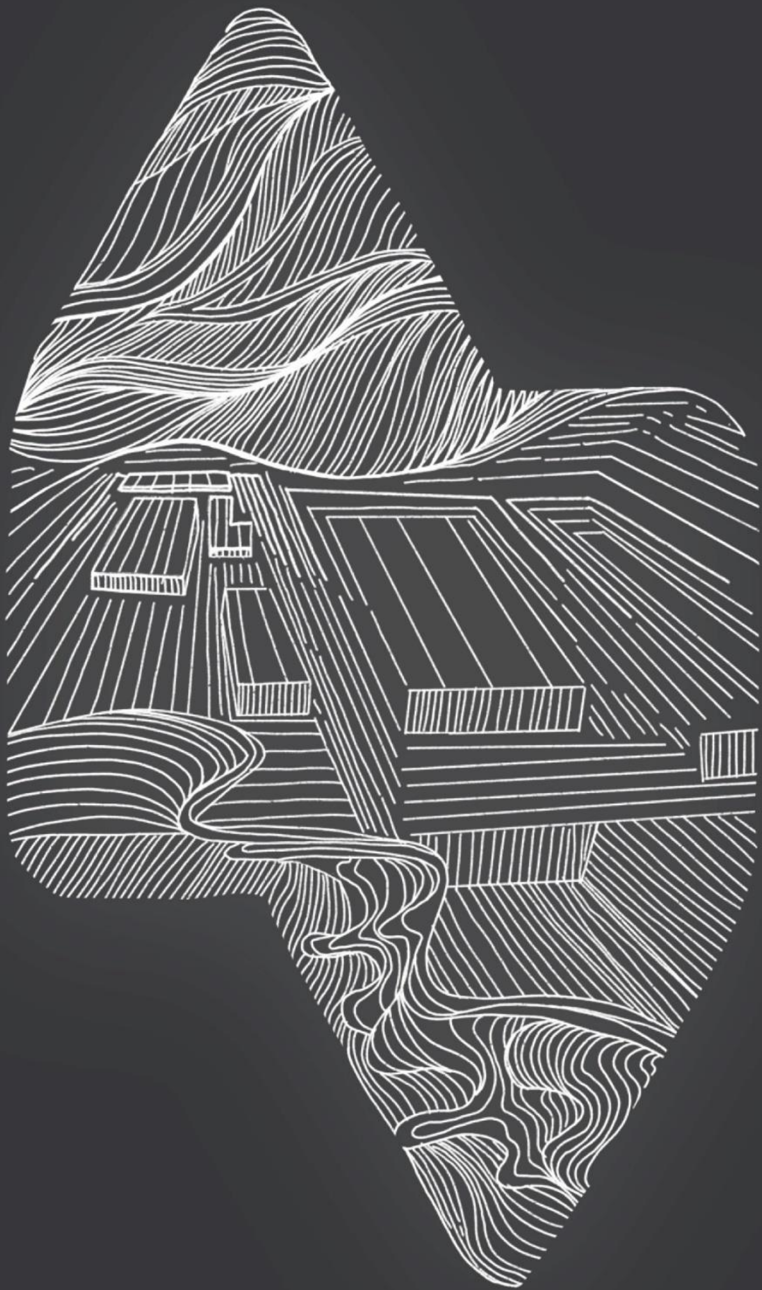

ACCOLADE HOLDING, A. S.

Consolidated Financial Statements for the year ended 31 December 2021
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 2021

	Notes	2021 (CZK '000)	2020 (CZK '000)
Revenues	8	3 151 078	1 460 360
Cost of revenues	8	-1 337 726	-708 204
Gross profit		**1 813 352**	**752 156**
General and administrative expenses	8	-4 691	-1 836
Personnel expenses	31,32	-171 533	-144 316
Depreciation and amortization	19, 20	-57 011	-56 321
Other income/expense	8	-97 660	-15 953
Net valuation result on investment property	18	1 906 251	2 599 985
Profit from operations		**3 388 708**	**3 133 715**
Financial income	8	201 978	137 090
Financial expense	8	-389 045	-370 344
Share on income/loss of financial investments		231 703	113 395
Profit before tax		**3 433 344**	**3 013 856**
Income taxes	9,10	-52 402	-57 594
PROFIT FOR THE PERIOD		**3 380 942**	**2 956 262**
Profit/(loss) for the year attributable to:			
Owners of the parent		3 415 371	2 971 833
Non-controlling interests		-34 429	-15 571
PROFIT FOR THE PERIOD		**3 380 942**	**2 956 262**
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3 380 942**	**2 956 262**
Total comprehensive income attributable to:			
Owners of the parent		3 415 371	2 971 833
Non-controlling interests		-34 429	-15 571

The accompanying notes on pages 7 to 46 are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31 DEC 2021 (CZK '000)	31 DEC 2020 (CZK '000)
ASSETS			
CURRENT ASSETS			
Inventories	11	34 672	29 808
Trade and other receivables	13	625 389	1 014 047
Income tax receivable	13	466 725	201 424
Prepayments and other current assets	17	251 927	165 677
Cash and cash equivalents	12	490 862	331 921
TOTAL CURRENT ASSETS		**1 869 575**	**1 742 877**
NON-CURRENT ASSETS			
Investment property	18	7 925 097	6 349 447
Investment property under development	18	6 422 232	935 660
Property, plant and equipment	19	1 146 128	1 404 750
Intangible assets	20	125 531	125 918
Investments in equity-accounted associates	21	1 195 528	326 437
Investments	22	940 927	371 409
Trade and other receivable	17	581 896	499 409
TOTAL NON-CURRENT ASSETS		**18 337 339**	**10 013 030**
TOTAL ASSETS		**20 206 914**	**11 755 907**

The accompanying notes on pages 7 to 46 are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (continued)

