SATPO Group B.V.

Amsterdam

Consolidated Interim Financial Statements

30 June 2021

(unaudited)

Index

Management report on the Unaudited Consolidated Interim Financial Statements for the 6 months ended 30 June 2021

These interim consolidated financial statements have not been audited, nor have they been subject to a limited review by the independent statutory auditor.

Consolidated results

At 30th June 2021, the consolidated result after taxation was CZK 50 464 ths. compared to CZK 188 275 ths. at 30th June 2020. The result was driven by the sale of units in residential projects Nad Malým mýtem, Rezidence Vitality and by the revaluation of existing investment property portfolio and valuation of newly acquired investment property.

Consolidated revenues for the six months ended 30th June 2021 amounted to CZK 59 728 ths. compared to CZK 286 548 ths. in the previous year (CZK -226 820 ths.). This decrease in turnover is mainly due to the fact that in 2020 the Rezidence Vitality project was finished and the sale of flats in this residential project was realized in the amount of CZK 216 134 ths. Each completion of a residential project has a significant impact on revenues.

Operating profits amounted to CZK 121 407 ths. compared to CZK 249 182 ths. at 30th June 2020.

Financial expenses amounted to CZK 44 682 ths. at 30th June 2021 compared to CZK 37 590 ths. at 30th June 2020. This change is mainly due the increase in amount of issued bonds.

Consolidated statement of financial position

As at 30th June 2021, the consolidated total balance sheet amounted to CZK 1 866 596 ths. which represent an increase of CZK 276 785 ths. compared to the position as at 31st December 2020.

The consolidated assets consisted of:

- non-current assets amounting to CZK 1 561 151 ths compared to CZK 1 267 459 ths as at 31st December 2020, that is an increase of CZK 293 692 ths. The increase is mainly due to the new acquisitions of apartment houses and of new ideal shares in apartment houses;

- current assets amounting to CZK 305 443 ths. compared to CZK 322 349 ths.

Equity attributable to the owners of the parent amounted to CZK 232 798 ths. compared to CZK 182 334 ths. as at 31st December 2020.

Non - current liabilities increased to CZK 1 336 972 ths. compared to CZK 1 109 123 ths six months earlier. The biggest increase was due to the sale of the rest of the third bond issuance under City Home Invest III, s.r.o. company.

Current liabilities slightly decreased to CZK 168 992 ths. compared to CZK 176 230 ths. six months earlier.

Consolidated cash flow

At 30th June 2021, net cash and cash equivalent amounted to CZK 29 802 ths., a decrease of CZK 29 681 ths. over the first half of the year.

Major developments and Outlook 2021

The expected results for the second half of the year are better than for the first half.

The Group will realize in the second half of the year further revenues from the sale of share of SATPO Project V, s.r.o. company (residential project Rezidence Laurová), sale of units in City Home Project IV, s.r.o. (residential project Pod Zvahovem), sale of ideal share of Zenklova 31 owned by City Home Invest III, s.r.o., sale of commercial unit (restaurant) in project Vitality (SATPO Project I, s.r.o.), sale of ideal share of plot of land Kvestorská (SATPO Project VII, s.r.o.).

Long term strategy

SATPO is going to continue and develop its two main pillars of the business activities: residential and land development under the SATPO brand and purchase and sale of the existing houses under the City Home brand.

The Long-term strategy was updated by the intention to invest into land plots to lay down the basis for future development projects. Two large plots of land in Prague area were bought in the second half of the year. These plots of land are intended for family houses.

Going concern

At June 30, 2021 the equity attributable to the owners of the parent amounts to CZK 232 798 ths. The financial situation indicates the improvement and further strengthening of the financial position of the company. Management reviewed if the application of the going concern assumption was justified at the preparation of these financial statements. In this review management also took into consideration the existing financial performance and operational cash flows of the group over year 2021.

With respect to the general situation influenced by COVID-19, for the rest of the year and for 2022 the management expects the similar development as in the first half of 2021. The total market volume of real estate transactions is increasing. The management doesn't expect material changes in the sale prices of the individual residential properties.

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

Our employees

We take the health and well-being of our employees seriously. The pandemic confronted us with uncertainty about health risks in 2020. Absolute priority was given during the coronavirus crisis to prevention. Home office mode was implemented, almost 80% of our employees worked from home from March to April 2020 and most of employees uses the possibility of working from home on regular basis.

Raising the digital expertise of our people

We continue in improving our e-learning platform Edunio and provide access to relevant, easy-to-consume learning materials that enable employees to acquire applicable skills.

Equal treatment of employees

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

Remuneration

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

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

Average number of employees

The average number of employees working for the Group amounted to 38 (2020: 36). The group has no pension plan or costs.

Future expectations

Overall management expects a positive results and cash flow for the second half of the year an upcoming year 2022. This expectation is based on preliminary results of 2021 and forward looking information with respect to development of residential market prices, portfolio of real estate projects.

