REPORT

ANNUAL ACCOUNTS 2021

SATPO Group B.V.

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ANNUAL ACCOUNTS 2021

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MANAGEMENT BOARD'S REPORT

The Group commenced its real estate activities in the mediation of sales and purchases of residential real estate on the Czech market in 1994. Three years later, the Group extended its real estate services to include attics conversions in apartments and investments in the existing housing stock and asset administration. Six years later, the Group made use of its experience of acquisitions, development project preparation, construction management and sale of residential housing in constructing small and medium-sized residential projects at premium locations in Prague.

At present, the Group specializes in the construction of high-quality residential real estate in the premium price segment under the SATPO brand and has renewed investments in the housing stock at attractive locations in Prague under its new brand City Home. The SATPO Group is one of the long-term players and occupies a stable position on the Prague real estate market. It prides itself in client and investor satisfaction, creating exceptional places for life.

The expertise connected with the acquisition and financing of new housing, client modifications, turnkey interiors and complementary services form an inseparable part of our offer. The Group's professional sales team is an expert advisor in selecting new housing and commercial premises, housed in the nice and comfortable environment of the SATPO & City Home sales center.

Proof of many years of gained experience, knowledge and used know how proves the Architects Award of Real Estate Project of the Year 2021 in Prague 5 for the Kobrova Residence, the Holeckova House premium chamber project won the Architects Award in Prague 5 of the Real Estate Project of the year 2019. The Best of Realty award in 2018 won the residential project Vitality Residence and the international success gained the Residence Sacre Coeur 2 in Prague as the one among four best finalists of the residential development projects at the MIPIM 2017 in Cannes, France.

Through its participation in the Developers' Association, where it takes part in member meetings and educational programs, the Group is actively engaged in promoting developers' responsibility and making a positive impact on the Czech society. It builds a positive public image and supports the advancement of high-quality development in the Czech construction industry and real estate market. In line with its corporate policy, it also contributes to education, art, culture and sports.

The Group's strategy is to maintain its strong position of a premium real estate developer under the SATPO brand, to strengthen investments in the existing residential real estate under the City Home brand, to create attractive opportunities for investors in residential real estate, and to provide comprehensive real estate and development services to the property owners. As a matter of course, the Group will continue to build a positive public image of the high-quality development and real estate market in the Czech Republic, and contribute to and support education, art, culture and sports.

Management Board comments on the 2021 financial results

The consolidated result after taxation for financial year 2021 amounts to CZK 144,396 ths. (2020: CZK 169,109 ths. The result was driven by the sale of units in residential projects Pod Žvahovem 50, Rezidence Vitality, Nad Malým Mýtem 10, by the sale of ideal shares in apartment buildings Zenklova 31, Hradešínská 34, Staroměstské náměstí 22, 25, 27, Železná 22, Vodičkova 23, Myslíkova 2, by the sale of ideal share in Kvestorká 7, by the sale of business share in company SATPO Project V, s.r.o. owning residential project Rezidence Laurová and by revaluation of newly acquired shares in tenement houses in 2021 and by revaluation of existing portfolio of assets acquired during year 2019 and 2020.

The balance sheet volume in financial year 2021 amounts to CZK 2,111,684 ths., compared to CZK 1,589,808 ths. in 2020. The increase on the asset side is mainly due to the acquisition of new investment property, mostly shares in tenement houses. On the liability side of the balance sheet, the major change is the increase in the amount of issued bonds, bank loans and equity. Equity attributable to the owners of the parent in fiscal year 2021 amounts to CZK 326,731 ths., compared to CZK 182,334 ths. in 2020.

Major developments

External investors entered into the company City Home Invest III, s.r.o. which specializes for investment in apartment houses located in Prague in 2017. The committed equity of SATPO and partners is CZK 100,000 ths. The purchase power was increased by three bond issuances. The first issuance of bonds in the amount of CZK 210,000 ths. was issued on October 16, 2017 maturing on October 15, 2023. The second issuance of bonds in the amount of CZK 210,000 ths was issued on June 15, 2020 with the maturity on June 15, 2025. The third bond emission in the amount of CZK 210,000 ths was issued on November 9, 2020 with the maturity on November 9, 2025. All three issuances were fully sold. The value of shares in tenement houses as of 31.12.2021 increased up to CZK 1,406,110 ths.

At the end of 2021 the registered capital of City Home Invest III, s.r.o. was increased from CZK 200 ths. to CZK 2,000 ths.

During 2021 residential project Rezidence Laurová was sold, although SATPO will continue to provide managerial and advisory services to the company. The construction of the two residential projects – Holečkova House and Rezidence Kobrova, which started in December 2020 continued.

Several shares in tenement houses were sold during 2021 and we also achieved in concluding several agreements on the cancellation and settlement of co-ownership in tenement houses with division of the building into units.

At the end of 2021 external investors entered into the company SATPO Invest III, s.r.o.. This subsidiary shall deal with the purchase of land intended for the construction of family houses for individual construction. The company's intention is to acquire land intended for development within 2-3 years in the outskirts of Prague and the Central Bohemian Region, build engineering networks and roads on these lands and then sell the land to clients for individual construction. The committed equity of SATPO and partners is CZK 100,000 ths.

In the last quarter of year 2021 was decided about the transfer of the seat of effective management of the parent company SATPO Group B.V. from the Netherlands to the Czech Republic as of January 1, 2022. Thus, SATPO Group B.V. was as of February 1, 2022 deregistered as a VAT payer in the Netherlands.

Long term strategy

There was no significant change in strategy year-on-year and SATPO will continue to develop its two main pillars of the business activities: residential and land development under the SATPO brand and purchase and sale of the existing houses under the City Home brand.

The Group will focus more on investment into land plots to lay down the basis for future development projects.

Going concern

On December 31, 2021 equity attributable to the owners of the parent amounts to CZK 326,731 ths. The financial situation indicates the improvement and year to year strengthening of the financial position of the company. Management reviewed if the application of the going concern assumption was justified at the preparation of the 2021 financial statements of the company. In this review management also took into consideration the existing financial performance and operational cash flows of the group over year 2022.

In the subsequent period, the company City Home Project VI, s.r.o. owning the tenement house Mánesova 82 was sold. This transaction strengthened the cashflow and the financial position of the Group.

In the ordinary course of business, several new loans were drawn down and several others were repaid.

During February 2022, new publicly traded bonds were issued and Company´s bonds were repaid from this issue. New bonds are due in 2026.
With respect to the general situation influenced by COVID-19, in 2022 the management expects further gradual improvement of the situation due to the high vaccination rate of the population. Although real estate prices have risen to an all-time high, demand still exceeds supply. The professional public does not expect further significant increase in real estate prices, but it does not expect a significant drop in prices either.

The management´s opinion is that there is no question of discontinuity and that the preparation of the financial statements on a going concern basis is justified.

Our employees

We take the health and well-being of our employees seriously. The pandemic confronted us with uncertainty about health risks in past years. Absolute priority was given during the coronavirus crisis to prevention. Home office mode was implemented, and most of the employees are working partly from home on regular basis.

We continue with regular training of our employees through our e-learning platform Edunio and provide them access to relevant, easy-to-consume learning materials that enable them to acquire applicable skills.

Thanks to very good acquisition activities and the availability of financing, we managed to purchase a large number of projects. In order to manage them, it is necessary to strengthen the team of employees at almost all levels and in all departments. Recruiting and adapting new staff is a major challenge for 2022 in the field of human resources.

Equal treatment of employees

We do not make any distinction in the grounds of gender, religion, ethnic background or sexual orientation in our HR, recruitment and promotion policies or remunerations systems.

Remuneration

The policy for remunerating is applied, the main principles are set as follows:

- Board of Directors
  profit-related amount, firstly applicable at least after full three years membership period.
- Directors
  an annual fixed amount which is performance-related and resul ts-based.
- All employees
  up to 20 % of quarterly gross salary is awarded to all employees based on measured goals, payable quarterly.

Average number of employees

The average number of employees working for the Group amounted to 34 (2020: 36). The group has no pension plan or costs.

Future expectations

Overall, management expects a positive results and cash flow for the upcoming year. This expectation is based on forecast of results of 2022 and forward-looking information with respect to development of residential market prices, portfolio of real estate projects and so far realized business transactions.

RISK AREAS

Strategic risk

Economy

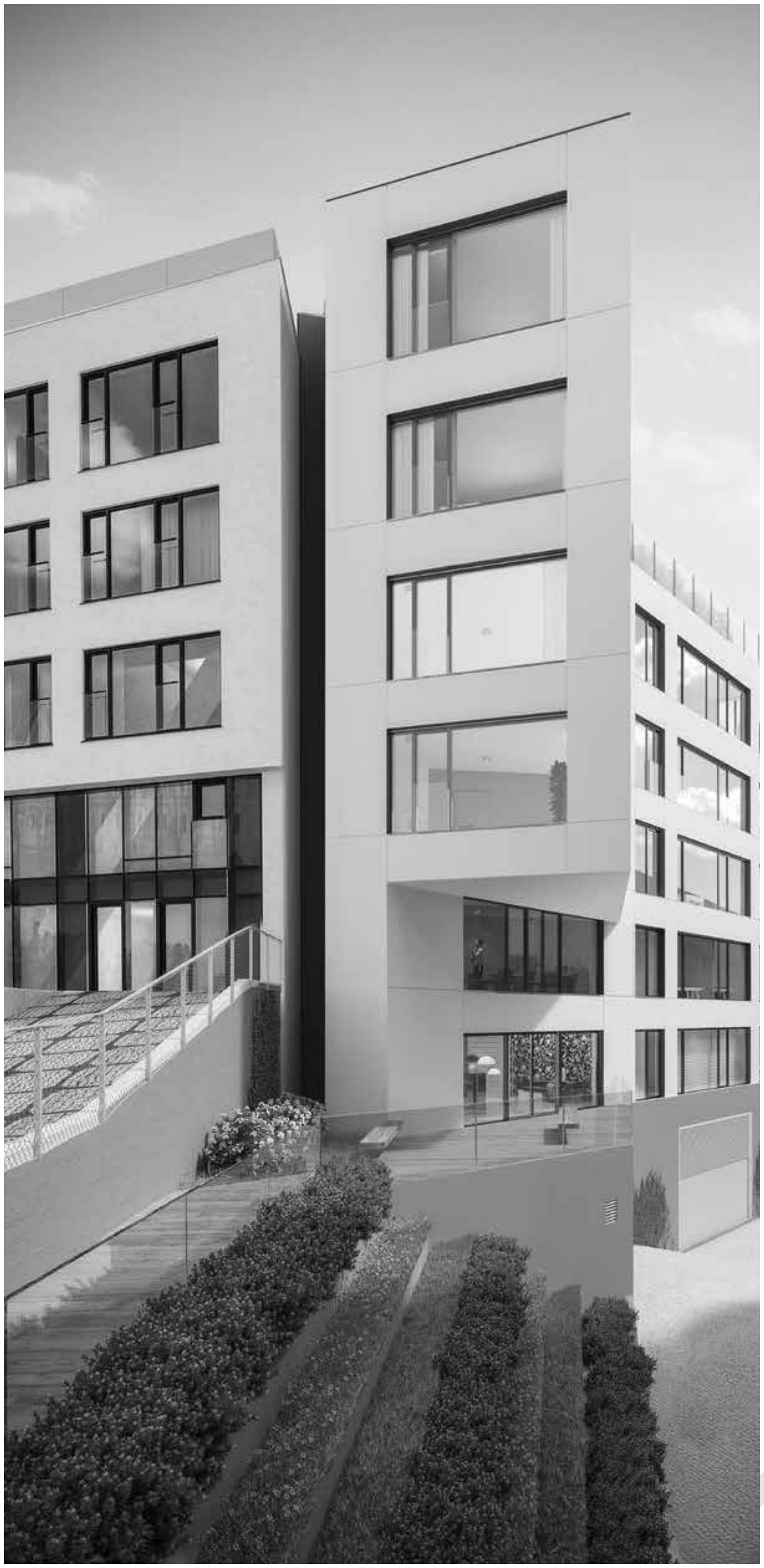
The COVID-19 pandemic has so far led to significant financial market volatility and uncertainty and changes in international supply, which have already significantly stifled global business activities and could limit access to capital and lead to a long-term economic slowdown or recession, which could adversely affect the Group's business.