	Notes	31 DEC 2021 (CZK '000)	31 DEC 2020 (CZK '000)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	14	2 180 710	630 815
Loans and borrowings	16	2 334 017	1 348 561
Lease liabilities	15	26 362	26 435
Employee benefits	23, 32	14 798	9 808
Income tax payable	9,23	246 577	1 458
Provisions	24	69 921	21 383
TOTAL CURRENT LIABILITIES		**4 872 385**	**2 038 460**
NON-CURRENT LIABILITIES			
Trade and other payables	14	200 081	72 520
Loans and borrowings	16	5 997 334	4 024 258
Lease liabilities	15	562 414	565 828
Deferred tax liability	10	105 891	9 565
TOTAL NON-CURRENT LIABILITIES		**6 865 720**	**4 672 171**
EQUITY			
Share capital	26	2 400	2 400
Reserve fund		1 170	1 170
Retained earnings		5 098 125	2 098 998
Net result for the period		3 415 371	2 971 833
Equity attributable to equity holders of the parent		**8 517 066**	**5 074 401**
Non-controlling Interest		-48 257	-29 125
TOTAL EQUITY		**8 468 809**	**5 045 276**
TOTAL LIABILITIES AND EQUITY		**20 206 914**	**11 755 907**

The accompanying notes on pages 7 to 46 are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	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 2020	**2 400**	**1 170**	**1 428 640**	**652 541**	**24 386**	**2 109 137**
Profit for period				2 971 833	-15 571	2 956 262
Purchase of non-controlling interest			24 462		-24 462	0
Transfer of profit to retained earnings			652 541	-652 541		0
Revaluation			5 298			5 298
Correction of previous years			62 840			62 840
Impact of IFRS Adjustments			-4 783			-4 783
Dividends			-70 000		-13 478	-83 478
31 December 2020	**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**

The accompanying notes on pages 7 to 46 are an integral part of the consolidated financial statements

Accolade

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 (CZK '000)	2020 (CZK '000)
Cash flows from operating activities			
Profit for the year		**3 415 371**	**2 971 833**
Adjustments for:			
Amortization and depreciation	19,20	57 011	56 321
Net valuation result on investment property	18, 21	-1 906 251	-2 599 985
Gain from sale of investment property	18	38 962	12
Finance income	8	-56 161	-43 195
Finance expense	8	174 224	126 335
Income tax expense	9	52 402	57 594
Other non-cash operations		145 244	0
Operating profit before changes in working capital		**-1 494 568**	**-2 402 919**
Decrease/(increase) in trade and other receivables	13,15	-45 380	-684 780
Decrease/(increase) in inventories	11	-4 864	5 515
Increase/(decrease) in trade and other payables	14,15	3 381 959	-872 471
Increase/(decrease) in provisions and employee benefits	22	53 528	16 476
Changes in net working capital		**3 385 243**	**-1 535 260**
Net cash flows from operating activities		**1 890 675**	**-3 938 179**
Investing activities			
Acquisition of investment property	18	-10 220 415	-4 660 968
Acquisition of property, plant and equipment	19	-315 021	-502 057
Acquisition of Intangible assets	20	-22 446	-14 690
Proceeds from disposal of investment property, PPE and intangible assets	18,19,20	4 649 451	3 670 568
Acquisition of new shares, net of cash acquired		-600 195	-347 009
Interest received	16	56 161	43 195
Net cash used in investing activities		**-6 452 466**	**-1 810 960**
Financing activities			
Dividends paid to the holders of the parent		-60 000	-70 000
Dividends paid to minority holders		0	-13 478
Repayment of borrowings	16	-833 237	-1 253 574
Proceeds from loans and borrowings	16	2 399 257	4 391 537
Payment of lease liabilities	15	-26 435	-74 459
Interest paid on loans and borrowings	16	-174 224	-126 335
Net cash (used in)/from financing activities		**1 305 361**	**2 853 691**
Net increase in cash and cash equivalents		**158 941**	**76 385**
Cash and cash equivalents at beginning of year		**331 921**	**255 536**
Exchange (losses)/gains on cash and cash equivalents		0	0
Cash and cash equivalents at end of year		**490 862**	**331 921**

The accompanying notes on pages 7 to 47 are an integral part of the consolidated financial statements

CONTENTS

1. GENERAL INFORMATION

The Business of the Company

The principal activities of Accolade Holding, a.s. ("the Company") and its subsidiary companies ("the Group") and the nature of the Group's operations are (i) investing in rental industrial property in Central Europe, (ii) operating Brno airport. In terms of human resources the Group is serviced by fully owned service subsidiaries and a partially owned technical supervision subsidiary. Financing activities are carried out by fully owned financing subsidiaries. For each property development project a special fully owned subsidiary is incorporated. As the property development project is completed, leased out and rental payments start to be collected it is sold to a 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 limited liability 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 2021	Ownership as at 31 Dec 2020
Accolade CZ VII, s.r.o., člen koncernu, IN: 01823591	Direct	26.06.2013	100%	100%
Accolade CZ XIV, s.r.o., člen koncernu, IN: 03559149	Direct	11.11.2014	100%	100%
Accolade CZ XV, s.r.o., člen koncernu, IN: 04677552	Direct	29.12.2015	100%	100%
Accolade CZ XIX, s.r.o., člen koncernu, IN: 04677609	Direct	29.12.2015	100%	100%
Accolade CZ XXI, s.r.o., člen koncernu, IN: 04677480	Direct	29.12.2015	100%	100%
Accolade CZ XXII, s.r.o., člen koncernu, IN: 04677498	Direct	29.12.2015	100%	100%
Accolade CZ XXVII, s.r.o., člen koncernu, IN: 05593221	Direct	24.11.2016	70%	70%
Accolade CZ XXIX, s.r.o., člen koncernu, IN: 05593263	Direct	24.11.2016	100%	100%
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	Direct	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 43, s.r.o., člen koncernu, IN: 07398573	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 47, s.r.o., člen koncernu, IN: 09112391	Direct	26.04.2020	100%	100%
Accolade CZ 48, s.r.o., člen koncernu, IN: 09112405	Direct	26.04.2020	100%	100%
Accolade CZ 49, s.r.o., člen koncernu, IN: 09225030	Direct	05.06.2020	100%	100%

