by the statutory body.

Management affidavit

Accolade Holding, a.s. hereby declares that all information and data contained in this Annual Report are accurate and complete.

Accolade Holding, a.s. hereby further declares that no subsequent events occurred prior to the date of processing this Annual Report that would have a material negative impact on the Company's financial position.

In Prague, date: 19. 06. 2023

Signed on behalf of the Board of Directors:

Milan Kratina
CEO, Member of the Board of Directors

Zdeněk Šoustal
Member of the Board of Directors

Accolade

ACCOLADE HOLDING, A.S.

Audited consolidated financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards as adopted by EU

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 (CZK '000)	2021 (CZK '000)
Revenues	8	3 948 825	3 151 078
Cost of revenues	8	-3 248 147	-1 337 726
Gross profit		**700 678**	**1 813 352**
General and administrative expenses	8	-16 505	-4 691
Personnel expenses	35,36	-235 725	-171 533
Depreciation and amortization	19,20	-52 625	-57 011
Other income/expense	8	180 158	-97 660
Net valuation result on investment property	25	506 803	990 755
Net valuation result on equity-accounted associates	24, 25	252 619	862 281
Net valuation result on financial investments	25	99 974	53 215
Profit from operations		**1 435 377**	**3 388 708**
Financial income	8	897 184	201 978
Financial expense	8	-706 767	-389 045
Share on income/loss of financial investments		18 310	231 703
Profit before tax		**1 644 103**	**3 433 344**
Income taxes	9,10	-114 726	-52 402
PROFIT FOR THE PERIOD		**1 529 377**	**3 380 942**
Profit/(loss) for the year attributable to:			
Owners of the parent		1 597 740	3 415 371
Non-controlling interests		-68 363	-34 429
PROFIT FOR THE PERIOD		**1 529 377**	**3 380 942**
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1 529 377**	**3 380 942**
Total comprehensive income attributable to:			
Owners of the parent		1 597 740	3 415 371
Non-controlling interests		-68 363	-34 429

The accompanying notes on pages 12 to 57 are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	31 DEC 2022 (CZK '000)	31 DEC 2021 (CZK '000)
ASSETS			
CURRENT ASSETS			
Inventories	11	48 088	34 672
Trade and other receivables	13	192 857	625 389
Income tax receivable	17	336 003	466 725
Prepayments and other current assets	17	313 408	251 927
Cash and cash equivalents	12	667 183	490 862
TOTAL CURRENT ASSETS		**1 557 539**	**1 869 575**
NON-CURRENT ASSETS			
Investment property	18, 25	10 855 529	7 925 097
Investment property under development	18	7 518 244	6 422 232
Property, plant and equipment	19	757 551	1 146 128
Intangible assets	20	143 685	125 531
Investments in equity-accounted associates	24, 25	1 239 123	1 108 110
Investments at fair value through profit and loss	22, 25	1 263 165	1 028 345
Trade and other receivable	13	1 973 276	581 896
Derivative financial assets	34	33 015	0
TOTAL NON-CURRENT ASSETS		**23 783 588**	**18 337 339**
TOTAL ASSETS		**25 341 127**	**20 206 914**

The accompanying notes on pages 12 to 57 are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

	Notes	31 DEC 2022 (CZK '000)	31 DEC 2021 (CZK '000)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	14	2 013 015	2 180 710
Loans and borrowings	16	2 801 375	2 334 017
Lease liabilities	15	24 602	26 362
Employee benefits	27,36	20 084	14 798
Income tax payable	9,26	11 548	246 577
Provisions	27	138 498	69 921
TOTAL CURRENT LIABILITIES		**5 009 122**	**4 872 385**
NON-CURRENT LIABILITIES			
Trade and other payables	14	351 093	200 081
Loans and borrowings	16	9 396 430	5 997 334
Lease liabilities	15	549 727	562 414
Deferred tax liability	10	91 746	105 891
TOTAL NON-CURRENT LIABILITIES		**10 388 996**	**6 865 720**
EQUITY			
Share capital	29	2 400	2 400
Reserve fund		1 170	1 170
Retained earnings		8 427 734	5 098 125
Net result for the period		1 597 740	3 415 371
Equity attributable to equity holders of the parent		**10 029 044**	**8 517 066**
Non-controlling Interest		-86 035	-48 257
TOTAL EQUITY		**9 943 009**	**8 468 809**
TOTAL LIABILITIES AND EQUITY		**25 341 127**	**20 206 914**

The accompanying notes on pages 12 to 57 are an integral part of the consolidated financial statements

Accolade

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Reserve fund	Retained earnings	Net result for the period	Non-controlling Interest	Total equity
	(CZK '000)	(CZK '000)	(CZK '000)	(CZK '000)	(CZK '000)	(CZK '000)
1 January 2021	**2 400**	**1 170**	**2 098 998**	**2 971 833**	**-29 125**	**5 045 276**
Profit for period				3 415 371	-34 429	3 380 942
Purchase of non-controlling interest			-15 297		15 297	0
Transfer of profit to retained earnings			2 971 833	-2 971 833		0
Revaluation			-7 801			-7 801
Application of hedge accounting			110 074			110 074
Correction of previous years			318			318
Dividends			-60 000			-60 000
31 December 2021	**2 400**	**1 170**	**5 098 125**	**3 415 371**	**-48 257**	**8 468 809**
Profit for period				2 591 323	-68 363	2 522 960
Purchase of non-controlling interest			-30 585		30 585	0
Transfer of profit to retained earnings			3 415 371	-3 415 371		0
Revaluation			-2 978			-2 978
Application of hedge accounting			69 638			69 638
Correction of previous years			- 1 837			- 1 837
Dividends			-120 000			-120 000
31 December 2022	**2 400**	**1 170**	**8 427 734**	**2 591 323**	**-86 035**	**10 936 592**
Restatement in estimate				**-993 583**		**- 993 583**
31 December 2022 after restatement	**2 400**	**1 170**	**8 427 734**	**1 597 740**	**- 86 035**	**9 943 009**