Measures taken by countries around the world to slow the spread of COVID-19 could lead to a severe global recession and financial crisis. As economic activity may be severely curtailed again, many companies may be forced to close down, leading to a dramatic rise in unemployment. Such a development has not yet taken place, however, in the future it could have a number of impacts on the SATPO Group's business.

Russia's invasion of Ukraine influences the entire global economy. Higher prices for commodities like food and energy will push up inflation further, in turn eroding the value of incomes and weighing on demand. Neighboring economies in particular will grapple with disrupted trade, supply chains, and remittances as well as an historic surge in refugee flows. And finally, reduced business confidence and higher investor uncertainty will weigh on asset prices, tightening financial conditions and potentially spurring capital outflows from emerging markets.

Russia is a critical supplier of natural gas for Europe. Wider supply-chain disruptions may also be consequential. These effects will fuel inflation and slow the recovery from the pandemic. Eastern Europe will see rising financing costs and a refugee surge. It has absorbed most of the 3 million people who recently fled Ukraine.

More than 200 thousands refugees have already arrived to the Czech Republic. For the Czech labor market, which has been facing record low unemployment for years, this can mean a significant boost. The huge number of Ukrainian citizens fleeing the war and seeking where to stay will influence the demand for cheap rental housing.



External financing risk and construction financing (development)

The risk of external financing means that the success of the future activities of the Group will depend on securing sufficient financing for the project companies of the Group for the purpose of construction and overall carrying out of real estate projects. The source of financing for the SATPO Group's project companies is and will continue to be mainly external bank loan financing, as well as financing through bonds. Changes in the financing conditions of individual projects by commercial banks (changes in margins, changes in indebtedness parameters, changes in the required collateral for loans) can also significantly affect the profitability of project companies.

The Group mitigates the risk of changes in interest rates by negotiating primarily fixed interest rates on debt financing, both in the case of bond financing and in the case of bank financing.

(Re)financing risk

Refinancing risk is the risk that the company's financial obligation cannot be fulfilled, not enough equity or loans can be attracted, or loan covenants are breached; this may lead to undesirable scenarios.

The major financial liabilities as of 31.12.2021 were bonds in the amount of CZK 315,000 ths. maturing in February 2022, CZK 210,000 ths. maturing in 2023 and CZK 420,000 ths. maturing in 2025. The ability of the company to redeem these bonds depends on the successful generation of cash flows from existing and future projects, which is difficult to assess now. There is a possibility that the company will need additional funding for refinancing these bonds or it will need to sell the asset to fulfill its obligations.

The management is working on and implementing a long-term financial strategy to meet both long-term and short-term obligations.

The Group achieved in refinancing of bonds in the amount of CZK 315,000 ths. maturing in February 2022 by issuing of a new publicly traded bond issuance in February 2022 through a newly established financial company SATPO finance, s.r.o. Partnering with investors via selling a part of share in a subsidiary or creating a real estate fund for various real estate projects are options realized and considered with the intention to decrease long-term debt of the Group.

Operational risk

Operational risks are risks that arise from potentially inadequate processes, people, systems and/or external events. The material risk for SATPO relates to quality and timely execution of residential projects, handling potential warranty damage and losses of the completed building, project cost control, and execution of contractual transactions.

To enhance our operational efficiency, we have focused on optimization and improvement of our internal processes to make faster decision-making process in which employees have gained a bigger role. The plan is to minimize the operational risk with the detailed documentation of our internal processes. We set up a new process department responsible for a process-based management of the Group. This department helps to improve the overall benefit to customers and to increase the overall efficiency of the company (by eliminating unnecessary processes or simplifying processes).

Time schedule and cost control

An unexpected delay in execution and an increase in project costs can lower the project's financial result and potentially require additional funding, which might be difficult to obtain.

To mitigate these risks to the maximum extent possible, the company has extensive procedures in place for budgeting and cost control for each individual project. MS project is being implemented and interconnected with Business Central to help with checking and fulfilment of project milestones. In addition, there are authorization procedures and periodical reports (actual versus budget analysis) in place to control and highlight issues for management discussion.

For the two ongoing construction of residential project Rezidence Kobrova and Holečkova House, the Group has not so far perceived a significant negative impact of the situation on the labor market in terms of staff shortages, ie shifts in the expected completion dates of the construction.

The planned 5% reserve for construction costs manages to cover the current growth in prices of selected materials and services in the construction industry. If this reserve did not cover the growth of costs, the additional costs would be covered by a part of the profit of the project.

Reporting risk

In addition to the above-described measures regarding internal processes and controls the company prepared a system to provide the highest possible quality valuations. Valuations are a significant driver behind the company's result. Valuations are, by their nature, subjective, subject to changing market conditions. Inconsistencies in assumptions or inadequate methods may lead to incorrect valuations. This risk is mitigated by the fact that the valuation is prepared by external independent appraiser and consequently compared to our internal valuations.

Interest rates

Given the economy decrease due to lasting COVID-19 situation, rising prices of energy, services or goods, a higher unemployment rate in connection with increasing mortgage rates may negatively influence the future demand for residential properties.

As an anti-inflationary measure, the Bank Board of the Czech National Bank has repeatedly raised the key interest rate, which has an impact on the growth of interest rates on commercial and mortgage loans. The current average mortgage interest rate is over 4%.

Legal environment and approval process

The Group is exposed to risks associated with real estate construction legislation, environmental and similar regulations. Real estate construction and operation of residential real estate are subject to restrictions under applicable laws and regulations in the areas of zone planning, building construction, protection and preservation, environment and other laws that may affect the real estate value and / or the ability to use such real estate and to treat them as the Group would otherwise deem appropriate. The length and complexity of the zoning approval process, acquisition of construction permits and unwillingness or inability of officers in the Building Authorities to make timely decisions according to law cause significant delays in all development projects.

Prague, April 27, 2022
Management board:

Jiří Pokorný

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021
In thousands of CZK

	Note	31 Dec 2021	31 Dec 2020
Revenue from contracts with customers	6	52 628	429 341
Rental income	8	27 426	19 773
Total revenue		**80 054**	**449 114**
Net gain/loss on the disposal of investment property	7	10 855	1 148
TOTAL REVENUE INCLUDING NET GAIN/LOSS ON THE DISPOSAL OF INVESTMENT PROPERTY		**90 909**	**450 262**
Cost of sales		-47 606	-309 447
Changes in value of investment property	13	449 780	223 383
Change in inventory provision	18	-43 798	8 326
Operating expenses	9	-91 717	-102 874
Other operating income	10	3 836	28 045
OPERATING PROFIT		**361 404**	**297 696**
Share of profit of associates		0	0
Finance income		2 433	9 513
Finance costs	11	-84 538	-65 556
PROFIT BEFORE TAX		**279 299**	**241 653**
Income tax	12	-66 996	-49 307
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		**212 303**	**192 346**
Profit attributable to non-controlling interests		67 907	23 239
Profit attributable to the owners of the parent		144 396	169 109

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021
In thousands of CZK

	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Investment property	13	1 761 331	1 192 641
Property, plant and equipment	14	67 202	69 405
Intangible assets	15	2 394	5 413
Investment in associates	16	0	0
TOTAL NON-CURRENT ASSETS		**1 830 927**	**1 267 459**
Current assets			
Inventories	18	217 380	223 286
Trade and other receivables	19	29 269	39 579
Cash and cash equivalents	20	34 107	59 483
TOTAL CURRENT ASSETS		**280 757**	**322 349**
TOTAL ASSETS		**2 111 684**	**1 589 808**
Equity			
Share capital + share premium	21	220 000	220 000
Reserves	21	106 731	-37 666
Equity attributable to the owners of the parent		326 731	182 334
Non-controlling interests	22	210 610	122 122
TOTAL EQUITY		**537 341**	**304 456**
Non-current liabilities			
Issued bonds	23	614 390	758 173
Bank loans	23	151 543	215 430
Other long-term liabilities	24	97 212	63 594
Provisions	25	958	1 230
Deferred tax liability	17	131 000	70 696
TOTAL NON-CURRENT LIABILITIES		**995 103**	**1 109 123**

Current liabilities			
Current portion of long-term borrowings	23	455 862	11 980
Trade and other payables	27	45 666	43 830
Other financial liabilities	24	9 436	67 099
Provisions	25	6 447	1 113
Contract liabilities	26	58 264	46 347
Current tax liability	12	3 565	5 861
TOTAL CURRENT LIABILITIES		**579 240**	**176 230**
TOTAL LIABILITIES		**1 574 343**	**1 285 353**
TOTAL EQUITY AND LIABILITIES		**2 111 684**	**1 589 808**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021
In thousands of CZK

