

CREDITAS Investments SE

Consolidated Annual Report 2023

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1 BOARD MEMBER'S LETTER

Dear Clients, Partners, and Colleagues,

For investors in the Czech Republic, 2023 proved to be a challenge both economically and geopolitically. Global and local influences moulded the situation in the markets, which were beset by uncertainty and heightened volatility. For CREDITAS Group, 2023 was first and foremost a year of sweeping changes.

It is my great honour to present to you, for the first time in CREDITAS Group's history, a full account of our business results in the form of a consolidated annual report dealing with industrial investments, where the core focus is on energy and real estate.

The Czech economy faced several critical challenges in 2023. Inflation, which had already started climbing in the previous year, hit high levels, largely driven by rising energy and food prices. Inflation was one of the chief risks for investors as it prompted a hike in interest rates by the Czech National Bank (CNB), which made credit more expensive and stymied economic growth. Although inflation was forecast to ease over time, its effects on consumer demand and corporate profits were stark.

In 2023, high interest rates and market cooling made real estate investments a less attractive proposition than they had been in previous years. We responded by looking very intensively at alternative ways of investing, with one of the primary avenues being rental housing, a market we believe holds enormous potential for the future.

The geopolitical landscape in 2023 continued to be shaped by the war in Ukraine, which sowed market uncertainty and had implications for the prices of energy, notably natural gas. As an EU member state, the Czech Republic had to confront challenges linked to energy security and efforts to reduce its reliance on Russian raw materials. This resulted in rising energy prices and upward pressure on the development of renewable energy sources, which had an impact on investment strategies.

In the energy sector, by contrast, we were very successful at diversifying our portfolio and anticipating market trends. We made great strides here, underscored by well-executed acquisitions and especially by a dividend payout of CZK 1.265 billion, which we then put to good use in our financial services division (Banka CREDITAS).

Globally, there were significant shifts in geopolitical relations, including mounting tensions between China and the United States. This friction disrupted global supply chains and business relationships, inducing caution among investors in the Czech Republic. While we, too, remain very guarded, this environment does present new opportunities.

In 2023, we engaged in multi-pronged negotiations on new acquisitions, which we successfully brought to fruition in 2024 (e.g. the acquisition of the Slovakian energy group GGE). In doing so, we further diversified and, most importantly, expanded our presence in key sectors.

For Czech investors, 2023 was a year of wary decision-making and portfolio diversification. This is reflected in CREDITAS Group's business expansion in areas that complement each other from the perspective of economic cycles. We kept you abreast of our financial division's achievements through the Banka CREDITAS Annual Report, and in the present Annual Report we are keen to share with you the progress made in other sectors.

Dear clients and partners, I would like to conclude by thanking you for your faith in us. I trust that you will continue to support us. We remain fully committed to strengthening our relationship. I would also like to extend special thanks to my colleagues, whose efforts have been integral to CREDITAS Group's growth.

I am confident that the years ahead will be just as exciting as 2023 and brimming with new opportunities that will enable us to grow and develop together. I believe that our solid foundation and our ability to adapt to the challenges of the coming years will yield even better results and continued success. I look forward to our further cooperation and the new prospects that lie ahead.

Yours faithfully,

Prague, 30 September 2024



Jiří Hrouda
Member of the Board of Directors

2 MANAGEMENT REPORT

Management Report

The Board of Directors presents the consolidated financial statements of CREDITAS Investments SE (the “Company”) for the accounting period from 1 January 2023 to 31 December 2023 to the Company’s shareholder.

These are the first audited consolidated financial statements to be prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS).

General description

CREDITAS Group focuses on strategic acquisitions in conservative sectors holding fundamental value. It currently operates primarily in financial services, real estate, and energy.

CREDITAS Investments SE belongs to CREDITAS Group, a Czech investment group chiefly targeting long-term investments in conservative industries. The Company is a public limited liability company established under European law and is headquartered in Prague, Czech Republic. Founded in 2023, its principal aim is to consolidate the Group’s operations into a unified entity that will present consolidated results across industrial sectors (e.g. energy and real estate).

Business overview

The Company’s goal is to achieve substantial long-term capital growth and value creation. The Company’s principal activity involves investing its own and third-party capital in a portfolio of unlisted equities of private companies operating, for the most part, in the Czech Republic.

These portfolio companies may be directly owned by the Company; alternatively, a purely industrial holding company may be set up in order to mediate an acquisition. In most cases, the Company invests in a portion of portfolio companies’ equities enabling it to exercise control over them. It is common for the Company to acquire a 100% shareholding in a portfolio company.

The Company and the Group invest primarily in the following sectors:

- Real estate – the Company invests in all major segments of the real estate market. The Company internally categorises its real estate activities into the following sub-sectors: (i) income-generating properties – investments in operational properties, typically office buildings; (ii) development properties – primarily focused on the construction of residential real estate; and (iii) warehouses and technical buildings – with a focus on leasing.
- Energy – the Group invests in various areas of the energy industry, including power and heat generation, distribution, and supply. It is a leading operator of local distribution systems in the Czech Republic. It plans to construct a 1,000 MWe power unit by 2030. UCED is also a partner of the Czech government in the electricity sector, providing power balancing services.
- Other sectors – investments in smaller companies across other sectors primarily encompass start-ups and agriculture. In 2022, the Company exited most of its healthcare investments, but continues to own medical centre buildings and properties and operates two facilities for people with Alzheimer’s.

Results

The Company is presenting its consolidated financial statements for the period from 1 January 2023 to 31 December 2023. For the period ending 31 December 2023, the Company posted a net profit of CZK 1,660,722,000 (2022: a net profit of CZK 906,883,000), net assets of CZK 21,937,222,000 (2022: CZK 26,671,824,000), and total equity of CZK 4,235,756,000 (2022: CZK 3,119,627,000).

Risk management and internal control system

The Company monitors the risks to which it is exposed. The primary responsibility for risk management rests with the Board of Directors. It demands the highest standards of integrity in all the Company's activities and professional roles. The Company's effective risk management culture includes the Board's responsibility for setting and disseminating the Company's core values and expectations.

The Company's management, including key position holders, is involved in the in-house dissemination of these core values and expectations among employees. Employees (including staff from the Czech branch of CREDITAS B.V., which provides services supporting the Company's operations) are expected to act in accordance with all applicable laws and regulations and to report promptly any non-compliance they discover within or outside the Company.

The Company has introduced an internal control system, primarily based on the four-eyes principle, in all key processes (payments, reviews and approvals of contracts). Key business decisions (acquisitions, divestitures) are taken by the Board of Directors.

When designing and rolling out the internal control and management system, the Company considered its size, internal organisation, and the nature, scope, and complexity of its activities, in line with the principle of proportionality. This approach ensures that the internal control and management system aligns with the Company's individual risk profile and business model, and that the objectives of regulatory requirements and rules are met effectively.

The Board of Directors is responsible for ensuring that the organisational and operational structure is appropriate and transparent. This structure supports and demonstrates the effective and prudent management of the institution at an individual, sub-consolidated, and consolidated level. The Company's structure does not limit the Board's ability to effectively control and manage the risks the Company faces, nor does it hinder the competent authority's ability to exercise effective oversight of the Company.

The Board of Directors regularly assesses whether, and how, significant changes in the Group's structure (e.g. the establishment of new subsidiaries, mergers and acquisitions, the divestiture or liquidation of parts of the Group, or external developments) affect the adequacy of the Company's organisational framework. If any deficiencies are identified, necessary adjustments are made as a matter of urgency.

The Company did not record any adverse effects from the COVID-19 pandemic or the subsequent invasion of Ukraine in February 2022. The Company has no business ties with Ukraine, the Russian Federation, or the Republic of Belarus. The impact of the war on the Company is expected to be indirect at most and conditioned by the overall economic situation in the Czech Republic and globally.

Responsible investment

The Company believes that factoring environmental, social, and governance (ESG) considerations into its investment activities leads to better investment outcomes and more sustainable returns. CREDITAS B.V., as the Company's parent, has integrated responsible investment (RI) into its investment analyses, decision-making processes, and portfolio management. This year, CREDITAS B.V. also initiated the screening of its existing portfolio in response to growing mandatory reporting requirements and in view of the importance of this information.

New investments are assessed via the RI review process, which helps acquisition teams to evaluate sustainability risks and other investment-related ESG factors so that they can be incorporated into the investment thesis. CREDITAS B.V. recognises that climate-related risks and opportunities can affect its investments, with the timeframe, scale, and potential impact of such risks and opportunities varying within CREDITAS Group. To better map the impact of climate change across CREDITAS Group, specific climate-change questions have been integrated into the process.

Real estate

The Group operates in several areas of the real estate market, primarily investing in development, particularly in the residential housing sector, with completed units intended for sale or rent. The Group also invests in the operation and leasing of office buildings, as well as properties used as social and healthcare facilities that provide both social and medical services to the elderly and individuals with degenerative diseases.

The European Union (EU) has long aspired to reduce greenhouse gas emissions by tightening the conditions applicable to new construction. In this respect, buildings will gradually need to meet nearly zero-energy building standards. Besides the high-quality insulation of exterior walls and windows, buildings are now fitted with advanced technological systems such as heat recovery systems, solar panel systems, and heat pumps, which are effectively managed by control systems.

EU legislation is gradually being transposed into the domestic laws of member states. These measures will benefit climate conditions, but also lead to increased investment costs, which will be reflected in the final property price.

Property owners are willing to pay higher investment costs where there is a prospect of future savings on operating expenses, especially considering the current high energy prices.

The impact of the military conflict in Ukraine continues to be felt in the form of heightened volatility on financial and commodity markets, leading to further economic consequences for the real estate market. Even so, construction costs have broadly stabilised over the past year. Developers have partially shifted to cost-plus-fee construction models or a combination of fixed prices and cost-plus-fee models with general contractors.

High mortgage rates and stricter conditions for borrowers have slowed the sale of new housing. Investors without mortgage financing were holding out for the expected – and ultimately legislated – change in VAT rates on new housing from 15% to 12%, effective from 1 January 2024, to take advantage of the effective reduction in property prices in 2024. Developers responded by delaying the launch of new projects. Projects already under construction are being completed, the construction market has slowed, and subcontractor prices have stabilised.