	Ownership	Established	Ownership as at 31 Dec 2021	Ownership as at 31 Dec 2020
Accolade CZ 50, s.r.o., člen koncernu, IN: 09225081	Direct	05.06.2020	71%	50%*
Accolade CZ 51, s.r.o., člen koncernu, IN: 09641319	Direct	30.10.2020	100%	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%	n/a
Accolade CZ 57, s.r.o., člen koncernu IN: 10724834	Direct	31.03.2021	100%	n/a
Accolade CZ 58, s.r.o., člen koncernu IN: 10733701	Direct	06.04.2021	100%	n/a
Accolade CZ 59, s.r.o., člen koncernu IN: 10733728	Direct	06.04.2021	100%	n/a
Accolade CZ 60, s.r.o., člen koncernu IN: 10733736	Direct	06.04.2021	100%	n/a
Accolade CZ 61, s.r.o., člen koncernu IN: 11649160	Direct	08.07.2021	100%	n/a
Accolade CZ 62, s.r.o., člen koncernu IN: 11649194	Direct	08.07.2021	100%	n/a
Accolade CZ 63, s.r.o., člen koncernu IN: 11649208	Direct	08.07.2021	100%	n/a
Accolade CZ 64, s.r.o., člen koncernu IN: 11649216	Direct	08.07.2021	100%	n/a
Accolade CZ 65, s.r.o., člen koncernu IN: 11649224	Direct	08.07.2021	100%	n/a
Accolade CZ 66, s.r.o., člen koncernu IN: 11986131	Direct	31.10.2021	100%	n/a
Accolade CZ 67, s.r.o., člen koncernu IN: 11986140	Direct	31.10.2021	100%	n/a
Accolade CZ 68, s.r.o., člen koncernu IN: 11986158	Direct	31.10.2021	50%*	n/a
Accolade CZ 69, s.r.o., člen koncernu IN: 11986166	Direct	31.10.2021	100%	n/a
Accolade CZ 70, s.r.o., člen koncernu IN: 11986174	Direct	31.10.2021	100%	n/a
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%	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%
Accolade Portfolio F3, a.s., člen koncernu, IN: 09407341	Indirect	11.08.2020	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 Reality, s.r.o., IN: 24167452	Direct	02.07.2014	100%	100%
Accolade Energy, s.r.o., člen koncernu, IN: 07398484	Direct	24.08.2018	100%	100%
Parcely Býchory, s.r.o., člen koncernu IN: 03551334	Direct	07.11.2014	100%	100%
Accolade Financial Services, s.r.o., člen koncernu, IN 05637228	Direct	18.12.2016	100%	100%
Accolade Finance CZ s.r.o., člen koncernu, IN: 06336744	Direct	09.08.2017	100%	100%
Industrial Center CR 2 s.r.o., IN: 05651689	Direct	26.11.2018	100%	100%
B.A.W.D.F. s.r.o., IN: 47914602	Indirect	08.11.2017	100%	100%
LETIŠTĚ BRNO a.s., IN: 26237920	Indirect	08.11.2017	100%	100%
Moravia GSA s.r.o. IN: 07158076	Indirect	12.06.2018	55%	55%
Common Springhill, s.r.o. IN: 07750811	Indirect	24.09.2021	100%	n/a
Nordland Bohatice, s.r.o. IN: 07750137	Indirect	24.09.2021	100%	n/a
IP Vestec s.r.o. IN: 08271631	Indirect	17.12.2021	100%	n/a
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%

	Ownership	Established	Ownership as at 31 Dec 2021	Ownership as at 31 Dec 2020
Accolade Investment Company Limited, IN: C94600	Indirect	20.01.2020	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%	n/a
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 XV sp. z o.o., IN: 0000736673	Direct	30.07.2018	50%*	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%*	100%
Accolade PL XX sp. z o.o., IN: 0000748812	Direct	19.11.2019	100%	100%
Accolade PL XXI sp. z o.o. IN: 0000877112	Direct	11.01.2021	70%	n/a
Accolade PL XXII sp. z o.o. IN: 0000877650	Direct	14.01.2021	70%	n/a
Accolade PL XXIV sp. z o.o., IN: 0000790431	Direct	21.12.2020	70%	100%
Accolade PL XXV sp. z o.o. IN: 0000885302	Direct	26.02.2021	100%	n/a
Accolade PL XXVI sp. z o.o. IN: 0000885296	Direct	24.02.2021	100%	n/a
Accolade PL XXVII sp. z o.o. IN: 0000885728	Direct	25.02.2021	100%	n/a
Accolade PL XXIX sp. z o.o. IN: 0000909922	Direct	20.07.2021	60%	n/a
Accolade PL XXX sp. z o.o. IN: 0000909919	Direct	14.07.2021	70%	n/a
Accolade PL XXXI sp. z o.o. IN: 0000910220	Direct	16.07.2021	60%	n/a
Accolade PL XXXII sp. z o.o. IN: 0000910784	Direct	28.07.2021	60%	n/a
Accolade PL XXXIII sp. z o.o. IN: 0000909957	Direct	28.07.2021	100%	n/a
Accolade PL XL sp. z o.o. IN: 0000941283	Direct	21.12.2021	100%	n/a
Accolade PL XXXIV sp. z o.o. IN: 0000882627	Direct	01.07.2021	60%	n/a
PDC Industrial Center 182 Sp. z o.o. IN: 0000895837	Direct	01.07.2021	50%*	n/a
PDC Industrial Center 207 Sp. z o.o. IN: 0000901478	Direct	24.09.2021	60%	n/a
PDC Industrial Center 213 Sp. z o.o. IN: 0000904146	Direct	28.09.2021	100%	n/a
PDC Industrial Center 220 Sp. z o.o. IN: 0000903440	Direct	02.11.2021	100%	n/a
PDC Industrial Center 246 sp. z o.o. IN: 0000934508	Direct	22.12.2021	100%	n/a
Accolade SK II, s.r.o. IN: 53779487	Direct	15.05.2021	100%	n/a
Accolade I B.V. IN: 861129416	Direct	07.05.2020	80%	80%
ACCOLADE VITO, S.L. IN: B01610369	Direct	30.12.2020	65%	65%
ACCOLADE VAL, S.L. IN: B01610724	Direct	30.12.2020	72%	72%
ACCOLADE SERV, S.L. IN: B06891386	Direct	26.07.2021	100%	n/a
RESVON SPV 2021, S.L. IN: B06915771	Direct	26.07.2021	100%	n/a
ALFION SPV 2021, S.L. IN: B06891378	Direct	06.10.2021	60%	n/a
TISLAN SPV 2021, S.L. IN: B06915797	Direct	25.11.2021	100%	n/a
VILAGO SPV 2021, S.L. IN: B06915748	Direct	25.11.2021	100%	n/a
Accolade I d.o.o. IN: 12820590917	Indirect	03.09.2021	100%	n/a
Accolade CZ IV, s.r.o., člen koncernu, IN: 01834576	Direct	26.06.2013	n/a**	50%*
Accolade CZ XVI, s.r.o., člen koncernu, IN: 04677579	Direct	29.12.2015	n/a**	100%
Accolade CZ XVIII, s.r.o., člen koncernu, IN: 04677595	Direct	29.12.2015	n/a**	100%
Accolade CZ XXXVII, s.r.o., člen koncernu, IN: 06336591	Direct	09.08.2017	n/a**	100%
Accolade CZ 44, s.r.o., člen koncernu, IN: 05620350	Direct	14.01.2020	n/a**	100%
Accolade PL V, IN: 0000589985	Direct	07.12.2015	n/a**	100%

* Companies Accolade CZ 68, s.r.o., člen koncernu, Accolade Building Solutions s.r.o., Accolade PL XV sp. z o.o., Accolade PL XVIII sp. z o.o. and PDC Industrial Center 182 Sp. z o.o. are considered as daughter companies upon which the control of the Group is exercised.