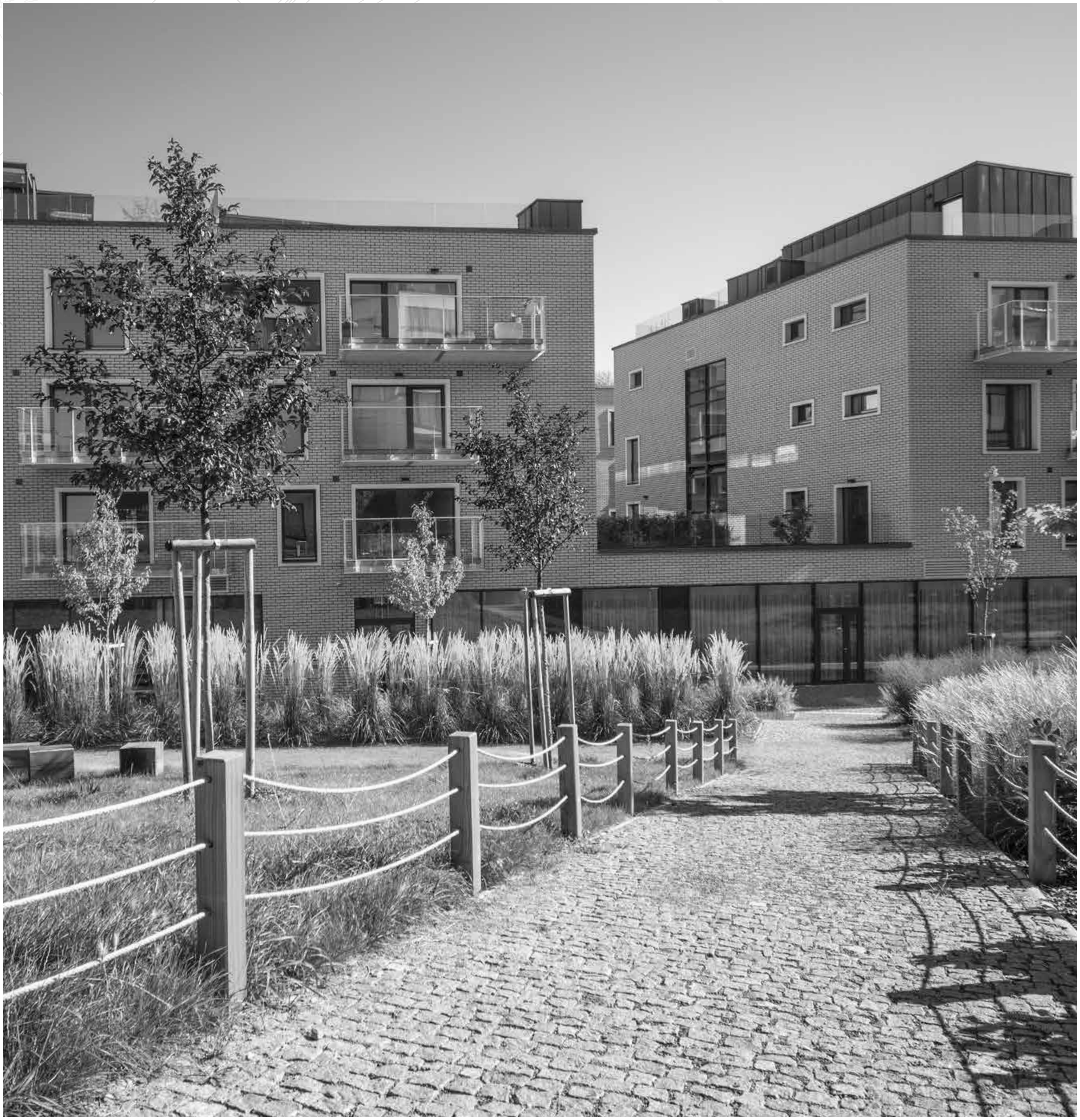
	Share Capital + share premium	Reserves	Equity attributable to parent	Non controlling interests	Total equity
EQUITY AT 1.1.2021	**220 000**	**-37 666**	**182 334**	**122 122**	**304 456**
Capital increase		0	0	20 581	20 581
Profit / Loss		144 396	144 396	67 907	212 303
EQUITY AT 31.12.2021	**220 000**	**106 731**	**326 731**	**210 610**	**537 341**

	Share Capital + share premium	Reserves	Equity attributable to parent	Non controlling interests	Total equity
EQUITY AT 1.1.2020	**113 016**	**-106 946**	**6 070**	**98 883**	**104 953**
Capital increase	106 984	-99 829	7 155		7 155
Profit / Loss		169 109	169 109	23 239	192 348
EQUITY AT 31.12.2020	**220 000**	**-37 666**	**182 334**	**122 122**	**304 456**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021
In thousands of CZK

	YEAR 2021	YEAR 2020
PROFIT FOR THE YEAR	**144 396**	**169 109**
Adjustments for:		
Finance costs	82 107	65 865
Non-controlling interest	67 907	23 239
Investment property revaluation gain/loss	-449 780	-223 383
Inventory provision	43 798	-8 326
Depreciation	8 075	8 200
Income tax expense	66 996	49 307
Other	42 643	8 106
OPERATING CASH-FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	**6 142**	**92 117**
Decrease / (Increase) in inventories	-37 892	255 112
Decrease / (Increase) in trade and other receivables	10 310	10 412
Increase / (Decrease) in trade and other payables	40 516	-102 604
Increase / (Decrease) in contract liabilities	11 917	-31 150
CASH GENERATED BY OPERATIONS	**30 993**	**223 887**
Income taxes paid	-8 988	-7 818
NET CASH FROM OPERATING ACTIVITIES	**22 005**	**216 069**
Investing activities		
Purchases of investment property	-118 910	-288 716
Purchases of property, plan and equipment	-1 822	-1 532
Purchases of intangible assets	-2 408	3 069
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	**-123 140**	**-287 179**
Financing activities		
Interest paid	-82 107	-61 785
Proceeds and repayments from bonds	150 533	252 897
Proceeds and repayments from loans	7 332	-170 791
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**75 758**	**20 322**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**-25 376**	**-50 788**
Cash and cash equivalents at beginning of year	59 483	110 271
CASH AND CASH EQUIVALENTS AT END OF YEAR	**34 107**	**59 483**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. General information

SATPO Group B.V. (the Company) is a company limited by shares incorporated and registered in the Netherlands. Its ultimate controlling party is Mr. Jiří Pokorný. The address of the Company's registered office is Amsterdam, Netherlands. As of 1.1.2022 the Company has transferred the seat of effective management from the Netherlands to the Czech Republic, visiting address is Holečkova 3331/35, Smíchov, 150 00 Prague 5. The Company is filed in the Netherlands with the Trade Register at the Chamber of Commerce under number 34243136.

The activities of the Company and its group companies primarily consist of:

- Construction of luxury flats in Prague;
- Acquisition of ideal shares in apartment buildings, their gradual consolidation and subsequent sale of apartments;
- Acquisition of leased real estate and its rent; and
- Investments in land plots for future development.

These financial statements are presented in Czech Koruna (CZK) and are rounded to the nearest thousands of CZK. Foreign operations are included in accordance with the policies set out in note 3.
The Company itself had no employees in 2021 as well as in 2020. The average number of employees working for the Group amounted to 34 (2020: 36).

2. Adoption of new and revised Standards

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new standard and amendments to the existing standards that have been issued by the IASB but are not yet effective:

STANDARD	TOPIC	EFFECTIVE	EU ADOPTED?
Amendments to IFRS 3	Reference to the Conceptual Framework	01.01.2022	No
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	effective date deferred indefinitely	No
Amendments to IFRS 17	Insurance Contracts	01.01.2023	No
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date	01.01.2023	No
Amendments to IAS 1	Disclosure of Accounting Policies	01.01.2023	No
Amendments to IAS 8	Definition of Accounting Estimates	01.01.2023	No
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01.01.2023	No
Amendments to IAS 16	Proceeds before Intended Use	01.01.2022	No
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	01.01.2022	No
Annual Improvements to IFRS Standards	Cycle 2018–2020 – the narrow scope amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01.01.2022	No

The directors do not expect that the adoption of the new standard and amendments to the existing standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment property that is measured at fair value 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The principal accounting policies adopted are set out below.

3.2 Going concern

The director has, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, he continues to adopt the going concern basis of accounting in preparing the financial statements.

Despite the uncertainties regarding the COVID-19 pandemic and Russia's invasion of Ukraine, based on an assessment of all currently available information, the Company believes that the going concern assumption is not compromised and therefore the use of this assumption for the preparation of the financial statements is appropriate and there is currently no significant uncertainty regarding this assumption.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.
Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss is attributed to the owners of the Company and to the non-controlling interests.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.

3.6 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3.7 Revenue recognition

SALE OF PROPERTIES

Revenues are mainly derived from construction and subsequent sale of residential properties and sales of land plots, buildings and apartments classified as investment property.

Revenue from sale is recognized at point in time when control of the assets has passed to the buyer which is generally the date at which the application of ownership transfer is submitted to the Land Registry. Revenue is measured at the amount to which the Group is entitled, net of trade discounts and adjusted for the effect of significant financing component on contract liabilities.

The Group becomes entitled to invoice customers for the sale of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent an invoice for the related milestone payment. As the revenue is recognized at point in time when the customer takes control of the property, the payments from the milestones are recognized as contract liability which is adjusted, as time passes, for the effect of significant financing component. These payments can be variable based on the construction time and will be invoiced over the percentage of completion method. The agreed transaction price is agreed per the original selling price and will be affected by where in the process the development currently exists.

3.8 Leases

THE GROUP AS LESSEE

The Group does not present any material contract where it would be in the position of lessee.

THE GROUP AS LESSOR

The Group enters into lease agreements as a lessor with respect to its investment properties. The leases are classified as operating leases as the terms of the lease does not transfer substantially all the risks and rewards of ownership.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. When the Group provides incentives to its tenants of commercial premises, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income. No incentives are provided to the tenants of residential units.

3.9 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. The Group´s functional currency is the Czech Koruna (CZK). At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.11 Employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

The Group does not provide any long-term employee benefits.

3.12 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

DEFERRED TAX

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.13 Property, plant and equipment

Land and buildings held for administrative purposes are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method:

Buildings	Useful life 30 years
Equipment	Useful life of 3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.14 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.15 Intangible assets

INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Group´s classes of intangible assets with respective useful life are as follows:

Trademarks	Useful life 20 years
Software	Useful life 3 years

3.16 Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.17 Inventories

Inventory comprises Construction in progress and Finished construction. These are related to projects intended to be developed and sold in the regular operating cycle of the Group. The cost of development projects comprises construction costs and other direct cost related to property development and borrowing costs.

Construction costs and other direct costs, including borrowing costs, are classified as Construction in progress during the construction. The project is transferred from Construction in progress to Finished construction upon acquisition of the occupancy permit.

Inventories are stated at the lower of cost and net realizable value and held under the specific identification method.

3.18 Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

FINANCIAL ASSETS

The Group´s financial assets are limited to short-term trade and other receivables and therefore, all recognized financial assets are measured subsequently at amortized cost.