RISK AREAS

Strategic risk

Economy

The company is active in residential development in Prague. As such, the company is still exposed to a possible weakness of economy due to COVID-19, which may lower the financial ability and the appetite of people to buy apartments, unless the first half of this year and last year did not demonstrate this trend.

Interest rates

Given the economy decrease due to lasting COVID-19 situation and higher unemployment rate, there is a significant risk that the mortgage conditions will worsen in the coming years which may negatively influence the future demand for residential properties. An increase in interest rates by the CNB will make mortgages more expensive.

Legal environment and approval process

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. It is common understanding that the usual time between the first request for the zoning permit and the final building permit is 6 to 7 years in Prague. The inadequate process is one of the major political issues on both the country and Prague level. The impact of COVID-19 on approval process is an estimated 6-month extension.

Operational risk

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

To enhance our operational efficiency, we have focused on optimization and improvement of our internal processes to make faster decision-making process in which employees have gained a bigger role. The plan is to minimize the operational risk with the detailed documentation of our internal processes.

Time schedule and cost control

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

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

(Re)financing risk and interest rate 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.

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

The management is working on and implementing a long-term financial strategy to meet both long-term requirements and short-term obligations. Refinancing of bonds in the amount of CZK 315,000 ths maturing in 2022 is expected by issuing of a new publicly traded bond emission. The prospectus of new bond issuance is in the approval process by the Czech National Bank. Partnering with investors via joint ventures or creating a real estate fund for various real estate projects are options considered with the intention to decrease long-term debt of the group.

The company is subject to interest rate risk. Possible future financial payables are subject to changes and volatility in interest rates, the company's objective is to mitigate this risk by entering into fixed interest bonds and loans. Only part of these loans has floating interest rates.

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.

Amsterdam, September 30, 2021

Management board:

Jiří Pokorný

Jana Kaplanová

Elbe Fiduciary Management B.V.

SATPO Group B.V.
Amsterdam

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for the 6 months ended 30 June 2021

In thousands of CZK

	Note	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020
Revenue from contracts with customers	7	52 659	278 117
Rental income	8	7 068	8 432
Total revenue		59 728	286 548
Cost of sales		-37 435	-205 364
Changes in value of investment property	13	124 529	190 522
Change in inventory provision	18	9 987	8 326
Operating expenses	9	-38 750	-41 914
Other operating income	10	3 347	11 063
OPERATING PROFIT		121 407	249 182
Share of profit of associates		0	0
Finance income		0	11 132
Finance costs	11	-44 682	-37 590
PROFIT BEFORE TAX		76 725	222 724
Income tax	12	-20 551	-14 499
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		56 174	208 225
Profit attributable to non-controlling interests		-5 710	-19 950
Profit attributable to the owners of the parent		50 464	188 275

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Consolidated Interim Statement of Financial Position at 30 June 2021

In thousands of CZK

	Note	30 Jun 2021	31 Dec 2020
Non-current assets			
Investment property	13	1 488 591	1 192 641
Property, plant and equipment	14	68 523	69 405
Intangible assets	15	4 037	5 413
Investment in associates	16	0	0
TOTAL NON-CURRENT ASSETS		1 561 151	1 267 459
Current assets			
Inventories	18	220 858	223 286
Trade and other receivables	19	54 783	39 579
Cash and cash equivalents	20	29 802	59 483
TOTAL CURRENT ASSETS		305 443	322 349
TOTAL ASSETS		1 866 594	1 589 808
Equity			
Share capital + share premium	21	220 000	220 000
Reserves	21	12 798	-37 666
Equity attributable to the owners of the parent		232 798	182 334
Non-controlling interests	22	127 832	122 122
TOTAL EQUITY		360 630	304 456
Non-current liabilities			
Issued bonds	23	926 955	758 173
Bank loans	23	250 930	215 430
Other long-term liabilities	24	67 023	63 594

Provisions	25	707	1 230
Deferred tax liability	17	91 357	70 696
TOTAL NON-CURRENT LIABILITIES		1 336 972	1 109 123
Current liabilities			
Current portion of long-term borrowings	23	61 418	11 980
Trade and other payables	27	39 841	43 830
Other financial liabilities	24	7 449	67 099
Provisions	25	811	1 113
Contract liabilities	26	57 274	46 347
Current tax liability	12	2 199	5 861
TOTAL CURRENT LIABILITIES		168 992	176 230
TOTAL LIABILITIES		**1 505 964**	**1 285 353**
TOTAL EQUITY AND LIABILITIES		1 866 594	1 589 808

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Consolidated Interim Statement of Changes in Equity for the 6 months ended 30 June 2021