Looking ahead, a slight decline in construction costs is projected. Demand for rental housing was high over the past year due to the limited supply of completed new projects. However, a decrease in inflation rates, a reduction in mortgage financing interest rates, and renewed interest in purchasing new housing are forecast. In the interim (and considering the new Building Act effective from 1 July 2024), developers are securing the permits they need for new projects and are preparing to start construction in the second half of 2024.

In relation to the military conflict in Ukraine, companies in the real estate segment are aware that there is a heightened risk of cybersecurity threats, particularly from the Russian Federation, and have implemented measures to enhance their cybersecurity. Recommendations resulting from an internal audit of existing security measures have been adopted. Companies also follow the guidelines of the National Cyber and Information Security Agency (NÚKIB).

Energy

The Group's business operations within the energy sector can be categorised into two domains:

- a) Energy distribution – this encompasses the establishment and subsequent management of local distribution systems (LDS). An LDS is a distribution network that interlinks end-users with the electricity grid, ensuring a supply of electricity to various customer supply points, including buildings, residential units, and offices. Licensed distribution companies operate these systems within the jurisdictions defined by their licences. An LDS can be established wherever multiple customers (electricity consumers) are connected via a single access point to an upstream distribution system. An LDS supplies energy to a range of permanent consumers, including industrial enterprises, logistics centres, office buildings, and residential zones.
- b) Power and heat generation – the UCED Group portfolio includes a power plant in Prostějov (UCED Elektrárna Prostějov s.r.o.). This facility has a cutting-edge 58 MW gas turbine power source. Its core focus lies in providing ancillary services to ČEPS, which is the operator of the Czech power transmission system. The Group's portfolio includes renewable energy initiatives such as a photovoltaic power plant in the Czech Republic with a total installed capacity of 5.79 MW. The Group also operates four cogeneration units with a cumulative capacity of 3.25 MW.

The revenues and operational performance of companies within the energy segment are susceptible to climatic and seasonal fluctuations. Electricity consumption is contingent, to some extent, on climatic conditions, with demand for electricity and heat typically peaking during the winter months. Abnormal climate patterns can precipitate diminished demand for electricity and heat. Factors such as droughts and heat waves may also influence electricity consumption. Unforeseen and adverse climatic developments can lead to reduced revenues for firms in the energy production and distribution sector. Consequently, the Group is actively pursuing new-energy initiatives, particularly by aggregating its resource base and exploring alternative applications for resources in the provision of balancing services.

The potential repercussions of the conflict in Ukraine on energy distribution companies are mitigated by the Group's emphasis on delivering balancing services and combined heat and power generation. Commodity trading itself is nothing more than a supplementary service within the portfolio. In the long term, electricity consumers, including those with ties to the Russian market, may contract lower electricity transmission volumes from us as a result of the war in Ukraine. This scenario could potentially diminish profits until these companies successfully pivot towards alternative markets.

Natural gas serves as the fuel for the cogeneration units and the Prostějov power plant, with market dynamics influenced by Russia's role as a major supplier. Given the regulations in place and planned at both EU and national level, uncertainty surrounding the future configuration of this market is intensifying.

Such uncertainties may yield elevated operating costs for these resources. The Prostějov power plant is equipped with a gas turbine, but this focuses on providing ancillary services rather than generation. Structural shifts within the energy sector, such as the heightened integration of renewable sources, will result in increased volatility in electricity supply, thereby driving up demand for ancillary services.

To this end, UCED Elektrárna Prostějov has successfully secured a building permit for the installation of an additional turbine, projected to deliver a capacity of 50 MW, at the power plant. Only cogeneration units are fully exposed to adverse developments on the gas market. Nevertheless, under pricing decisions of the Energy Regulatory Office (ERÚ), the increased costs of heat production are passed on to final consumers.

The pricing of electricity is derived from the cost structure of the end power plant, which is currently a gas-fired power plant. These units currently constitute minimum production capacity for the Group. They are also expanding their business model to incorporate the provision of ancillary services for the transmission system.

In the electricity production sector, a price cap for the purchase of electricity from sources that produce electricity from commodities other than gas has been set for 2023. This price cap does not extend to the Company's energy production segment, as this exclusively uses gas to generate electricity. Following regulations instituted by the European Union, a windfall tax has also been introduced. This new tax applies to companies with major operations in sectors where windfall gains are generated, including electricity production and trading. An internal analysis indicates that this extraordinary tax is not anticipated to impact companies within the energy production and distribution segment, as these companies, functioning as a holding entity, do not achieve a net turnover of two billion per year.

The risks associated with adverse macroeconomic developments, coupled with risks related to the military conflict in Ukraine, may instigate deeper structural transformations within the energy sector, reflecting the origin and nature of production sources.

Any negative impacts arising from these structural changes are mitigated by the nature of the Group's economic activities. Distribution remains independent of energy sources.

Changes may exert a more pronounced effect on companies in the energy production segment. UCED Elektrárna Prostějov electricity is equipped with a gas turbine, but this focuses on providing balancing services rather than electricity generation. Those services are procured by the transmission system operator – ČEPS, a.s. – to ensure the reliable and safe operation of the Czech electricity grid. UCED Elektrárna Prostějov is what is known as a cold reserve, ready to commence electricity production if directed to do so by ČEPS, a.s. at times of electricity shortages within the system. Structural shifts within the energy sector, such as the heightened integration of renewable sources, will result in increased volatility in electricity supply, thereby driving up demand for ancillary services.

Firms in the energy production segment that possess cogeneration units are fully exposed to adverse developments on the gas market. This exposure underpins the shift in the business model, wherein these companies are broadening their services beyond electricity production to encompass balancing services for the transmission system.

Companies in the power production and distribution segment are unlikely to face negative repercussions from potential structural changes in the energy sector. However, it remains a possibility that ongoing transitions will necessitate additional investments, which could adversely affect the companies' economic performance.

Other sectors

In the agriculture sector, the Group's activities are centred on the acquisition of agricultural land and the management of agricultural operations encompassing mixed crop and livestock production. The Company owns a farm dedicated to both crop and livestock production. In crop production, the primary focus is on cultivating fodder crops for dairy cattle, particularly silage maize, silage clover, and wheat. In its livestock production, the farm is dedicated to breeding Holstein dairy cattle for milk production and selling milk as a commodity, along with rearing calves up to six months of age. Located in the Moravian-Silesian Region, the farm oversees approximately 3,400 hectares of land. Its economic operations encompass the sale of cultivated crops, livestock, and milk, with an annual production volume of approximately 10 million litres of milk.

In 2022, the Group exited the healthcare sector and currently operates only its two remaining social and health centres, providing social and healthcare services to the elderly and individuals with degenerative diseases.

Group structure

Investment decisions (acquisitions, divestitures) are made and executed directly by the Company. However, the Company may occasionally establish a purely industrial sub-holding company for specific acquisitions. These purely industrial sub-holding companies are primarily created for:

- a) Financial reasons – bank financing may flow into the sub-holding company, secured by sub-holding shares, as opposed to drawing financial resources at Company level.
- b) Legal reasons – foreign acquisitions may necessitate a foreign sub-holding, or the acquisition might involve multiple shareholders, in which case the Company does not acquire 100% of the shares, typically leading to a shareholders’ agreement crafted under local (usually Czech) law. Conversely, certain sub-holding companies established in the past may be dissolved or merged upstream when the reasons for their establishment have lapsed. The Company is committed to continually streamlining the structure where feasible. Additionally, some subsidiaries qualify as service-providing entities and primarily issue bonds.

Employees and remuneration policy

At the close of the period ending 31 December 2023, the Company did not employ any full-time staff. Services are procured from the Czech branch of CREDITAS B.V. under service contracts to facilitate the Company’s operations.

The Company’s Board of Directors performs its duties without remuneration.

Code of Conduct

The Company has a formal, written Code of Conduct. The purpose of these established ethical standards is to strengthen internal governance and reduce risks the Company may face, particularly operational and reputational risks, which could severely affect profitability and sustainability. These risks include fines, litigation costs, restrictions imposed by competent authorities, other financial and criminal penalties, as well as loss of brand value and consumer trust.

The Company upholds high standards of corporate governance. The relevant provisions are enforced through written procedures and other formal documents adopted by the Company and/or its subsidiaries.

Environment, research and development

The Company closely monitors its environmental impact and engages in waste recycling initiatives. It prioritises materials and processes that minimise negative environmental impacts and are environmentally friendly. Whenever possible, the Company follows a low-carbon policy, ensuring the use of suitable modes of transport for business travel. Its investments are primarily focused on environmentally sustainable sectors.

The Company does not engage in any research and development.

Corporate and social responsibility

Corporate and social responsibility is a priority for the Group in its operations. The Company is committed to conducting its business with integrity and a sense of responsibility towards society. Its investments are primarily directed towards sectors that benefit society. In the energy distribution sector, the Company and its subsidiaries provide energy distribution services as well as energy efficiency and optimisation services to their customers.

This approach benefits both customers and the Company, as reducing energy consumption helps to lower the Company’s carbon footprint. In the healthcare sector, the Group and its subsidiaries operated specialised healthcare facilities known as “Alzheimer centres” in 2021, providing care for individuals with Alzheimer’s disease and other neurodegenerative conditions.

In 2022, the Group exited most of its healthcare investments, though it continues to operate the buildings. Finally, in the real estate development sector, the Group and its subsidiaries focus on providing affordable housing, particularly in Prague. Moreover, the Group and its subsidiaries actively collaborate on research and development in sustainable housing, specifically energy self-sufficient residential units.

Outlook

The current economic climate remains sensitive to global geopolitical developments. These continue to significantly impact financial and commodity markets, supply chains, and key macroeconomic indicators affecting business – such as inflation rates, interest rates, and currency volatility.

The Company's management has assessed the impact of the current economic situation on its operations and concluded that the situation does not have a material effect on the Company's performance. The Company is a special purpose vehicle and, as such, its performance is influenced by the overall performance of the Group.

The Group primarily operates in conservative sectors such as energy, real estate, and agriculture. Thanks to its diversified business portfolio, the Group can mitigate the potential effects of the current economic conditions on individual entities within the Group. Overall, the Group is not significantly affected by the current economic situation.