** Companies were sold in 2021

Shareholders

The Company ultimate shareholders as of 31 December 2021 and 2020 were as follows:

	Interest in ultimate parent share capital	
Shareholder	**31 December 2021**	**31 December 2020**
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

After the balance sheet date, on 24.02.2022, the Russian Federation began a war with Ukraine. 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.
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. In the opinion of the Management Board, thanks to the procedures implemented, it is able to monitor the impact of COVID-19 and the market in which it operates on an ongoing basis. 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. The management monitors the impact of the epidemic on the situation of the entity and its market environment and takes steps to mitigate any possible negative effects for the Company and the Group.

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 2021 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. 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.

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.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

5.1. New and revised IFRSs adopted by the EU that are mandatorily effective for the year ending 31 December 2021

Below is a full list of new and revised IFRSs adopted by the EU that are mandatorily effective in EU for accounting periods that begin on or after 1 January 2021, except as indicated otherwise. Those standards, which are relevant for the Group, have been applied in preparing these financial statements.

- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

The IASB was published this amendment that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted and to be applied mandatorily by those entities that have elected to apply the previous amendment COVID-19-Related Rent Concessions.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The IASB has issued Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, which provide some relief in interest rate reform.

Amendments have been published as a reaction to the potential effects the reform of Interbank offered rates (IBORs) could have on financial reporting. Amendments are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform.

The Phase 2 amendments apply only to changes required by the reform to financial instruments and hedging relationships. The amendments address the effects of the reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. The changes in Interest Rate Benchmark Reform — Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

5.2. Standards and Interpretations issued by the IASB that are not yet effective

International Accounting Standards Board (IASB) has prepared new standards and the amendments of current IFRS's with effect for the next year. We brief inform about these new standards and amendments with their description, which have been published but have not yet effective. You can see the list of amendments below:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IFRS 3 Business Combination References to Conceptual Framework
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements 2018–2020

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract

The International Accounting Standards Board (IASB) has published 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

IAS 37 defines an onerous contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments clarify that the costs relating directly to the contract consist of both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

The amendment to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Amendments to IFRS 3 Business Combination References to Conceptual Framework

update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations

Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41, and Annual Improvements 2018–2020

The International Accounting Standards Board has issued several small amendments to IFRS Standards.

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a First-time Adopter
    - simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.
- Amendments to IFRS 9 Financial Instruments
    - clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Amendments to IAS 41 Agriculture
    - removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

5.3. Standards and Interpretations issued by the IASB that are not yet endorsed

International Accounting Standards Board (IASB) has prepared new standards, interpretation and the amendments of current IFRS's that is not approved as of the date of 31 December 2021. You can see the list of amendments below:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.

FRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

Amendments to IAS 1 was issued on 12 February 2021. The amendments change the requirements in IAS 1 regarding to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.

To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Amendments to IAS 1 was issued on 12 February 2021. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty".
The amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021 the Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, early adoption is permitted.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

The preparation of 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:

7. SIGNIFICANT ACCOUNTING POLICIES

7.1. 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 labour, site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site. Borrowing cost are also capitalized to the value of Investment property under development.

When construction or development is completed, property is reclassified to a different accounting standard based on the intended use of the property. If the intended use of the property is to lease it out in return for rental payments and sell it, it is subsequently accounted for as investment property (Note 7.2). If the intended use is not to sell the property, it is reclassified to property plant and equipment held within cost model (Note 7.3).

7.2. Investment Property

Investment property under development (Note 7.1) is reclassified into investment property once developed provided that it is held earn rental income, for capital appreciation, or for both and it is intended for sale. At the same time rental payments start to be collected which triggers treatment within operating lease (Note 7.4). 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 2020 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.

7.3. 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 7.4.1). 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 7.8). 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 40 thousand are directly expensed.

7.4. Leases

7.4.1. 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 amortized 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 amortized 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 reasonable 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 recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

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

7.4.2. 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 7.2).

7.5. 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 amortized 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.

7.6. Financial assets, Contract assets and Trade receivables

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

Financial assets are initially recognised 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 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 2021, and 31 December 2020, respectively.

Trade receivables do not include a significant financing component because they are due within 14 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 (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).

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 analysed. 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.

7.7. 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).

7.8. Impairment

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

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

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

7.9. Cash and cash equivalents

Cash and cash equivalents includes 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.

7.10. 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.

7.11. Government Grants

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

7.12. 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.

7.13. 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.

7.14. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost, loans and borrowings or as payables, as appropriate.

All financial liabilities are recognized initially at amortized cost and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, loans and borrowings.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized 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.

Amortized cost is calculated by taking into account 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 devided 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.

7.15. 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.

7.16. 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.

7.17. 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 devides financial liabilities into current and non-current according its maturity. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

7.18. 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 enities 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.

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

Rental income and service charge income

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

7.18.2. Revenue related to airport operations

Airport fees

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

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

Handling charges

The Group provides ground handling services for air operators - among other passenger handling, baggage handling, cleaning of the board interior, aircraft handling, aircraft de-icing, third party services arrangements, etc.

The contracts with customers are mostly set for a fixed period with the cooperation period from 1 to 3 years. The prices are subject of contractual agreement or are stated by the fixed price list. The total revenue depends on the type of aircraft, the number of flights and range of the granted services or other service requirements.

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

Revenue from contracts with customers

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

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

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

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

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

Sale of goods – airport

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

7.19. 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.