In thousands of CZK

	Share Capital + share premium	Reserves	Equity attributable to parent	Non controlling Interests	Total Equity
Equity at 1.1.2021	**220 000**	**-37 666**	**182 334**	**122 122**	**304 456**
Capital increase					
Profit / Loss		50 464	50 464	5 710	56 174
Equity at 30.6.2021	**220 000**	**12 798**	**232 798**	**127 832**	**360 630**

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

Consolidated Interim Statement of Cash Flows for the 6 months ended 30 June 2021

In thousands of CZK

	6 months ended 30 June 2021	6 months ended 30 June 2020
PROFIT FOR THE YEAR	**50 464**	**188 277**
Adjustments for:		
Finance costs	44 682	26 438
Non-controlling interest	5 710	19 950
Investment property revaluation gain/loss	-124 529	-190 522
Inventory provision	-9 987	-8 326
Depreciation	1 178	1 107
Income tax expense	20 551	14 499
Other	0	0
Operating cash-flows before movements in working capital	-11 933	51 423
Decrease / (Increase) in inventories	12 415	195 357
Decrease / (Increase) in trade and other receivables	-15 203	-9 741
Increase / (Decrease) in trade and other payables	-1 384	13 425
Increase / (Decrease) in contract liabilities	10 928	45 958
CASH GENERATED BY OPERATIONS	-5 177	296 422
Income taxes paid	-3 552	-3 900
NET CASH FROM OPERATING ACTIVITIES	-8 729	292 522

Investing activities		
Proceeds on disposal of property, plant and equipment	0	0
Purchases of investment property	-171 420	-59 295
Purchases of property, plan and equipment	-297	-704
Purchases of intangible assets	1 376	1 506
	-	-
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	-170 341	-58 493
Financing activities		
Interest paid	-42 642	-17 075
Proceeds and repayments from bonds	166 743	20 000
Proceeds and repayments from loans	25 287	3 550
Changes in equity	0	0
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	149 389	6 475
Net increase/(decrease) in cash and cash equivalents	-29 681	240 504
Cash and cash equivalents at beginning of year	59 483	110 271
Effect of foreign exchange rate changes	0	0
Cash and cash equivalents at end of year	29 802	350 775

Notes to the consolidated interim financial statements

for the 6 months ended 30 June 2021

1. General information

SATPO Group B.V. (the Company) is a company limited by shares incorporated and registered in the Netherlands. Its ultimate controlling party is Mr. Jiří Pokorný. The Company itself had no employees for the 6 months ended 30 June 2021 as well as in 2020 and in 2019. The average number of employees working for the Group amounted to 36 (2019: 43). The address of the Company's registered office is Barbara Strozzilaan 201, 1083HN Amsterdam, Netherlands. The Company is filed 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.

2. Adoption of new and revised Standards

New and revised IFRS Standards in issue but not yet effective

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

Standard	**Topic**	**Effective**	**EU adopted?**
Amendments to IFRS 3	Reference to the Conceptual Framework	01.01.2022	No
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	01.01.2021	Yes
Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	01.01.2021	Yes
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	effective date deferred indefinitely	No
Amendments to IFRS 16	COVID 19-Related Rent Concessions beyond 30 June 2021	01.04.2021	Yes

Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	01.01.2023	No
Amendments to IAS 1	Disclosure of Accounting Policies	01.01.2023	No
Amendments to IAS 8	Definition of Accounting Estimates	01.01.2023	No
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01.01.2023	No
Amendments to IAS 16	Proceeds before Intended Use	01.01.2022	No
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	01.01.2022	No
Annual Improvements to IFRS Standards	Cycle 2018-2020 - the narrow scope amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01.01.2022	No

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

3. Significant accounting policies

3.1 Basis of accounting

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment property that is measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

The principal accounting policies adopted are set out below.

3.2 Going concern

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

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

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company:

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

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

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

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

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

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

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

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

3.4 Business combinations

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

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

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

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

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

3.6 Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

3.7 Revenue recognition

Sale of properties

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

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

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

3.8 Leases

The Group as lessee

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

The Group as lessor

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

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

3.9 Foreign currencies

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

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

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

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

3.10 Borrowing costs

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

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

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

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

3.11 Employee benefits

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

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

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

3.12 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

3.13 Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

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

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

3.14 Investment property

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

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

3.15 Intangible assets

Intangible assets acquired separately

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

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

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

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

Trademarks	Indefinite useful life
Software	Useful life 3 years

3.16 Impairment of property, plant and equipment and intangible assets

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

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

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

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

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

3.17 Inventories

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

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

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

3.18 Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets

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

Impairment of financial assets

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

3.19 Provisions

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

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

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

Warranties

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

3.20 Contingencies and commitments

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

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Group's accounting policies

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

Classification between Investment property and Inventories

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

Fair value measurement of investment property

Fair value of investment property represents significant judgment made by Group directors. Fair value 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 30.6.2021 and 31.12.2020 are consistent and comparable.