The accompanying notes on pages 12 to 57 are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 (CZK '000)	2021 (CZK '000)
Cash flows from operating activities			
Profit for the year		**2 591 323**	**3 415 371**
Adjustments for:			
Amortization and depreciation	19,20	52 625	57 011
Net valuation result on investment property	25	-506 803	-990 755
Net valuation result on equity-accounted associates	25	-252 619	-862 281
Net valuation result on financial investments	25	-99 974	-53 215
Gain from sale of investment property	18	-296 121	38 962
Finance income	8	-137 592	-56 161
Finance expense	8	322 669	174 224
Income tax expense	9	114 726	52 402
Other non-cash operations		598 514	145 244
Operating profit before changes in working capital		**-204 575**	**-1 494 568**
Decrease/(increase) in trade and other receivables	13,15	-889 607	-45 380
Decrease/(increase) in inventories	11	-13 416	-4 864
Derivative financial assets	35	-33 015	0
Increase/(decrease) in trade and other payables	14,15	591 691	3 381 959
Increase/(decrease) in provisions and employee benefits	27,36	73 863	53 528
Changes in net working capital		**-270 484**	**3 385 243**
Net cash flows from operating activities		**-475 059**	**1 890 675**
Investing activities			
Acquisition of investment property	18	-3 519 641	-10 220 415
Acquisition of property, plant and equipment	19	-78 688	-315 021
Acquisition of Intangible assets	20	-25 700	-22 446
Proceeds from disposal of investment property, PPE and intangible assets	18,19,20	718 306	4 649 451
Acquisition of new shares, net of cash acquired		-615 293	-600 195
Interest received	16	137 592	56 161
Net cash used in investing activities		**-3 383 424**	**-6 452 466**
Financing activities			
Dividends paid to the holders of the parent		-120 000	-60 000
Repayment of borrowings	16	-1 685 577	-833 237
Proceeds from loans and borrowings	16	4 591 672	2 399 257
Payment of lease liabilities	15	-26 362	-26 435
Interest paid on loans and borrowings	16	-322 669	-174 224
Net cash (used in)/from financing activities		**2 437 064**	**1 305 361**
Net increase in cash and cash equivalents		**176 321**	**158 941**
Cash and cash equivalents at beginning of year		**490 862**	**331 921**
Exchange (losses)/gains on cash and cash equivalents		0	0
Cash and cash equivalents at end of year		**667 183**	**490 862**

The accompanying notes on pages 12 to 57 are an integral part of the consolidated financial statements

Accolade

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 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 31 Dec 2022	Ownership as at 31 Dec 2021
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%	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%

	Ownership	Established	Ownership as at 31 Dec 2022	Ownership as at 31 Dec 2021
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%
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 46, s.r.o., člen koncernu, IN: 08935831	Direct	11.02.2020	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%	100%
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 56, s.r.o., člen koncernu IN: 10724613	Direct	31.03.2021	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%	n/a
Accolade CZ 73, s.r.o., člen koncernu IN: 14248492	Direct	13.02.2022	100%	n/a
Accolade CZ 74, s.r.o., člen koncernu IN: 14248506	Direct	13.02.2022	100%	n/a
Accolade CZ 75, s.r.o., člen koncernu IN: 14248514	Direct	13.02.2022	100%	n/a
Accolade CZ 76, s.r.o., člen koncernu IN: 17473233	Direct	29.08.2022	100%	n/a
Accolade CZ 77, s.r.o., člen koncernu IN: 17473241	Direct	29.08.2022	100%	n/a
Accolade CZ 78, s.r.o., člen koncernu IN: 17473250	Direct	29.08.2022	100%	n/a
Accolade CZ 79, s.r.o., člen koncernu IN: 17473268	Direct	29.08.2022	100%	n/a
Accolade CZ 80, s.r.o., člen koncernu IN: 17473276	Direct	29.08.2022	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%	n/a

	Ownership	Established	Ownership as at 31 Dec 2022	Ownership as at 31 Dec 2021
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%
RG construction CZ s.r.o. IN: 08311641	Indirect	05.04.2022	100%	n/a
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%
PDC Industrial Center 213 Sp. z o.o. IN: 0000904146	Direct	28.09.2021	52%	100%
Accolade PL XXXVIII sp. z o.o. IN: 0000903440	Direct	02.11.2021	55%	100%
Accolade PL XXXIX sp. z o.o. IN: 0000943202	Direct	24.01.2022	50%*	n/a
Accolade PL XL sp. z o.o. IN: 0000941283	Direct	21.12.2021	60%	100%
Accolade PL 41 sp. z o.o. IN: 0000942972	Direct	14.03.2022	100%	n/a
Accolade PL 42 sp. z o.o. IN: 0000957625	Direct	04.04.2022	100%	n/a
Accolade PL 43 sp. z o.o. IN: 0000941833	Direct	18.02.2022	55%	n/a
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%	n/a
Accolade PL 46 sp. z o.o. IN: 0000968625	Direct	05.05.2022	100%	n/a
Accolade PL 47 sp. z o.o. IN: 0000970549	Direct	09.05.2022	100%	n/a
Accolade PL 48 sp. z o.o. IN: 0000966789	Direct	19.04.2022	100%	n/a
Accolade PL 49 sp. z o.o. IN: 0000956819	Direct	31.03.2022	55%	n/a
Accolade PL 50 sp. z o.o. IN: 0000988898	Direct	24.08.2022	100%	n/a
Accolade PL 51 sp. z o.o. IN: 0000984035	Direct	25.07.2022	100%	n/a
Accolade PL 52 sp. z o.o. IN: 0000992880	Direct	19.09.2022	100%	n/a
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%	n/a
Accolade SK IV, s.r.o. IN: 54679141	Direct	16.06.2022	100%	n/a
Accolade I B.V. IN: 861129416	Direct	07.05.2020	80%	80%