7.20. 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. INCOME STATEMENT DISCLOSURES

Revenue

CZK '000	2021	2020
Industrial leasing	199 939	169 496
Airport operations	369 478	206 383
Gains from sale of assets	1 470 384	740 475
Other	1 111 277	344 006
Total	**3 151 078**	**1 460 360**

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 and management fees of investment fund.

Cost of Revenue

CZK '000	2021	2020
Industrial leasing	-97 376	-99 899
Airport operations	-88 662	-76 636
Costs related to sale of assets	-565 402	-365 235
Other	-586 286	-166 434
Total	**-1 337 726**	**-708 204**

General and administrative expenses

CZK '000	2021	2020
Travel and representation expenses	-4 691	-1 836
Total	**-4 691**	**-1 836**

Other income/expense

CZK '000	2021	2020
Real estate and other taxes	-18 596	-9 498
Gifts	-1 241	-2 424
Sold material	-1 686	-872
Cost of sold other fixed assets	-54 568	-18 527
Other expenses	-57 509	-19 651
Total other expenses	**-133 600**	**-50 973**
Revenues from sold other fixed assets	15 606	18 515
Revenues from sold material	3 140	1 363
Other revenues	17 194	15 142
Total other revenues	**35 940**	**35 020**
Other income/expense	**-97 660**	**-15 953**

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

9. INCOME TAX

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

CZK '000	2021	2020
Current income tax	45 638	76 102
Deferred tax	6 763	-18 508
Total	**52 402**	**57 594**

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 2021	31 Dec 2020
Accounting profit before income tax	3 433 344	3 013 856
At statutory rate of 19 %*	652 335	572 633
Creation of tax loss	148 506	103 572
Permanent differences	440 208	429 975
Temporary differences	11 220	-18 508
Income tax expense	**52 401**	**57 594**
Effective tax rate	***1,53%***	***1,91%***

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 2021 nor as at 31 December 2020. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

10. DEFERRED TAX

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

CZK '000	31 Dec 2021		31 Dec 2020	
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	883	-63 556	4	- 20 656
Other temporary differences:				
Provisions	754	-3 244	602	
Tax losses	28 216		19 679	
Other	21 826	-90 770	130	-9 324
Total	51 678	-157 569	20 414	-29 980
Valuation allowance				
Deferred tax liability, net	-	**-105 891**	-	**-9 565**

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 2016 through 2021 amounts to CZK 148 506 thousands out of which no deferred tax asset was recognized in the Financial Statements at 31 December 2021. The benefits will be recognized when realized or if it will be probable that the unrecognized portion of tax losses will be recoverable against available future profits.

11. INVENTORIES

Inventories

CZK '000	31 Dec 2021	31 Dec 2020
Raw materials and consumables	3 010	2 787
Work-in-progress	30 585	24 863
Goods for resale	1 077	2 158
Total inventories	**34 672**	**29 808**

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

12. CASH

CZK '000	31 Dec 2021	31 Dec 2020
Cash at bank available on demand	488 520	329 827
Cash on hand	2 342	2 094
Total Cash and cash equivalents	**490 862**	**331 921**

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

13. ACCOUNTS RECEIVABLES

CZK '000	31 Dec 2021	31 Dec 2020
Trade receivables	85 623	38 777
Less: Provision for impairment of trade receivables	-6 150	-5 322
Trade receivables – net	79 472	33 455
Receivables from related parties	0	350
Loans to third parties	581 896	499 409
Prepayments	20 411	13 377
Other receivables	525 506	966 865
Total trade and other receivables	**1 207 285**	**1 513 456**
Less: non-current portion – Loan to third parties	-581 896	-499 409
Current portion of trade and other receivables	**625 389**	**1 014 047**

The lifetime expected loss provision for trade receivables is as follows:

31 December 2021 CZK '000	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Expected loss rate	0%	1%	10%	100%	100%	
Gross carrying amount	58 759	19 920	1 103	422	5 419	85 623
Loss provision	0	-199	-110	-422	-5 419	-6 150

31 December 2020 CZK '000	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	More than 365 days past due	Total
Expected loss rate	0%	1%	10%	100%	100%	
Gross carrying amount	19 777	8 384	5 976	396	4 245	38 777
Loss provision	0	-84	-598	-396	-4 245	-5 322

All loans to third parties are due within 12 years of 31 December 2021. None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, 12 month expected credit losses have been recognized, and there are no non-current receivable balances lifetime expected credit losses.

14. ACCOUNTS PAYABLE

CZK '000	31 Dec 2021	31 Dec 2020
Trade payables	1 246 783	342 994
Advances received	2 871	127
Accruals	213 199	117 660
Deferred income	49 728	36 939
Other payables	868 210	133 095
Total Trade and other payables	**2 380 791**	**630 815**

15. LEASES

Nature of leasing activities (in the capacity as lessor)

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

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

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

CZK '000	31 Dec 2021	31 Dec 2020
Less than 12 month	357 132	190 553
1 to 5 years	1 324 075	1 238 606
More than 5 years	1 105 694	681 739
Total	**2 786 901**	**2 110 898**

Right-of-Use Assets

For the period ended 31 December 2021, 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 520 883 ths. held under leases for the period ended 31 December 2021 (2020: CZK 583 535 ths.). Movements in Right-of-Use Assets are described in 18. PROPERTY, PLANT AND EQUIPMENT.

Lease liabilities

CZK '000	31 Dec 2021	31 Dec 2020
Short- term lease liabilities	26 362	26 435
Long-term lease liabilities	562 414	565 828
Total lease liabilities	**588 776**	**592 263**

Leases of low value assets are recognised as Short-term lease liabilities. The Group recognises such lease payments as an operating expenses, which are recorded on a stright-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.