Acquisition 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. 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 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 30.6.2021 and 31.12.2020 using judgmentally determined interest rates of 5,0% and 13,5%. Interest rates represent significant judgment made by the Group directors.

Key sources of estimation uncertainty

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

Fair value measurements and valuation processes

The Group's investment properties are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Financial 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. Intentionally omitted

6. Composition of the Group

Information about the composition of the Group at the end of the reporting period as at 30.06.2021 is as follows:

Name of the entity 30.6.2021	ID number	Country of incorporation	% share in company	Note on changes
City Home Invest II, s.r.o.	04527828	Czech Republic	100	
City Home Invest III, s.r.o.	04548817	Czech Republic	52	Increase by 2%
City Home Invest Ltd.	C71935	Malta	51	
City Home Project I, s.r.o.	01976184	Czech Republic	100	

City Home Project II, s.r.o.	06658946	Czech Republic	100	
City Home Project III, s.r.o.	07069871	Czech Republic	100	
City Home Project IV, s.r.o.	07070721	Czech Republic	100	
City Home Project V, s.r.o.	04527348	Czech Republic	100	
City Home Project VI, s.r.o.	08196036	Czech Republic	100	
City Home Project VII, s.r.o.	06309658	Czech Republic	100	
City Home Project VIII, s.r.o.	08285713	Czech Republic	100	
City Home Project IX, s.r.o.	10937951	Czech Republic	100	
City Home reality, s.r.o.	06981666	Czech Republic	100	
City Home, s.r.o.	01384147	Czech Republic	100	
JIMAST Tichá s.r.o. v likvidaci	07922469	Czech Republic	100	
KETTNER CONSULTANTS LTD.	CY10180514S	Cyprus	100	Increase from 10% to 100%
SATPO consult, s.r.o.	28374304	Czech Republic	100	
SATPO Group B.V.	34243136	the Netherlands	100	
SATPO interiors, s.r.o.	28205537	Czech Republic	100	
SATPO Invest I, a.s.	01556169	Czech Republic	100	
SATPO Invest II, s.r.o.	05249902	Czech Republic	100	
SATPO Invest III, s.r.o.	07071035	Czech Republic	100	
SATPO management, s.r.o.	27650723	Czech Republic	100	
SATPO Project I, s.r.o.	27151751	Czech Republic	100	
SATPO Project II, s.r.o.	27650570	Czech Republic	100	
SATPO Project III, s.r.o.	03868010	Czech Republic	100	
SATPO Project IV, s.r.o.	26741962	Czech Republic	100	
SATPO Project IX, s.r.o.	09446044	Czech Republic	100	
SATPO Project V, s.r.o.	03933911	Czech Republic	100	
SATPO Project VI, s.r.o.	04899288	Czech Republic	100	
SATPO Project VII, s.r.o.	07151560	Czech Republic	100	
SATPO Project VIII, s.r.o.	07074743	Czech Republic	100	
SATPO Project X, s.r.o.	07209274	Czech Republic	100	

SATPO Project XI, s.r.o.	06994377	Czech Republic	100	
SATPO Project XII, s.r.o.	10801391	Czech Republic	100	newly established
SATPO Project XIII, s.r.o.	10801413	Czech Republic	100	newly established
SATPO Project XIV, s.r.o.	10871616	Czech Republic	100	newly established
SATPO services, a.s.	28416520	Czech Republic	100	
SATPO, a.s.	26434407	Czech Republic	100	

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

Information about the composition of the Group at the end of the reporting period as at 30.06.2020 is as follows:

Name of the entity 30.6.2020	**ID number**	**Country of incorporation**	**% share in company**	**Note on changes**
ASOBARI s.r.o.	08285713	Czech Republic	100	
City Home Development, s.r.o.	01976184	Czech Republic	100	
City Home Group, s.r.o.	01384147	Czech Republic	100	
City Home Invest II, s.r.o.	04527828	Czech Republic	100	
City Home Invest III, s.r.o.	04548817	Czech Republic	50	
City Home Invest IV, s.r.o.	05249902	Czech Republic	100	
City Home Invest Ltd.	C71935	Malta	51	
City Home reality, s.r.o.	06981666	Czech Republic	100	
COSMOPOL - Charlé, spol. s r.o.	60751029	Czech Republic	100	liquidated 22.12.2020
Ďáblická 55, s.r.o.	06658946	Czech Republic	100	
Danburite s.r.o.	07074743	Czech Republic	100	
Dvorecké náměstí 2, s.r.o.	06309658	Czech Republic	100	
Cheinpink s.r.o.	07071035	Czech Republic	100	
Jeseniova, s.r.o.	24275271	Czech Republic	100	merged 31.12.2020
JIMAST Tichá s.r.o.	07922469	Czech Republic	100	
KETTNER CONSULTANTS LTD.	CY10180514S	Cyprus	10	
Korunní 73, s.r.o.	04527348	Czech Republic	100	
LiloonaCorp s.r.o.	07070721	Czech Republic	100	
Nad Malým mýtem 10, s.r.o.	07069871	Czech Republic	100	
Orthoclase s.r.o.	07151560	Czech Republic	100	
Pardelone s.r.o.	08196036	Czech Republic	100	
Ridenant s.r.o.	07209274	Czech Republic	100	
Ruská 86, s.r.o.	07140444	Czech Republic	100	merged 31.12.2020
Saltplex s.r.o.	06994377	Czech Republic	100	
SATPO consult, s.r.o.	28374304	Czech Republic	100	
SATPO CZ, a.s.	28416520	Czech Republic	100	