	Ownership	Established	Ownership as at 31 Dec 2022	Ownership as at 31 Dec 2021
ACCOLADE VITO, S.L. IN: B01610369	Direct	30.12.2020	65%	65%
ACCOLADE VAL, S.L. IN: B01610724	Direct	30.12.2020	72%	72%
ACCOLADE SERV, S.L. IN: B06891386	Direct	26.07.2021	100%	100%
ACCOLADE ALZ, S.L. IN: B06915771	Direct	26.07.2021	55%	100%
ACCOLADE SEV, S.L. IN: B06891378	Direct	06.10.2021	60%	60%
ACCOLADE MURC, S.L. IN: B06915797	Direct	25.11.2021	60%	100%
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%	n/a
Accolade III d.o.o. IN: 44196876040	Direct	22.03.2022	100%	n/a
Accolade SERV d.o.o. IN: 32678013071	Direct	22.03.2022	100%	n/a
Accolade VI d.o.o. IN: 28319438345	Direct	10.10.2022	100%	n/a
Accolade VII d.o.o. IN: 42704498447	Direct	03.11.2022	100%	n/a
GELSENWASSER Beteiligungen SE IN: HRB16992	Indirect	14.12.2022	100%	n/a
ACCOLADELIS, UNIPESSOAL LDA IN: 517060914	Direct	13.07.2022	100%	n/a
Accolade CZ XXIX, s.r.o., člen koncernu, IN: 05593263	Direct	24.11.2016	n/a**	100%
Accolade CZ 43, s.r.o., člen koncernu, IN: 07398573	Direct	24.08.2018	n/a**	100%
Accolade CZ 47, s.r.o., člen koncernu, IN: 09112391	Direct	26.04.2020	n/a**	100%
Accolade CZ 49, s.r.o., člen koncernu, IN: 09225030	Direct	05.06.2020	n/a**	100%
Accolade PL XV sp. z o.o., IN: 0000736673	Direct	30.07.2018	n/a**	50%
Accolade PL XXIV sp. z o.o., IN: 0000790431	Direct	21.12.2020	n/a**	70%
Accolade PL XX sp. z o.o., IN: 0000748812	Direct	19.11.2019	n/a**	100%
Accolade PL XXV sp. z o.o. IN: 0000885302	Direct	26.02.2021	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 2022

Shareholders

The Company ultimate shareholders as of 31 December 2022 and 2021 were as follows:

	Interest in ultimate parent share capital	
Shareholder	**31 December 2022**	**31 December 2021**
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 Financial Statements of the Accolade Holding, a.s. were audited by an independent auditor BDO Audit s.r.o.

2. GOING CONCERN

During the reported period, on 24.02.2022, the Russian Federation began a war with Ukraine. This military intervention culminated in the Russian-Ukrainian crisis, which has an impact on the global economy. At the moment, the Management Board of the Company does not record any significant effects related to the impact of the conflict on its operations. The Management Board of the Company monitors the developments related to the continuing hostilities on an ongoing basis and assesses the potential impact on the Company's operations. As at the date of this financial statements, due to dynamically changing conditions, it is not possible to clearly define the impact of war and sanctions imposed in various jurisdictions on the Company's operations, financial results and development prospects.

As at the date of signing 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 a result of the intentional or involuntary omissions or a significant reduction in its current activities, therefore the report has been prepared on a going concern basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These Consolidated Financial Statements ("Financial Statements") for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) as adopted by the European Union. The accounting policies used in preparing the consolidated Financial Statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

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. The accompanying Financial Statements were prepared on going concern basis. The Company's fiscal year begins on 1 January and ends on 31 December.

Functional and presentation currency

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

4. RETROSPECTIVE RESTATEMENT

Based on the subsequent evaluation of estimates used in the multi-phase projects, Group management has modified the incorrect estimation of costs in construction in individual phases that are used in the valuation of investment property.

Valuations of finished projects or phases of projects cover all purchase costs for buildings, land and also additional costs under construction for technical improvements. This change has an impact on the valuation of investment property as at 31 December 2022, when the retrospective restatement or error was made.

The effect of this change is evaluated as a correction of an accounting estimate because the accounting policy—to measure the investment property at fair value—has not changed.

Retrospective restatement of published consolidated financial statements as at 31 December 2022 is as following:

	31 DEC 2022 (CZK ´000)	31 DEC 2022 (CZK ´000) restated
Extract from the Consolidated statement of profit or loss: - Net valuation result on investment property	1 500 385	506 803
Extract from the Consolidated statement of financial position: - Investment property	11 849 112	10 855 529
Extract from the Consolidated statement of financial position: - Net result for the period	2 591 323	1 597 740

	31 DEC 2022 (CZK ´000)	31 DEC 2022 (CZK ´000) restated
Extract from the Consolidated statement of cash flows: - Net valuation result on investment property	- 1 500 385	- 506 803

Related information in the Notes to consolidated financial statements has been restated as well.

5. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the 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 consolidated 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 Company 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 Company’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 consolidated 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.

6. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following amendments are effective for the period beginning 1 January 2022

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3).

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2022. These amendments do not have a material impact on the financial statements of the Group.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);

Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current);
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

The Group does not expect any standards issued by the IASB, but not yet effective, to have a material impact on the group.

7. 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 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 Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

8. SIGNIFICANT ACCOUNTING POLICIES

8.1. 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 2 of measurement)

8.2. Investment Property under development

Property that is being constructed or developed for future use as investment property, is classified as investment property under development. 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 8.3). If the intended use is not to sell the property, it is reclassified to property plant and equipment held within cost model (Note 8.4).

8.3. Investment Property

Investment property under development (Note 8.2) 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 8.5). Moreover, 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. 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. 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 31 December 2022 and 31 December 2021 was incorporated into the IFRS consolidated financial statements of the Group. The fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

8.4. Property Plant and Equipment

Properties held within IAS 16 property plant and equipment are those which are leased from a lessor, namely Airport Brno and offices used by the Group employees (Note 8.5.1). Also, motor vehicles are accounted for within property plant and equipment. 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 8.11). 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 Company 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
Right to use	Five to thirty 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 more than one year and with a cost not exceeding CZK 80 thousand are directly expensed.

