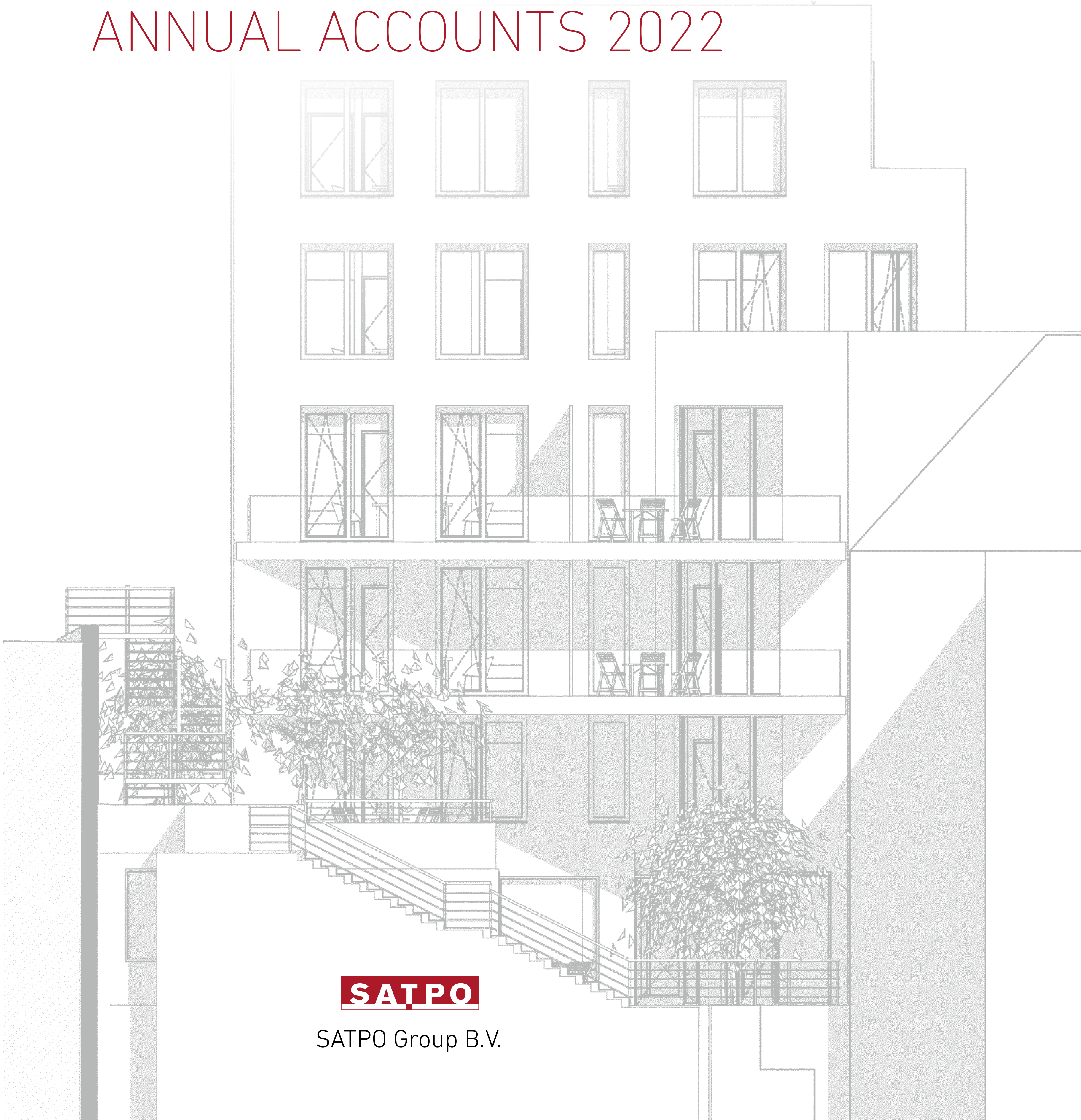
REPORT
ANNUAL ACCOUNTS 2022



SATPO Group B.V.

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MANAGEMENT BOARD'S REPORT

MANAGEMENT BOARD'S REPORT

General corporate overview

The Group started its real estate activity in the mediation of sale and purchase of residential real estate on the Czech market in 1994. Three years later, the Group expanded its real estate services to include attic constructions in existing apartment buildings and investments in the existing housing stock and property management. Six years later, the Group leveraged its experience in acquisitions, development project preparation, construction management and sale of residential housing in constructing small and medium-sized residential projects in the premium locations in Prague. Since 2014, the Group has renewed investments in housing stock in attractive locations in Prague under the new City Home brand and continues to search for interesting plots of land for future development.

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 clients and investor satisfaction, creating exceptional places for life.

An integral part of the offer are professional services connected with the acquisition and financing of new housing, client modifications, turnkey interiors and consultancy. When choosing an apartment unit or commercial space from the current offer, clients are served by the representative and comfortable environment of the SATPO & City Home sales center.

Proof of many years of experience, knowledge and used know-how is evidenced by the Architects' Award in the Real Estate Project of the Year competition for the Kobrova Residence in 2021 and the Holečkova House residential project in 2019. The Best of Realty award in 2018 was won by the Vitality Residence residential project and international success won Residence Sacre Coeur² in Prague as one of the four best finalists for residential development projects at MIPIM 2017 in Cannes, France.

Actively participating in professional associations such as the Association of Developers and ARTN (Association for the Development of the Real Estate Market), the Group is actively engaged in promoting the responsibility of the development of the real estate market in order to achieve a positive impact on Czech society. It builds positive public awareness and supports the quality development on the Czech construction and real estate market. Newly, the Group became a member of FBN Czech, which is a branch of the prestigious worldwide association of the Family Business Network International, bringing together 4,000 families from 65 countries and their 16,000 family members. Family Business Network Czech was founded in 2016 by leading Czech family businesses and is a non-profit organization whose goal is to support and develop medium-sized and large Czech family businesses across generations.

In accordance with its corporate policy and social responsibility, it also contributes to education, art, culture and sport, and is socially responsible in the long term.

The Group strategy is to maintain a stable position as a premium real estate developer under the SATPO brand, strengthen investments in existing residential real estate under the City Home brand, and create attractive opportunities for residential real estate investors.

Real estate market overview

The real estate market is always developing, has undergone some changes and fluctuations. The year 2021 brought a very high growth in the demand of the real estate for purchase, the number of transactions was the highest in the last 13 years, the volume of mortgage loans granted increased sharply, when subsequently in 2022 there was an cooling. The economic situation in the Czech Republic, together with the CNB's measures, led to an overall stabilization of the market.

The pandemic for the year 2022 did not represent any significant changes, interest in investments did not subside and the prices of the properties continued to rise in 2022. However, the covid pandemic was smoothly replaced by the war in Ukraine. Nowadays it seems that the effects of this conflict on the Czech real estate market will be insignificant, despite the fact the economic indicators indicate that the Czech economy is facing stagnation, rising prices of raw materials and food. The real estate market is expected to be stabilized. Between 2021 and 2022, prices rose on average for new apartments of development projects in Prague by 12,9 % and in brick houses by 27,7 %. Prices in the Central Bohemia grew faster than in Prague.

At the end of 2022, the real estate offer in the capital town of the Czech Republic was approximately 5,100 housing units, almost the same number as at the end of 2020. Compared to 2021, this is an increase of 79 %. However, the offer still remains insufficient within the framework of the renewal of the housing stock, only a few residential projects in Prague were permitted for the construction.

There is still a large volume of investment funds on the real estate market and at the same time an insufficient supply of the properties.

The Czech real estate market is dominated by domestic investors.