Impairment of financial assets

The Group recognizes lifetime expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date and is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

FINANCIAL LIABILITIES AND EQUITY

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3.20 Contingencies and commitments

A contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

CLASSIFICATION BETWEEN INVESTMENT PROPERTY AND INVENTORIES

Real estate assets of the Group are classified either as investment property or inventories in accordance with standards IAS 40 and IAS 2. Based on policy established by the Group are Real estate assets generating rent or acquired with the outlook for capital appreciation classified as investment property and measured at fair value, with exception for assets where fair value cannot be measured reliably. Land plots and real estate assets with clear plan to execute development activities (typically evidenced by zoning permit) are classified as inventories and measured at cost. Directors review classification of real estate assets at each balance sheet date.

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTY

Fair value of investment property is determined in accordance with IFRS 13 based on valuation report prepared by independent certified appraiser. Directors review valuation of investment properties at each balance sheet date and make sure that outcome of valuation at 31.12.2021 and 31.12.2020 are consistent and comparable. In addition, the Group directors compare these external valuations to the internal ones and if necessary, modify them for future usage.

ACQUISITION AND DIVESTMENT OF ASSETS VS. BUSINESS COMBINATION

Typical acquisitions of the Group are individual real estate assets or legal entities holding real estate asset(s). As common in the industry similar SPV entities do not meet definition of business per IFRS 3 and therefore purchase price is fully allocated to real estate asset and related deferred tax liability without any goodwill recognized. The same rule applies to divestments. However, every transaction is evaluated by company directors individually.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

CLASSIFICATION OF DEBT VS EQUITY INSTRUMENTS

Based on detailed review of shareholders agreement in City Home Invest III and SATPO Invest III, directors decided to report separately equity and debt component in relation to minority shareholders. Separate presentation of equity as Non-controlling interest and liability gives appropriate presentation to relationship of minority shareholders in relation to SATPO Group.

Revaluation of financial liabilities with zero nominal interest rate

There were identified two types of liabilities with zero nominal interest rate. Advances for purchase of flats and shareholder loan were accordingly discounted as of 31.12.2021 and 31.12.2020 using judgmentally determined interest rates of 5,0% and 13,5%. Interest rates represent significant judgment made by the Group directors.

KEY SOURCES OF ESTIMATION UNCERTAINTY

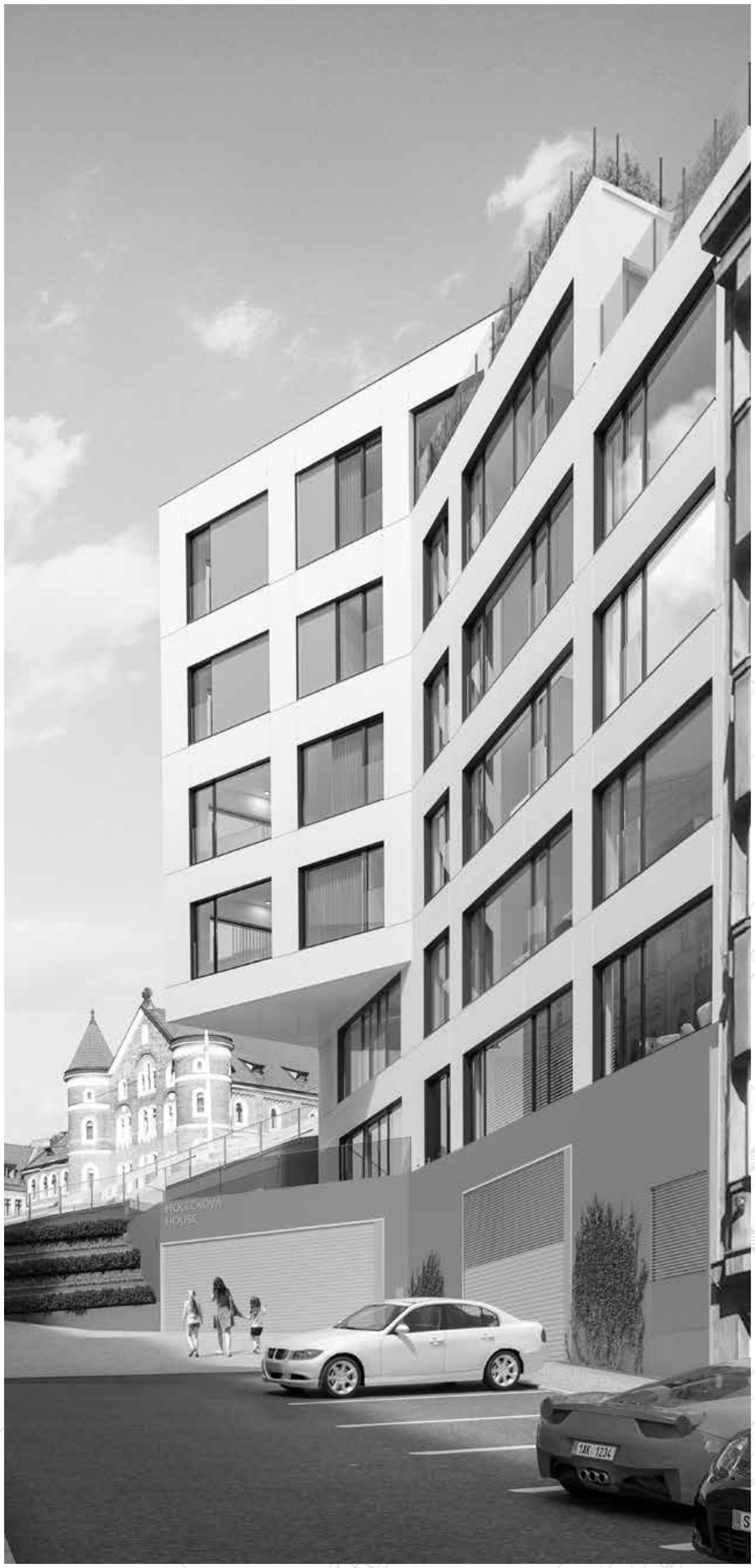
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

The Group's investment properties are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Sales Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

The valuations are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 13.



5. Composition of the Group

Information about the composition of the Group at the end of the reporting period as at 31.12.2021 is as follows:

NAME OF THE ENTITY 2021	ID NUMBER	COUNTRY OF INCORPORATION	% SHARE IN COMPANY	FROM:	TILL:	NOTE ON CHANGES
City Home Invest II, s.r.o.	4527828	Czech Republic	100	03.12.2015	still	-
City Home Invest III, s.r.o.	4548817	Czech Republic	52	21.01.2016	still	change in share
City Home Invest Ltd.	C71935	Malta	50,5	18.08.2015	01.10.2021	relocation to the Czech Republic
SATPO Invest IV, s.r.o.	11880732	Czech Republic	50,5	01.10.2021	still	relocation from Malta + new name
City Home Project I, s.r.o.	1976184	Czech Republic	100	06.08.2018	still	-
City Home Project II, s.r.o.	6658946	Czech Republic	100	06.02.2018	still	-
City Home Project III, s.r.o.	7069871	Czech Republic	100	18.06.2018	still	-
City Home Project IV, s.r.o.	7070721	Czech Republic	100	18.09.2018	still	-
City Home Project V, s.r.o.	4527348	Czech Republic	100	01.12.2015	still	-
City Home Project VI, s.r.o.	8196036	Czech Republic	100	31.10.2019	still	-
City Home Project VII, s.r.o.	6309658	Czech Republic	100	04.12.2017	still	-
City Home Project VIII, s.r.o.	8285713	Czech Republic	100	12.11.2019	still	-
City Home Project IX, s.r.o.	10937951	Czech Republic	100	09.06.2021	still	-
City Home Project X, s.r.o.	11922621	Czech Republic	100	08.10.2021	still	-
City Home Project XI, s.r.o.	11921269	Czech Republic	100	07.10.2021	still	-
City Home Project XII, s.r.o.	14013789	Czech Republic	100	26.11.2021	still	-
City Home reality, s.r.o.	6981666	Czech Republic	100	22.06.2018	31.07.2021	merged
City Home, s.r.o.	1384147	Czech Republic	100	12.09.2013	still	-
JIMAST Tichá s.r.o. v likvidaci	7922469	Czech Republic	100	20.03.2019	21.09.2021	liquidation/ closed
KETTNER CONSULTANTS LTD.	CY10180514S	Cyprus	100	17.07.2006	still	-
SATPO consult, s.r.o.	28374304	Czech Republic	100	02.04.2008	31.07.2021	merged
SATPO Group B.V.	34243136	the Netherlands	100	22.02.2006	still	-
SATPO interiors, s.r.o.	28205537	Czech Republic	100	07.09.2010	31.07.2021	merged
SATPO Invest I, s.r.o.	1556169	Czech Republic	100	26.09.2013	still	legal form changed
SATPO Invest II, s.r.o.	5249902	Czech Republic	100	05.10.2016	still	-
SATPO Invest III, s.r.o.	7071035	Czech Republic	50,1	18.09.2018	still	change in share
SATPO management, s.r.o.	27650723	Czech Republic	100	22.05.2014	still	-
SATPO Project I, s.r.o.	27151751	Czech Republic	100	11.12.2004	still	-
SATPO Project II, s.r.o.	27650570	Czech Republic	100	17.04.2007	still	-
SATPO Project III, s.r.o.	3868010	Czech Republic	100	13.08.2015	still	-
SATPO Project IV, s.r.o.	26741962	Czech Republic	100	04.01.2003	still	-
SATPO Project IX, s.r.o.	9446044	Czech Republic	100	25.08.2020	still	-
SATPO Project V, s.r.o.	3933911	Czech Republic	1	09.10.2015	still	through ownership of SATPO Project XV
SATPO Project VI, s.r.o.	4899288	Czech Republic	100	05.05.2016	still	-

NAME OF THE ENTITY 2021	ID NUMBER	COUNTRY OF INCORPORATION	% SHARE IN COMPANY	FROM:	TILL:	NOTE ON CHANGES
SATPO Project VII, s.r.o.	7151560	Czech Republic	100	20.09.2018	still	-
SATPO Project VIII, s.r.o.	7074743	Czech Republic	100	18.09.2018	still	-
SATPO Project X, s.r.o.	7209274	Czech Republic	100	05.06.2019	still	-
SATPO Project XI, s.r.o.	6994377	Czech Republic	100	18.09.2018	still	-
SATPO Project XII, s.r.o.	10801391	Czech Republic	100	27.04.2021	still	-
SATPO Project XIII, s.r.o.	10801413	Czech Republic	100	27.04.2021	still	-
SATPO Project XIV, s.r.o.	10871616	Czech Republic	100	19.05.2021	still	-
SATPO Project XV, s.r.o.	11639628	Czech Republic	1	02.07.2021	still	-
SATPO Project XVI, s.r.o.	26749220	Czech Republic	100	10.09.2021	still	-
SATPO Project XVII, s.r.o.	11855053	Czech Republic	100	16.09.2021	still	-
SATPO Project XVIII, s.r.o.	14013797	Czech Republic	100	26.11.2021	still	-
SATPO Project XIX, s.r.o.	14013801	Czech Republic	100	26.11.2021	still	-
SATPO services, a.s.	28416520	Czech Republic	100	13.09.2008	still	-
SATPO, a.s.	26434407	Czech Republic	100	28.06.2006	still	-
SATPO finance, s.r.o.	11855029	Czech Republic	100	16.09.2021	still	-