8.5. Leases

8.5.1. 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.

8.5.2. As a lessor

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.

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.

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. Properties leased out under operating leases are classified as investment property and stated at fair value (Note 8.3).

8.6. Intangible Assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Gains or losses arising from de-recognition of an intangible asset 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.

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.

8.7. Financial assets and contract assets

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 31 December 2022, and 31 December 2021, 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.

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).

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 Company 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.

8.8. Prepayment and other current assets

The Company 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 company within one year or likely to be used within one year.

8.9. Derivative financial instruments

The Company 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 Company 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.

8.10. 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 additional costs).

8.11. 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.

8.12. 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.

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

The Company 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.

8.14. 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.

8.15. Provisions

Provisions are recognized when the Company 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.

8.16. 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 Company 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.

8.17. Financial liabilities at amortised costs

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost in further sub-classification as loans and borrowings or trade and other payables.

All financial liabilities are measured initially at fair value less transaction costs.

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.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

8.18. 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.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements from the functional to the presentation currency (refer to Note 3d).

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.

8.19. 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 Company is expecting to incur, either where suits are filed against the Company for infringement of patents, or where the Company 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.

8.20. Current versus non-current classification

The Company 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 Company 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.

8.21. Revenue

The Company 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 Company also makes assessments, based on prior experience, of the extent to which future milestone receipts represent a probable future economic benefit to the Company. 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 Company does not record any unsatisfied performance obligation.

Determining the transaction price and allocating the price to performance obligations

Company always evaluates whether it is probable that economic benefits (usually cash) will flow to the Company 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 Company’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 Company considers that there is insufficient evidence that it is probable that the economic benefits associated with such future milestones will flow to the Company, 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 Company. The Company 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 Company 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.

8.21.1. 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.

8.21.2. 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.

8.22. 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 Company 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.

8.23. 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 consolidated financial statements are presented in Czech crowns, which is the presentation and functional currency of the Company.

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 Company 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 average rates of exchange for the period 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.

8.24. 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 average rates of exchange for the period 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.

9. INCOME STATEMENT DISCLOSURES

Revenues

CZK '000	2022	2021
Industrial leasing	469 348	375 265
Airport operations	301 054	194 152
Gains from sale of assets	2 369 817	1 470 384
Other	808 606	1 111 277
Total	**3 948 825**	**3 151 078**

Group has identified an error in previously published consolidated financial statements and made following restatement:

		2022 (CZK ´000)	2022 (CZK ´000) restated
-	Industrial leasing	274 012	469 348
-	Airport operations	496 390	301 054

		2021 (CZK ´000)	2021 (CZK ´000) restated
-	Industrial leasing	199 939	375 265
-	Airport operations	369 478	194 152

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	2022	2021
Industrial leasing	-161 453	-97 376
Airport operations	-136 079	-88 662
Costs related to sale of assets	-2 650 151	-565 402
Other	-300 464	-586 286
Total	**-3 248 147**	**-1 337 726**

General and administrative expenses

CZK '000	2022	2021
Travel and representation expenses	-16 505	-4 691
Total	**-16 505**	**-4 691**

Other income/expense

CZK '000	2022	2021
Real estate and other taxes	-16 321	-18 596
Gifts	-37 217	-1 241
Sold material	-2 089	-1 686
Cost of sold other fixed assets	-549 504	-54 568
Other expenses	-169 728	-57 509
Total other expenses	**-774 839**	**-133 600**
Revenues from sold other fixed assets	845 625	15 606
Revenues from sold material	3 271	3 140
Other revenues	106 101	17 194
Total other revenues	**954 997**	**35 940**
Other income/expense	**180 156**	**-97 660**

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.

10. INCOME TAX

Structure of the income tax for the year ended 31 December is as follows:

CZK '000	2022	2021
Current income tax	114 379	45 638
Deferred tax	347	6 764
Total	**114 726**	**52 402**

Reconciliation of effective income tax expense computed at the statutory rate and actual income tax expense incurred for the period ended 31 December is as follows:

CZK '000	31 Dec 2022	31 Dec 2021
Accounting profit before income tax	1 644 103	3 433 344
At statutory rate of 19 %*	312 380	652 335
Creation of tax loss	52 637	148 506
Permanent differences	50 035	440 207
Temporary differences	94 982	11 220
Income tax expense	**114 726**	**52 402**
Effective tax rate	***6,98%***	***1,53%***

Estimates and assumptions, including uncertainty over income tax treatments

The Company 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 Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company 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 company 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 31 December 2022 nor as at 31 December 2021. 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.

11. DEFERRED TAX

The Group quantified deferred taxes as at 31 December as follows:

CZK '000	31 Dec 2022		31 Dec 2021	
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	9 558	-167 919	883	-63 556
Other temporary differences:				
Provisions	541		754	-3 244
Tax losses	18 760		28 216	
Other	163 481	-116 168	21 826	-90 770
Total	**192 341**	**-284 088**	**51 679**	**-157 570**
Valuation allowance				
Deferred tax asset, net	**-**	**-91 746**	**-**	**-105 891**

The Company 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 2017 through 2022 amounts to CZK 98 736 thousand out of which no deferred tax asset was recognized in the Financial Statements at 31 December 2022. 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.

12. INVENTORIES

CZK '000	31 Dec 2022	31 Dec 2021
Raw materials and consumables	2 965	3 010
Work-in-progress	43 457	30 585
Goods for resale	1 666	1 077
Total inventories	**48 088**	**34 672**

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.