A small drop in the selling prices of apartments for brick houses can be expected, a drop in prices of around few unit percent can be expected for the residential development projects. Development companies have no reason for any price discount in relation to construction costs. A reduction or stagnation of the current rate of mortgage financing can be expected, the inflation rate should decrease and stabilize.

Since housing is one of the basic human needs, the market will look for a new balance between purchase prices, rental rates, mortgage rates and wage trends. It continues to be the case that a quality property in a good location holds its price, which is mainly due to the long-term limited supply and still ongoing demand. Housing will continue to play an important role in the consumption basket of the households.

Management board comments on the 2022 financial results

The consolidated result after taxation for financial year 2022 amounts to CZK 32,596 ths. (2021: CZK 144,396 ths) The result was mostly driven by the sale of residential and commercial units in the residential projects such as Rezidence Vitality, Pod Žvahovem 50, Slezská 75, Vratislavova 5, Veletržní 31, Plavecká 11, by the successful sale of ideal share in the apartment building Hanusova 21, by the sale of companies owning project Mánesova 82 and Ruská 4 and by the revaluation of existing investment property portfolio and valuation of newly acquired investment property. Insignificant part of the income consists of the rental income based on the ideal shares.

Decrease of result after taxation in comparison with previous year is mainly caused by increase of personal expenses due to increase of investment portfolio, sales slowdown, financial settlement with bond manager in connection with the repaid bonds on SATPO Group B.V., tax effects of sub-holding City Home Invest III, a.s. restructuring.
The balance sheet volume in financial year 2022 amounts to CZK 2,497,746 ths, compared to CZK 2,111,684 ths in 2021. 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 public bonds, bank loans and equity. Equity attributable to the owners of the parent in fiscal year 2022 amounts to CZK 359,326 ths, compared to CZK 326,731 ths in 2021.

Major company developments

In February 2022 the company SATPO finance, s.r.o. belonging to the SATPO Group B.V. successfully issued public bonds in the total nominal amount of CZK 400 million maturing in 2026. Bond issue SATPO FIN. 7,10/26 follows on from previous successful issues of debt instruments and investment certificates implemented both at the level of individual projects within the Group and at the level of the parent company SATPO Group B.V. The bonds are due in February 2026, bear a fixed interest rate of 7,10 % p.a. The bonds are registered on the Regulated Market of the Prague Stock Exchange.

The legal form of City Home Invest III, s.r.o. was changed from a limited liability company to a joint stock company, City Home Invest III, a.s. in July 2022.

City Home Invest III, a.s. continues to invest into the apartment houses located in Prague, it has been bought 6 projects, bought another 6 co-ownership shares and managed to successfully settle co-ownership for 4 projects in the apartment buildings with the division of the building into units for further sale.

Outside the region Prague the City Home Invest II, s.r.o. continues to search for investment opportunities in the apartment buildings outside the Prague region. In 2022 was purchased 1 project Božkovská 47 that was put on the market for sale with residential and commercial units in the city of Pilsen.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. At the end of 2021 the registered capital of City Home Invest III, a.s. was increased from CZK 200 ths to CZK 2,000 ths.

The value of shares in the tenement houses as of 31.12.2022 increased up to CZK 1,575,070 ths. (as of 31.12.2021 was 1,406,110 ths)

As for the development activities, the rough construction was successfully completed for the residential projects Holečkova House and the Kobrova Rezidence in May 2022, the approval of both projects is planned for the second quarter of 2023 as well as the handover of the units to the clients for the second quarter of 2023. The Group continues to provide all management and project services for the residential project Rezidence Laurová. After obtaining the zoning decision, intensive work is in a process to obtain a building permit and start selling housing units.

SATPO Invest III, s.r.o. continues to acquire land intended for development in the peripheral parts of Prague and the Central Bohemian Region for the construction of family houses for individual construction, build utility networks and communications on these lands, and then sell the land to clients for individual construction. The tied up capital of SATPO and partners is CZK 100,000 ths. The plan is to start selling land plots for the construction of family houses in the project U Školky during 2023.

At the end of 2022, the SATPO foundation fund was established, that within the Group supports non-profit organizations, associations and clubs, focuses on supporting education, health, sports, culture and art.

Going concern

On December 31, 2022 equity attributable to the owners of the parent amounts to CZK 359,326 ths (in 2021 CZK 326,731 ths). The financial situation indicates the improvement and year to year strengthening of the financial position of the company.

The management reviewed if the application of the going concern assumption was justified at the preparation of the 2022 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 2023. The management went through the risk areas described in the Management board's report and Notes to the consolidated financial statements. The potential risks were tested through Group cash-flow and other financial indicators.

The management is aware of negative value of the net working capital as of 31 December 2022 and cash flows from the operating activities for the year ended 31 December 2022. The negative working capital relates among other to the fact that the whole portfolio of investment property is classified under non-current assets, although a part of it will be sold in the following year. However, as it is not certain, which specific items of the investment property will be disposed of and what will be the total amount, they are all classified under non-current assets.

In the ordinary course of business, several new loans were drawn down in 2023. 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.

Long term strategy

There is no significant change in strategy year-on-year and the Group will continue to develop its two main pillars of the business activities: residential and land development under the SATPO brand, focusing more on investment into land plots to lay down the basis for future development projects, and to purchase and sale of the existing houses under the City Home brand with property management.

Our employees

The Group continues to encounter a lack of quality people on the market and strives to supplement the capacities of selected teams, especially professional professions. To manage a large number of projects, it is necessary to strengthen the team of employees at almost all levels and in all departments. The recruitment and adaptation of new employees was a big challenge for 2022 in the field of human resources, and it will be no different in 2023.

Average number of employees

The average number of employees working in the SATPO Group B.V. amounted to 0 (2021: 0). The Group has no pension plan or costs.

The average number of employees working for the Group amounted to 39 (2021: 34). The Group has no pension plan or costs.

Well-being of employees

The health and well-being of employees working for the Group is taken seriously.

With the increase in the number of employees, the offices were expanded by creating a new working spaces and some meeting rooms to increase the capacity. The rule of shared places was introduced that optimizes the use of the workplace during the home office regime, vacation or sick leave. Within the company, there was professional growth for all employees, of which 5 people were promoted internally, which represents an 8% increase in professional expertise within the Group.

The Group has invested in corporate team building and internal trainings. As benefits it offers the use of meal vouchers, multisport cards, pension insurance and home office mode. Small refreshments such as fruits, vegetables, tea or coffee are freely available. During the expansion of the workspace, another administrative center with refreshments was created.

Continuing with regular and non-regular staff training through our Edunio e-learning platform, the process specialist team has created an internal website where is access to the relevant, easy-to-use learning materials, provided to enable the acquisition of actionable skills.

Teambuilding develops cooperation among employees and therefore in 2022 it was supported after working hours by participation in the T-mobile Olympic run, voluntary run during a week to support the Tereza Maxová foundation for children, informal desktop games, basketball match, swimming lessons with a professional coach, bowling, common walks, etc.

There were 2 volunteer events organized to help visually impaired people in the nearby the Home of Palata, one of which also took place on a working day.

Equal treatment of employees

The Group does 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 results-based.

- All employees
  up to 20 % of quarterly gross salary is awarded to all employees based on measured goals, payable quarterly.

Commitment to social responsibility

Serving the wider community and supporting the engagement of our team members within the Group is important to us. Here are some of the organizations that received sponsorships and financial donations through our corporate giving initiative in 2022.

Humanitarian and non profit organization People In Need (Člověk v tísni) received a financial donation for humanitarian aid to victims of the armed conflict in Ukraine.

The Group is a proud to be a financial partner of the non profit Good Angel Foundation (Dobrý anděl) since its establishment 2012. Thanks to the founders, financial partners and philanthropists, the operational costs of the foundation are financed, so that any contributions from donors are distributed every month to the last penny to families who have fallen into a difficult situation due to a serious and long-term illness. For more information: https://www.dobryandel.cz/en/

Thanks to the Good Angel Foundation, which we have been supporting for many years, most children and parents with serious and long term medical conditions in the Czech Republic have a chance to live a happier life.