Information about the composition of the Group at the end of the reporting period as at 31.12.2020 is as follows:

NAME OF THE ENTITY	ID NUMBER	COUNTRY OF INCORPORATION	% SHARE IN COMPANY	NOTE ON CHANGES
City Home Invest II, s.r.o.	04527828	Czech Republic	100	-
City Home Invest III, s.r.o.	04548817	Czech Republic	50	-
City Home Invest Ltd.	C71935	Malta	50,5	-
City Home Project I, s.r.o.	01976184	Czech Republic	100	-
City Home Project II, s.r.o.	06658946	Czech Republic	100	Increase from 50% to 100%
City Home Project III, s.r.o.	07069871	Czech Republic	100	-
City Home Project IV, s.r.o.	07070721	Czech Republic	100	-
City Home Project V, s.r.o.	04527348	Czech Republic	100	-
City Home Project VI, s.r.o.	08196036	Czech Republic	100	-
City Home Project VII, s.r.o.	06309658	Czech Republic	100	-
City Home Project VIII, s.r.o.	08285713	Czech Republic	100	-
City Home reality, s.r.o.	06981666	Czech Republic	100	-
City Home, s.r.o.	01384147	Czech Republic	100	-
COSMOPOL - Charlé, spol. s r.o.	60751029	Czech Republic	100	liquidated 22.12.2020
Jeseniova, s.r.o.	24275271	Czech Republic	100	merged 31.12.2020
JIMAST Tichá s.r.o. v likvidaci	07922469	Czech Republic	100	-

NAME OF THE ENTITY	ID NUMBER	COUNTRY OF INCORPORATION	% SHARE IN COMPANY	NOTE ON CHANGES
KETTNER CONSULTANTS LTD.	CY10180514S	Cyprus	100	Increase from 10% to 100%
Ruská 86, s.r.o.	07140444	Czech Republic	100	merged 31.12.2020
SATPO consult, s.r.o.	28374304	Czech Republic	100	
SATPO Group B.V.	34243136	the Netherlands	100	
SATPO interiors, s.r.o.	28205537	Czech Republic	100	
SATPO Invest I, a.s.	01556169	Czech Republic	100	
SATPO Invest II, s.r.o.	05249902	Czech Republic	100	
SATPO Invest III, s.r.o.	07071035	Czech Republic	100	
SATPO management, s.r.o.	27650723	Czech Republic	100	
SATPO Project I, s.r.o.	27151751	Czech Republic	100	
SATPO Project II, s.r.o.	27650570	Czech Republic	100	
SATPO Project III, s.r.o.	03868010	Czech Republic	100	
SATPO Project IV, s.r.o.	26741962	Czech Republic	100	
SATPO Project IX, s.r.o.	09446044	Czech Republic	100	
SATPO Project V, s.r.o.	03933911	Czech Republic	100	
SATPO Project VI, s.r.o.	04899288	Czech Republic	100	
SATPO Project VII, s.r.o.	07151560	Czech Republic	100	
SATPO Project VIII, s.r.o.	07074743	Czech Republic	100	
SATPO Project X, s.r.o.	07209274	Czech Republic	100	
SATPO Project XI, s.r.o.	06994377	Czech Republic	100	
SATPO Sacre Coeur III, s.r.o.	24258156	Czech Republic	100	merged 31.12.2020
SATPO services, a.s.	28416520	Czech Republic	100	
SATPO, a.s.	26434407	Czech Republic	100	

Please note that a large number of the group entites was renamed during 2020, however, the legal entities continue (ref. to the ID numbers).

A restructuring of the Group which commenced in the fourth quarter of 2020 was finished during 2021. The aim of the restructuring was to set the following structure: holding companies serving as parent companies – City Home, s.r.o., SATPO, a.s. and SATPO services, a.s. Subsidiaries of each holding divided among them on the basis of brand. Finally, SATPO services, a.s., being the holding company for companies that provide support activities groupwide.

During 2021 the following merger took place: SATPO management, s.r.o. as the successor company merged with SATPO consult s.r.o., SATPO interiors, s.r.o., and City Home reality, s.r.o. as the merged entities. In the course of 2021 the company JIMAST Tichá s.r.o. was liquidated.

The Maltese company City Home Invest Ltd. was relocated from Malta to the Czech Republic. The company was erased from the Maltese Business register as of 1.10.2021. As of 1.10.2021 the company was registered in the Czech Republic under a new name SATPO Invest IV, s.r.o.

As of 1.7.2021 SATPO Invest I changed its legal form from a joint stock company (akciová společnost) to a limited liability company (společnost s ručenim omezeným).

The Group sold in 2021 one of its subsidiaries – SATPO Project V, s.r.o. to a company in which we have 1%, the third party has 99% share of the company.

A new business partnership through the sale of part of a share in company SATPO Invest III, s.r.o. was established at the end of 2021. SATPO holds 50,1% of shares, four individual investors own 49,9%.

At the end of 2021 the registered capital of City Home Invest III, s.r.o. was increased from CZK 200 ths. to CZK 2,000 ths.

Control over Subsidiary less than 100%

In the list above there are numbers of subsidiaries which are not fully owned.

The directors of the Group assessed requirements of IFRS 10 whether or not the Group has control over the subsidiaries which are not fully owned, based on whether the Group has the practical ability to direct the relevant activities of these subsidiaries unilaterally. In making their judgement, the directors considered position, roles and rights of individual shareholders and provisions of the shareholders agreements. After assessment, the directors concluded that the Group has sufficient interest to direct the relevant activities and therefore the Group has control over the subsidiaries which are not fully owned.

Consolidation of entities under common control

Acquisition of full share is treated as transaction under common control without any revaluation of assets and liabilities.

6. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at point in time.

	31 DEC 2021	31 DEC 2020
Sales of inventory units	47 286	426 264
Other sales	5 342	3 077
TOTAL	**52 628**	**429 341**

7. Net gain/loss on the disposal of investment property

	31 DEC 2021	31 DEC 2020
Proceeds from disposal of investment property	290 754	66 050
Carrying value of investment property disposed of and related cost	-279 899	64 902
TOTAL NET GAIN/LOSS ON THE DISPOSAL OF INVESTMENT PROPERTY	**10 855**	**1 148**

Disposals of investment property in 2021 represent mainly sale of assets related to residential projects Pod Žvahovem 50 and Nad Malým Mýtem 10, Zenklova 31, Hradešínská 34, Staroměstské náměstí 22, 25, 27, Železná 22, Vodičkova 23, Myslíkova 2, Kvestorká 7 and Rezidence Laurová.

8. Rent income

Revenue from rent is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

The Group has entered into operating leases on its investment property consisting of offices, one obsolete commercial building that is to be demolished and tenement houses as a secondary business activity.

The Group uses 80% percent of office spaces for its internal needs and leases 20% of its office spaces to third parties. These office leases have terms of between 1 and 5 years.

The leases of commercial building have term of 1 year with prolongation options. The commercial building will be demolished in 2 years after obtaining the necessary permits and replaced by a new polyfunctional building.

The leases of apartments in tenement houses have mostly term of one year or are concluded for an indefinite period. It changes year to year.

The lessee does not have an option to purchase the property at the expiry of the lease period. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is in a location with a constant increase in value.

Yearly rent income (excluding income from services relating to the rent income) from third parties is approximately CZK 15,9 mio. (2020: CZK 13,5 mio.).

9. Operating expenses

	31 DEC 2021	31 DEC 2020
Salaries and remuneration	38 236	33 446
IT services	5 734	7 237
Tax advisory and Audit	7 989	6 891
Legal services and advisory	5 938	9 293
Marketing costs	4 709	3 939
Expenses relating to the rent income	9 605	9 849
Miscellaneous services	11 424	11 275
Penalty interest	33	6 832
Other operating expenses	8 049	14 112
TOTAL	**91 717**	**102 874**

10. Other operating income

	31 DEC 2021	31 DEC 2020
Return of VAT by Tax authority	0	18 821
Other operating income	3 836	9 224
TOTAL	**3 836**	**28 045**

11. Finance costs

Borrowing costs represent interest from bonds, bank loans, borrowings, shareholder loan and advances representing financing of residential development.

	31 DEC 2021	31 DEC 2020
Interest from bonds	52 027	43 713
Interest from loans	11 103	7 780
Interest-free loan from shareholder	2 184	3 039
Advances received from customers	2 599	4 689
Reclassification of NCI from equity to loans	8 176	6 335
Loan guarantee	6 061	0
Other finance costs	2 388	0
TOTAL FINANCE COSTS	84 538	65 556

12. Income Tax

The charge for the year can be reconciled to the profit before tax as follows:

	31 DEC 2021	31 DEC 2020
Profit before tax	279 299	241 653
Tax at the weighted average corporation tax rate (2021: 19%; 2020: 19%)	53 067	45 914
Tax effect of expenses that are not deductible or income not taxable in determining taxable profit	13 929	3 393
Effect of different tax rates of subsidiaries operating in other jurisdictions	0	0
Tax expense for the year	**66 996**	**49 307**

Tax expense for the year consist of:

	31 DEC 2021	31 DEC 2020
Current tax	6 691	6 356
Deferred tax	60 304	42 951
	66 996	**49 307**

The Group used tax losses in the amount of CZK 93 425 ths. (2020: CZK 13 470 ths.) to offset tax.
For information about unrecognized tax losses, please, see chapter 17.

13. Investment property

Fair value	Real estate investments	Tenement houses shares	Total
AT 31 DECEMBER 2019	**272 447**	**405 665**	**678 112**
Additions	148 015	212 380	360 395
Disposals	-69 249	-	-69 249
Increase in fair value during the year	119 598	103 785	223 383
AT 31 DECEMBER 2020	**470 811**	**721 830**	**1 192 641**
Additions	64 608	294 741	359 349
Disposals	-192 766	-47 673	-240 439
Increase in fair value during the year	118 731	331 049	449 780
AT 31 DECEMBER 2021	**461 384**	**1 299 947**	**1 761 331**

The fair value of the Group's investment property at 31 December 2021 and at 31 December 2020 has been arrived at on the basis of a valuation carried out at that date by Deloitte Advisory, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of Group's investment property at 31 December 2019 has been arrived at on the basis of internal valuation model that is consistent with external valuations.

Key assumptions and market indicators in the real estate assets valuation as of 31 December 2021 are as follows:

The current average asking price in Prague as of 9-10/2021 is 138 900 CZK per sqm. The prices are highest in Prague 1 followed by Prague 2 and Prague 3. On the other hand, the lowest asking price during the September and October 2021 was in Prague 10. The rest of the municipalities are between 130 000 CZK per sqm to 145 000 CZK per sqm.