13. CASH

CZK '000	31 Dec 2022	31 Dec 2021
Cash at bank available on demand	663 328	488 520
Cash on hand	3 855	2 342
Total Cash and cash equivalents	**667 183**	**490 862**

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

14. ACCOUNTS RECEIVABLES

CZK '000	31 Dec 2022	31 Dec 2021
Trade receivables	131 667	85 623
Less: Provision for impairment of trade receivables	-4 815	-6 150
Trade receivables – net	126 852	79 472
Receivables from related parties	0	0
Loans to third parties	1 973 276	581 896
Prepayments	24 316	20 411
Other receivables	41 689	525 506
Total trade and other receivables	**2 166 133**	**1 207 285**
Less: non-current portion – Loan to third parties	-1 973 276	-581 896
Current portion of trade and other receivables	**192 857**	**625 389**

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:

31 December 2022 CZK '000	Gross carrying amount of trade receivables			Expected loss provision for trade receivables			Net carrying amount of trade receivables
	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**

31 December 2021 CZK '000	Gross carrying amount of trade receivables			Expected loss provision for trade receivables			Net carrying amount of trade receivables
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	
Non-financial corporations	79 782	5 841	**85 623**	-309	-5 841	**-6 150**	**79 473**
Total	**79 782**	**5 841**	**85 623**	**-309**	**-5 841**	**-6 150**	**79 473**

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.

31 December 2022 CZK '000	31 December 2021	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**

31 December 2021 CZK '000	31 December 2020	Additions	Derecognitions	Transfer between stages	Other changes in credit risk	Other	31 December 2021
Stage 2	-681	0	372	0	0	**0**	**-309**
Stage 3	-4 641	-1 200	0	0	0	**0**	**-5 841**
Total	**-5 322**	**-1 200**	**372**	**0**	**0**	**0**	**-6 150**

All loans to third parties are due within 11 years of 31 December 2022. 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.

15. ACCOUNTS PAYABLE

CZK '000	31 Dec 2022	31 Dec 2021
Trade payables	1 208 779	1 246 783
Advances received	8 829	2 871
Accruals	483 839	213 199
Deferred income	61 992	49 728
Other payables	600 669	868 210
Total Trade and other payables	**2 364 108**	**2 380 791**

16. 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	31 Dec 2022	31 Dec 2021
Less than 12 months	575 168	357 132
1 to 5 years	2 363 514	1 324 075
More than 5 years	1 082 307	1 105 694
Total	**4 020 989**	**2 786 901**

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

CZK '000	31 Dec 2022	31 Dec 2021
Short- term lease receivables	575 168	357 132
Long-term lease receivables	3 445 821	2 429 769
Total expected lease receivables	**4 020 989**	**2 786 901**

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 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Gross carrying amount of lease receivables			Expected loss provision for lease receivables			Net carrying amount of lease receivables
CZK '000	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	
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**

31 December 2021	Gross carrying amount of lease receivables			Expected loss provision for lease receivables			Net carrying amount of lease receivables
CZK '000	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	
Non-financial corporations	2 786 901	0	**2 786 901**	-27 869	0	**-27 869**	**2 759 032**
Total	**2 786 901**	**0**	**2 786 901**	**-27 869**	**0**	**-27 869**	**2 759 032**

Movement in credit loss allowances:

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**

31 December 2021 CZK '000	31 December 2020	Additions	Derecognitions	Transfer between stages	Other changes in credit risk	Other	31 December 2021
Stage 2	-21 109	-6 760	**0**	0	0	**0**	**-27 869**
Stage 3	0	0	**0**	0	0	**0**	**0**
Total	**-21 109**	**-6 760**	**0**	**0**	**0**	**0**	**-27 869**

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 31 December 2022, 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 542 397 ths. held under leases for the period ended 31 December 2022 (2021: CZK 574 469 ths.).

Movements in Right-of-Use Assets are described also in 20. PROPERTY, PLANT AND EQUIPMENT:

CZK '000	31 Dec 2022	31 Dec 2021
The carrying amount of right-of-use assets at the end of the reporting period:	**1 019 534**	**1 014 987**
Land and buildings	853 216	856 462
Fixtures, fittings and motor vehicles	166 318	158 525
Plants and other equipment	0	0
IT equipment	0	0
Depreciation charge for right-of-use assets:	**-477 137**	**-440 518**
Land and buildings	-358 918	-360 177
Fixtures, fittings and motor vehicles	-118 219	-80 341
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:	**542 397**	**574 469**
Land and buildings	494 298	496 285
Fixtures, fittings and motor vehicles	48 099	78 184
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	31 Dec 2022	31 Dec 2021
Less than 12 months	24 602	26 362
1 to 5 years	99 439	104 089
More than 5 years	450 288	458 325
Total	**574 329**	**588 776**

CZK '000	31 Dec 2022	31 Dec 2021
Short- term lease liabilities	24 602	26 362
Long-term lease liabilities	549 727	562 414
Total lease liabilities	**574 329**	**588 776**

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	31 Dec 2022	31 Dec 2021
Interest expense on lease liabilities	2 822	683
Interest expense on lease liabilities (low value leases)	70	29
Total cash outflow for leases (excluding VAT)	27 603	27 574

In 2022 the Group incurred interest expense on lease liabilities of CZK 2 892 ths. (2021: CZK 712 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.

17. 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	31 Dec 2022	31 Dec 2021
Non-Current		
Bank loans		
- unsecured	0	0
- secured	5 091 211	2 899 914
Collateralised borrowings	855 432	356 630
Unsecured borrowings	3 449 787	2 740 790
Total Non-Current	9 396 430	5 997 334
Current		
Bank loans		
- unsecured	0	0
- secured	342 083	498 435
Collateralised borrowings	674 453	929 032
Unsecured borrowings	1 784 839	906 550
Total Current	2 801 375	2 334 017
Total loans and borrowings	**12 197 805**	**8 331 351**

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

CZK '000	31 Dec 2022	31 Dec 2021
Floating rate	5 923 026	3 229 038
Fixed rate	6 274 779	5 102 313
Total	**12 197 805**	**8 331 351**

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

CZK '000	31 Dec 2022	31 Dec 2021
CZK	1 190 681	2 652 053
EUR	10 895 785	5 658 292
Other	111 339	21 006
Total	**12 197 805**	**8 331 351**

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

CZK '000	2022	2021
Expiry within 1 year	1 117 220	8 453
Expiry in more than 1 years	2 449 673	1 717 354
Total	**3 566 893**	**1 725 807**

18. OTHER CURRENT ASSETS

CZK '000	31 Dec 2022	31 Dec 2021
VAT receivable	329 575	461 912
Other tax receivable	6 428	4 813
Prepayments and other current assets	313 408	251 927
Total other current accounts assets	**649 411**	**718 652**

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.