SATPO Group B.V.	34243136	the Netherlands	100	
SATPO interiors, s.r.o.	28205537	Czech Republic	100	
SATPO JV, a.s.	26434407	Czech Republic	100	
SATPO Laurová, s.r.o.	03933911	Czech Republic	100	
SATPO management, s.r.o.	27650723	Czech Republic	100	
SATPO Rent, s.r.o.	27650570	Czech Republic	100	
SATPO Rezidence, a.s.	01556169	Czech Republic	100	
SATPO Sacre Coeur II, s.r.o.	27151751	Czech Republic	100	
SATPO Sacre Coeur III, s.r.o.	24258156	Czech Republic	100	merged 31.12.2020
SATPO Sacre Coeur IV, s.r.o.	26741962	Czech Republic	100	
SATPO Viničná, s.r.o.	03868010	Czech Republic	100	
Smart mind s.r.o.	04899288	Czech Republic	100	

A restructuring of the Group commenced in the fourth quarter of 2020. 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.

Following the above-noted requisite transfers within the Group the following merger took place: SATPO Sacre Coeur II as the successor company merged with SATPO Sacre Coeur III, s.r.o., Ruská 86, s.r.o. and Jeseniova s.r.o. as the merged entities as of 31.12.2020. As of 22.12.2020 the company COSMOPOL - Charlé, spol. s r.o. and as of 18.12.2020 Tenisový klub u sv. Apolináře, Praha 2, z.s. were liquidated. During December 2020 SATPO services, a.s. acquired 90% of shares in Cypriot company KETTNER CONSULTANTS LIMITED.

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

After assessment, the Group considers that it has, based on agreements concluded between SATPO Group and Kettner Consultant, SATPO Group is able to direct the relevant activities and therefore controlled Kettner Consultants already as of 31.12.2019 and 2018 even though share was 10%, and therefore, the legal acquisition that took place during 2020 when SATPO Group acquired 100% share does not have an impact on the consolidation.

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

7. Revenue

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

	30/06/2021	30/06/2020
Sales of inventory units	26 104	207 052
Sales of Investment property	20 049	47 610
Sales of land plots	3 943	15 138
Other sales	2 563	8 317
Total	**52 659**	**278 117**

Consolidated revenue from contracts with customers for the six months ended 30th June 2021 amounted to CZK 52 659 ths. compared to CZK 278 117 ths. in the previous year (CZK -225 458 ths.). This decrease in turnover is mainly due to the fact that in 2020 the Rezidence Vitality project was finished and the sale of flats in this residential project was realized in the amount of CZK 216 134 ths. Each completion of a residential project has a significant impact on revenue.

8. Rent income

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

The group has entered into operating leases on its investment property consisting of offices, one obsolete commercial building that is to be demolished and tenement houses as a secondary business activity. The group uses 80% percent of office spaces for its internal needs and leases 20% of its office spaces to third parties. These office leases have terms of between 1 and 5 years. The leases of commercial building have term of 1 year with prolongation options. The commercial building will be demolished in 2 years after obtaining the necessary permits and replaced by a new polyfunctional building. The leases of apartments in tenement houses have mostly term of one year or are concluded for an indefinite period. It changes year to year.

The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value.

Rent income (excluding income from services relating to the rent income) from third parties for the first half of the year 2021 is CZK 7, 1 mio.

9. Operating expenses

	30/06/2021	30/06/2020
Salaries and remuneration	16 294	15 620
IT services	3 649	2 630
Tax advisory and Audit	2 067	1 158

Legal services and advisory	4 173	2 494
Marketing costs	2 648	1 540
Expenses relating to the rent income	1 300	1 562
Miscellaneous services	5 999	8 616
Penalty interest	21	165
Other operating expenses	2 599	8 129
Total	**38 750**	**41 914**

10.Other operating income

	30/06/2021	**30/06/2020**
Return of VAT by Tax authority	0	8 585
Other operating income	3 347	2 478
Total	**3 347**	**11 063**

11. Finance costs

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

12. Income Tax

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

	30/06/2021	**31/12/2020**
Profit before tax	76 725	241 653
Tax at the weighted average corporation tax rate (2020: 19%; 2019: 19%)	14 578	45 914
Tax effect of expenses that are not deductible or income not taxable in determining taxable profit	5 973	3 393
Effect of different tax rates of subsidiaries operating in other jurisdictions	0	0
Tax expense for the year	20 551	49 307

Tax expense for the year consist of:

	30/06/2021	31/12/2020
	In thousands of CZK	In thousands of CZK
Current tax	-110	6 356
Deferred tax	20 661	42 951
	20 551	49 307

The Group used tax losses in the amount of CZK 13 470 thousand (2019: CZK 14 043 thousand) to offset tax.