The Prague's rental market was significantly affected by the pandemic in 2020 and 2021 and gradually decreased from 332 CZK per sqm in March 2020 to 278 CZK per sqm. The main reason of significant decrease in rents was the increase of apartment offers in the city centre, which were previously offered for short- term rent and outflow of students. However, the rental market has bounce back during the summer of 2021 and the rents started grow again. The average rent has reached 307 CZK per sqm in October 2021.

Current prime yields are approximately 4,25% for offices, 4,25% for high streets, 4,50% for industrial, 5,20% for shopping centres and 6,00% for retail parks.

The prime rent for office segments currently stands at 22,50 EUR per sqm and the vacancy slightly increased to 8,0 %.

Contingency % used in the residual valuation method is 8 - 12 %. Development profit allowance % in residual valuation method is 15 – 20 %. Capitalisation rate used in valuation of Tenement houses is 4,0 – 6,0 % and Location and liquidity discounts used in valuation of Tenement houses is 5 – 12 %.

Market comparisons were performed using Transaction Price Map, database covering transaction prices of residential real estate transactions in Prague.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value measurement for all the investment properties has been categorized as a Level 3 fair value.

Category	Subcategory	Valuation technique	Valuation description
DEVELOPMENT PROJECTS	Residential units and parking spaces	Residual valuation with market approach to calculate the GDV	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value is calculated using the market approach based on the comparable projects.
	Commercial units	Residual valuation with income approach to calculate the GDV	The GDV for commercial units is calculated based on the income approach, specifically direct capitalization method, which was based on comparable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into perpetuity.
	Residential units	Market approach	For the valuation of residential units, we have used the market approach using the market transaction price model adjusted for unit-specific characteristics using the hedonic price model.
	Parking spaces	Market approach	Parking spaces was valued based on the comparable evidence of offer listings.
TENEMENT HOUSES	Commercial units	Income approach	The commercial units is calculated based on the income approach, specifically direct capitalization method, which was based on comparable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into perpetuity.
	Attic	Residual valuation with market approach	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the market approach using the market transaction price model adjusted for unit-specific characteristics using the hedonic price model.
SHARES INTENEMENT HOUSES	Residential units	Market approach	For the valuation of residential units, we have used the market approach using the market transaction price model adjusted for unit-specific characteristics using the hedonic price model
	Parking spaces	Market approach	Parking spaces was valued based on the comparable evidence of offer listings.
	Commercial units	Income approach	The commercial units is calculated based on the income approach, specifically direct capitalization method, which was based on comparable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into perpetuity.

	Attic	Residual valuation with market approach	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the market approach using the market transaction price model adjusted for unit-specific characteristics using the hedonic price model.
DEVELOPMENT LAND PLOTS		Residual valuation with market approach	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the market approach using the comparable evidence of offer listings.
		Market approach	The market approach uses the comparable transaction from the last years from cadastral register.
		Cost approach	Cost approach uses the Czech valuation standard using Act 441/2013 Coll. and specific annexes related for valuation of houses and recreational buildings.
SATPO RENT		Income approach	We have employed the income approach, specifically the Term/Reversion method. The Term value is based on the current lease agreements and to determine the Reversion value we have applied the Estimated market rental values (EMRV). In order to calculate the fair value of the property, we have capitalized the generated net income.

The Group has pledged some of its investment property to secure general banking facilities granted to the Group.

14. Property, plant, and equipment

At cost	Buildings	Land	Equipment	Total
AT 1 JANUARY 2020	**69 852**	**3 542**	**4 786**	**78 180**
Additions			369	369
Disposals	-9 036	-251	-139	-9 426
Transferred to investment property	10 450			10 450
AT 31 DECEMBER 2020	**71 266**	**3 291**	**5 016**	**79 573**
Additions	0		1 983	1 983
Disposals	-10	-150	0	-160
Transferred from investment property	0			0
AT 31 DECEMBER 2021	**71 256**	**3 141**	**6 999**	**81 396**

Accumulated depreciation and impairment	Buildings	Land	Equipment	Total
AT 1 JANUARY 2020	**4 307**		**3 739**	**8 046**
Charge for the year	1 774		487	2 261
Eliminated on disposals			**-139**	**-139**
AT 31 DECEMBER 2020	**6 081**	**0**	**4 087**	**10 168**
Charge for the year	1 481		2 544	4 025
AT 31 DECEMBER 2021	**7 562**	**0**	**6 631**	**14 193**
Carrying amount				
AT 31 DECEMBER 2021	**63 694**	**3 141**	**367**	**67 202**
AT 31 DECEMBER 2020	**65 185**	**3 291**	**929**	**69 405**

Assets pledged as security. For information about assets pledged as security, please, see chapter 23. Borrowings.

15. Intangible assets

Cost	Software	Others	Total
AT 31 DECEMBER 2019	**14 751**	**0**	**14 751**
Additions	4 224	1 376	5 600
AT 31 DECEMBER 2020	**18 975**	**1 376**	**20 351**
Additions	2 408	-1 376	1 032
AT 31 DECEMBER 2021	**21 383**	**0**	**21 383**
Amortization			
AT 31 DECEMBER 2019	**9 000**	**0**	**9 000**
Charge for the year	5 939	0	5 939
AT 31 DECEMBER 2020	**14 939**	**0**	**14 939**
Charge for the year	4 050	0	4 050
AT 31 DECEMBER 2021	**18 989**	**0**	**18 989**
Carrying amount			
AT 31 DECEMBER 2021	**2 394**	**0**	**2 394**
AT 31 DECEMBER 2020	**4 036**	**1 376**	**5 413**

No intangible assets are pledged as securities.

16. Investments in Associates

Details of material associates
The Group does not have any material associates at the end of the reporting period.

17. Deferred tax

The following are the major deferred tax liabilities and assets recognized by the Group and movements thereon during the current and prior reporting period.

	Provisions	Revaluation of building	Tax losses	Total
AT 1 JANUARY 2020	**0**	**-43 534**	**15 789**	**-27 745**
Charge to profit or loss	445	-46 108	2 713	-42 950
Charge to other comprehensive income				
Charge direct to equity				
Exchange differences				
AT 1 JANUARY 2021	**445**	**-89 642**	**18 502**	**-70 695**
Charge/(credit) to profit or loss	963	-48 453	-12 815	-60 305
AT 31 DECEMBER 2021	**1 408**	**-138 095**	**5 687**	**-131 000**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31/12/2021	31/12/2020
Deferred tax liabilities	-136 687	-89 197
Deferred tax assets	5 687	18 502
	-131 000	**-70 695**

At the reporting date, the Group has unused tax losses of CZK 168 191 ths. (2020: CZK 292 224 ths.) available for offset against future profits. A deferred tax asset has been recognized in respect of CZK 29 934 ths. (2020: CZK 97,377 ths.) of such losses. No deferred tax asset has been recognized in respect of the remaining CZK 138 257 ths. (2020: CZK 194 847 ths.) as it is not considered probable that there will be future taxable profits available. Included in unrecognized tax losses are losses of CZK 138 257 ths. (2020: CZK 194 847 thousand) that will expire in year:

IN YEAR	2022	2023	2024	2025	2026	TOTAL
unrecognized tax losses	0	31 162	33 665	32 677	40 753	138 257

18. Inventories

	31/12/2021	31/12/2020
Finished construction	68 300	86 976
Construction in progress	208 275	151 708
Less allowance	-59 195	-15 398
	217 380	**223 286**

The cost of inventories recognized as an income includes CZK -43 797 ths. (2020: CZK 8 326 ths.) in respect of write-downs of inventory to net realizable value. Inventories of Construction in progress are expected to be recovered after more than 12 months.

Inventories have been pledged as security for certain of the Group's bank loans (see chapter 23).

19. Trade and other receivables

	31/12/2021	31/12/2020
Trade receivables	12 791	14 164
Loss allowance	-3 033	-6 296
	9 758	7 868
Prepayments	6 917	6 876
Accrued income	5 170	11 564
Other receivables	7 424	13 271
	29 269	**39 579**

Trade and other receivables

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience. The following table details the risk profile of trade receivables based on the Group's provision matrix.

31/12/2021 In CZK thousand	Not past due	<30	31-60	61-90	91-180	181-360	>360	Total
	TRADE RECEIVABLES – DAYS PAST DUE							
Expected credit loss rate	0,5%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	6 768	0	0	0	3 983	25	2 015	12 791
Lifetime ECL	-9	0	0	0	-996	-13	-2 015	-3 033
NET CARRYING AMOUNT	**6 759**	**0**	**0**	**0**	**2 987**	**12**	**0**	**9 758**

31/12/2020 In CZK thousand	Not past due	<30	31-60	61-90	91-180	181-360	>360	Total
	TRADE RECEIVABLES – DAYS PAST DUE							
Expected credit loss rate	0,5%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	5 715	263	469	214	757	1 434	5 312	14 164
Lifetime ECL	-29	-5	-23	-21	-189	-717	-5 312	-6 296
NET CARRYING AMOUNT	**5 686**	**258**	**446**	**193**	**568**	**717**	**0**	**7 868**

Accrued income

Accrued income arises mostly from accruals of costs:

- marketing and other costs related to presale of units in development projects, that will be finished in the future.

20. Cash and cash equivalents

	31/12/2021	31/12/2020
Cash on hand	87	364
Bank balances	34 020	59 119
	34 107	**59 483**

21. Equity

The Company's registered capital after the last issue of shares in December 2020 amounts to CZK 50,000,000; the aggregated amount of share premium equals to CZK 170,000,000. At year end the issued and fully paid share capital is 1,8mio A Shares & 0,200mio B Shares. Each share has a par value of twenty-five Czech Crowns (CZK 25.00).

There was no change in share capital or share premium during year 2021.

FOREIGN EXCHANGE TRANSLATION RESERVE

Functional currency of SATPO Group is CZK and all subsidiaries prepare their accounts in CZK, no foreign exchange translation reserve is identified.

DIVIDENDS

No dividends were paid during 2021.

Decision about dividend for year 2021 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

22. Non-controlling interests

Table below shows composition of the Non-controlling interest of SATPO Group.

	31/12/2021	31/12/2020
City Home Invest III	128 958	75 890
SATPO Invest IV (City Home Invest Ltd)	48 719	46 232
SATPO Invest III	32 933	0
TOTAL NON-CONTROLLING INTEREST	**210 610**	**122 122**

In November 2017, City Home Invest III issued preference shares in amount of CZK 49 900 thousand. These shares are entitled to fixed dividends at rate of 8% p.a. plus 25% of share on the profit. If insufficient profits are available in a particular financial year, the dividends are accumulated and payable when sufficient profit are available. The Group has a call option to redeem these shares.