The Board of Directors believes that the current level of activity, as outlined in the "Business overview" section, will continue into the next accounting period.

The Company does not have a formal human resources policy in place but anticipates recruiting new employees as required. The Company does not expect to engage in research and development. The Company is unaware of any specific events not considered during the preparation of the financial statements that could impact its expectations.

Consequently, the financial statements as of 31 December 2023 were prepared under the assumption that the Company will continue as a going concern.

The Company is unaware of exceptional events not considered during the preparation of the financial statements that could impact its expectations. The Company's Board of Directors is authorised to issue the Annual Report.

Prague, 30 September 2024



Jiří Hrouda

Member of the Board of Directors

3 SUPERVISORY BOARD REPORT

On the day, month, and year indicated below, JUDr. Alena Sikorová, residing at Topolová 421/4, Slavonín, 783 01 Olomouc, a member of the Supervisory Board of **CREDITAS Investments SE**, registered office: Pobřežní 297/14, Karlín, 186 00 Praha 8, registration number: 19848374, incorporated by entry in the Commercial Register maintained by the Municipal Court in Prague, Section H, File 2648 (the “Company”), prepared the following:

Supervisory Board Report 2023

- a) Supervisory Board meetings were held in accordance with the Company’s Articles of Association as of its establishment.
- b) The Supervisory Board concentrated its efforts on monitoring the fulfilment of the Company’s business plans, compliance with the Articles of Association, and adherence to legislation of general application. In this regard, the Company fostered conditions enabling the Supervisory Board to fulfil its obligations under the law and the Articles of Association, ensuring continuous oversight of the Company’s operations and the activities of the Chairman of the Board of Directors.
- c) The Supervisory Board did not receive, and therefore did not consider, any suggestions from the shareholder.
- d) The Supervisory Board reviewed the consolidated and separate financial statements for 2023. In its opinion, the 2023 financial statements provide a true and fair view, in all material respects, of the Company’s assets, liabilities, equity, economic results, and financial position.
- e) The Supervisory Board also reviewed the Report on Related-party Transactions and has no objections.

Olomouc, 30 September 2024



JUDr. Alena Sikorová
Member of the Supervisory Board

4 INDEPENDENT AUDITOR'S REPORT – CONSOLIDATED



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF CREDITAS Investments SE

Registered office of the audited entity:

Pobřežní 297/14
186 00 Prague 8
registration number: 198 48 374

Auditor's opinion

We have conducted an audit of the accompanying consolidated financial statements of **CREDITAS Investments SE** and its subsidiaries (the "Group"), which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended 31 December 2023, and the notes to the consolidated financial statements, including material disclosures about the accounting policies used. Information about **CREDITAS Investments SE** Group is presented in the notes to these consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of **CREDITAS Investments SE** Group as at 31 December 2023, and of its financial performance and cash flows for the year ended 31 December 2023, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No 537/2014 of the European Parliament and of the Council, and the standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section. In compliance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are independent of the Group and we have complied with other ethical obligations deriving from the said regulations. We believe that the audit evidence we have collected is sufficient and appropriate to provide a basis for our opinion.

Other information disclosed in the annual report

In accordance with Section 2(b) of the Act on Auditors, "other information" is defined as information included in a consolidated annual report other than the consolidated financial statements and our auditor's report. The member of the Company's Board of Directors is responsible for other information.

Clarkson Hyde Czech Republic Audit, s.r.o.,

Politických vězňů 1272/21, 110 00 Prague 1, registration number: 24260673, VAT number: CZ24260673, incorporation: Municipal Court in Prague, File C198405
Clarkson Hyde Global offices: Australia | Bangladesh | Belgium | Cyprus | Czech Rep. | Denmark | France | Germany | Indonesia | Ireland | Israel | Italy
| Kazakhstan | Lithuania | Luxembourg | Malaysia | Malta | Norway | Pakistan | Portugal | Slovenia | Spain | Sweden | Switzerland | Turkey | UAE | UK | USA

Our opinion on the consolidated financial statements does not cover such other information. Nevertheless, our obligations relating to the audit of the consolidated financial statements require us to familiarise ourselves with other information and to consider whether this other information is materially inconsistent with the consolidated financial statements and our knowledge of the entity obtained during the audit of the consolidated financial statements, and whether such information appears to have been materially misstated. We also assess whether other information has been drawn up, in all material respects, with relevant legislation, i.e. whether other information meets the requirements of legislation concerning formal aspects and procedure for the production of other information in the context of materiality, or whether any non-compliance with those requirements could affect our judgement made on the basis of this other information.

On the strength of the procedures we have carried out, to the extent that we are able to judge, we state that:

- the other information describing circumstances also presented in the consolidated financial statements is consistent with the consolidated financial statements in all material respects; and
- the other information has been drawn up in accordance with applicable laws and regulations.

We are also required to report, based on our knowledge and understanding of the Company obtained in the audit, as to whether the other information contains any material misstatement. Further to the procedures outlined above, we have made no findings of any material misstatement in the other information received.

Responsibility of the member of the Company's Board of Directors for the consolidated financial statements

The member of the Company's Board of Directors is responsible for the preparation of consolidated financial statements that present a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as he determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the member of the Company's Board of Directors is responsible for assessing the Group's ability to continue as a going concern and, if applicable, disclosing, in the notes to the consolidated financial statements, matters relating to going concern and to the use of the going concern basis in the preparation of the consolidated financial statements, unless the member of the Board of Directors intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

Clarkson Hyde Czech Republic Audit, s.r.o.,

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- To obtain an understanding of the Group's internal control system relevant to the audit to the extent that we are able to design audit procedures appropriate in view of the circumstances, not so that we are able to express an opinion on the effectiveness of that internal control system.
- Assess the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors in the notes to the consolidated financial statements.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions as to the Group's ability to continue as a going concern are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The auditor responsible for conducting the audit on behalf of Clarkson Hyde Czech Republic Audit, s.r.o. is Uljana Bazjuková.

Prague, 30 September 2024

Clarkson Hyde Czech Republic Audit, s.r.o.
Registration number 533



ing. Uljana Bazjuková
Statutory auditor, registration number 2509

Clarkson Hyde Czech Republic Audit, s.r.o.,

5 CONSOLIDATED FINANCIAL STATEMENTS

5.1 Consolidated statement of financial position

CZK '000	Note	31 Dec 2023	31 Dec 2022	1 Jan 2022
ASSETS				
Property, plant and equipment	5.10	1,045,604	2,511,246	1,127,705
Intangible assets	5.11	43,606	27,197	22,345
Financial assets	5.12	181,360	1,534,321	123,831
Goodwill	5.13	328,873	0	0
Long-term loans granted	5.14	2,388,064	4,184,767	3,716,730
Other non-current assets	5.22	2,056	2,543	4,927
Non-current assets under lease	5.15	248,910	220,312	226,942
Non-current biological assets	5.16	24,500	22,116	20,580
Investment property	5.17	4,032,254	2,624,320	2,838,111
Deferred tax asset	5.19	52,823	10,618	8,956
Investments accounted for using the equity method	5.20	1,355,340	992,645	1,088,204
Total non-current assets		9,703,390	12,130,085	9,178,331
Inventories	5.21	3,389,040	2,414,283	1,891,237
Current biological assets	5.16	65,341	55,710	51,866
Trade receivables	5.22	193,683	287,839	264,344
Short-term loans granted	5.14	5,025,238	1,747,559	1,188,970
Financial assets	5.12	196,458	8,228,453	0
Other current receivables	5.22	84,262	120,430	111,181
Other current assets	5.22	120,076	176,000	365,834
Cash and cash equivalents	5.23	414,570	1,204,258	668,275
Assets classified as held for sale	5.24	2,745,164	307,207	109,648
Total current assets		12,233,832	14,541,739	4,651,355
TOTAL ASSETS		21,937,222	26,671,824	13,829,686

EQUITY AND LIABILITIES				
Registered capital	5.25	2,921	29,400	324,400
Equity funds	5.25	1,451	3,479,615	1,372,209
Retained earnings		2,570,662	-1,296,271	143,526
Comprehensive income for the period		1,660,722	906,883	--
<i>Equity attributable to owners of the parent</i>		4,235,756	3,119,627	1,824,543
<i>Non-controlling interests</i>		--	--	15,592
Total equity		4,235,756	3,119,627	1,840,135
Provisions		21,343	13,499	6,554
Long-term bank loans	5.26	2,028,433	2,246,362	1,806,718
Long-term borrowings	5.27	349,746	9,030,355	165,681
Bonds issued	5.28	7,272,924	5,898,933	5,459,746
Other non-current liabilities	5.29	98,150	87,002	78,348
Non-current liabilities under lease	5.15	256,005	224,060	222,269
Deferred tax liability	5.19	694,551	382,496	312,670
Total non-current liabilities		10,721,152	17,882,707	8,051,986
Trade payables	5.29	304,927	400,767	262,601
Short-term bank loans	5.26	475,750	1,231,062	858,815
Short-term borrowings	5.27	3,433,158	697,682	105,185
Bonds issued	5.28	2,166,189	2,269,987	1,985,324
Other current liabilities	5.29	508,370	812,268	675,414
Tax liabilities	5.18	61,923	228,422	28,058
Current liabilities under lease	5.15	29,997	29,302	22,168
Total current liabilities		6,980,314	5,669,490	3,937,565
TOTAL EQUITY AND LIABILITIES		21,937,222	26,671,824	13,829,686