Since 2010, the Group has also been supporting the Junior Achievement educational program for first grade elementary school students, and in addition to providing study materials, actively participating in classes and organizing the graduation ceremonies associated with a tour of the company headquarters. Several hundred students have already graduated and received the „young economist" diploma. In 2022, the educational program took place at the following schools: Věry Čáslavská Primary School, Prague British International School in the Libuš district of Prague and Little England Academy. In a total of 172 pupils graduated.

As part of the JA ambassadorship, there was active participation as a member of the national jury in the JA Top Logo and JA Firma competitions, and there was also participation in the JA Entrepreneurship in Education Conference, which was organized by the JA Czech organization under the auspices of the Senate of the Parliament of the Czech Republic. The program was accompanied by the executive director of JA Czech and the participants had the opportunity to meet mentors, graduates and partners who prepared interesting lectures and panel discussions.
Junior Achievement teaching programs are focused on entrepreneurship, financial literacy and preparation for employment, it was founded in 1919 in the USA and was nominated for the Nobel Peace Prize in 2022. Programs for pupils and students are used in 120 countries around the world. More information at www.juniorachievement.org

Education is one of the most fundamental foundations of a safe and healthy life, the Group is deeply committed to fostering educational opportunities and providing the support and resources needed to prepare students for academic success, the 21st century job market and far beyond.

Another volunteer work took a place in the home of Palata together with a financial contribution for the purchase of equipment, it supported Home Palata providing services to people with visual impairments. Volunteer work took place on a weekday in the summer and on a weekend in the fall 2022.

In the form of a financial contribution was supported the Duke of Edinburgh Educational Foundation (Duke of Edinburgh International Award) to student education and organization.

As in previous years, in the year of 2022 there was a financial support provided to the children's sports clubs such as BMX Řepy with a focus on bicross and charity race, Elab Team with a focus on swimming and preparation for triathlon.

Future expectations

Overall, management expects positive results and cash flow for the upcoming year. This expectation is based on forecast of results of 2023 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
External financing risk
(Re)financing risk
Operational risk
Time schedule and cost control
Reporting risk
Interest rate
Legal environment and approval process

RISK AREAS

Strategic risk

Economy

The COVID-19 pandemic only significantly slowed down the economy for the first two years and then started to recover while replaced by the Russia's invasion of Ukraine influences the entire global economy. Neighboring economies in particular grapple with disrupted trade, supply chains, and remittances as well as a surge in refugee flows. From the beginning, several number of measures have been taken to keep the economy of the Czech Republic in good condition, as an example is the provision of gas supplies by neighboring countries. All the time, as concern the Russia's invasion of Ukraine, there is strong support not only from the government, but also from many non-profit organizations and associations. The energy crisis, problems in supply chains and high inflation affected the Czech economy last year and it will continue to affect it in 2023.

For the year 2023, GDP is expected to decrease by around 1 % in 2023, and the decrease in household consumption should be caused by high inflation that reduces the real household incomes. A gradual decline to lower inflation value is expected for 2023, the average inflation could be around 8.5 %.
Unemployment rate should stagnate and its rate should be around 2,3 %. Europe is currently in recession and should remain in recession in the first half of this year as well as the Czech Republic, a slight recovery could occur in the second half of 2023.

More than 480 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 may influence the demand for any type of 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 mitigated 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. Due to the Russia's invasion of Ukraine and the related increase of interest rate there is noticeable request of financing banks, by negotiation of now bank loans, for floating interest rates in 2023. These requests are implemented in our budgets and forecasts of projects. If there is identified any significant impact, the appropriate measures are taken.

Bank loans and issued bonds have certain financial covenants attached to them. Violation of these covenants can lead to immediate maturity of the debt. As of 31 December 2022, the Group was in compliance with theses covenants. The Group mitigates the risk by testing different scenarios.

(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 31.12.2022 were bonds in the amount of CZK 210,000 ths maturing in October 2023, CZK 420,000 ths. Maturing in 2025 and bonds in the amount of CZK 400,000 ths maturing in 2026. The ability of the company to redeem these bonds depends on the successful generation of cash flows from existing and future projects. In connection with settlement of bonds in the total amount of CZK 210.000 ths, maturing in October 2023, new public bond emission has been prepared. The management is working on and implementing a long-term financial strategy to meet both long-term and short-term obligations.

Partnering with investors via selling a part of share in a subsidiary is an option 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 the

Group 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. The MS project is being implemented and interconnected with the 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, it 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

Due to the decline of the economy, firstly as a result of the COVID-19 pandemic and currently as a result of the war in Ukraine, the rise in prices of energy, services or goods, a higher unemployment rate in connection with rising mortgage rates may negatively affect future demand for residential real estate.

As an anti-inflation measure, the Banking Council of the Czech National Bank has repeatedly increased the base interest rate, which has an effect on the growth of interest rates on commercial and mortgage loans. The current average mortgage interest rate is over 6 %.

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 26, 2023

Management board:

Jiří Pokorný, Board Member

Dagmar Pokorná, Board Member

CityHome SATPO

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022
In thousands of CZK

	Note	31 Dec 2022	31 Dec 2021
Revenue from contracts with customers	6	37 895	52 628
Rental income	8	24 744	27 426
Total revenue		**62 639**	**80 054**
Net gain/loss on the disposal of investment property	7	155 038	10 855
TOTAL REVENUE INCLUDING NET GAIN/LOSS ON THE DISPOSAL OF INVESTMENT PROPERTY		**217 677**	**90 909**
Cost of sales		-53 765	-47 606
Changes in value of investment property	13	176 140	449 780
Change in inventory provision	18	40 356	-43 798
Operating expenses	9	-160 534	-91 717
Other operating income	10	4 749	3 836
OPERATING PROFIT		**224 622**	**361 404**
Finance income		2 801	2 433
Finance costs	11	-89 398	-84 538
PROFIT BEFORE TAX		**138 025**	**279 299**
Income tax	12	-73 176	-66 996
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		**64 849**	**212 303**
Profit attributable to non-controlling interests		32 252	67 907
Profit attributable to the owners of the parent		32 596	144 396

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022
In thousands of CZK

	Note	31 Dec 2022	31 Dec 2021
Non-current assets			
Investment property	13	1 935 538	1 761 331
Property, plant and equipment	14	79 041	67 202
Intangible assets	15	1 055	2 394
Investment in associates	16	9 800	0
TOTAL NON-CURRENT ASSETS		**2 025 435**	**1 830 927**
Current assets			
Inventories	18	363 200	217 380
Trade and other receivables	19	46 671	29 269
Cash and cash equivalents	20	62 440	34 107
TOTAL CURRENT ASSETS		**472 311**	**280 757**
TOTAL ASSETS		**2 497 746**	**2 111 684**
Equity			
Share capital + share premium	21	220 000	220 000
Reserves	21	139 326	106 731
Equity attributable to the owners of the parent		359 326	326 731
Non-controlling interests	22	242 862	210 610
TOTAL EQUITY		**602 188**	**537 341**
Non-current liabilities			
Issued bonds	23	789 640	614 390
Bank loans	23	304 764	151 543
Other long-term liabilities	24	103 719	97 212
Provisions	25	1 081	958
Deferred tax liability	17	175 110	131 000
TOTAL NON-CURRENT LIABILITIES		**1 374 314**	**995 103**
Current liabilities			
Current portion of long-term borrowings	23	277 364	455 862
Trade and other payables	27	87 938	45 666
Other financial liabilities	24	60 237	9 436
Provisions	25	8 928	6 447
Contract liabilities	26	59 154	58 264
Current tax liability	12	27 623	3 565
TOTAL CURRENT LIABILITIES		**521 244**	**579 240**
TOTAL LIABILITIES		**1 895 558**	**1 574 343**
TOTAL EQUITY AND LIABILITIES		**2 497 746**	**2 111 684**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022
In thousands of CZK