19. INVESTMENT PROPERTY

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**
Restatement of estimate		**-993 583**	**-993 583**
At December 31, 2022 restated	**7 518 244**	**10 855 529**	**18 373 773**
CZK '000	**Investment property under development**	**Investment property**	**Total**
At January 1, 2021	**935 660**	**6 349 447**	**7 285 107**
Additions	7 550 386	2 670 029	10 220 415
Disposals	-2 063 814	-2 085 134	-4 148 948
Fair value gain (loss) recognized in profit or loss		990 755	990 755
At December 31, 2021	**6 422 232**	**7 925 097**	**14 347 329**

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 Company 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 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 the 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: 31 December 2022

20. 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, 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	4356	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**

CZK '000	Land	Buildings	Fixtures, fittings and motor vehicles	Right of Use	Other fixed assets	Artworks	Assets under construction	Total
Cost								
At January 1, 2021	478 789	192 541	79 038	997 528	4 403	650	157 294	1 910 244
Additions	101 057	1 566	38 945	23 470	0	0	141 184	306 222
Disposals	-329 680	-10 145	-7 816	-6 011	-320	0	-169 565	-523 537
At December 31, 2021	**250 166**	**183 962**	**110 167**	**1 014 987**	**4 083**	**650**	**128 913**	**1 692 928**
Accumulated depreciation								
At January 1, 2021	0	-26 765	-61 594	-413 993	-3 143	0	0	-505 495
Charge for the year	0	-9 084	-13 283	-26 525	-1 213	0	0	-50 105
Disposals	0	8 348	452	0	0	0	0	8 800
At December 31, 2021	**0**	**-27 501**	**-74 425**	**-440 518**	**-4 356**	**0**	**0**	**-546 800**
Net book value at December 31, 2021	**250 166**	**156 461**	**35 742**	**574 469**	**-273**	**650**	**128 913**	**1 146 128**

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. Lands and building in areal Kovošrot, that in 2021 was part of property, plant and equipment was reclassified in 2022 as investment property held for rental income and measured in fair value.

Fixtures, fittings and motor vehicles amounted to CZK 32 231 ths. (2021: 35 742 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 31 December 2022, 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 542 397 ths. held under leases for the period ended 31 December 2022 (2021: CZK 574 469 ths.).

The net book value of assets under construction includes an amount of CZK 108 mio. (2021: CZK 129 mio.) relating to the new buildings, machines and technical improvements in the airport and paid advances related to new asset purchases amounted to CZK 34 031 ths. (2021: 22 931 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	2022	2021
Interest on bank loans	21 397	36 128
Interest on loans from third parties	148 169	39 247
Total	**169 566**	**75 375**

21. 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, 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**

CZK '000	Software	Goodwill	Other intangible assets	Assets under construction	Total
Cost					
At January 1, 2021	**5 237**	**112 039**	**7 317**	**7 340**	**131 933**
Additions	6 818	133	6 907	8 588	**22 446**
Disposals	0	0	0	-15 928	**-15 928**
At December 31, 2021	**12 055**	**112 172**	**14 224**	**0**	**138 451**
Accumulated depreciation					
At January 1, 2021	**-2 752**	**0**	**-3 262**	**0**	**-6 014**
Charge for the year	-1 657	0	-5 249	0	**-6 906**
Disposals	0	0	0	0	**0**
At December 31, 2021	**-4 409**	**0**	**-8 511**	**0**	**-12 920**
Net book value at December 31, 2021	**7 646**	**112 172**	**5 713**	**0**	**125 531**

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 31.12.2022 and 31.12.2021 no impairment was identified.

Three acquisitions were taken place in 2022 and were structured as share deal acquiring: GELSENWASSER Beteiligungen SE, RG Construction CZ, s.r.o and Industrial Center CR 4, s.r.o. From these acquisitions goodwill and a purchase profit 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.

22. 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:

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**

31 Dec 2021			Level of fair value		
CZK '000	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at amortised costs	**1 950 074**	**1 950 074**	**0**	**0**	**1 950 074**
Trade and other receivables	1 207 285	1 207 285	0	0	1 207 285
Prepayments and other financial assets	251 927	251 927	0	0	251 927
Cash equivalents	490 862	490 862	0	0	490 862
Financial liabilities at amortised costs	**10 712 142**	**10 712 142**	**0**	**0**	**10 712 142**
Trade and other payables	2 380 791	2 380 791	0	0	2 380 791
Loans and borrowings	8 331 351	8 331 351	0	0	8 331 351
Net book value as at December 31, 2022	**-8 762 068**	**-8 762 068**	**0**	**0**	**-8 762 068**

23. 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:

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
31 Dec 2021		**Level of fair value**		
CZK '000	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss	**1 028 345**	**0**	**0**	**1 028 345**
Financial assets at fair value through profit and loss	1 028 345	0	0	1 028 345

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.