For information about unrecognized tax losses, please, see chapter 17.

13. Investment property

Fair value	Real estate investments Thousands CZK	Tenement houses shares Thousands CZK	Total Thousands CZK
At 1 January 2020	**272 447**	**405 665**	**678 112**
Additions	148 015	212 380	360 395
Disposals	-69 249	-	-69 249
Increase in fair value during the year	119 598	103 785	223 383
At 31 December 2020	**470 811**	**721 830**	**1 192 641**
Additions	90 122	62 354	152 476
Disposals	-22 241	-7 410	-29 651
Increase in fair value during the year	83 932	89 193	173 125
At 30 June 2021	**622 624**	**865 967**	**1 488 591**

The fair value of Group's investment property at 30 June 2021 has been arrived at on the basis of internal valuation model that is consistent with valuation as of 31 December 2020.The fair value of the Group's investment property at 31 December 2020 has been arrived at on the basis of a valuation carried out at that date by Deloitte Advisory, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Key assumptions and market indicators in the real estate assets valuation as of 31 December 2020 are as follows:

	Minimum	Maximum
Current market prices per m2 in Praha* (flats, new development)	105 th CZK / m2	165 th CZK / m2
Current market prices per m2 in Praha* (flats, second hand)	90 th CZK / m2	138 th CZK / m2
Offices - commercial prime yield	4,5%	
High street – commercial prime yield	4,0%	
Offices – prime rents	22,75 EUR / m2 per month	
Contingency % used in the residual valuation method	8%	12%
Development profit allowance % in residual valuation method	15%	20%
Capitalisation rate used in valuation of Tenement houses	4,0%	6,0%
Location and liquidity discounts used in valuation of Tenement houses	5%	12%

*Excluding Prague 1 and historical center

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.
	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.
Shares in 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.
Development land plots	Štverákova	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.
	Budějovická	Market approach	For the valuation Budějovická, we have used the market approach using the comparable transaction from the last years from cadastral register.
	Modřanská	Market approach	The valuation of Modřanská was based on the market approach using the comparable evidence of offer listings.
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

	Buildings	Land	Equipment	Total
	Thousands CZK	Thousands CZK	Thousands CZK	Thousands CZK
At cost				
At 1 January 2020	69 852	3 542	4 786	78 180
Additions			369	369
Disposals	-9 036	-251	-139	-9 426
Transferred to investment property	10 450			10 450
At 31 December 2020	71 266	3 291	5 016	79 573

	Buildings	Land	Equipment	Total
Additions			295	295
Disposals	0	0	0	0
Transferred from investment property	0			0
At 30 June 2021	71 266	3 291	5 311	79 868
Accumulated depreciation and impairment				
At 1 January 2020	4 307		3 739	8 046
Charge for the year	1 774		487	2 261
Eliminated on disposals			-139	-139
At 31 December 2020	6 081	0	4 087	10 168
Charge for the year	891		286	1 177
Eliminated on disposals			0	0
At 31 December 2020	6 972	0	4 373	11 345
Carrying amount				
At 30 June 2021	64 294	3 291	938	68 523
At 31 December 2020	65 185	3 291	929	69 405
At 1 January 2020	65 545	3 542	1 047	70 134

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

15. Intangible assets

	Software Thousands CZK	Others Thousands CZK	Total Thousands CZK
Cost			
At 1 January 2020	14 751	0	14 751
Additions	4 224	1 376	5 600
At 31 December 2020	18 975	1 376	20 351
Additions	1 595	0	1 595
At 30 June 2021	20 570	1 376	21 946

Amortization			
At 1 January 2020	9 000	0	9 000
Charge for the year	5 939	0	5 939
At 31 December 2020	14 939	0	14 939
Charge for the year	2 970	0	2 970
At 30 June 2021	17 909	0	17 909
Carrying amount			
At 30 June 2021	2 661	1 376	4 037
At 31 December 2020	4 036	1 376	5 413
At 1 January 2020	5 751	0	5 751

No intangible assets are pledged as securities.

16. Investments in Associates

Details of material associates

The Group has no material associates at the end of the reporting period.