	Share Capital + share premium	Reserves	Equity attributable to parent	Non controlling interests	Total equity
EQUITY AT 1.1.2022	**220 000**	**106 731**	**326 731**	**210 610**	**537 341**
Profit / Loss	0	32 596	32 596	32 252	64 848
EQUITY AT 31.12.2022	**220 000**	**139 326**	**359 326**	**242 862**	**602 188**

	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**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022
In thousands of CZK

	YEAR 2022	YEAR 2021
PROFIT FOR THE YEAR	**32 596**	**144 396**
Adjustments for:		
Finance costs	86 597	82 107
Non-controlling interest	32 252	67 907
Investment property revaluation gain/loss	-176 140	-449 780
Inventory provision	-40 356	43 798
Depreciation	5 182	8 075
Income tax expense	73 176	66 996
Other	0	42 643
OPERATING CASH-FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	**13 307**	**6 142**
Decrease / (Increase) in inventories	-105 464	-37 892
Decrease / (Increase) in trade and other receiva-bles	-17 401	10 310
Increase / (Decrease) in trade and other payables	51 382	40 516
Increase / (Decrease) in contract liabilities	890	11 917
CASH GENERATED BY OPERATIONS	**-57 286**	**30 993**
Income taxes paid	-5 008	-8 988
NET CASH FROM OPERATING ACTIVITIES	**-62 294**	**22 005**
Investing activities		
Effect of purchases and disposals of investment property (net)	-7 868	-118 910
Effect of purchases and disposals of property, plan and equipment (net)	-14 804	-1 822
Effect of purchases and disposals of intangible assets (net)	-879	-2 408
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	**-23 550**	**-123 140**
Financing activities		
Interest paid	-86 597	-82 107
Proceeds and repayments from bonds (net)	175 250	150 533
Proceeds and repayments from bank and other loans(net)	25 524	7 332
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**114 177**	**75 758**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**28 332**	**-25 376**
Cash and cash equivalents at beginning of year	34 107	59 483
CASH AND CASH EQUIVALENTS AT END OF YEAR	**62 440**	**34 107**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2022 as well as in 2021. The average number of employees working for the Group amounted to 39 (2021: 34).

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?
Amandements to IAS 1	Classification of Liabilities as Current or Non-current — Defer-ral of Effective Date	01.01.2023	Yes
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	01.01.2023	Yes
Amendments to IAS 1	Non-current Liabilities with Co-venants	01.01.2024	No
Amendments to IAS 8	Definition of Accounting Esti-mates	01.01.2023	Yes
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Sin-gle Transaction	01.01.2023	Yes
Amendments to IFRS 16	Re Sale and Leaseback Trans-actions	01.01.2024	No
Amendments to IFRS 17	Insurance Contracts	01.01.2023	Yes

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

On December 31, 2022 equity attributable to the owners of the parent amounts to CZK 359,326 ths (in 2021 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 2022 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 2023. The management went through the risk areas described in the Management board's report and Notes to the consolidated financial statements. The potential risks were tested through group cash-flow and other financial indicators.

The Management is aware of negative value of the net working capital as of 31 December 2022 and cash flows from the operating activities for the year ended 31 December 2022. The negative working capital relates among other to the fact that the whole portfolio of investment property is classified under non-current assets, although a part of it will be sold in the following year. However, as it is not certain, which specific items of the investment property will be disposed of and what will be the total amount, they are all classified under non-current assets.

In the ordinary course of business, several new loans were drawn down in 2023. 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.

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.

3.5 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).

3.6 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.

3.7 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.

3.8 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).

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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 31.12.2022 and 31.12.2021 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 31.12.2022 and 31.12.2021 using judgmentally determined interest rate of 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

Structure of the Group year ended 2022 is as follows:

- **SATPO Group B.V.**
  - Jiří Pokorný 90%
  - Dagmar Pokorná 10%
- City Home, s.r.o. 100%
  - City Home Invest II, s.r.o. 100%
    - City Home Project I, s.r.o. 100%
    - City Home Project II, s.r.o. 100%
    - City Home Project III, s.r.o. 100%
    - City Home Project IV, s.r.o. 100%
  - City Home Invest III, s.r.o. 52%
    - City Home Finance III,s.r.o. 100%
    - City Home Project VII, s.r.o. 100%
    - City Home Project VII, s.r.o. 100%
    - City Home Project IX, s.r.o. 100%
    - City Home Project X, s.r.o. 100%
    - City Home Project XI, s.r.o. 100%
    - City Home Project XII, s.r.o. 100%
    - City Home Project XIII, s.r.o. 100%
    - City Home Project XIV, s.r.o. 100%
    - City Home Project XV, s.r.o. 100%
    - City Home Project XVI, s.r.o. 100%
    - SATPO Project XX, s.r.o. 100%
    - City Home Project XVII, s.r.o. 100%
    - City Home Project XVIII, s.r.o. 100%
    - SATPO Project XXI, s.r.o. 100%
    - City Home Project XIX, s.r.o. 100%
    - SATPO Project XXII, s.r.o. 100%
    - City Home Project XX, s.r.o. 100%
    - City Home Project XXI, s.r.o. 100%
    - City Home Project XXII, s.r.o. 100%
    - City Home Project XXIII, s.r.o. 100%
    - City Home Project XXIV, s.r.o. 100%
      - City Home Project XXV, s.r.o. 100%
    - City Home Project XXVI, s.r.o. 100%
    - City Home Project XXVII, s.r.o.100%
    - City Home Project XXVIII, s.r.o. 100%
    - City Home Project XXIX, s.r.o. 100%
- SATPO, a.s. 100%
  - SATPO Invest I, s.r.o. 100%
    - SATPO Project I, s.r.o. 100%
    - SATPO Project II, s.r.o. 100%
    - SATPO Project III, s.r.o. 100%
    - SATPO Project IV. s.r.o. 100%
    - SATPO Project VIII, s.r.o. 100%
    - SATPO Project XI, s.r.o. 100%
    - SATPO Project XV, s.r.o. 1%
    - SATPO Project XIV, s.r.o. 100%
      - SATPO Project XVI, s.r.o. 100%
  - SATPO Invest II, s.r.o. 100%
    - SATPO Project VII, s.r.o. 100%
    - SATPO Project XII, s.r.o. 100%
    - SATPO Project XVIII, s.r.o. 100%
    - SATPO Project XIX, s.r.o. 100%
  - SATPO Invest III, s.r.o. 50,1%
    - SATPO Project IX, s.r.o. 100%
    - SATPO Project VI, s.r.o. 100%
    - SATPO Project XIII, s.r.o. 100%
    - SATPO Project XVII, s.r.o. 100%
  - SATPO Invest IV, s.r.o. 50,5%
- SATPO services, a.s. 100%
  - SATPO management, s.r.o. 100%
  - Kettner Consultants Ltd. 100%
- SATPO finance, s.r.o. 100%

■ holding ■ financial □ project □ project ■ service & management

Detailed information about the composition of the Group at the end of the reporting period as at 31.12.2022 is as follows:

NAME OF THE ENTITY	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, a.s.	4548817	Czech Republic	52	21.01.2016	still	legal form changed
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 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 Project XIII, s.r.o.	14270650	Czech Republic	100	28.02.2022	still	-
City Home Project XIV, s.r.o.	14270668	Czech Republic	100	01.03.2022	still	-
City Home Project XV, s.r.o.	14270676	Czech Republic	100	01.03.2022	still	-
City Home Project XVI, s.r.o.	14270684	Czech Republic	100	01.03.2022	still	-
City Home Project XVII, s.r.o.	14270692	Czech Republic	100	01.03.2022	still	-
City Home Project XVIII, s.r.o.	17197201	Czech Republic	100	31.05.2022	still	-
City Home Project XIX, s.r.o.	17197287	Czech Republic	100	31.05.2022	still	-
City Home Project XX, s.r.o.	17197376	Czech Republic	100	31.05.2022	still	-
City Home Project XXI, s.r.o.	17287197	Czech Republic	100	28.06.2022	still	-
City Home Project XXII, s.r.o.	17288444	Czech Republic	100	28.06.2022	still	-
City Home Project XXIII, s.r.o.	17288550	Czech Republic	100	28.06.2022	still	-
City Home Project XXIV, s.r.o.	09000135	Czech Republic	100	28.02.2020	still	-
City Home Project XXV, s.r.o.	09000071	Czech Republic	100	28.02.2020	still	-
City Home, s.r.o.	1384147	Czech Republic	100	12.09.2013	still	-
KETTNER CONSULTANTS LTD.	CY10180514S	Cyprus	100	17.07.2006	still	-
SATPO Group B.V.	34243136	the Netherlands	100	22.02.2006	still	-
SATPO Invest I, s.r.o.	1556169	Czech Republic	100	26.09.2013	still	-
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	-
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 VI, s.r.o.	4899288	Czech Republic	100	05.05.2016	still	-
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 Project XX, s.r.o.	14245001	Czech Republic	100	16.02.2022	still	-
SATPO Project XXI, s.r.o.	14270706	Czech Republic	100	28.02.2022	still	-
SATPO Project XXII, s.r.o.	14270722	Czech Republic	100	28.02.2022	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 31.12.2021 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	-
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	-

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 hold 1%, the third party holds 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. company was established at the end of 2021. SATPO holds 50,1% of shares, four individual investors own 44,9%.

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.

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.

As of July 1,2022 City Home Invest III changed its legal form from a limited liability company (společnost s ručenim omezeným) to a joint stock company (akciová společnost).

The Group sold in 2022 two of its subsidiaries – City Home Project V, s.r.o. and City Home Project VI, s.r.o.

The Group bought two companies in 2022 – City Home Project XXIV, s.r.o. and City Home Project XXV, s.r.o. Both entities were dormant as of the date of their acquisition by the SATPO Group. The entity City Home Project XXIV, s.r.o. acts as a parent company of City Home Project XXV, s.r.o., otherwise does not have any activities, the entity City Home Project XXV, s.r.o. owns a share in one tenement house.

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.

	31.12.2022	31.12.2021
Sales of inventory units	20 191	47 286
Other sales	17 704	5 342
TOTAL	**37 895**	**52 628**

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

	31.12.2022	31.12.2021
Proceeds from disposal of investment property	465 802	290 754
Carrying value of investment property disposed of and related cost	-310 764	-279 899
TOTAL NET GAIN/LOSS ON THE DISPOSAL OF INVESTMENT PROPERTY	**155 038**	**10 855**

Disposals of investment property in 2022 represent mainly sale of assets related to residential projects Pod Žvahovem 50, Hanusova 21, Vratislavova 5, Plavecká 11, Slezská 75, Veletržní 31, Mánesova 82 and Ruská 4.

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 90 % percent of office spaces for its internal needs and leases 10 % 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 21,9 mio. (2021: CZK 15,9 mio.).

9. Operating expenses

	31.12.2022	31.12.2021
Salaries and remuneration	51 842	38 236
IT services	7 513	5 734
Tax advisory and Audit	4 953	7 989
Legal services and advisory	11 078	5 938
Marketing costs	5 091	4 709
Expenses relating to the rent income	11 016	9 605
Miscellaneous services	42 965	11 424
Penalty interest	145	33
Other operating expenses	25 931	8 049
TOTAL	**160 534**	**91 717**

The amount CZK 34.422 ths. reported in Miscellaneous services represent success fees of the Bond Issue Manager arising under the Bond Issue Manager Agreement. The increase of other operating expenses is caused, in particular, by the compensation payments for early handover of flats. The total amount of the paid compensation in 2022 was CZK 13 837 ths. (2021: CZK 580 ths.).

10. Other operating income

	31.12.2022	31.12.2021
Other operating income	4 749	3 836
TOTAL	**4 749**	**3 836**

11. Finance costs

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

	31 DEC 2022	31 DEC 2021
Interest from bonds	51 344	52 027
Interest from loans	13 082	11 103
Interest-free loan from shareholder	0	2 184
Advances received from customers	3 091	2 599
Reclassification of NCI from equity to loans	12 438	8 176
Loan guarantee	4 948	6 061
Other finance costs	4 495	2 388
TOTAL FINANCE COSTS	**89 398**	**84 538**

12. Income Tax

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

	31.12.2022	31.12.2021
Profit before tax	138 025	279 299
Tax at the weighted average corporation tax rate (2022: 19%; 2021: 19%)	26 225	53 067
Tax effect of expenses that are not deductible or income not taxable in determining taxable profit	46 951	13 929
Tax expense for the year	**73 176**	**66 996**

Tax expense for the year consist of:

	31.12.2022	31.12.2021
Current tax	29 067	6 691
Deferred tax	44 109	60 304
	73 176	**66 996**

The Group used tax losses in the amount of CZK 27 909 ths. (2021: CZK 93 425 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 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**
Additions	0	399 702	399 702
Disposals	-131 630	-270 005	-401 635
Increase in fair value during the year	72 653	103 487	176 140
AT 31 DECEMBER 2022	**402 407**	**1 533 131**	**1 935 538**

The fair value of the Group's investment property at 31 December 2022 and at 31 December 2021 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.

Key assumptions and market indicators in the real estate assets valuation as of 31 December 2022 are as follows:

The current average asking price in Prague as of 9-10/2022 is 155 800 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 2022 was in Prague 9 in the amount of 136 200 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 to 278 CZK per sqm. The main reasons for the significant decrease were the increase of apartment offers in the city centre, which were previously offered for short-term rent and the outflow of students.

The rental market bounced back during the summer of 2021 and the rents started to grow again. The average rent reached 297 CZK per sqm at the end of 2021. The further significant growth was during the year 2022 when the rent reached 367 CZK per sqm in September.

Current prime yields are approximately 4,50% for offices, 4,50% for high streets, 4,25% for industrial, 5,50% for shopping centres and 5,75% for retail parks.

The prime rent for office segments currently stands at 26,50 EUR per sqm and the vacancy slightly increased to 8,1 %.

Contingency % used in the residual valuation method is 5 - 12 %. Development profit allowance % in residual valuation method is 15 – 25 %. Capitalisation rate used in valuation of Tenement houses in Prague is 5,15 – 6,4 % 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 2021	**71 266**	**3 291**	**5 016**	**79 573**
Additions	0		1 983	1 983
Disposals	-10	-150	0	-160
AT 31 DECEMBER 2021	**71 256**	**3 141**	**6 999**	**81 396**
Additions	2 151	0	6 875	9 026
Disposals		0	-1 886	-1 886
Transferred from investment property	5 442	0	0	5 442
AT 31 DECEMBER 2022	**78 849**	**3 141**	**11 988**	**93 978**

Accumulated depreciation and impairment	Buildings	Land	Equipment	Total
AT 1 JANUARY 2021	**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**
Charge for the year	1 796		-1 052	744
AT 31 DECEMBER 2022	**9 358**	**0**	**5 579**	**14 937**

Carrying amount				
AT 31 DECEMBER 2021	**69 491**	**3 141**	**6 409**	**79 041**
AT 31 DECEMBER 2020	**63 694**	**3 141**	**367**	**67 202**

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 2020	**18 975**	**1 376**	**20 351**
Additions	2 408	-1 376	1 032
AT 31 DECEMBER 2021	**21 383**	**0**	**21 383**
Additions	879	0	879
AT 31 DECEMBER 2022	**22 262**	**0**	**22 262**
Amortization			
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**
Charge for the year	2 218	0	2 218
AT 31 DECEMBER 2022	**21 207**	**0**	**21 207**
Carrying amount			
AT 31 DECEMBER 2022	**1 055**	**0**	**1 055**
AT 31 DECEMBER 2021	**2 394**	**0**	**2 394**

No intangible assets are pledged as securities.