24. FINANCIAL ASSETS AND LIABILITIES ACCORDING TO GEOGRAPHICAL LOCATION

	Czech Republic		EU	
CZK '000	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Financial assets at amortised costs	**2 077 568**	**1 209 567**	**1 102 171**	**740 507**
Trade and other receivables	1 611 410	875 950	554 723	331 336
Prepayments and other financial assets	150 307	112 894	196 117	139 033
Cash equivalents	315 852	220 724	351 331	270 139
Financial assets at fair value through profit and loss	97 925	31 422	1 165 240	996 923
Financial liabilities at amortised costs	**8 296 629**	**7 496 622**	**6 265 284**	**3 215 520**
Trade and other payables	860 587	1 549 882	1 503 521	830 909
Loans and borrowings	7 436 042	5 946 740	4 761 763	2 384 611

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

25. 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 31 Dec 2022
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 PL XI sp. z o. o.	Poland	22%
Accolade PL XIII sp. z o.o.	Poland	34%
Accolade PL XIV sp. z o.o.	Poland	39%
Accolade PL XVI sp. z o.o.	Poland	39%
Accolade PL XXVIII sp. z o.o.	Poland	49%

Summarised financial information:

CZK '000	31 Dec 2022
Current assets	1 139 560
Non-current assets	6 966 972
Current liabilities	- 807 863
Non-current liabilities	- 5 505 578
Total comprehensive income	28 512
Net assets (100%)	1 821 603
Group share of net assets	**1 239 123**
Fair value gain (loss) recognised in profit or loss	**252 619**

26. 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 31 December 2022 is summarised below:

CZK '000	31 Dec 2022 (before re-evaluation)	Change of fair value	31 Dec 2022
Investment property	10 348 726	506 803	**10 855 529**
Equity-accounted associates	986 504	252 619	**1 239 123**
Financial investments at fair value through profit and loss	1 163 191	99 974	**1 263 165**
Total	**12 498 422**	**859 396**	**13 357 817**

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 31 Dec 2022	Fair value as at 31 Dec 2022	Number of stocks as at 31 Dec 2021	Fair value as at 31 Dec 2021
Investment stocks – Class A	1 818	519 499	1 744	460 144
Investment stocks – Class B	80	595 707	67	480 783
Total	**1 898**	**1 115 206**	**1 811**	**940 927**

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

27. OTHER CURRENT LIABILITIES

CZK '000	31 Dec 2022	31 Dec 2021
Income Tax payable	9 259	245 056
Other tax payables	2 289	1 521
Employee related liabilities	20 084	14 798
Total other current liabilities	**31 632**	**261 375**

28. PROVISIONS

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**
CZK '000	**31 Dec 2020**	**Creation of provision**	**Reversal of provision**	**31 Dec 2021**
Provision for tax payable	16 815	48 127	16 815	48 127
Other	4 568	21 794	4 568	21 794
Total	21 383	69 921	21 383	69 921

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.

29. 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.

30. SHARE CAPITAL

	Number of shares		CZK '000	
Shares	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
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 31 December 2022 and 2021, respectively. The Group has a reserve fund amounted to CZK 1 170 ths. (31 December 2021: CZK 1 170 ths.), which was created from previous profits in preceding periods.

31. 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) Executives and directors: members of the Board of Directors
b) Subsidiaries: companies that are controlled and at least majority owned by the Group
c) Associates: companies that are not fully controlled and minority owned by the Group
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

Related party transactions

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

CZK '000	Profit (+) or loss (-) impact		Receivables (+) / Payables (-) to Related parties	
Related party	**2022 Revenues/Costs**	**2021 Revenues/Costs**	**31 Dec 2022**	**31 Dec 2021**
Executives	-609	-3 350	609	422
Subsidiaries	787 733	1 051 066	-654 524	-220 524
Associates	13 763	14 434	2 786	751
Other related parties	-46 142	-57 804	30 839	-10 794
Total	**754 745**	**1 004 346**	**-620 290**	**-230 145**

Outstanding balances of loans received from related parties:

CZK '000		Outstanding loan from Related parties including accrued interests	
Related party	**Interest rate (Dec 2022/Dec 2021)**	**31 Dec 2022**	**31 Dec 2021**
Executives	7%	20 913	5 257
Subsidiaries	8%	25 473	14 481
Other related parties	7%	115 764	0
Other related parties	8%	3 529 258	1 833 808
Total		**3 691 408**	**1 853 546**

Outstanding balances of loans provided to related parties:

CZK '000		**Outstanding loan to Related parties including accrued interests**	
Related party	**Interest rate (Dec 2022/Dec 2021)**	**31 Dec 2022**	**31 Dec 2021**
Subsidiaries	7%	638	116 322
Subsidiaries	8%	1 142 307	291 606
Associates	7%	15 928	17 211
Associates	8%	21 546	43 488
Other related parties	7%	114 884	50
Total		**1 295 302**	**468 677**

There have been no material changes to the Company's related party transactions during the year ended 2022 other than above mentioned. Based on the applied ECL model in the respect of related parties' receivables, no provision was made.

32. 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 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 52, s.r.o., člen koncernu	MONETA Money Bank, a.s.	Financial guarantee contracts
Accolade CZ 56, s.r.o., člen koncernu	ČSOB 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 SK II, s.r.o., člen koncernu	Tatra 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

33. PLEDGES

As at the date of these financial statements the assets in the following companies are pledged:

Company name	Pledge in favour of
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 67, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ 46, s.r.o., člen koncernu	Česká spořitelna,a.s.
Accolade CZ 50, s.r.o., člen koncernu	Banka CREDITAS a.s.
ACCOLADE SEV, S.L.	ABANCA Corporación Bancaria, S.A.
Accolade CZ 56, s.r.o., člen koncernu	ČSOB a.s.
Accolade SK II, s.r.o., člen koncernu	Tatra banka, 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 CZ 52, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ XXXIII, s.r.o., člen koncernu	MONETA Money Bank, 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 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 44 sp. z o.o.	Bank Polska Kasa Opieki S.A.

34. 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.

34.1. 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:

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**

31 December 2021 (CZK '000)	CZK	EUR	Other
Trade and other receivables	581 896	**0**	**0**
Non-Current assets	**581 896**	**0**	**0**
Trade and other receivables	264 370	352 503	8 515
Cash and cash equivalents	109 812	353 880	27 170
Current assets	**374 182**	**706 383**	**35 685**
Loans from the third parties	1 310 975	4 668 536	17 823
Trade and other payables	117 468	82 153	460
Other non-current liabilities	668 305	0	0
Non-current liabilities	**2 096 748**	**4 750 689**	**18 283**
Trade and other payables	1 361 430	496 941	322 339
Loans from the third parties	1 316 865	1 013 970	3 182
Other current liabilities	94 310	262 993	355
Current liabilities	**2 772 605**	**1 773 904**	**325 876**
Total 31 December 2021	**-3 913 275**	**-5 818 210**	**-308 474**

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 year ended 31 December 2022 and 2021 (CZK '000):

Currency	% change	2022	2021
EUR	+/- 5.0%	-/+ 13 411 816	-/+ 7 232 033
USD	+/- 5.0%	-/+ 95 599	-/+ 83 632
PLN	+/- 5.0%	+/- 619	+/- 103
HRK	+/- 5.0%	+/- 16	+/- 119

34.2. 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 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

34.3. 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 31 December 2022 and 2021, 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.