5.2 Consolidated statement of comprehensive income

CZK '000	Note	2023	2022
Revenues from core activities	5.30	3,087,003	3,814,491
Cost of goods sold	5.31	-1,249,744	-1,881,684
Cost of materials and services	5.32	-689,327	-628,112
Depreciation	5.10 and 5.11	-81,023	-87,095
Change in balance and fair value of biological assets	5.16	17,065	3,717
Depreciation of assets under lease	5.15	-31,087	-28,678
Personnel costs	5.33	-317,963	-317,794
Net gains (+) / losses (-) on impairment of assets		-437	-14,815
Net gain on revaluation of investment property	5.17	215,948	22,264
Net gains (+) / losses (-) on sale of fixed assets	5.10	39,089	20,441
Other operating expenses and income, net	5.34	-15,480	-22,534
Earnings before interest and taxes		974,044	880,201
Net gains (+) / losses (-) on financing	5.35	-561,537	-216,924
Losses on financing from leases	5.15	-8,599	-6,674
Gains (+) / losses (-) on other financial transactions	5.36	1,430,060	393,130
Losses on impairment (including loss reversals) of financial assets	5.22	-364,352	-25,334
Share of profit or loss from associates accounted for using the equity method	5.20	362,695	-6,222
Profit/loss before tax		1,832,311	1,018,177
Income tax expense	5.18	-123,691	-148,205
Profit/loss after tax on discontinued operations	5.24	254,067	-29,387
Profit/loss after tax		1,962,687	840,585
Other comprehensive income		-301,965	66,298
COMPREHENSIVE INCOME FOR THE PERIOD		1,660,722	906,883

5.3 Consolidated statement of changes in equity

	Registered capital	Equity funds	Retained earnings	Equity	- attributable to shareholders of the parent company	- attributable to non-controlling interests
Balance at 1 Jan 2022	324,400	1,372,209	143,526	1,840,135	1,824,543	15,592
Profit for the period			840,585	840,585		
Other comprehensive income for			66,298	66,298		
Total comprehensive income for			906,883	906,883		
Issuance of shares	3,000			3,000		
Reduction in the capital of subsidiaries	-298,000			-298,000		
Additional paid-in capital				2,107,406		
Dividends			-1,417,339	-1,417,339		
Reclassification due to AFS			-22,458	-22,458		
Balance at 31 Dec 2022	29,400	3,479,615	-389,388	3,119,627	3,119,627	
Profit for the period			1,962,687	1,962,687		
Other comprehensive income for			-301,965	-301,965		
Total comprehensive income for			1,660,722	1,660,722		
Dividends			-1,265,000	-1,265,000		
Reduction in registered capital	-26,479			-26,479		
Effect of reorganisation		-3,478,164	4,205,345	727,181		
Reclassification due to AFS			19,705	19,705		
Balance at 31 Dec 2023	2,921	1,451	4,231,384	4,235,756	4,235,756	

5.4 Consolidated statement of cash flows

CZK '000	Note	2023	2022
Profit/loss before tax		1,832,311	1,018,177
Adjustments:			
Net gains (+) / losses (-) on financing	5.35	570,136	223,598
Change in balance and fair value of biological assets	5.16	-17,065	-3,717
Gain on sale of discontinued operations	5.24	-427,246	29,387
Depreciation and amortisation	5.10	81,023	87,095
Depreciation of right-of-use assets	5.15	31,087	28,678
Losses on impairment (including loss reversals) of financial assets	5.22	364,352	25,334
Gain on change in fair value of investment property	5.17	-215,948	-22,264
Net gains on sale of fixed assets	5.10	-39,089	-20,441
Net losses on impairment of assets		437	14,815
Other non-monetary transactions*		743,708	1,528,337
Operating cash flows before working capital movements		2,923,706	2,908,999
Decrease/(increase) in inventories	5.21	-998,459	-523,046
Decrease/(increase) in trade receivables and other assets	5.22	36,513	178,116
Decrease/(increase) in biological assets	5.16	-9,631	-3,844
Decrease/(increase) in financial assets*	5.12	345,481	-9,638,943
Decrease/(increase) in assets classified as held for sale	5.24	-2,437,957	-197,559
Increase/(decrease) in trade and other payables	5.29	-501,137	448,041
Increase/(decrease) in assets and liabilities under leases	5.15	32,640	8,925
Cash flows generated from operating activities		-608,844	-6,819,311
Income tax paid		-118,537	-89,082
Net cash flows from operating activities		-727,381	-6,908,393
Investing activity			
Interest received	5.35	569,518	362,434
Lending to related parties	5.27	-9,011,784	-5,091,711
Lending – other	5.27	-3,503,263	-536,965
Loan repayments received from related parties	5.27	5,550,614	2,884,200
Loan repayments received – other	5.27	3,597,631	533,649
Proceeds from the disposal of a subsidiary	5.40	187,232	588,919
Investment property	5.17	-1,407,934	213,791
Proceeds from the disposal of tangible and intangible assets	5.11	83,570	62,468
Purchase of tangible and intangible assets	5.11	-572,764	-1,178,272
Dividends received on investments**	5.36	4,424,644	--
Acquisition of a subsidiary	5.39	-765,249	-411,061
Net cash from investing activities		-847,785	-2,572,548

Financing activity			
Dividends paid out***	5.25	-1,265,000	-453,143
Interest paid	5.35	-687,725	-462,434
Repayment of loans and borrowings	5.26/27	-2,982,262	-725,650
Income from loans and borrowings	5.26/27	4,493,860	10,798,978
Bonds issued – issue/sale	5.28	3,932,412	2,767,304
Bonds issued – redemption/repayment	5.28	-2,719,346	-2,064,692
Net cash from financing activities		771,939	9,860,363
Net (decrease)/increase in cash and cash equivalents		-803,227	379,422
Cash and cash equivalents, beginning of period		1,204,258	668,275
Cash and cash equivalents from acquired subsidiaries		13,539	156,561
Cash and cash equivalents, end of period	5.23	414,570	1,204,258

* The decrease in financial assets is mainly represented by the sale of investment shares of the SICAV subfund CREDITAS GREEN, and the repayment of the associated loan.

** During 2023, the Group received advances on dividends from investment shares held in CREDITAS GREEN, a SICAV subfund.

*** In 2023 and 2022, the Group (specifically UNICAPITAL ENERGY s.r.o.) paid a dividend to the parent company UNICAPITAL N.V. The non-cash portion of the 2022 dividend is included under other non-cash transactions.

5.5 General information

CREDITAS Investments SE (the “Company” or the “Parent”) and its subsidiaries (collectively the “Group”) focus on strategic acquisitions in conservative industries holding fundamental value. The Company currently operates primarily in financial services, real estate, and energy in the Czech Republic and Slovakia.

The Company’s legal form is that of a *societas Europaea* incorporated by entry in the Commercial Register maintained by the Municipal Court in Prague, Section H, File 2648, on 23 October 2023. The Company’s registered office is at Pobřežní 297/14, Karlín, 186 00 Praha 8, Czech Republic.

The sole shareholder of CREDITAS Investments SE, holding 100% of the Company’s shares, is UNICAPITAL N.V., having its registered office at 1083 HJ Amsterdam, De Boelelaan 30, Netherlands, incorporated by entry in the Dutch Commercial Register under registration number 66551625.

The ultimate owner of the Group is Pavel Hubáček.

The Group’s consolidated financial statements for the year ending 31 December 2023 include the Parent, its subsidiaries, and interests in associates and joint ventures. The Group’s entities are listed in note 6.8.

The Group does not have a parent company preparing consolidated financial statements for the years ending 31 December 2023 and 31 December 2022 that would be publicly available and in compliance with IFRS as adopted by the EU.

Identifying and contact details

Entity:	CREDITAS Investments SE
Registered office:	Pobřežní 297/14, Karlín, 186 00 Praha 8
Incorporation:	Register entry B 2648, Municipal Court in Prague
Registration number:	19848374
VAT number:	CZ699006775
Website:	www.creditasgroup.cz
Email:	info@creditasgroup.cz
Data box ID:	bwvinct
LinkedIn:	credit-as-group
Twitter:	@credit-as-group
Instagram:	credit-as_group

5.6 Accounting policies

This section outlines the fundamental accounting policies applied in the preparation of these consolidated financial statements.

Statement of compliance with accounting policies

The consolidated financial statements of CREDITAS Investments SE are prepared in accordance with International Financial Reporting Standards (IFRS®) as adopted by the European Union for the years ending 31 December 2023 and 31 December 2022. These statements include, as integral components, the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the accompanying notes to the consolidated financial statements, which detail significant accounting policies and other disclosures.

The reporting date of these consolidated financial statements is 1 January 2022. These financial statements have been prepared in accordance with IFRS effective as at 1 January 2022 and applied consistently across all periods presented.

The consolidated financial statements were approved by the Board of Directors on 30 September 2024.

Consolidation

Consolidation basis and principles

The consolidated financial statements are prepared on a historical cost basis, with adjustments for the revaluation of investment properties, financial assets and liabilities measured at fair value through profit or loss, and financial instruments measured at fair value through other comprehensive income.

All amounts are presented in thousands of Czech crowns (CZK '000) unless otherwise stated. Due to rounding, slight discrepancies may appear in the totals of tables presented in the notes.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to apply judgement in applying the Group's accounting policies. The Group makes estimates and assumptions regarding future periods, and the consolidated financial statements are prepared on a substance-over-form basis.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are excluded from the consolidation as of the date control is lost. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group controls an investee only if:

- it has power over the investee (i.e. it holds voting rights to direct the investee's activities);
- it is exposed to or has rights to variable returns from its involvement with the investee;
- it has the ability to use its power over the investee to influence its returns.

The consolidated financial statements are prepared on a going concern basis, and management is confident that the Group has adequate resources to continue in business for the foreseeable future. The assessment of external factors impacting the Group's operations is presented in note 5.37.

It is generally presumed that an entity holding the majority of voting rights controls the investee. In support of this presumption and in cases where the Group holds less than the majority of voting rights or similar rights, the Group evaluates whether it controls the investee by considering all relevant facts and circumstances, including:

- contractual arrangements with other holders of voting rights;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

If facts and circumstances indicate that there has been a change in one or more of the control elements, the Group re-evaluates whether it controls the investee. The consolidation of a subsidiary begins when the Group gains control of the subsidiary and ends when

the Group loses control of the subsidiary. The assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the moment the Group gains control over the subsidiary until the moment the Group loses control of the subsidiary.

Economic performance and each component of other comprehensive income are attributed to holders of equity in the Parent and to non-controlling interests, even if this results in a negative balance for non-controlling interests. Adjustments are made to align the accounting policies of subsidiaries with those of the Group where necessary in the consolidated financial statements.

All intra-group assets, liabilities, equity, income, expenses, and cash flows arising from transactions between Group members are fully eliminated upon consolidation.