16. Investments in Associates

Details of material associates

The advanced payment for the purchase of the remaining share at project Polská 7 is reported. The acquisition was made by a company purchase carried out in March 2023, provided that acquired company would be included in the Group.

The Group does not have any other 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 investment property	Tax losses	Total
AT 1 JANUARY 2021	**445**	**-89 642**	**18 502**	**-70 695**
Charge to profit or loss	963	-48 453	-12 815	-60 305
AT 1 JANUARY 2022	**1 408**	**-138 095**	**5 687**	**-131 000**
Charge/(credit) to profit or loss	494	-44 136	-468	-44 110
AT 31 DECEMBER 2022	**1 902**	**-182 231**	**5 219**	**-175 110**

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:

	31.12.2022	31.12.2021
Deferred tax liabilities	-182 231	-136 687
Deferred tax assets	7 121	5 687
	-175 110	**-131 000**

At the reporting date, the Group has unused tax losses of CZK 166 581 ths. (2021: CZK 168 191 ths.) available for offset against future profits. A deferred tax asset has been recognized in respect of CZK 27 470 ths. (2021: CZK 29 934 ths.) of such losses. No deferred tax asset has been recognized in respect of the remaining CZK 139 111 ths. (2021: CZK 138 257 ths.) as it is not considered probable that there would be future taxable profits available. Included in unrecognized tax losses are losses of CZK 139 111 ths. (2021: CZK 138 257 thousand) that will expire in year:

IN YEAR	2023	2024	2025	2026	2027	TOTAL
unrecognized tax losses	29 619	22 830	21 254	21 437	43 971	139 111

18. Inventories

	31.12.2022	31.12.2021
Finished construction	31 491	68 300
Construction in progress	350 548	208 275
Less allowance	-18 839	-59 195
	363 200	**217 380**

The cost of inventories recognized as an expense includes CZK 40 356 ths. (2021: CZK -43 797 ths.) in respect of write-downs of inventory to net realizable value. Inventories of Construction in progress in the total amount of CZK 279 005 ths. are expected to be recovered during following 12 months (completion of project Holeckova and Kobrova).

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

19. Trade and other receivables

	31.12.2022	31.12.2021
Trade receivables	13 655	12 791
Loss allowance	-3 196	-3 033
	10 459	9 758
Prepayments	7 070	6 917
Accrued income	4 327	5 170
Other receivables	24 815	7 424
	46 671	**29 269**

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.

TRADE RECEIVABLES – DAYS PAST DUE

31/12/2022 In CZK thousand	Not past due	<30	31-60	61-90	91-180	181-360	>360	Total
Expected credit loss rate	0,5%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	9 944	2	25	14	700	0	2 970	13 655
Lifetime ECL	-49	0	-1	-1	-175	0	-2 970	-3 196
NET CARRYING AMOUNT	**9 895**	**2**	**24**	**13**	**525**	**0**	**0**	**10 459**

TRADE RECEIVABLES – DAYS PAST DUE

31/12/2021 In CZK thousand	Not past due	<30	31-60	61-90	91-180	181-360	>360	Total
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**

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.

Other receivables

Other receivables reflect the sale of the remaining part of bonds issued by SATPO finance, s.r.o., provided that the financial sources are allocated at the asset account of SATPO finance, s.r.o. maintained by WOOD & Company Financial Services, a.s., the Manager and the Security Agent of the Bond Issue.

20. Cash and cash equivalents

	31.12.2022	31.12.2021
Cash on hand	26	87
Bank balances	62 414	34 020
	62 440	**34 107**

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 2022.

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 2022.

Decision about dividend for year 2022 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.

	31.12.2022	31.12.2021
City Home Invest III	158 826	128 958
SATPO Invest IV (City Home Invest Ltd)	52 182	48 719
SATPO Invest III	31 854	32 933
TOTAL NON-CONTROLLING INTEREST	**242 862**	**210 610**

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.

	31.12.2022	31.12.2021
EQUITY COMPONENT	**34 941**	**34 941**
Liability component at date of issue (net of transaction cost)	64 859	64 859
Cumulative interest charged using effective interest rate (not paid)	38 367	25 929
CARRYING AMOUNT OF LIABILITY COMPONENT	**103 226**	**90 788**

City Home Invest III company´s consolidated profit for the year 2022 and total comprehensive income was CZK 146 068 ths (2021: CZK 260 080 ths).

SATPO Invest IV company´s profit for the year 2022 was CZK 7 314 ths (2021: CZK 5 848 ths).

SATPO Invest III company´s consolidated profit for the year 2022 and total comprehensive income was CZK 6 711 ths (2021: CZK 54 711 ths).

23. Borrowings

	31.12.2022	31.12.2021
Bank loans	372 128	292 405
Issued bonds	999 640	929 390
TOTAL BORROWINGS	**1 371 768**	**1 221 795**
Non-current	1 094 404	765 933
Current	277 364	455 862

Issued bonds as of 31.12.2022:

Debtor	Creditor	Due date	Coupon p.a.	Total nominal value of bonds as of 31.12.2022 in CZK ths
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
SATPO finance, s.r.o.	Owners of bonds	04.02.2026	7,10%	400 000

Bank loans with fixed interest rate as of 31.12.2022.

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal in CZK ths
SATPO Project I, s.r.o.	TRINITY BANK a.s.	30.06.2023	refinancing of the original loan and equity	7,49 % p.a.	17 210
SATPO Project III, s.r.o.	TRINITY BANK a.s.	31.10.2023	refinancing of the project's equity	9,09 % p.a.	25 000
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.	73 770
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.	64 921
City Home Project VIII, s.r.o.	TRINITY BANK a.s.	30.09.2024	refinancing of the project's equity	8,19 % p.a.	81 180
City Home Project XI, s.r.o.	Raiffeisenbank a.s	31.10.2024	refinancing of the project's equity	8,00 % p.a.	21 000
City Home Project IX, s.r.o.	Raiffeisenbank a.s	31.12.2024	refinancing of the project's equity	5,75 % p.a.	23 450

Bank loans with floating interest rate as of 31.12.2022.

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal in CZK ths
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.	42 351
SATPO Project VI, s.r.o.	Fio banka, a.s.	01.12.2023	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	23 246

The Group´s borrowings are denominated in CZK. Bank loans and issued bonds have certain financial covenants attached to them. Violation of these covenants can lead to immediate maturity of the debt. As of 31 December 2022, the Group was in compliance with theses covenants. Based on management judgment fair value of financial liabilities approximates their reported value.