34.4. 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):

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

31 December 2021	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Interest-bearing loans and borrowings	0	0	2 334 017	4 776 605	1 220 729	8 331 351
Other financial liabilities	0	15 281	342 377	668 305	0	1 025 963
Trade and other payables	0	1 439 831	740 879	162 350	37 731	2 380 791
Total	**0**	**1 455 112**	**3 417 273**	**5 607 260**	**1 258 460**	**11 738 105**

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.

34.5. 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	31 Dec 2022	31 Dec 2021
Interest-bearing loans and borrowings	12 197 805	8 331 351
Trade and other payables	2 364 108	2 380 791
Less: cash and short – term deposits	667 183	490 862
Net debt	**13 894 730**	**10 221 280**
Equity (resp. Net assets)	9 943 009	8 468 809
Net debt and Net assets	**23 837 739**	**18 690 089**
Gearing ratio*	**1,72**	**1,83**

35. FINANCIAL DERIVATIVES

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 2 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	31 Dec 2022	31 Dec 2021
Interest rate swaps - cash flow hedges	17 729	0
Forward foreign exchange contracts – cash flow hedges	15 286	0
Total Derivative financial assets	**33 015**	**0**

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 31 December 2022:

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

Interest rate swap

The effects of the cash flow interest rate swap hedging are as follows at 31 December 2022:

'000		31 Dec 2022
	1IRS	2IRS
Carrying amount of derivatives (in CZK)	14 516	3 213
Change in fair value of designated hedging instruments (in CZK)	14 516	3 213
Change in fair value of designated hedged item (in CZK)	14 516	3 213
Maturity date	31 March 2027	15 June 2027
Notional amount (in EUR)	10 000	7 000
Hedge ratio	1:1	1:1

36. 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 December 31, 2022, key management comprised of 6 people (2021: 6).

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

CZK '000	31 Dec 2022	31 Dec 2021
Salaries and short-term employee benefits	13 334	7 163
Total	**13 334**	**7 163**

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	31 Dec 2022	31 Dec 2021
Bonus accrual	0	0
Total	**0**	**0**

37. EMPLOYEE INFORMATION

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

Business line	2022	2021
Development	23	12
Airport	186	170
General and administrative	54	36
Total	**263**	**218**

Employee benefit expenses

CZK '000	2022	2021
Wages and salaries	177 301	128 332
Social security and health insurance	50 831	38 622
Social cost	4 923	0
Other	2 670	4 579
Total	**235 725**	**171 533**

38. 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 Consolidated 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:

Company name	Establishment date	Country
Accolade Finance Cheb, s.r.o., člen koncernu	20.03.2023	Czech Republic
Accolade CZ 81, s.r.o., člen koncernu	17.02.2023	Czech Republic
Accolade CZ 82, s.r.o., člen koncernu	17.02.2023	Czech Republic
Accolade CZ 83, s.r.o., člen koncernu	17.02.2023	Czech Republic
Accolade CZ 84, s.r.o., člen koncernu	17.02.2023	Czech Republic
Accolade CZ 85, s.r.o., člen koncernu	17.02.2023	Czech Republic
Accolade SK V, s.r.o.	04.03.2023	Slovakia
Accolade SK VI, s.r.o.	07.03.2023	Slovakia
Accolade V d.o.o.	11.01.2023	Croatia

Accolade

39. MANAGING DIRECTOR DECLARATION

The Group's managing director declares that, according to the best of his knowledge, the Financial Statements for the year ended 31 December 2022 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 year ended 31 December 2022 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.

Tel: +420 241 046 111
www.bdo.cz

BDO Audit s. r. o.
V Parku 2316/12
Praha 4 - Chodov
148 00

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Accolade Holding, a.s.

Opinion

We have audited the accompanying 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) prepared in accordance with International Financial Reporting Standards as adopted by the EU, which comprise the consolidated statement of financial position as at 31. 12. 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1. 1. 2022 to 31. 12. 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Accolade Holding, a.s. as at 31. 12. 2022 and of its financial performance and its cash flows for the period from 1. 1. 2022 to 31. 12. 2022, in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 4 of the consolidated financial statements, which describes the reasoning for the amendment of the previously issued consolidated financial statements and to the earlier report on audit of the consolidated financial statements provided by the auditor on 20 June 2023.

Our opinion is not modified in respect of this matter.

Tel: +420 241 046 111
www.bdo.cz

BDO Audit s. r. o.
V Parku 2316/12
Praha 4 - Chodov
148 00

Other information included in the Annual Report

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

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

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

- the other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and

- the other information is prepared in compliance with the applicable laws and regulations.

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

Responsibilities of the Board of Directors and Supervisory Board for the consolidated Financial Statements

Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Tel: +420 241 046 111
www.bdo.cz

BDO Audit s. r. o.
V Parku 2316/12
Praha 4 - Chodov
148 00

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

In Prague, 25th April 2024

Audit firm:	Partner:
BDO Audit s. r. o.	Jiří Sedláček
Certificate No. 018	Certificate No. 2550

ACCOLADE HOLDING, A. S.

www.accolade.eu

CZECH REPUBLIC

Sokolovská 394/17
186 00 Prague 8

info@accolade.eu
+420 220 303 019

POLAND

Emilii Plater 53
00-113 Warsaw

poland@accolade.eu
+48 508 611 226

SPAIN

Avda. Aragón, 30, piso 8,
46021 Valencia

spain@accolade.eu