Changes in an ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If the Group loses control of a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests, and other equity items are derecognised, and any resulting gain or loss is recognised in profit or loss. Any retained interest is measured at fair value.

Business combinations and goodwill

Business combinations occurring between the IFRS transition date and the reporting date are accounted for using the purchase method (acquisition accounting). This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities but excluding future restructuring costs) of the acquired business at their fair value. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill. Conversely, if the acquisition cost is lower than the fair value of the identifiable net assets, the resulting discount is recognised directly in the consolidated statement of comprehensive income as a gain on a bargain purchase.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is subject to an annual impairment review.

Acquisition-related costs are expensed directly to the income statement.

The acquisition cost is determined as the aggregate of the fair value of the consideration transferred as at the acquisition date and any non-controlling interests in the acquired entity. For each business combination, the Group determines whether to measure the non-controlling interests in the acquired entity at fair value or as a proportionate share of the identifiable net assets of the acquired entity. Acquisition-related costs are recognised as incurred within administrative expenses.

In a business combination, the Group assesses the acquired financial assets and liabilities to determine their appropriate classification and designation based on the contractual terms, economic conditions, and other relevant factors as at the acquisition date. This includes the separation of embedded derivatives from host contracts held by the acquired entity.

Any contingent consideration that the acquirer is obliged to transfer is recognised at fair value as at the acquisition date. Contingent consideration classified as equity is not remeasured, and subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument falling within the scope of IFRS 9 Financial Instruments is measured at fair value, with changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration outside the scope of IFRS 9 is measured at fair value at each balance-sheet date, with changes recognised in profit or loss.

Goodwill is initially recognised at cost (the excess of the aggregate of the transferred consideration, the value of non-controlling interests, and any previously held interests over the net identifiable assets and liabilities acquired). If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether all assets acquired and all liabilities assumed have been correctly identified and reviews the measurement procedures applied to amounts that are to be recognised as at the acquisition date.

If the reassessment confirms that the fair value of the net assets acquired exceeds the aggregate consideration transferred, the resulting gain is recognised in profit or loss.

Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is allocated from the acquisition date to the Group's cash-generating units (CGUs) expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when calculating the gain or loss on disposal. Goodwill disposed of in such circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

For acquisitions occurring before the IFRS transition date, IFRS 3 was not applied retrospectively.

Acquisition of an asset or a group of assets that does not constitute a business

The first step in determining whether a transaction is an acquisition of an asset or a group of assets that does not constitute a business or a business combination is the concentration test. This evaluates whether the acquired set of activities and assets constitutes a business.

For the concentration test:

- a) The gross assets acquired exclude cash, cash equivalents, deferred tax assets, and goodwill arising from the effects of deferred tax liabilities.
- b) The fair value of the gross assets acquired includes any consideration transferred (plus the fair value of any non-controlling interest and previously held interest) that exceeds the fair value of the identifiable net assets acquired. The fair value of the gross assets acquired can normally be determined as the aggregate amount obtained by adding the fair value of the consideration transferred (plus the fair value of any non-controlling interest and previously held interest) to the fair value of the liabilities assumed (other than deferred tax liabilities), and then excluding the items listed in subparagraph (a). However, if the fair value of the gross assets acquired exceeds the aggregate value, a more precise calculation may sometimes be required.
- c) A single identifiable asset includes any asset or group of assets that would be recognised and measured as a single identifiable asset in a business combination.
- d) If a tangible asset is attached to another tangible asset and cannot be physically removed and used separately from the other tangible asset without incurring significant costs or a significant impairment in the utility or fair value of either asset (for example, land and buildings), the assets are treated as a single identifiable asset.
- e) When assessing whether assets are similar, the nature of each identifiable asset and the risks associated with managing and generating outputs from those assets (i.e. risk characteristics) are considered.

The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets does not constitute a business, and no further assessment is required.

If the concentration test is not met, the Group assesses whether the acquired entity constitutes a business.

A business comprises inputs and processes applied to those inputs that have the ability to generate outputs. Although outputs are typically a feature of a business, they are not required for an integrated set of activities and assets to qualify as a business. A business is defined by the following three components:

- Input: any economic resource that creates, or has the potential to create, outputs when one or more processes are applied to it.
- Process: any system, standard, protocol, convention, or rule that, when applied to an input or inputs, creates or has the potential to create outputs.
- Output: the result of inputs and processes applied to those inputs providing or having the potential to provide a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants.

If an acquired subsidiary does not meet the definition of a business, its acquisition is treated as the purchase of an asset or group of assets not constituting a business.

In such cases, the acquirer identifies and recognises the individual identifiable assets acquired and liabilities assumed. The purchase price of the group is allocated to the individual identifiable assets and liabilities based on their relative fair values at the purchase date. No goodwill is recognised in such transactions.

Associates

Associates are all entities in which the Group holds significant influence but over which it does not exercise control, typically through ownership of 20% to 50% of the voting rights.

Under the equity method, interests in associates are initially recognised at cost and subsequently adjusted to reflect the Group's share of post-acquisition profits or losses and movements in other comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Gains and losses arising from changes in the value of equity-accounted investments are recognised in profit or loss unless these gains or losses are items of other comprehensive income.

Going concern assumption

These consolidated financial statements have been prepared on a going concern basis, i.e. assuming that the Company and the Group will remain in operational existence for the foreseeable future. As at the approval date of these consolidated financial statements, no circumstances have been identified that would indicate any threat to the Group as a going concern.

Foreign currency translation

Functional currency and presentation currency

Items included in the consolidated financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Czech crowns, which is the Group's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing as at the transaction dates or the valuation dates when items are remeasured. Foreign exchange gains or losses arising from these transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies using exchange rates prevailing at the reporting date, are recognised in profit or loss.

Foreign exchange gains and losses related to loans, cash, and cash equivalents are also recognised in profit or loss.

At the balance-sheet date, monetary assets and liabilities denominated in currencies other than Czech crowns are translated into Czech crowns at the exchange rate published by the Czech National Bank and applicable to the given currency at the end of the reporting period.

Property, plant and equipment and Intangible assets

Tangible and intangible fixed assets are carried at acquisition cost, with those assets having finite useful lives being depreciated on a straight-line basis over their estimated useful life.

Due to the different usage patterns and useful lives of tangible fixed assets in the Group's energy segment, a distinct depreciation methodology is applied to fixed assets.

Overview of depreciation and amortisation methods and periods by asset type:

Depreciation overview

Assets	Method	Depreciation period
Buildings and structures, improvements	Straight-line	30–50 years
Equipment and machinery, vehicles	Straight-line	4–10 years
Other non-current assets	Straight-line	4–5 years
Assets in progress, advances and land	Not depreciated	xx
Assets – Energy		
Buildings, improvements	Straight-line	20–30 years
Equipment and machinery	Straight-line	2–20 years
Vehicles	Straight-line	5 years
Assets in progress, advances and land	Not depreciated	xx

Amortisation overview

Assets	Method	Amortisation period
Licences, trademarks, easements, etc.	Straight-line	5–10 years
Easements	Straight-line	3–6 years
Software	Straight-line	3–5 years
Intangible fixed assets in progress	Not amortised	xx

The residual value of assets and their useful lives are reviewed at the end of each accounting period and adjusted where necessary. Should the carrying amount of an asset exceed its estimated recoverable amount, the asset is written down immediately to its recoverable value via impairment charges.

Gains and losses on the disposal of assets are determined by comparing proceeds received with the carrying amount of the assets and are recognised in the income statement as net gains or losses on the sale of fixed assets.

Tangible fixed assets with a unit cost below CZK 40,000, such as furniture and equipment, are capitalised and subsequently depreciated directly to cost on a straight-line basis at a rate of 25%, reflecting an estimated useful life of 4 years.

The Group holds a collection of several universally valued and expert-verified works of art among its tangible fixed assets. These works ensure the long-term preservation and conservation of value, with the expectation of their continued growth potential over time. The artworks are recorded at acquisition cost and are not subsequently depreciated, as their estimated useful life cannot be determined.

In the consolidated statement of financial position, they are classified under “Other non-current assets”. The artworks are reviewed annually for impairment if events or changes in circumstances suggest that the carrying amount of an asset may be impaired.

Other tangible fixed assets with a unit cost below CZK 40,000 and intangible fixed assets with a unit cost below CZK 60,000 are fully expensed upon acquisition.

Financial Instruments

Initial Recognition. Financial instruments are initially recognised at fair value. Upon initial recognition, the fair value of all financial instruments is adjusted by transaction costs, with the exception of financial instruments classified using fair value through profit or loss (FVTPL). Upon initial recognition, fair value is best substantiated by transaction cost.

Profit or loss is reported upon initial recognition only if there is a difference between fair value and transaction cost confirmable using other observable market transactions involving the same financial instruments or the same valuation technique, where the inputs include only data from observable markets. Following initial recognition, the expected credit loss is calculated and reported for financial assets measured in the AC category (“Amortised cost”). This fact results in an immediate book loss, which is expressed using a provision.

All purchases and sales of financial assets that require delivery within a time limit stipulated by regulations or market conventions (purchase subject to a standard delivery time) are recognised on off-balance sheet accounts on the day on which the transaction is concluded, i.e. on the day on which the Group undertakes to supply the financial asset. On balance-sheet accounts, purchases and sales of financial assets are recognised as at the transaction settlement day. All other purchases are reported as soon as the entity becomes a party to a contractual arrangement pertaining to the relevant instrument.

Classification and Subsequent Valuation of Financial Assets – Valuation Categories. The Group classifies financial assets using the valuation categories FVTPL, AC, and FVOCI (fair value through other comprehensive income). The classification and subsequent valuation of debt financial assets depends on the Group's business model for managing the portfolio of related assets and the nature of contractual cash flows relating to the relevant asset.

Classification and Subsequent Valuation of Financial Assets – Business Model. The business model reflects the method employed by the Group in managing assets for the purpose of generating cash flows – it indicates whether the Group's objective is: i) to solely collect contractual cash flows from assets (“held in order to collect contractual cash flows”) or ii) to both collect contractual cash flows and to obtain cash flows from the sale of assets (“held in order to collect contractual cash flows and obtain proceeds from sales”). If neither i) nor ii) applies, financial assets are classified as being part of “another” business model and are recognised within the FVTPL category.