16. LOANS AND BORROWINGS

The book value of loans and borrowings are as follows:

CZK '000	31 Dec 2021	31 Dec 2020
Non-Current		
Bank loans		
- unsecured	0	0
- secured	2 899 914	2 428 240
Collateralised borrowings	356 630	680 886
Unsecured borrowings	2 740 790	915 132
Total Non-Current	5 997 334	4 024 258
Current		
Bank loans		
- unsecured	0	0
- secured	498 435	255 727
Collateralised borrowings	929 032	388 487
Unsecured borrowings	906 550	704 347
Total Current	2 334 017	1 348 561
Total loans and borrowings	**8 331 351**	**5 372 819**

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

CZK '000	31 Dec 2021	31 Dec 2020
Floating rate	3 229 038	2 683 967
Fixed rate	5 102 313	2 688 852
Total	**8 331 351**	**5 372 819**

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

CZK '000	31 Dec 2021	31 Dec 2020
CZK	2 652 053	1 876 919
EUR	5 658 292	3 486 923
Other	21 006	8 977
Total	**8 331 351**	**5 372 819**

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

CZK '000	2021	2020
Expiry within 1 year	8 453	407 240
Expiry in more than 1 years	1 717 354	1 111 660
Total	**1 725 807**	**1 518 900**

17. OTHER CURRENT ASSETS

CZK '000	31 Dec 2021	31 Dec 2020
Income Tax receivable	0	2
VAT receivable	461 912	201 422
Other tax receivable	4 813	0
Prepayments and other current assets	251 927	165 677
Total other current accounts assets	**718 652**	**367 101**

18. INVESTMENT PROPERTY

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**

CZK '000	Investment property under development	Investment property	Total
At January 1, 2020	1 080 820	2 482 805	3 563 625
Additions	997 129	3 973 415	4 970 544
Disposals	-1 142 289	-2 463 131	-3 605 420
Fair value gain (loss) recognized in profit or loss		2 356 358	2 356 358
At December 31, 2020	**935 660**	**6 349 447**	**7 285 107**

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.

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 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.	- 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%)	The higher the discount rate, terminal yield and expected vacancy rate the lower the fair value. The higher the discount rate, terminal yield and expected vacancy rate the lower the fair value.

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

19. PROPERTY, PLANT AND EQUIPMENT

CZK '000	Land	Buildings	Fixtures, fittings and motor vehicles	Right of Use	Other small tangible 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**	**1 692 929**
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	-14 719	-80 111	-1 213	0	0	-105 128
Disposals	0	28 370	35 452	0	0	0	0	63 822
At December 31, 2020	**0**	**-7 479**	**-40 861**	**-494 104**	**-4 357**	**0**	**0**	**-546 801**
Net book value at December 31, 2021	**250 166**	**176 483**	**69 306**	**520 883**	**-274**	**650**	**128 913**	**1 146 128**

CZK '000	Land	Buildings	Fixtures, fittings and motor vehicles	Right of Use	Other small tangible fixed assets	Artworks	Assets under construction	Total
Cost								
At January 1, 2020	234 710	178 748	72 534	959 440	4 403	650	99 808	1 550 293
Additions	249 772	32 528	6 844	38 088	0	0	88 211	415 444
Disposals	-5 693	-18 735	-340	0	0	0	-30 725	-55 493
At December 31, 2020	**478 789**	**192 541**	**79 038**	**997 528**	**4 403**	**650**	**157 294**	**1 910 244**
Accumulated depreciation								
At January 1, 2020	0	-14 211	-58 516	-388 430	-2 366	0	0	-463 523
Charge for the year	0	-24 554	-4 399	-25 563	-777	0	0	-55 293
Disposals	0	12 000	1 321	0	0	0	0	13 321
At December 31, 2020	**0**	**-26 765**	**-61 594**	**-413 993**	**-3 143**	**0**	**0**	**-505 495**
Net book value at December 31, 2020	**478 789**	**165 776**	**17 444**	**583 535**	**1 260**	**650**	**157 294**	**1 404 750**

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 areal Kovošrot, Letiště Tuřany and Pilsen city, then lands located in Poland and in Spain. Buildings includes airport building and building purchased in areal Kovošrot.

Fixtures, fittings and motor vehicles amounted to CZK 69 306 ths. (2020: 17 444 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 was discounted based ot 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.

For the period ended 31 December 2021, 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 520 883 ths. held under leases for the period ended 31 December 2021 (2020: CZK 583 535ths.).

The net book value of assets under construction includes an amount of CZK 129 mio. (2020: CZK 157 mio.) relating to the new buildings, machines and technical improvements in the airport and paid advances related to new asset purchases amounted to CZK 22 931 ths. (2020: 48 119 ths.) The cost of the buildings and machines will be depreciated once the property is complete and available for use.

Borrowing costs

The Group capitalize borrowing costs that are directly incurred in connection with acquisition, construction or production of a qualifying asset. Borrowing costs are interest expenses on loans received from banks and third parties.

CZK '000	2021	2020
Interest on bank loans	36 128	23 242
Interest on loans from third parties	39 247	27 449
Total	**75 375**	**50 691**

20. INTANGIBLE ASSETS

CZK '000	Software	Goodwill	Other intangible assets	Assets under construction	Total
Cost					
At January 1, 2021	**5 237**	**112 039**	**7 317**	**7 340**	**131 932**
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**	**138 450**
Accumulated depreciation					
At January 1, 2021	**-2 752**	**0**	**-3 262**	**0**	**-6 014**
Charge for the year	-1 657	0	-5 248	0	**-6 905**
Disposals	0	0	0	0	**0**
At December 31, 2021	**-4 409**	**0**	**-8 510**	**0**	**-12 919**
Net book value at December 31, 2021	**7 646**	**112 172**	**5 714**	**0**	**125 531**

CZK '000	Software	Goodwill	Other intangible assets	Assets under construction	Total
Cost					
At January 1, 2020	5 149	112 039	6 019	6 782	129 989
Additions	88	0	5 000	6 523	11 610
Disposals	0	0	-3 702	-5 965	-9 667
At December 31, 2020	**5 237**	**112 039**	**7 317**	**7 340**	**131 932**
Accumulated depreciation					
At January 1, 2020	-2 517	0	-7 952	0	-10 469
Charge for the year	-614	0	-414	0	-1 028
Disposals	379	0	5 104	0	5 483
At December 31, 2020	**-2 752**	**0**	**-3 262**	**0**	**-6 014**
Net book value at December 31, 2020	**2 485**	**112 039**	**4 055**	**7 340**	**125 918**

Goodwill was calculated at the date of acquisition of Airport Brno. The recoverable amounts of each CGU were determined as the present value of the estimated future cash flows discounted at the effective interest rate. As at 31.12.2020 and 31.12.2021 no impairment was identified.

In 2021 The Comany acquired three new companies: Common Springhill, s.r.o., Nordland Bohatice, s.r.o. and IP Vestec, 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.

21. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

The following entities 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 2021
Ballesteros one a.s.	Czech Republic	20%
Thyramen a.s.	Czech Republic	20%
Karlovarská park s.r.o.	Czech Republic	10%
Uničov park I s.r.o.	Czech Republic	10%
Uničov park II s.r.o.	Czech Republic	10%
Accolade PL XI sp. z o. o.	Poland	22%
Accolade PL XII sp. z o. o.	Poland	17%
Accolade SK I, s.r.o.	Slovakia	1%
Accolade PL XXIII sp. z o.o.	Poland	10%
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 2021
Current assets	847 694
Non current assets	9 085 531
Current liabilities	-3 298 209
Non current liabilities	-2 840 878
Total comprehensive income	35 302
Net assets (100%)	3 829 440
Group share of net assets	**1 195 528**
Fair value gain (loss) recognized in profit or loss	**915 496**

22. INVESTMENTS

The Group has investment stocks in Accolade Industrial Fund, subfund of Accolade Fund SICAV p.l.c.

CZK '000	Number of stocks as at 31 Dec 2021	Fair value as at 31 Dec 2021	Number of stocks as 31 at Dec 2021	Fair value as at 31 Dec 2020
Investment stocks – Class A	1 744	460 144	1 719	357 931
Investment stocks – Class B	67	480 783	2	13 478
Total investments		**940 927**		**371 409**

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

23. OTHER CURRENT LIABILITIES

CZK '000	31 Dec 2021	31 Dec 2020
Income Tax payable	245 056	0
Other tax paybles	1 521	1 458
Employee related liabilities	14 798	9 808
Total other current liabilities	**261 375**	**11 266**

24. PROVISIONS

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
CZK '000	**31 Dec 2019**	**Creation of provision**	**Reversal of provision**	**31 Dec 2020**
Provision for tax payable	1 046	16 815	1 046	16 815
Other	1 082	4 568	1 082	4 568
Total	2 128	21 383	2 128	21 383

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 it’s 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.

25. GOVERNMENT GRANTS

In 2021, the entity was provided with a subsidy from the State Fund for Transport Infrastructure for the acquisition of explosives detection equipment and safety X-rays to protect airport area from offenses. The government grant in the total amount of CZK 2 110 ths. was received and funds had been fully used in 2021.

In 2021, the entity drawed contributions from the special state program Antivirus, which was implemented by the Goverment in order to support employees during The COVID-19 pandemic. The entity asked for CZK 2 744 ths. in total and received CZK received full amount in 2021.

Also in 2021 the entity was entitled for subsidies from Ministry of Industry and Trade under the state support program COVID Gastro. The funds in the total amount of CZK 16 ths. was received in 2021.

26. SHARE CAPITAL

	Number of shares		CZK '000	
Shares	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**	**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 2021 and 2020, respectively. The Group has a reserve fund amounted to CZK 1 170 ths. (31 December 2020: CZK 1 170 ths.), which was created from previous profits in preceding periods and Other Funds in the amount of CZK 62 272 ths. compounded for strengthening of equity base of the Group.

27. 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) Executive and directors: includes 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	**2021 Revenues/Costs**	**2020 Revenues/Costs**	**31 Dec 2021**	**31 Dec 2020**
Executives	-3 350	-5 581	422	755
Subsidiaries	1 051 066	327 351	-220 524	270 180
Associates	14 434	12 288	751	846
Other related parties	-57 804	-29 899	-10 794	6 268
Total	**1 004 346**	**304 159**	**-230 145**	**278 049**

CZK '000		Outstanding loan from Related parties including accrued interests	
Related party	**Interest rate (Dec 2021/Dec 2020)**	**31 Dec 2021**	**31 Dec 2020**
Executives	7%	5 257	96 868
Subsidiaries	8%	14 481	0
Other related parties	8%	1 833 808	736 568
Total		**1 853 546**	**833 436**

Outstanding balances of loans provided to the related parties:

CZK '000		Outstanding loan to Related parties including accrued interests	
Related party	**Interest rate (Dec 2021/Dec 2020)**	**31 Dec 2021**	**31 Dec 2020**
Subsidiaries	7%	116 322	0
Subsidiaries	8%	291 606	0
Associates	7%	17 211	261 508
Associates	8%	43 488	40 825
Other related parties	7%	50	0
Total		**468 677**	**302 333**

There have been no material changes to the Company's related party transactions during the year ended 2021 other than above mentioned. Based on the applied ECL model in the respect of related parties' receivables, no provision was made.

28. 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 XL, s.r.o., člen koncernu	MONETA Money Bank, a.s.	Financial guarantee contracts
Accolade CZ XXIX, s.r.o., člen koncernu	UniCredit Bank Czech Republic and Slovakia, a.s.	Financial guarantee contracts
Accolade CZ 45, s.r.o., člen koncernu	MONETA Money Bank, a.s.	Financial guarantee contracts
Accolade CZ 49, s.r.o., člen koncernu	UniCredit Bank Czech Republic and Slovakia, a.s.	Financial guarantee contracts
Accolade CZ 52, s.r.o., člen koncernu	MONETA Money Bank, 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

29. PLEDGES

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

Company name	Pledge in favour of
Accolade PL XV sp. z o.o.	Bank Polska Kasa Opieki S.A.
Accolade PL XVII sp. z o.o.	mBank S.A.
Accolade PL XX sp. z o.o.	Bank Polska Kasa Opieki S.A.
Accolade PL XX sp. z o.o.	Bank Pekao S.A.
Accolade CZ 49, s.r.o., člen koncernu	UniCredit Bank Czech Republic and Slovakia, a.s.
Accolade CZ 50, s.r.o., člen koncernu	Banka CREDITAS a.s.
Accolade CZ 52, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ 56, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ XL, s.r.o., člen koncernu	MONETA Money Bank, a.s.
Accolade CZ XXIX, s.r.o., člen koncernu	UniCredit Bank Czech Republic and Slovakia, a.s.
Accolade CZ XXVII, s.r.o., člen koncernu	Československá obchodní banka, a.s.
Industrial Center CR 2 s.r.o.	Banka CREDITAS a.s.
LETIŠTĚ BRNO a.s.	Raiffeisenbank

30. 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.

In the year 2021 the Group also implemented 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 that sets out specific guidelines to manage 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.