17. Deferred tax

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

	Provisions	**Revaluation of building**	**Tax losses**	**Total**
	Thousands CZK	**Thousands CZK**	**Thousands CZK**	**Thousands CZK**
At 1 January 2020	0	-43 534	15 789	-27 745
Charge to profit or loss	445	-46 108	2 713	-42 950
At 31 December 2020	445	-89 642	18 502	-70 695
Charge to profit or loss	-156	-20 506	0	-20 662
At 30 June 2021	289	-110 148	18 502	-91 357

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:

	30/06/2021	**31/12/2020**

	In thousands of CZK	In thousands of CZK
Deferred tax liabilities	-109 859	-89 197
Deferred tax assets	18 502	18 502
	-91 357	-70 695

18. Inventories

	30/06/2021	31/12/2020
	In thousands of CZK	In thousands of CZK
Finished construction	68 822	86 976
Construction in progress	177 421	151 708
Less allowance	-25 385	-15 398
	220 858	**223 286**

The cost of inventories recognized as an income includes CZK 9 987 thousand (2020: CZK 8 326 thousand) in respect of write-downs of inventory to net realizable value. Inventories of Construction in progress are expected to be recovered after more than 12 months.

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

19. Trade and other receivables

	30/06/2021	31/12/2020
	In thousands of CZK	In thousands of CZK
Trade receivables	9 546	14 164
Loss allowance	(3 811)	(6 296)
	5 735	7 868
Prepayments	5 366	6 876
Accrued income	17 232	11 564
Other receivables	26 450	13 271
	54 783	39 579

Trade 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							
30/06/2021	**Not past due**	**<30**	**31-60**	**61-90**	**91-180**	**181-360**	**>360**	**Total**
in thousands of CZK								
Expected credit loss rate	0,5%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	5 458	21	58	23	157	152	3 677	9 546
Lifetime ECL	-14	0	-3	-2	-39	-76	-3 677	-3 811
Net carrying amount	5 444	21	55	21	118	76	0	5 735

	Trade receivables – days past due							
31/12/2020	**Not past due**	**<30**	**31-60**	**61-90**	**91-180**	**181-360**	**>360**	**Total**
in thousands of CZK								
Expected credit loss rate	0,5%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	5 715	263	469	214	757	1 434	5 312	14 164
Lifetime ECL	-29	-5	-23	-21	-189	-717	-5 312	-6 296
Net carrying amount	5 686	258	446	193	568	717	0	7 868

Accrued income

Accrued income arises mostly from accruals of costs:

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

20. Cash and cash equivalents

	30/06/2021	31/12/2020
	In thousands of CZK	In thousands of CZK
Cash on hand	41	364
Bank balances	29 761	59 119
	29 802	59 483

21. Equity

On 24 December 2020 the General Meeting of the Company resolved to issue (i) one hundred sixty thousand (160,000) class A shares in the capital of the Company, each having a par value of twenty-five Czech Crowns (CZK 25.00), numbered A1,640,001 up to and including A1,800,000 to Jiří Pokorný; and (ii)two hundred thousand (200,000) non-voting class B shares in the capital of the Company, each having a par value of twenty-five Czech Crowns (CZK 25.00) numbered B1 up to and including B200,000, to Dagmar Pokorná. In connection with the above-mentioned capital increase Jiří Pokorný made a share premium amounting to CZK 10,000,000 and Dagmar Pokorná made a share premium amounting to CZK 90,000,000. The Company's registered capital after the issue of new shares 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 amounted to 1,8mio A Shares & 0,200mio B Shares.

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 30.6.2020 and 30.6.2021.

Decision about dividend for year 2020 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.

	30/06/2021	31/12/2020
	In thousands of CZK	In thousands of CZK

City Home Invest III	80 652	75 890
City Home Invest Limited	47 180	46 232
Total Non-controlling Interest	127 832	122 122

In November 2017, the Group 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.

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.

	30/06/2021 In thousands of CZK	**31/12/2020** In thousands of CZK
Equity component	**0**	**15 215**
Liability component at date of issue (net of transaction cost)	34 685	34 685
Cumulative interest charged using effective interest rate (not paid)	21 200	17 753
Carrying amount of liability component	**55 885**	**52 438**

23. Borrowings

Bank loans and bonds	**30/06/2021** In thousands of CZK	**31/12/2020** In thousands of CZK
Bank loans	312 348	227 410
Issued bonds	926 955	758 173
Total borrowings	1 239 303	985 583
Non-current	1 177 885	973 603
Current	61 418	11 980

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

Security

The Group had as of 30.6.2021 six 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 2020. Bonds are secured through the security agent by pledge over business shares of selected group companies.

Pledges

The Group has pledged its assets in favour of the Company bonds holders in order 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 in order to cover the principal debt, interest and other potential related claims in the amount of up to CZK 675 346 ths.