The business model is determined for a group of assets based on all relevant evidence regarding activities carried out by the Group to achieve the objective set for the portfolio, insofar as such information is available as at the valuation date.

Factors considered by the Group in determining the business model include portfolio purpose and composition, prior experience with the collection of financial flows from the relevant assets, risk assessment and management, asset performance assessment, and compensation paid to managers.

Classification and Subsequent Valuation of Financial Assets – Description of Financial Flows. In the case of the business models “held in order to collect contractual cash flows” and “held in order to collect contractual cash flows and obtain proceeds from sales”, the Group assesses whether such financial flows represent solely payments of principal and interest (SPPI).

An SPPI assessment is carried out upon the initial recognition of assets; it is not subsequently carried out. For these purposes, financial assets with embedded derivatives are assessed as a whole. As part of this assessment, the Group decides whether contractual cash flows conform to the general credit terms, i.e. whether interest solely takes into account the credit risk, the time value of money, other basic credit risks, and the profit margin.

If the credit terms give rise to exposure to risk or volatility, which contravenes the general credit characteristics, the financial asset is classified and valued within FVTPL. Investments into debt securities are recognised within the FVTPL category, unless they meet the criteria to be classified within the AC or FVOCI category. Moreover, the Group may irrevocably designate investments into debt securities as FVTPL upon initial recognition, provided that this option substantially reduces an accounting mismatch between financial assets and liabilities reported or valued using different accounting principles.

Financial assets that meet the definition of equity from the issuer's viewpoint, i.e. assets that do not involve the contractual obligation to pay cash and document a residual interest in net assets, are recognised by the Group as investments into equity securities. Investments into equity securities are valued using the FVTPL method.

Valuation. *Fair value* is the price at which an asset is purchased or sold or the price paid for an obligation arising from a standard transaction between market participants as at the valuation date. The best indicator of fair value is the price on an active market. An active market is a market on which transactions concerning assets or liabilities are carried out at a sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded on an active market is determined as a multiple of the quoted price for an individual asset or liability and the quantity held by the entity. The foregoing also applies in cases where the regular daily trading volume on the market is unable to absorb the quantity held, and entering the sale of the entire position held under a single transaction is liable to affect the quoted price.

The fair value of certain financial instruments, for which no information is available regarding external market prices, is determined using such valuation techniques as discounted cash-flow models, models based on recent market transactions, or assessments of investment-related financial data. Fair value valuation is analysed based on the fair value hierarchy as follows:

- a) the first valuation level consists of valuation based on prices quoted (non-adjusted) on active markets for identical assets or liabilities,
- b) the second valuation level consists of valuation techniques involving all of the important observable inputs for a given asset or liability, either directly (i.e. using the price) or indirectly (i.e. derived from the price), and
- c) the third valuation level consists of valuation methods other than those based solely on observable market data (it means that valuation relies on important non-observable inputs). As to transfers between the individual fair value levels, it is assumed that they apply to the end of the reported period.

Transaction costs are incremental costs directly related to the acquisition, issue, or disposal of a financial asset or liability. An incremental cost is a cost that would not be incurred if the entity did not acquire, dispose of, or issue a financial instrument.

Transaction costs include fees and commissions paid to sales representatives (including employees acting as sales representatives), consultants, brokers, and dealers, fees paid to regulatory authorities and stock exchanges, transfer taxes, and other charges. Conversely, transaction costs do not include premiums and discounts, financing costs, internal administrative costs, and holding costs.

Amortised cost (AC) is a value at which a financial instrument is valued upon initial recognition, after subtracting all payments of principal, plus accrued; in the case of financial assets, the AC is reduced, where applicable, by provisions

for expected credit losses (ECL).

Accrued interest includes the amortisation of transaction costs deferred upon initial recognition and amortised premium or discount, i.e. the difference between the initial value and the value at maturity, calculated using the effective interest rate method. Accrued interest income and accrued interest expense, including the accrued coupon and amortised discount rate or premium (including, where applicable, fees deferred upon origination), are not reported separately and are included in the book value of related items reported in the consolidated financial statements.

The effective interest rate method is a method that allocates interest income or interest expense from the relevant period so as to achieve a constant periodic interest rate (effective interest rate) from the book value. The effective interest rate is a rate that accurately discounts estimated future financial payments or revenues during the expected duration of a financial instrument (or a shorter period, where applicable) to the gross book value of the financial asset or the amortised value of a financial liability.

The effective interest rate is used to discount cash flows relating to instruments subject to a variable interest rate as at the next interest rate re-fixing date, with the exception of premium or discount that reflects the credit spread above the floating interest rate specified in the instrument or other variables not recalibrated to market rates. Such premiums or discounts are amortised throughout the expected duration of the financial instrument.

The calculation of the present value includes all fees paid or received by contract parties, which form an integral part of the effective interest rate. As to assets purchased or originated credit impaired (POCI) upon initial recognition, the effective interest rate is adjusted by the credit risk, i.e. it is calculated based on expected cash flows upon initial recognition, as opposed to based on contractual cash flows.

Re-Classification of Financial Assets. Financial assets are reclassified only if the business model for portfolio management changes in its entirety. Reclassification applies prospectively from the beginning of the first reported period that follows a change of the business model. During neither the current nor the preceding period, the Group has not changed its business model and has not carried out any re-classifications.

Impairment – Provisions for Expected Credit Losses (ECL). The Group uses expectations to assess ECL for debt financial assets recognised within AC, FVOCI, including exposure originating from credit commitments and financial guarantee agreements.

The Group measures ECL and reports credit losses for every balance sheet date. ECL measurements reflect: i) an unbiased and probability-weighted amount determined by a range of possible outcomes, ii) the time value of money, and iii) any and all adequate and documented information on past events, current conditions, and forecasts of future development that is available without excessive cost and effort at the end of every reported period.

Debt financial assets valued in AC are reported in the consolidated financial position statement after being reduced by provisions for ECL. Expected credit losses from FVOCI debt financial assets do not reduce their book value; they continue to be reported using fair value in the financial position statement.

A sum equal to provisions, that would be established in case that assets were appraised using the amortised value, is recognised within equity (in a cumulative manner within other comprehensive income) as a part of valuation differences relating to debt financial instruments in FVOCI, where the same amount is recognised within profit or loss.

Upon the derecognition of these assets, the cumulative decrease in the value recognised under other comprehensive income is carried over to profit or loss. In the case of credit commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the financial position statement.

As regards impairment, the Group employs a three-stage model based on changes in credit quality since initial recognition. Financial instruments not subject to impairment caused by credit loss upon initial recognition are classified within Stage 1.

The ECL for financial assets within Stage 1 is determined as a part of the ECL incurred during the lifetime, which results from expected default events during the subsequent 12 months or the remaining time until contractual maturity, if it is shorter ("12-month ECL"). If the Group identifies a significant increase in credit risk (SICR) following initial recognition, the asset is transferred to Stage 2, and its ECL is measured based on the duration of the agreement term, until contractual maturity, taking into account expected early repayments ("Lifetime ECL"). If the Group identifies credit impairment in regard to a financial asset, the asset is transferred to Stage 3, and its ECL is measured as ECL during its lifetime, i.e. Lifetime ECL.

In the case of financial assets in the POCI category, the ECL is always measured as ECL during their lifetime, i.e. Lifetime ECL.

Write-off of Financial Assets. A financial asset is written off, in part or in full, in case that the Group has exhausted all practical options to collect the relevant receivable and has concluded that no substantiated expectation exists that such an unpaid receivable could be collected. Write-off corresponds to the time at which removal from the balance sheet takes place.

Derecognition of Financial Assets. The Group derecognises financial assets if (a) the assets have been repaid or rights to cash flows from the assets expire in another manner, or (b) the Group transfers rights relating to cash flows from the financial assets or enters into a transfer agreement for the assets, whereby (i) essentially all risks and benefits relating to the ownership of the assets are transferred to a different counterparty, or (ii) essentially all risks and benefits relating to the ownership of the assets are not transferred, but the Group does not retain control

based on the asset transfer agreement. Control is retained if the counterparty to such an agreement has no real ability to sell the asset in its entirety to a third party without such a sale being subject to any restrictions.

Modification of Financial Assets. In cases where the Group repeatedly negotiates or otherwise modifies the contract terms for financial assets, the Group assesses whether the changes in contractual cash flows are important or not.

If modified cash flows are significantly different, the Group derecognises the original financial asset and recognises the new financial asset at fair value. The renegotiation date is considered the date of initial recognition for subsequent impairment calculations, including the specification whether an important increase in credit risk has taken place. Furthermore, the Group assesses such new debt financial instruments in regard to conformity to the SPPI criteria.

If the modified cash flows do not differ significantly from the original ones, the modification does not result in the derecognition of the financial asset. The Group recalculates the gross book value by discounting modified contractual cash flows using the original effective interest rate (or an effective interest rate adjusted by the credit risk relating to POCI financial assets).

Financial Liabilities – Valuation Categories. Financial liabilities are valued using the AC category, with the exception of financial liabilities in the FVTPL category represented by derivatives, insofar as they are classified as such upon initial recognition.

Financial Liabilities – Derecognition. Financial liabilities are derecognised at expiry time (i.e. at the time at which the duty laid down in the applicable agreement terminates, expires, or is cancelled).

A financial liability expires, in part or in full, if the duty laid down under the relevant agreement terminates, expires, or is cancelled, and the Group no longer reports the financial liability, in part or in full, in the consolidated statement of financial position. The difference between the carrying value of a liability, in part or in full, that expires or is transferred to a different entity and the sum paid for such a liability is recognised under profit or loss.

Valuation of Financial Assets Using Fair Value Recognised within Profit or Loss. Fair value is the price at which an asset is purchased or sold or the price paid for an obligation arising from a standard transaction between market participants as at the valuation date.

The best indicator of fair value is the price quoted on an active market. If such prices are available, they are used to determine the fair value of an asset or a liability (Stage 1 of the fair value setting hierarchy).