In September 2021, SATPO Invest III issued preference shares in amount of CZK 49 900 thousand. These shares are entitled to fixed dividends at rate of 6% p.a. plus 25% of share on the profit. If insufficient profits are available in a particular financial year, the dividends are accumulated and payable when sufficient profit are available.

Since the Group cannot prevent payment of dividend unless there is no profit of cash sufficient for dividend payment, the shares were classified as hybrid financial instrument with equity and liability part.

	31/12/2021	31/12/2020
EQUITY COMPONENT	**34 941**	**15 215**
Liability component at date of issue (net of transaction cost)	64 859	34 685
Cumulative interest charged using effective interest rate (not paid)	25 929	17 753
CARRYING AMOUNT OF LIABILITY COMPONENT	**90 788**	**52 438**

City Home Invest III company´s consolidated profit for the year 2021 and total comprehensive income was CZK 260 080 ths (2020: CZK 97 749 ths).

SATPO Invest IV company´s profit for the year 2021 was CZK 5 848 ths (2020: CZK 5 790 ths).

SATPO Invest III company´s consolidated profit for the year 2021 and total comprehensive income was CZK 54 711 ths (2020: CZK 12 ths).

23. Borrowings

	31/12/2021	31/12/2020
Bank loans	292 405	227 410
Issued bonds	929 390	758 173
TOTAL BORROWINGS	**1 221 795**	**985 583**
NON-CURRENT	**765 933**	**973 603**
CURRENT	**455 862**	**11 980**

Issued bonds as of 31.12.2021:

Debtor	Creditor	Due date	Coupon p.a.	Total nominal value of bonds as of 31.12.2021 In thousand of CZK
SATPO Group B.V.	Owners of bonds	24.02.2022	7,00%	315 000
City Home Invest III, s.r.o.	Owners of bonds	15.10.2023	5,00%	210 000
City Home Invest III, s.r.o.	Owners of bonds	15.06.2025	6,00%	210 000
City Home Invest III, s.r.o.	Owners of bonds	09.11.2025	5,25%	210 000

Bank loans with fixed interest rate as of 31.12.2021.

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal In thousand of CZK
SATPO Project X, s.r.o.	Equa bank, a.s.	30.04.2024	refinancing of the project's equity	3,69 % p.a.	64 587
SATPO Project I, s.r.o.	TRINITY BANK a.s.	30.06.2022	refinancing of the original loan and equity	4,60 % p.a.	39 360
SATPO Project III, s.r.o.	TRINITY BANK a.s.	31.10.2022	refinancing of the project's equity	5,10 % p.a.	25 000
City Home Project IV, s.r.o.	TRINITY BANK a.s.	28.02.2024	refinancing of the project's equity, financing of construction costs	4,10 % p.a.	7 762
SATPO Project IV, s.r.o.	TRINITY BANK a.s.	30.06.2024	financing the costs of the development project Rezidence Kobrova	3,49 % p.a.	22 392
SATPO Project IV, s.r.o.	TRINITY BANK a.s.	30.06.2024	financing the costs of the development project Holečkova House	3,49 % p.a.	16 196

Bank loans with floating interest rate as of 31.12.2021.

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal In thousand of CZK
SATPO Project II, s.r.o.	Česká spořitelna, a.s.	31.07.2031	refinancing of the original loan and partner loan	1M PRIBOR + 2,00 % p.a.	44 100
City Home Project VI, s.r.o.	Fio banka, a.s.	23.09.2026	purchase of a share in real estate, refinancing of equity, reconstruction costs	1M PRIBOR + 2,50 % p.a.	73 007

The Group´s borrowings are denominated in CZK. Based on management judgment fair value of financial liabilities approximates their reported value.

SECURITY

The Group had at the end of 2021 eight bank loans (2020: 5 bank loans). Bank generally applies the following methods for securing it´s receivables from bank loans: pledge over immovable property, pledge over claim from deposit, pledge over receivables, pledge over business share, third party guarantee, bill of exchange, aval, subordination of debt (subordination of other liabilities after liabilities to the bank) subordination agreement, agreement to recognize the debt in the form of notarial protocol with consent to enforce.

There were four unpaid bond issuances as at the end of 2021. Bonds are secured through the security agent by pledge over business shares of selected group companies and pledge over immovable property.

PLEDGES

The Group has pledged its assets in favour of the Company bonds holders to cover the principal debt, interest and other potential related claims. The Company´s bond issuance is secured by the lien on the business share of the Company and Company´s subsidiaries and the position of bondholders is strengthened by the existence of a hedging agent.

The City Home Invest III bond issuance is secured by the lien on the business share of the company, company´s subsidiaries, liens on immovable property and the position of bondholders is strengthened by the existence of a hedging agent in total amount of up to CZK 1,2 billion.

The Group has pledged its assets (investment property, shares in subsidiaries, work-in-progress, inventories, receivables, cash balances) in favour of the banks as bank loan pledges to cover the principal debt, interest and other potential related claims in the amount of up to CZK 1,036 billion.

The weighted average interest rates paid during the year were as follows:

	31/12/2021	31/12/2020
	%	%
Bank loans	4,9	4,1
Issued bonds	5,9	6,1

24. Other financial liabilities

	31/12/2021	31/12/2020
	in CZK ths	in CZK ths
Payables to shareholders	106 284	73 702
Non-bank loans	0	55 835
Others	364	1 156
	106 648	130 693
NON-CURRENT	**97 212**	**63 594**
CURRENT	**9 436**	**67 099**

25. Provisions

	31/12/2021 In thousand of CZK	31/12/2020 In thousand of CZK
Warranty provision	1 952	2 343
Other provision	5 453	0
	7 405	**2 343**
Current	6 447	1 113
Non-current	958	1 230
	7 405	**2 343**

The warranty provision represents management's best estimate of the Group's liability under 60-month warranties granted on residential properties, based on past experience and industry averages.

Other provision comprises of provision on management bonuses and unused paid leave for the current year.

26. Contract liabilities

Contract liabilities relate to residential construction contracts. They arise from milestone payments from customers during the construction process.

AT 31 DECEMBER 2019	**77 497**
Additions	25 022
Disposals	-56 172
AT 31 DECEMBER 2020	**46 347**
Additions	58 097
Disposals	-46 180
AT 31 DECEMBER 2021	**58 264**

27. Trade and other payables

	31.12.2021 In thousand of CZK	31.12.2020 In thousand of CZK
Trade payables	21 229	4 892
Payables to employees	1 358	1 135
Other taxation and social security	7 320	2 435
Other payables	8 348	17 152
Accruals	7 411	18 216
	45 666	**43 830**

The directors consider that the carrying amount of trade payables approximates to their fair value.

28. Financial risk management

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's management co-ordinates access to financing, monitors and manages the financial risks relating to the operations of the Group and analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks.

(B) MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in prices of residential properties in Prague.

(b)(i) Price of residential properties

Demand for housing and investment property continues. It can be assumed that prices will certainly not fall. On the contrary, further, albeit less dynamic growth can be predicted. The Group is active mainly in Prague and the Central Bohemian Region, where is a very strong real estate market. The real estate analysis predicts that apartment prices in Prague will rise in the long run. The group is exposed to the risk of a sudden fall in real estate prices.

(b)(ii) Interest rate risk management

The Group is exposed to limited interest rate risk because entities in the Group borrow funds predominantly at fixed interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

All the Group bonds have a fixed interest rate. The bank loans principal as at 31.12.2021 that has a fixed interest rate is CZK 175 297 ths. (2020: CZK 102 000 ths.), and that has a float interest rate CZK 117 107 ths. (2019: CZK 126 000 ths.).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	INCREASE/DECREASE IN BASIS POINTS	EFFECT ON PROFIT BEFORE TAX
		CZK ths.
2021	+10	-117
	-10	117
2020	+10	-126
	-10	126

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(C) CREDIT RISK MANAGEMENT

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and customers, obtaining sufficient collateral or advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

(D) LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management and operative management of cash flow and short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

	31 December 2021	31 December 2020
Current liquidity ratio (current assets / current liabilities)	108 %	183 %
Quick liquidity ratio (cash and cash equivalents / current liabilities)	13 %	34 %

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	Untill 3 months	3-12 months	Between 1-5 years	Over 5 years	Total
31 DECEMBER 2021	**%**	**CZK THS.**	**CZK THS.**	**CZK THS.**	**CZK THS.**	**CZK THS.**
Issued bonds	5,9	315 000	0	614 390	0	929 390
Bank loans	4,9	477	140 385	151 543	0	292 405
Contract liabilities		0	3 592	54 672	0	58 264
Shareholders		8 561	7 500	0	0	16 061
31 DECEMBER 2020	**%**	**CZK THS.**	**CZK THS.**	**CZK THS.**	**CZK THS.**	**CZK THS.**
Issued bonds	6,1	0	0	758 173	0	758 173
Bank loans	4,1	0	11 980	215 430	0	227 410
Contract liabilities		0	1 473	44 874	0	46 347
Shareholders		2 500	7 500	14 678		24 678

(E) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings disclosed in note 23 and 24 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio
The gearing ratio at the year-end is as follows:

	31/12/2021	31/12/2020
Debt	1 328 443	1 116 276
Cash and cash equivalents	-34 107	-59 483
NET DEBT	**1 294 336**	**1 056 793**
Equity	537 341	304 456
NET DEBT TO EQUITY RATIO	**241 %**	**347 %**

Debt is defined as long- and short-term borrowings as detailed in notes 23 and 24.
Equity includes all capital and reserves of the Group that are managed as capital.

29. Contingencies and commitments

The Group is not aware as at 31.12.2021 of any contingent liability or commitments.

30. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

	Sales to related parties		Purchases from related parties		Amounts owed by related parties*		Amounts owed to related parties*	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Associates:	CZK ths.	CZK ths.	CZK ths.	CZK ths.	CZK ths.	CZK ths.	CZK ths.	CZK ths.
Mrs. Dagmar Pokorna	0	0	0	125 704	0	0	260	10 948
Mr. Jiri Pokorny	0	0	6 061	0	0	0	16 061	24 678

* The amounts are classified as other receivables and other financial liabilities, respectively (see Notes 27 and 24).

Mr. Jiri Pokorny has a receivable in amount of CZK 6 061 ths. against several companies of the Group arising from the contractual guarantees applied from year 2021 and remaining receivable in amount of CZK 10,000 ths. from the past.

In 2020, Mrs. Dagmar Pokorna sold her 90% share in Cypriot company KETTNER CONSULTANTS LIMITED to SATPO group B.V.'s Czech subsidiary SATPO Services a.s. for the fair market value based on the external valuation. She assigned a part of her receivable to SATPO group B.V. and off-set the receivable for the new Class B shares in SATPO group B.V.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate.