SECURITY

The Group had at the end of 2022 nine bank loans (2021: 8 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 2022. 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:

	31.12.2022	31.12.2021
	%	%
Bank loans	6,69	4,9
Issued bonds	6,08	5,9

24. Other financial liabilities

	31.12.2022	31.12.2021
	in CZK ths	in CZK ths
Payables to shareholders	108 173	106 284
Non-bank loans	55 289	0
Others	494	364
	163 956	106 648
NON-CURRENT	**103 719**	**97 212**
CURRENT	**60 237**	**9 436**

25. Provisions

	31.12.2022	31.12.2021
	in CZK ths	in CZK ths
Warranty provision	2 204	1 952
Other provision	7 805	5 453
	10 009	**7 405**
Current	8 928	6 447
Non-current	1 081	958
	10 009	**7 405**

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 2020	**46 347**
Additions	58 097
Disposals	-46 180
AT 31 DECEMBER 2021	**58 264**
Additions	94 792
Disposals	-93 902
AT 31 DECEMBER 2022	**59 154**

27. Trade and other payables

	31.12.2022	31.12.2021
	in CZK ths	in CZK ths
Trade payables	52 603	21 229
Payables to employees	2 375	1 358
Other taxation and social security	4 736	7 320
Other payables	17 216	8 348
Accruals	11 008	7 411
	87 938	**45 666**

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 31.12.2022 that has a fixed interest rate is CZK 306 531 ths. (2021: CZK 175 297 ths.), and that has a float interest rate CZK 65 597 ths. (2021: CZK 117 107 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
		in CZK ths
2022	+10	-66
	-10	66
2021	+10	-117
	-10	117

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 2022	31 December 2021
Current liquidity ratio (current assets / current liabilities)	91 %	108 %
Quick liquidity ratio (cash and cash equivalents / current liabilities)	12 %	13 %

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 2022	**%**	**in CZK ths**	**in CZK ths**	**in CZK ths**	**in CZK ths**	**in CZK ths**
Issued bonds	6,08	0	210 000	789 640	0	999 640
Bank loans	6,69	0	67 364	304 764	0	372 128
Contract liabilities		0	59 154	0	0	59 154
Shareholders		4 948	0	0	0	4 948
31 DECEMBER 2021	**%**	**in CZK ths**	**in CZK ths**	**in CZK ths**	**in CZK ths**	**in 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

(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:

	31.12.2022	31.12.2021
Debt	1 535 724	1 328 443
Cash and cash equivalents	-62 440	-34 107
NET DEBT	**1 473 284**	**1 294 336**
Equity	602 188	537 341
NET DEBT TO EQUITY RATIO	**245 %**	**241 %**

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 31.12.2022 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*	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Associates:	in CZK ths	in CZK ths	in CZK ths	in CZK ths	in CZK ths	in CZK ths	in CZK ths	in CZK ths
Mrs. Dagmar Pokorna	0	0	0	0	0	0	260	260
Mr. Jiri Pokorny	0	0	4 948	6 061	0	0	4 948	16 061
Endowment Fund SATPO	0	0	3 400	0	0	0	0	0

* In the case of the Endowment Fund SATPO the purchases are represented by donations.
** The amounts are classified as other receivables and other financial liabilities, respectively (see Notes 27 and 24).

Mr. Jiri Pokorny has receivables in aggregate amount of CZK 4 948 ths. (2021:6 061 ths.) towards several Group's companies. These receivables represent remunerations for granting guarantees by Mr. Pokorny in favor of banks in as securities in connection with bank loans.

In November 2022 the Endowment Fund SATPO was established and the purpose of the fund is to help, improve and develop the quality of life, to create, protect and develop spiritual and material values, develop and apply human rights and humanitarian principles and contribute to a better life for the individual and society as such, contribute to the development of science, education, physical education, culture, health and sports throughout the Czech Republic. It supports non-profit projects and organizations serving to help people in difficult life situations, support of medical personnel and medical facilities and development of children's and youth's education.

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.

	31.12.2022		31.12.2021	
	Directors		Directors	
		in CZK ths		in CZK ths
Remuneration	**5**	**9 157**	**5**	**7 480**

31. Events after the reporting period

In subsequent period, the purchase of the remaining share at project Polská 7 was realized and successfully settled into units in March 2023. This acquisition strengthened investment property portfolio.

The General Meeting of the Company held on 24 January 2023 adopted several resolutions on personal changes within the Board of Directors and Supervisory Board with immediate effect. Mrs. Dagmar Pokorná was recalled from the office of the Member of the Supervisory Board and subsequently appointed to the office of the member of the Board of Directors. Both members of the Board of Directors act jointly since then. Mrs. Věra Nekvasilová was recalled from the office of the Supervisory Board Member. New members of the Supervisory Board are Mr. Tomáš Kolář and Mr. Pavel Dvořáček.

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 AS AT DECEMBER 31, 2022

Before appropriation of resul	Note	December 31, 2022 in CZK ths	December 31, 2021 in CZK ths
FIXED ASSETS			
Participations in group companies	1	653 900	600 371
Long-term receivables	2	10 983	0
		664 883	**600 371**
CURRENT ASSETS			
Short-term receivables, prepayments and accrued income	3	113 182	207 901
Cash	4	71	107
		113 253	**208 008**
		778 136	**808 379**

	Note	December 31, 2022 in CZK ths	December 31, 2021 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	-581 003	-618 669
Revaluation reserve	6	687 734	581 004
Unappropriated result for the financial year	7	32 596	144 396
TOTAL EQUITY		**359 326**	**326 731**
LONG-TERM LIABILITIES	8	373 973	0
CURRENT LIABILITIES, ACCRUALS	9	44 837	481 648
		778 136	**808 379**

COMPANY-ONLY PROFIT AND LOSS ACCOUNT FOR 2022

	Note	2022 in CZK ths	2021 in CZK ths
Share in result of subsidiaries		114 783	189 248
Other income and expense after taxation	10	-82 187	-44 852
RESULT AFTER TAXATION		**32 596**	**144 396**

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.

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.

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

	2022 in CZK ths	2021 in CZK ths
Opening balance	600 371	340 363
Acquisitions	0	200
Share in income	114 783	189 248
Capital contribution	29 500	124 961
Returned capital contribution	0	0
Sale of subsidiary	0	-47 175
Dividend distribution	-90 754	0
Other changes	0	-7 227
CLOSING BALANCE	**653 900**	**600 371**
TOTAL NET VALUE OF PARTICIPATIONS	**653 900**	**600 371**

2. LONG-TERM RECEIVABLES

Long-term receivables include intercompany long-term borrowings.

3. SHORT-TERM RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

		2022		2021
	< 1 year in CZK ths	< 1 year in CZK ths	Total in CZK ths	Total in CZK ths
Group companies	112 944	0	112 944	207 506
Other receivables	238		238	395
	113 182	**0**	**113 182**	**207 901**

The average interest rate for intercompany loans is approximately 9% p.a. (2021: 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

Changes in equity during 2022:

	01.01.2022	Capital increase	Revaluation reserve	PY profit allocation	CY profit	31.12.2022
Issued share capital	**50 000**					**50 000**
Share premium	**170 000**					**170 000**
Retained earnings	**-618 669**		-106 730	144 396		**-581 003**
Revaluation reserve	**581 004**		106 730			**687 734**
Unappropriated result for the financial year	**144 396**			-144 396	32 596	**32 596**
TOTAL EQUITY	**326 731**	**0**	**0**	**0**	**32 596**	**359 326**

7. APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR:

The annual report 2021 was adopted in the general meeting of shareholders held on June 24, 2022. 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 2022:

The board of directors proposes, with the approval of the supervisory board, that the result for financial year 2022 amounting to CZK 32 596 thousand be transferred to Other Reserves (without payment of dividend). The financial statements do not yet reflect this proposal.