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

	31/12/2020
	%
Bank loans	4,10
Issued bonds	6,10

24. Other financial liabilities

	30/06/2021	**31/12/2020**
	in CZK ths	in CZK ths
Payables to shareholders	67 838	73 702
Non-bank loans	5 496	55 835
Others	1 138	1 156
	74 472	130 693
Non-current	67 023	63 594
Current	7 449	67 099

25. Provisions

	30/06/2021	**31/12/2020**
	In thousands of CZK	**In thousands of CZK**
Warranty provision	1 518	2 343
Other provision	0	0

	1 518	2 343
Current	811	1 113
Non-current	707	1 230
	1 518	2 343

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

26. Contract liabilities

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

At 1 January 2020	**77 497**
Additions	25 022
Disposals	-56 172
At 31 December 2020	**46 347**
Additions	16 793
Disposals	-5 866
At 30 June 2021	**57 274**

27. Trade and other payables

	30/06/2021	**31/12/2020**
	In thousands of CZK	**In thousands of CZK**
Trade payables	5 371	4 892
Payables to employees	1 231	1 135
Other taxation and social security	4 355	2 435
Other payables	21 064	17 152
Accruals	7 820	18 216
	39 841	43 830

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

28. Financial risk management

(a) Financial risk management objectives

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

The Group seeks to minimize the effects of these risks.

(b) Market risk

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

(c) Currency risk

There is limited currency risk and exposure as all group entities except for two perform their businesss predominantly in Czech Koruna (CZK) which is functional currency of the Group.

(d) 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 target mix between fixed and floating rate borrowings. Proportion of variable rate borrowings shall not exceed 30%.

All the Group bonds have a fixed interest rate. The bank loans principal as at 30.6.2021 that has a fixed interest rate is CZK 182 365 ths. (31.12.2020: CZK 102 000 ths.), and that has a variable interest rate related to PRIBOR in amount CZK 129 986 ths. (2020: CZK 126 000 ths.).

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

	Increase/decrease in basis points	**Effect on profit before tax**
		CZK ths.
30/06/2021	+10	-130
	-10	130
31/12/2020	+10	-126
	-10	126

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

(e) 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.

(f) 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.

	Weighted average effective interest rate	Untill 3 months	3-12 months	Between 1-5 years	Over 5 years	Total
	%	CZK ths.	CZK ths.	CZK ths.	CZK ths.	CZK ths.
30 June 2021						
Issued bonds	6,10	0	0	926 955	0	926 955
Bank loans	4,10	0	61 418	250 930	0	312 348
Contract liabilities		0	1 891	55 383	0	57 274
	%	CZK ths.	CZK ths.	CZK ths.	CZK ths.	CZK ths.
31 December 2020						
Issued bonds	6,10	0	0	758 173	0	758 173
Bank loans	4,10	0	11 980	215 430	0	227 410
Contract liabilities		0	1 473	44 874	0	46 347

(g) 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:

	30/06/2021	31/12/2020
	In thousands of CZK	In thousands of CZK
Debt	1 313 775	1 116 276
Cash and cash equivalents	-29 802	-59 483
Net debt	1 283 973	1 056 793

Equity	360 630	304 456
Net debt to equity ratio	356 %	347 %

Debt is defined as long- and short-term borrowings as detailed in notes 23 and 24.

Equity includes all capital and reserves of the Group that are managed as capital.

29. Contingencies and commitments

The Group is not aware as at 30.06.2021 of any contingent liability or commitments.

30. Related party transactions

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

	Sales to related parties		**Purchases from related parties**		**Amounts owed by related parties***		**Amounts owed to related parties***	
	30.6.2021	**30.6.2020**	**30.6.2021**	**30.6.2020**	**30.6.2021**	**31.12.2020**	**30.6.2021**	**31.12.2020**
Associates:	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**
Mrs. Dagmar Pokorna	0	0	0	0	0	0	12 886	10 948
Mr. Jiri Pokorny	0	0	0	0	0	0	17 500	24 678

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

During the year 2020, there was only one transaction with a related party with Mrs. Dagmar Pokorna, who is a 10% co-owner of the parent company SATPO group B.V. Mrs. Pokorna sold on 22 December 2020 her 90% share in Cypriot company KETTNER CONSULTANTS LIMITED to SATPO group B.V.'s Czech subsidiary SATPO Services a.s. for the fair market value based on the external valuation. She assigned a part of her receivable to SATPO group B.V. and off-set the receivable for the new Class B shares in SATPO group B.V.

Remuneration of key management personnel

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

	30/6/2021		**30/6/2020**	
	Directors	in CZK ths.	Directors	in CZK ths.
Remuneration	5	1 320	4	800

31. Events after the reporting period

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

Signing of the financial statements

Amsterdam, 30 November 2021

Management board:

Jiří Pokorný

Jana Kaplanová
Elbe Fiduciary Management B.V.