	31/12/2021		31/12/2020	
	Directors		Directors	
		in CZK ths.		in CZK ths
Remuneration	**5**	**7 480**	**5**	**5 180**

31. Events after the reporting period

In the subsequent period, the company City Home Project VI, s.r.o. owning the tenement house Mánesova 82 was sold. This transaction strengthened the cash flow and the financial position of the Group.

On February 4, 2022, new publicly traded bonds were issued and Company´s bonds due on February 24, 2022 were repaid from this issue. New bonds are due in 2026.

As of January 1, 2022, the seat of effective management of the parent company SATPO Group B.V. was transferred from the Netherlands to the Czech Republic. Also as of January 1, 2022, Mr. Jiri Pokorny has become the solely/independently authorised Board member.

No other events have occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

COMPANY-ONLY FINANCIAL STATEMENTS

COMPANY-ONLY BALANCE SHEET

COMPANY-ONLY PROFIT AND LOSS ACCOUNT

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

COMPANY-ONLY BALANCE SHEET AS AT DECEMBER 31, 2021

Before appropriation of resul	Note	December 31, 2021 in CZK ths.	December 31, 2020 in CZK ths.
FIXED ASSETS			
Participations in group companies	1	600 371	340 363
Long-term receivables	2	0	63 648
		600 371	**404 011**
CURRENT ASSETS			
Short-term receivables, prepayments and accrued income	3	207 901	240 581
Cash	4	107	84
		208 008	**240 665**
		808 379	**644 676**

		December 31, 2021 in CZK ths.	December 31, 2020 in CZK ths.
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Issued share capital	5	50 000	50 000
Share premium	6	170 000	170 000
Retained earnings	6	-618 669	-605 758
Revaluation reserve	6	581 004	398 983
Unappropriated result for the financial year	7	144 396	169 109
TOTAL EQUITY		**326 731**	**182 334**
PROVISIONS		0	0
LONG-TERM LIABILITIES	8	0	411 993
CURRENT LIABILITIES, ACCRUALS	9	481 648	50 349
		808 379	**644 676**

COMPANY-ONLY PROFIT AND LOSS ACCOUNT FOR 2021

	Note	2021 In CZK thousand	2020 In CZK thousand
Share in result of subsidiaries		189 248	207 051
Other income and expense after taxation	10	-44 852	-37 942
RESULT AFTER TAXATION		**144 396**	**169 109**

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

General accounting principles

The Company financial statements are prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code. The Company uses the option provided in section 2:362 (8) of the Dutch Civil Code in that the principles for the recognition and measurement of assets and liabilities and determination of result (hereinafter referred to as "principles for recognition and measurement") as applied in the Consolidated financial statements are also applied in the Company financial statements. Reference is made to the notes to the Consolidated financial statements for a description of the principles for recognition and measurement. Investments in Group companies are carried at equity value, calculated according to the Group accounting policies.

Reporting entity

The Company financial statements of SAPTO Group B.V. (the 'Company') are included in the consolidated financial statements of SATPO GROUP.

Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS that is adopted for use in the EU at the date of authorization) as explained further in the notes to the consolidated financial statements. For information on group companies of SATPO Group B.V. please refer to Note 3 of the Consolidated financial statements.

Significant Accounting policies

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements.

Participations in group companies

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value. This net asset value is based on the same accounting principles as applied by SATPO Group B.V. If the net asset value is negative, the participating interest is valued at nil. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation to enable the associated company to pay its (share of the) liabilities, a provision is formed for the expected cash outflow.

Revaluation reserve

The legal entity forms a revaluation reserve for value increases of investment property whose changes in value are recorded in the profit and loss account. The revaluation reserve is reduced by deferred taxes, if differences exist between valuation for financial reporting purposes and valuation for tax purposes. The realized part of the revaluation reserve is taken to the other reserves.

1. FINANCIAL FIXED ASSETS

	2021 in CZK ths.	2020 in CZK ths.
Opening balance	340 363	312 821
Acquisitions	200	0
Share in income	189 248	207 051
Capital contribution	124 961	50 913
Returned capital contribution	0	-99 829
Sale of subsidiary	-47 175	-107 700
Dividend distribution	0	-10 000
Other changes	-7 227	-12 893
CLOSING BALANCE	**600 371**	**340 363**

Total net value of participations	600 371	340 363
Investments with positive value (presented as investments in assets)	600 371	340 363
Investments with negative value	0	0

2. LONG-TERM RECEIVABLES

Long-term receivables include intercompany long-term borrowings.

3. SHORT-TERM RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

	2021			2020
	< 1 year in CZK ths.	< 1 year in CZK ths.	Total in CZK ths.	Total in CZK ths.
Group companies	207 506	0	207 506	299 423
Other receivables	395		395	4 806
	207 901	**0**	**207 901**	**304 229**

The average interest rate for intercompany loans is approximately 8.5% p.a.

4. CASH

Cash and cash equivalents include cash on hand and cash in bank accounts.

5. ISSUED SHARE CAPITAL

The issued share capital after the last issue of shares in December 2020 amounts to CZK 50,000,000; the aggregated amount of share premium equals to CZK 170,000,000. At year end the issued and fully paid share capital is 1,800 ths. A Shares & 200 ths. B Shares. Each share has a par value of twenty-five Czech Crowns (CZK 25.00).

6. EQUITY

From year ending 31.12.2021 Company is preparing consolidated financial statements in compliance with IFRS with application of IFRS 1 First adoption of IFRS on 1.1.2019.

Changes in equity during 2021:

	01.01.2021	Capital increase	Revaluation reserve	PY profit allocation	CY profit	31.12.2021
Issued share capital	**50 000**					**50 000**
Share premium	**170 000**					**170 000**
Retained earnings	**-605 758**		-182 021	169 109		**-618 669**
Revaluation reserve	**398 983**		182 021			**581 004**
Unappropriated result for the financial year	**169 109**			-169 109	144 396	**144 396**
TOTAL EQUITY	**182 334**	**0**	**0**	**0**	**144 396**	**326 731**

7. APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR:

The annual report 2020 was adopted in the general meeting of shareholders held on October 1, 2021. The general meeting of shareholders determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2021:

The board of directors proposes, with the approval of the supervisory board, that the result for financial year 2021 amounting to CZK 144 396 thousand be transferred to Other Reserves (without payment of dividend). The financial statements do not yet reflect this proposal.

8. LONG-TERM LIABILITIES

		31.12.2021		31.12.2020
		Interest rate		Interest rate
	in CZK ths.	%	in CZK ths.	%
Other bonds and private loans	0	7.0	312 600	7.0
Amounts due to group companies	0	8.5	89 393	8.5
Amounts due to shareholders	0	0	10 000	0
	0		**411 993**	

At the balance sheet date, long-term payable shareholders amounting to CZK 0 ths. (2020: CZK 10,000 ths.) Based on the repayment schedule from the purchase agreement, there is no interest.

9. CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	31.12.2021 In CZK thousand	31.12.2020 In CZK thousand
Bonds	315 000	0
Short term part of loans	0	6 036
Amounts due to group and associated companies	147 174	25 664
Other liabilities	19 474	18 649
	481 648	**50 349**

The SATPO Group issued bonds with an interest rate of 7.00% and the repayment date in 2022. The nominal value in the books in 2021 is CZK 315,000 thousand and the carrying value of the bonds in 2020 is CZK 312,600 thousand.

The interest rate calculated for group liabilities is 8.5%.

10. OTHER INCOME AND EXPENSE AFTER TAXATION

	31.12.2021 In CZK thousand	31.12.2020 In CZK thousand
Operating income	3 164	3 125
Interest income	3 977	13 175
Administrative expenses	-10 632	-10 939
Other operating expense	-7 184	-6 770
Interest expense	-34 177	-36 533
	-44 852	**-37 942**

Interest income was realized from intercompany loans. Administrative expenses include mostly the cost of sold of services. Interest expenses include the expenses of intercompany loans and bonds.

OTHER NOTES

OTHER NOTES

1. AVERAGE NUMBER OF EMPLOYEES

The average number of employees working for the company amounted to 0 (2020: 0). The group has no pension plan or costs.

2. AUDIT FEES

Fees paid to the Group's auditor for 2021 can be broken down into the following:

Baker Tilly (Netherlands) N.V.	EUR 29 500
TPA Audit s.r.o.	CZK 925 000

Audit fees of financial statements include the fees for professional services rendered by Baker Tilly (Netherlands) N.V. and TPA Audit s.r.o. and relate to the audit of the Company's Consolidated and Company's financial statements and its subsidiary.

3. COVID-19 AND RUSSIA'S INVASION OF UKRAINE

Despite the uncertainties regarding the COVID-19 pandemic and Russia's invasion of Ukraine, based on an assessment of all currently available information, the Company believes that the going concern assumption is not compromised and therefore the use of this assumption for the preparation of the financial statements is appropriate and there is currently no significant uncertainty regarding this assumption.

4. PROFIT APPROPRIATION ACCORDING TO THE ARTICLES OF ASSOCIATION AND PROPOSED APPROPRIATION OF RESULT

The salient points of Article 23 of the Articles of Association governing the appropriation of profit are: Distribution of profits shall be made following the adoption of the annual accounts which show that such distribution is allowed. The company may only make distributions to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the reserves which must be maintained pursuant to the law or these articles of association.

The board of directors proposes to add the profit to the general reserves. The proposal is not reflected in the financial statements.

5. SUBSEQUENT EVENTS

As of January 1, 2022, the seat of effective management of the parent company SATPO Group B.V. was transferred from the Netherlands to the Czech Republic. Also as of January 1, 2022, Mr. Jiri Pokorny has become the solely/independently authorised Board member.

On February 4, 2022, new publicly traded bonds were issued by the direct daughter company of the Company and Company´s bonds due on February 24, 2022 were repaid from this issue.

There were no other subsequent events with an impact on the financial statements of the Company as of December 31, 2021.

SIGNING OF THE FINANCIAL STATEMENTS

Prague, 27 April 2022

Management board:

Jiří Pokorný

Supervisory Board:

Michal Jelínek

Věra Nekvasilová

Dagmar Pokorná

INDEPENDENT AUDITOR'S REPORT

A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE REPORT ON THE ANNUAL ACCOUNTS 2021

Our opinion

We have audited the financial statements 2021 of SATPO Group B.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of SATPO Group B.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of SATPO Group B.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2021;
2. the following statements for 2021: the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company-only balance sheet as at 31 December 2021;
2. the company-only profit and loss account for 2021; and
3. the notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the ‚Our responsibilities for the audit of the financial statements' section of our report.

We are independent of SATPO Group B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance--opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE REPORT ON THE ANNUAL ACCOUNTS 2021

In addition to the financial statements and our auditor's report thereon, the report on the annual accounts 2021 contains other information that consists of:

- the management board's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information regarding the management report and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C.
DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.
The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;

- obtaining 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Rotterdam, April 29, 2022
Baker Tilly (Netherlands) N.V.

L. den Boer RA