8. LONG-TERM LIABILITIES

	31.12.2022		31.12.2021	
		Interest rate		Interest rate
	in CZK ths	%	in CZK ths	%
Other bonds and private loans	0	7.0	0	7.0
Amounts due to group companies	373 973	9.0	0	8.5
Amounts due to shareholders	0	0	0	0
	373 973		**0**	

The amount of CZK 373 973 ths. of long-term liabilities includes amount due to associated companies in which the company can exercise significant influence, the interest rate is 9 %

9. CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	31.12.2022 in CZK ths	31.12.2021 in CZK ths
Bonds	0	315 000
Amounts due to group and associated companies	14 682	147 174
Other liabilities	30 155	19 474
	44 837	**481 648**

The SATPO Group issued bonds with an interest rate of 7.00% and the repayment date in 2022.
On February 4, 2022, new publicly traded bonds were issued by a direct daughter company of the Company and Company´s bonds due on February 24, 2022 were repaid from this issue.

The interest rate calculated for group liabilities is 9 %.

10. OTHER INCOME AND EXPENSE AFTER TAXATION

	2022 in CZK ths	2021 in CZK ths
Operating income	2 070	3 164
Interest income	2 945	3 977
Administrative expenses	-46 385	-10 632
Other operating expense	-2 059	-7 184
Interest expense	-38 758	-34 177
	-82 187	**-44 852**

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. AUDIT FEES

Fees paid to the Group's auditor for 2022 can be broken down into the following:

Baker Tilly (Netherlands) N.V.	EUR 34 500
TPA Audit s.r.o.	CZK 1 000 000

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.

2. 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.

3. SUBSEQUENT EVENTS

The General Meeting of the Company held on 24 January 2023 adopted several resolutions on personal changes within the Board of Directors and Supervisory Board with immediate effect. Mrs. Dagmar Pokorná was recalled from the office of the Member of the Supervisory Board and subsequently appointed to the office of the member of the Board of Directors. Both members of the Board of Directors act jointly since then. Mrs. Věra Nekvasilová was recalled from the office of the Supervisory Board Member. New members of the Supervisory Board are Mr. Tomáš Kolář and Mr. Pavel Dvořáček.

There were no other subsequent events with an impact on the financial statements of the Company as of December 31, 2022.

CORPORATE INFORMATION

Trade Name | SATPO Group B.V.
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T: +420 296 336 900 | E: info@satpo.cz | www.satpo.cz | www.city-home.cz

Signing of the financial statements

Prague, 26 April 2023

Management board:

Dagmar Pokorná

Jiří Pokorný

Supervisory Board:

Michal Jelínek

Tomáš Kolář

Pavel Dvořáček

AUDITOR'S REPORT

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2022 of SATPO Group B.V. based in Amsterdam. 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 2022 and of its result and cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European (EU-IFRS) and 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 2022 and of its result for 2022 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 2022;
2. the following statements for 2022: 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 2022;
2. the company-only profit and loss account for 2022; 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.

INFORMATION SUPPORTING OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

As part of our audit, we obtained an understanding of the company and its internal control environment. Based on this, we have identified and assessed risks of material misstatement due to fraud. We have discussed our fraud risk analysis with the management. We have evaluated various fraud risk factors to determine whether these factors indicate that a risk of material misstatement due to fraud exist.

We identified the following fraud risks and performed the following specific audit work to mitigate these fraud risks.

1.

Risk related to management override of controls (a presumed risk)

We recognize the risk of management breaching internal control. The management is in a unique position to commit fraud because it is able to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

During the audit, we have paid attention to the risk of breaches of internal control measures by management in:

- Journal entries and other adjustments made during the preparation of the financial statements.
- Estimates and estimating processes.
- Significant transactions outside the normal course of business

We have evaluated the design and implementation of internal control measures in the processes for generating and processing journal entries and making estimates. We verified that the access of management to the accounting system is limited and we also paid specific attention to the access protections in the IT system and the possibility of breaking through the segregation of functions. We conclude that, in the context of our audit, we were able to rely on the internal control measures relevant to this risk.

We also performed the following procedures:

- Assessing the degree of influence/involvement of management in the administrative process, the process of preparing the annual accounts and access to the financial systems.
- We have selected journal entries on the basis of risk criteria and performed specific audit procedures on them, in which we also paid attention to significant transactions outside the normal course of business;
- Accounts containing estimation elements were tested to ensure that the assumptions and methods used were reasonable and were not affected by management bias;
- Analyzing unusual transactions outside the normal course of business and transactions with related parties;
- Applying unpredictability in the audit;
- Reading the minutes of meetings of management.

Our work did not lead to specific indications of fraud or suspicions of fraud with regard to the breach of internal control by the board.

2.
Risk related to the valuation of the work in progress and revenue recognition

Given the company's objective to continue to show stable financial results, and based on a presumption that there are risks of fraud in revenue recognition, the valuation of work in progress was subject to the risk of a material misstatement due to fraud. The work in progress account which affects the revenue figure has estimation elements and could lead to pressure on management to understate or overstate revenue by manually adjusting the value of the work in progress accounts.

In order to sufficiently mitigate this risk in our audit approach, we have carried out the following audit procedures:

- We have performed back-testing on the realization of the profit on completed projects in the current financial year to establish that an accurate estimate was made previous year;we updated our understanding of the work in progress policies and where relevant to our audit, we assessed the design and effectiveness of the internal control measures related to work in progress and in the processes for generating and processing journal entries related to the work in progress;
- We performed through sample testing that the percentage of completion was calculated correctly;
- we verified that the work in progress agrees the client specific contractual terms and conditions;
- we performed audit procedures on invoices and bank payments after year end.
- We performed through sample testing that the purchase invoices match with the administration and have been booked on the correct project;
- We performed through sample testing that the sales invoices match with the administration and have been booked on the correct project;
- We performed audit procedures on the valuation reports prepared by external experts and reviewed the assumptions used in the valuation report.

Our work did not lead to identifying fraud or suspicions of fraud in the valuation of work in progress and accuracy of revenue due to thereto related presumed risk in revenue recognition

3.
Risk related to the accuracy of the costs and subsequent payments

We identified a risk of misappropriation of the entity's assets, by way of causing the SATPO Group B.V. to pay for goods or services not received in expense claims submitted. This misappropriation can be perpetrated by employees in relatively small and immaterial amounts however also by management who are usually more able to disguise or conceal misappropriation in ways that are difficult to detect.

We have evaluated the design and implementation of the system of controls and segregation of duties related to cost-declarations entering the financial administration.

We have also performed sample testing of the expenses whereby we have tested the authorization of the cost and the business like nature of the cost, as well as, the subsequent payment.

Our work did not lead to specific indications of fraud or suspicions of fraud with regard to the costs and respective payments.

Audit approach going concern

Every year, the management board assesses the possibility of continuing the company in continuity for at least the next 12 months after the date of signing the financial statements. We refer to the disclosure of going concern in the Management board's report and the notes in the financial statements. We have discussed and evaluated this estimate with the management board.

Our procedures to evaluate management's going concern assessment include, amongst others:

- discussion with management about key assumptions and whether management has identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern;
- analyzing the financial position at the end of the current financial year compared to that at the end of the previous financial year in order to identify indicators that may indicate risks of going concern;
- evaluating the disclosure in the management board's report and financial statements;
- evaluating the operating results and related cash flows compared to the past year and the forecast report 2023 developments in the industry and our knowledge obtained through the audit;
- evaluating the company's existing on-balance and off-balance obligations;
- making enquiries with management regarding their knowledge of going concern beyond the period of management's assessment.

Based on our knowledge and understanding obtained from the audit of the financial statements and the financial position of the company as shown in the financial statements, we believe that the use of the going concern assumption is acceptable. We have included information that is known up to the time of issuing this auditor's report, such as forecast report 2023. However, future events or conditions may affect the going concern assumption.

C. REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the management board report and the 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 other information, including management board 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.

D. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS RESPONSIBILITIES OF MANAGEMENT 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 skepticism 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 those charged with governance 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 26, 2023
Baker Tilly (Netherlands) N.V.
was signed

Leo den Boer RA
Director Audit

bakertilly

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