In case that a market quotation is used to set fair value, but the market cannot be considered an active market due to limited liquidity (based on available market liquidity indicators), the financial instrument is classified under Stage 2.

If no market prices are available, fair value is determined using valuation models that rely on inputs consisting of objectively ascertainable market data. If all important inputs of the valuation model can be characterised as objectively ascertainable, the financial instrument is classified within Stage 2 of the fair value hierarchy. In connection with setting the value under Stage 2, considered objective market parameters usually include yield curves, credit spreads, and implied volatilities.

In certain cases, it is impossible to determine fair value based on sufficiently frequently quoted market prices or valuation models that rely exclusively on objectively ascertainable market data. In such a situation, realistic forecasts are used to estimate individual valuation parameters, which are not ascertainable on the market.

If a certain objectively non-ascertainable input of the valuation model is significant, or if the applicable price quotation is insufficiently updated, the applicable financial instruments is classified within Stage 3 of the fair value hierarchy. In setting the value within Stage 3, fair value is set based on expert appraisals prepared using the prescribed asset valuation methods (expected cash flows, market developments, etc.) and an evaluation by the administrator.

The value of receivables from loans and credit has been appraised using the amortised value in accordance with the Stage 2 methodology; valuation has been carried out using amortised value, following an assessment of interest rates and taking into account project-related risks.

Short-term financial instruments (with maturity shorter than one year, inclusive) are not subject to valuation techniques.

Financial Derivatives. Derivative financial instruments include fixed-term over-the-counter (OTC) currency forwards and currency and interest rate swaps. The Group classifies derivatives as “derivatives other than hedging derivatives” within the FVTPL category.

Derivatives are initially recognised as at the day on which a fair value transaction is negotiated, where their nominal negotiated value is recognised in the off-balance sheet. The revaluation of derivatives in the FVTPL category to fair value is carried out via profit or loss.

Fair value is derived from the discounted cash-flow model, using quoted market data. The valuation models take into account standard market conditions that exist as at the valuation date, but do not necessarily reflect the situation on the market before or after the valuation date. The Group’s management bodies have examined these models as at the balance sheet date, whereby they ascertained that the models adequately reflect the current market conditions, including relative market liquidity and credit spread.

These derivatives do not serve to hedge against specific risks, for which reason they are reported as being held for trading.

Changes in the fair value of financial derivatives held for trading are reported in an aggregate manner within financial profit or loss.

Goodwill / First Application of Goodwill

Business combination accounting is carried out using the purchase (acquisition) method. Acquisition costs are recognised as the aggregate of transferred consideration valued at fair value determined as at the acquisition date and any non-controlling interest in the acquiree. For every business combination, the Group decides whether non-controlling interests

in the acquiree are measured at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised as administrative expenses incurred.

As part of an acquisition, the Group assesses acquired assets and liabilities for the purpose of determining their suitable classification and designation in accordance with the contract terms, the economic situation, and relevant conditions as at the acquisition date. That includes separating embedded derivatives from host agreements entered into by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value as at the acquisition date. Contingent consideration classified as equity is not revalued and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability, which is a financial instrument within the scope of the IFRS 9 Financial Instruments standard, is valued at fair value, where changes in fair value are accounted for within profit or loss in accordance with IFRS 9. Other types of contingent consideration, which are outside the scope of the IFRS 9 standard, are valued at fair value as at the date of every financial statements, and changes in fair value are accounted for within profit or loss.

Goodwill is initially recognised at acquisition cost (surplus of the aggregate transferred consideration and the reported value of non-controlling interests and all prior interests over identifiable net assets acquired and assumed liabilities). If the fair value of acquired net assets exceeds the aggregate value of transferred consideration, the Group reassesses all acquired assets and all assumed liabilities in regard to the correct identification thereof, and reviews the procedures used in measuring the sums that are to be recognised as at the acquisition date. If the review confirms that the fair value of acquired net assets exceeds the aggregate value of the transferred consideration, the surplus is accounted for within profit or loss.

Following initial recognition, goodwill is valued at acquisition cost reduced, where applicable, by accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is allocated to each of the Group's cash-generating unit, starting on the acquisition date, provided that such units are expected to benefit from the combination, regardless of whether the acquiree's other assets or liabilities are assigned to the foregoing units.

If goodwill is assigned to a cash-generating unit and a part of the operation within the unit is disposed of, goodwill associated with the operation disposed of is included in the carrying value of the operation as regards the calculation of profit or loss from disposals. Goodwill derecognised under such circumstances is measured based on the relative value of the operation disposed of and the retained part of the cash-generating unit.

Impairment of Non-Financial Assets

As at every balance sheet date, the Group identifies any facts that indicate a decrease in the value of assets. If such facts exist or if annual asset impairment testing is required, the Group estimates the recoverable amount of the applicable asset. The recoverable amount of an asset corresponds to the fair value of the asset or a cash-generating unit reduced by disposal costs or value in use, whichever of the two is higher. The recoverable amount is determined for individual assets, with the exception of assets not generating cash inflows that are largely independent of cash inflows from other assets or groups of assets. If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the value thereof is considered to have decreased, and the asset is rerecognised within the recoverable amount.

In measuring value in use, estimated future cash flows are discounted to their present value using the pre-tax discount rate, which reflects the current market assessment of the time value of money and risks specific to the applicable asset. Recent market transactions are taken into account in setting fair value reduced by selling costs. If no such transactions can be identified, a suitable valuation model is used. The relevant calculations are substantiated with valuation multiples, quoted prices of stocks of publicly traded corporations, or other available fair value indicators.

In calculating value impairment, the Group relies on the most recent budgets and forecasts, which are compiled separately for each of the Group's cash-generating units to which individual assets are assigned. Generally, such budgets and forecasts cover a period of five years. The long-term growth rate is calculated and used to forecast future cash flows following the fifth year.

Impairment losses relating to continuing operations are recognised in the profit and loss statement within cost categories corresponding to the function of the impaired asset, save for formerly revalued assets the revalued value of which has been recognised within other comprehensive income. Impairment losses relating to such assets are recognised within other comprehensive income up to the value of the previous revaluation.

Assets, with the exception of goodwill, are assessed as at every balance sheet date for the existence of facts indicating that previously recognised impairment losses no longer exist or have been reduced. If such a fact exists, the Group estimates the recoverable amount of such an asset or cash-generating unit.

A previously recognised impairment loss is cancelled only in case that the assumptions used to determine the recoverable amount of the asset have changed since the recognition of the last impairment loss.

Cancellation is restricted so as to prevent the carrying value of assets from exceeding the recoverable amount and the carrying value that would be set following the subtraction of depreciation, provided that no impairment losses have been recognised in previous years. Such cancellation is recognised in the profit and loss statement, unless the asset is recognised at the revalued amount, in which case the cancellation is accounted for as an increase in the revalued amount.

Goodwill impairment testing is carried out as at 31 December of every year as well as when the circumstances indicate that its book value may have been reduced.

Goodwill impairment is determined by measuring the recoverable amount of the cash-generating unit (or groups of units) to which goodwill relates. If the recoverable amount of a cash-generating unit is lower than its book value, an impairment loss is recognised. Goodwill impairment losses may not be cancelled in future periods.

Impairment testing of intangible assets with indefinite useful lives is carried out at the level of a cash-generating unit as at 31 December of every year and when the circumstances indicate that their book value may have been reduced.

Loans granted

Loans are financial assets recognised at amortised value. Loans are initially recognised at fair value reduced by transaction costs. Loans are subsequently recognised at amortised value using the effective interest rate method; all differences between income (reduced by transaction costs) and the amortised amount are recognised within profit or loss during the loan period using the effective interest rate method.

Fees paid for establishing credit facilities are recognised within loan transaction costs commensurately with the likelihood that a credit facility will be used in part or in full. In that case, the fee is deferred if drawdown does not take place. In case that no evidence exists regarding the likelihood of credit facility drawdown in part or in full, the fee is capitalised as a prepayment for liquidity services and amortised while the credit facility to which it applies lasts.

Loans are valued at fair value reduced by transaction costs and are subsequently recognised at amortised value using the effective interest rate method reduced, where applicable, by impairment losses.

Loans are classified as short-term liabilities, unless the Group has the unconditional right to defer the payment of a liability during no less than 12 months after the balance-sheet day.

Lease

The Group reports assets carrying the right to use the underlying asset and lease liabilities consisting of the duty to pay lease payments. Right-of-use assets are recognised in the consolidated statement of financial position on the Rights of

Use line, and lease liabilities are recognised on the Lease Liabilities line. An exception are short-term lease agreements (shorter than 12 months) and lease transactions involving an underlying asset with a low value. Short-term lease costs are recognised on the General Administrative and Operating Costs line in the consolidated financial statements.

As at the agreement signature day, an assessment is carried out whether the agreement comprises a lease, that is whether it transfers the right to use an identified asset for consideration during a set time. Right-of-use assets and lease liabilities are recognised as at the lease starting date. Upon initial recognition, a right-of-use asset is valued at acquisition cost, which consists of the initial valuation of the lease liability, any initial direct costs incurred by the Group, estimated costs of dismantling and removing the asset at the end of the lease term, and all lease payments paid prior to the lease starting date (excluding received incentives). Subsequently, the value is depreciated from the lease starting date until the end of the useful life of the asset or the end of the lease term, whichever is shorter. The Group uses the straight-line amortisation method.

As at the initial recognition date, lease payments included in the valuation of the lease liability comprise the following types of payment for the right to use the underlying asset during the lease term:

- fixed lease payments reduced by payable lease incentives,
- variable index-dependent lease payments,
- sums payable based on the guaranteed residual value of the leased asset,
- buy option price, if it can be expected with a sufficient degree of assurance that the option will be exercised,
- financial fines for lease termination, if the lessee is able to exercise the termination option.

Lease payments are discounted using the lease interest rate, provided that the rate can be easily set, or using the lessee's incremental borrowing interest rate. The weighted average of the incremental borrowing interest rate used in the valuation of lease liabilities ranges from 2.9% to 3.5% for agreements denominated in Czech crowns.