30.1. 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, net:

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	353 881	27 170
Current assets	**374 182**	**706 384**	**35 685**
Loans from the third parties	1 310 975	4 668 536	17 824
Trade and other payables	117 468	82 152	460
Other non-current liabilities	668 305	0	0
Non-current liabilities	**2 096 748**	**4 750 688**	**18 284**
Trade and other payables	1 361 430	496 941	322 339
Loans from the third parties	1 316 865	1 013 970	3 183
Other current liabilities	94 310	262 993	355
Current liabilities	**2 772 605**	**1 773 904**	**325 877**
Total 31 December 2021	**5 243 535**	**7 230 976**	**379 845**

31 December 2020 (CZK '000)	CZK	EUR	Other
Trade and other receivables	712 665	296 971	4 411
Cash and cash equivalents	73 525	242 729	15 667
Current assets	**786 190**	**539 700**	**20 078**
Loans from the third parties	1 295 959	2 721 904	6 395
Trade and other payables	3 813	68 158	549
Other non-current liabilities	575 393	0	0
Non-current liabilities	**1 875 165**	**2 790 062**	**6 944**
Trade and other payables	177 509	305 749	147 557
Loans from the third parties	580 960	765 019	2 582
Other current liabilities	57 379	1 421	284
Current liabilities	**815 848**	**1 072 189**	**150 423**
Total 31 December 2020	**3 477 203**	**4 401 951**	**177 445**

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 2020 and 2021 (CZK '000):

Currency	% change	2021	2020
EUR	+/- 5.0%	-/+ 7 232 033	-/+ 4 357 726
USD	+/- 5.0%	-/+ 83 632	-/+ 39 537
HRK	+/- 5.0%	+/- 103	n/a
PLN	+/- 5.0%	+/- 119	+/- 126

30.2. Interest rate risk

The Group doesn't hold any significant financial assets directly exposed to interest rate risk. The Group had no derivative financial instruments to manage interest rate fluctuations in place at the year-end.

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.

30.3. 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 2021 and 2020, 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.

30.4. 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 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**

31 December 2020	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	1 348 561	3 865 949	158 309	5 372 819
Other financial liabilities	0	11 768	47 316	575 393	0	634 477
Trade and other payables	0	182 821	447 994	55 426	17 094	703 335
Total	**0**	**194 589**	**1 843 871**	**4 496 768**	**175 403**	**6 710 631**

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.

30.5. 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 2021	31 Dec 2020
Interest-bearing loans and borrowings	8 331 351	5 372 819
Trade and other payables	2 380 791	703 335
Less: cash and short – term deposits	490 862	331 921
Net debt	**10 221 280**	**5 744 233**
Equity (resp. Net assets)	8 468 809	5 045 276
Net debt and Net assets	**18 690 089**	**10 789 509**
Gearing ratio*	**1,83**	**1,88**

31. 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, 2021, key management comprised of 6 people (2020: 6).

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

CZK '000	31 Dec 2021	31 Dec 2020
Salaries and short-term employee benefits	7 163	6 710
Total	**7 163**	**6 710**

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 2021	31 Dec 2020
Bonus accrual	0	0
Total	**0**	**0**

32. EMPLOYEE INFORMATION

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

Business line	2021	2020
Development	12	8
Airport	170	177
General and administrative	36	29
Total	**218**	**214**
CZK '000	**2021**	**2020**
Wages and salaries	128 332	106 868
Social security and health insurance	38 622	33 260
Social cost	0	0
Other	4 579	4 188
Total	**171 533**	**144 316**

33. 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 2022:

Company name	Establishment date	Country
Accolade Finance Valencia, s.r.o., člen koncernu	03.05.2022	Czech Republic
Accolade CZ 71, s.r.o., člen koncernu	13.02.2022	Czech Republic
Accolade CZ 72, s.r.o., člen koncernu	13.02.2022	Czech Republic
Accolade CZ 73, s.r.o., člen koncernu	13.02.2022	Czech Republic
Accolade CZ 74, s.r.o., člen koncernu	13.02.2022	Czech Republic
Accolade CZ 75, s.r.o., člen koncernu	13.02.2022	Czech Republic
Accolade CZ 76, s.r.o., člen koncernu	29.08.2022	Czech Republic
Accolade CZ 77, s.r.o., člen koncernu	29.08.2022	Czech Republic
Accolade CZ 78, s.r.o., člen koncernu	29.08.2022	Czech Republic
Accolade CZ 79, s.r.o., člen koncernu	29.08.2022	Czech Republic
Accolade CZ 80, s.r.o., člen koncernu	29.08.2022	Czech Republic
Accolade PL XXXIX sp. z o.o.	24.01.2022	Poland
Accolade PL 41 sp. z o.o.	14.03.2022	Poland
Accolade PL 42 sp. z o.o.	04.04.2022	Poland
Accolade PL 43 sp. z o.o.	18.02.2022	Poland
Accolade PL 46 sp. z o.o.	05.05.2022	Poland

Company name	Establishment date	Country
Accolade PL 47 sp. z o.o.	09.05.2022	Poland
Accolade PL 48 sp. z o.o.	19.04.2022	Poland
Accolade PL 50 sp. z o.o.	24.08.2022	Poland
Accolade PL 51 sp. z o.o.	26.07.2022	Poland
Accolade SK III, s.r.o.	07.06.2022	Slovakia
Accolade SK IV, s.r.o.	16.06.2022	Slovakia
Accolade II d.o.o.	22.03.2022	Croatia
Accolade III d.o.o.	22.03.2022	Croatia
Accolade IV d.o.o.	22.03.2022	Croatia
ALFAR SPV 2022, S.L.	14.07.2022	Spain
ACCOLADELIS, UNIPESSOAL LDA	13.07.2022	Portugal

34. 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 2021 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 2021 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.

35. INDEPENDENT AUDITOR'S REPORT

Please refer to the next pages for the independent auditor's report.

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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, (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. 2021, 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. 2021 to 31. 12. 2021 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. 2021 and of its financial performance and its cash flows for the period from 1. 1. 2021 to 31. 12. 2021, 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.

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.

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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.

We have not received the other information prior to the date of our auditor's report, therefore we do not express any opinion. When we read the other information, if we conclude that there is a material misstatement of fact therein, we are required to communicate the matter to Board of Directors and Supervisory Board.

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.

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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.

- 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.

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- 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, 3rd November 2022

Audit firm:

BDO Audit s. r. o.

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

Partner:

Ondřej Šnejdar
Certificate No. 1987

Accolade

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