Every payment is divided into liability and financial costs. Following initial recognition, lease liabilities are valued using the effective interest rate method. The carrying value of lease liabilities is revalued to reflect any changes in the estimated lease term, the exercise of the buy option, changes in lease payments, the guaranteed residual value, and any amendments to the lease agreement.

The lease term may not be cancelled; the period to which prolongation and early termination options apply are included in the lease term, provided that reasonable assurance exists that the lease will be prolonged or that the lease agreement will not be prematurely terminated.

Right-of-use assets are recognised at acquisition value. The cost of right-of-use assets includes:

- the initial value of the lease liability,
- any lease payments made prior to the lease starting date reduced by all received lease incentives; initial direct costs incurred by the lessee in connection with entering into the lease agreement,
- initial direct costs incurred by the lessee in connection with entering into the lease agreement,
- estimate of costs borne by the lessee in connection with the duty to dismantle and remove the underlying asset or to perform renovation.

Following initial recognition, right-of-use assets are valued at acquisition cost reduced by accumulated depreciation and, where applicable, accumulated impairment losses and adjusted as a result of the revaluation of the lease liability following a reassessment or change of the lease arrangement.

Right-of-use assets are amortised using the linear method during the useful life of the asset or during the lease term, whichever is shorter.

Upon initial recognition, lease liabilities are recognised at the present value of lease payments, which are unpaid upon the entry into the lease agreement and which are discounted using the implicit interest rate specified in the lease agreement; if this rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Lease payments include fixed lease charges, variable index-dependent or rate-dependent lease charges, the expected residual value of the asset, selling price for the buy option, and lease payments in the optional renewal period, if the lessee is reasonably certain of exercising the option, provided that the lease term reflects the lessee's intent to exercise the option.

Subsequently, the carrying value of the lease liability is increased by interest using the applicable discount rate, reduced by paid lease payments, and revalued in case that the lease arrangement is reassessed or modified.

The Group has taken advantage of a simplification concerning short-term lease arrangements (shorter than 12 months) and lease arrangements involving a low-value underlying asset (less than EUR 4,348), and has recognised neither financial liabilities nor right-of-use assets in regard to such agreements. In this regard, lease payments made during the lease term are recognised as costs using the linear method.

The use of the IFRS 16 standard requires the Group to perform various analyses and estimates, including those pertaining to determining the scope of agreements subject to IFRS 16, to determining lease terms, and to setting the interest rate for discounting future cash flows. Estimates and assumptions may have to be revised based on changes in underlying market- and operation-related factors, new information, and market practices relating to the use of the relevant standard.

In accordance with the requirements of this standard, the Group uses the definition of an agreement and determines the agreement enforceability period in setting the lease term and estimating the term during which the lease is non-cancellable. Lease enforceability expires if both the lessee and the lessor have the right to terminate the lease without the counterparty's consent, or subject to a negligible penalty at most.

The lessee's incremental borrowing rate is an interest rate the lessee would have to pay to borrow, for a comparable term using comparable collateral, resources necessary for purchasing assets with a value comparable to the right-of-use asset in a comparable economic setting.

In estimating the lease term for open-ended agreements, the Group takes into account the agreement enforceability period, which usually corresponds to the notice period. In the case of agreements subject to an enforceability period no longer than 12 months, the Group uses the exemption applicable to short-term agreements.

In estimating the discount rate, the Group takes into account the estimated interest margin which Group companies would have to pay to finance leased assets on the financial market, considering the agreement term and currency. Lease agreements mainly concern office facilities, the right to use arable land for agriculture, and the vehicle fleet.

The Group acts as a lessor only as regards operating lease. As to assets subject to operating lease, the Group uses accounting methods reflecting the nature of thus leased assets. Such assets are recognised under Tangible Assets in the consolidated statement of financial position. Received lease payments are recognised under Other Operating Income in the consolidated statement of comprehensive income.

Investment Properties

An investment property is a real property (land or structure, a part of a structure, or both) held (by the owner or the lessor as a right-of-use asset) for the purpose of achieving rental income, appreciation in value, or both, rather than:

- a) for use in the production or supply of products, goods, or services, or administrative purposes; or
- b) for sale in the framework of regular operations.

Assets held by the Group to achieve rental income or capital appreciation, or both, which the Group does not use for its own purposes, are classified as investment properties. Investment properties include land, completed investment properties, and investments into properties under construction.

Following initial recognition, investment properties are valued at acquisition cost. Following initial classification, investment properties are recognised at fair value based on the Group's internal valuation approved by an external expert. Classified within Stage 3 of the fair value hierarchy, the fair value of all investment properties is estimated using the discounted cash flow valuation method, unless otherwise required. All profits or losses resulting from changes in fair value are accounted for within profit or loss on the line Net Gain from Investment Property Revaluation.

The fair value of all investment properties is classified within Stage 3 of the fair value hierarchy.

The hierarchy of the stages is as follows.

- Stage 1: Fair value obtained from active markets. A market is considered to be active if prices can be easily obtained from dealers, brokers, and pricing services, and if such prices correspond to real, regularly recurring business transactions entered into under arm's length conditions.
- Stage 2: Fair value obtained from markets other than active markets. Fair value is ascertained using valuation techniques that maximise the use of observable market data. These techniques rely on the lowest possible use of estimates by the entity.
- Stage 3: Stage 3 applies if important inputs necessary for setting the fair value are determined based on an internal estimate, if such inputs cannot be ascertained using standard market data, or if market data cannot be considered to have a sufficient quality.

Expenses are capitalized into the book value of investment properties only if the likelihood exists that future economic benefits related to such expenses will flow to the Group and their value can be reliably appraised. Other repair and maintenance costs are accounted for within consolidated profit or loss in the accounting period in which they are incurred.

Where applicable, an investment property used by the Group for its own purposes is reclassified within tangible fixed assets. As at the reclassification date, its book value becomes the acquisition cost which is subsequently depreciated.

An investment property is reclassified within inventory if there is evidence of a decision to execute a given stage of the construction project for the purpose of selling it, i.e. reclassification takes place as at the date on which a zoning permit is issued by the building authority.

Deferred Tax

Deferred tax assets and liabilities are recognised on temporary differences between the carrying value of an asset or a liability in the consolidated statement of financial position and their tax value. Deferred tax liabilities are recognised for all temporary differences. Deferred tax asset is recognised in the amount, which is likely to be utilised against anticipated profits in the future.

Deferred tax assets and liabilities are carried at the tax rate, which will apply in the period, in which the asset will be realised or the liability settled, based on tax laws approved by the end of the accounting period.

Inventories

The Group defines inventories as assets held for sale in the standard course of business or in the production process for such sale or in the form of material or similar supplies, which are consumed in the production process or in providing services.

From the Group's perspective, inventories include real properties under construction and constitute costs of the real properties' construction for the purpose of sale in the standard course of business. Real properties in the course construction are reported in the lower of the acquisition costs and the net realisable value.

The net realisable value is an estimated selling price in the standard course of business reduced by estimated costs of completion and estimated expenses necessary to implement the sale.

Costs of inventories sold are measured using a special identification method. The acquisition cost of developer projects includes construction costs, other direct costs attributable to construction, production overheads and borrowing costs. The net realisable value equals an estimated selling price in the standard course of business reduced by costs of completion and costs of the sale.

Land is reported in inventories, if significant ownership risks and benefits were passed onto the Group.

Construction costs and other direct costs, including borrowing costs and production overheads, are classified as work in progress during the construction. A project is reclassified from work in progress into finished products once an occupancy permit decision is issued. A real property is disposed of when the title's transfer is recorded at a cadastral authority. Land is classified as finished products within inventories.

Fees for agency services related to the sale of particular residential units are recognised in deferred expenses and released into expenses only at the time when proceeds from the relevant sale are recognised.

Completed real properties intended for future sale and real properties in the course of construction are always reviewed for impairment when events or changes in circumstances indicate that the carrying value thereof may not be recoverable.

Impairment loss is recorded in the amount of the carrying value's excess over the real property's net realisable value. The net realisable value is the estimated selling price reduced by costs of completion and costs of the sale. Real properties, the value of which was impaired, are reviewed as at each balance sheet date for any impairment.

Biological Assets

As at the balance sheet date, the Group measures plant and animal biological assets at fair value reduced by estimated costs of sale, i.e. at a value, for which the biological asset would be sold or transferred to agricultural production under the assumption of the best use thereof. Re-valued biological assets as at the balance sheet date include animal assets in meat production and for market dairy production. In determining fair values, the Group relies on market prices of meat and milk effective for the European region, taking estimated costs of assets' transformation into account.

Costs of an asset's transformation primarily include calculated costs per feeding day in the case of animal assets. Calculation of fair value reduced by costs of sale is based on:

- a) The current market price, if available; or
- b) The sum of the current stock price and the aggregate estimated margin, which would be achieved in a sale or transfer into agricultural production; or
- c) Proceeds from the asset's production (if achieved for market prices used in calculating fair value) reduced by aggregate costs of such asset throughout the transformation.

Current biological animal assets are measured at fair value reduced by estimated costs of sale. No liquidity market exists for heifer and, due to the production's nature, it is impracticable to precisely determine income and expenses attributable only to breeding of those assets. Heifers are carried at the acquisition cost reduced by any impairment costs, and these costs approximate the market value. A long-term registration of agricultural enterprises confirms that the cost-driven value of heifers approximates the market value.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, on-demand deposits and stamps. Bank accounts and deposits, which are payable on demand and form an integral part of the Group's cash flow management, are reported as included in cash and cash equivalents for the purposes of the cash flow statement.

Assets Classified as Held for Sale

Assets and disposal groups classified as held for sale are measured at the lower of the carrying value and fair value reduced by costs of sale. Assets and groups of assets are classified as held for sale, if their carrying value is realised in the form of sale rather than use thereof.

This condition is only considered met if the sale is highly probable and the asset or a group of assets is ready for an immediate sale in the current condition. The Group's management has to be making steps resulting in the sale of an asset or a group of assets so that the sale is finalised within one year after the date of the classification of the assets or the group of assets as held for sale.

Equity

Ordinary shares are classified as equity and carried at their nominal value.

Issued Bonds

The Group performs initial recognition of issued debt securities as at the origination date thereof. All other financial liabilities are initially recognised as at the date of the transaction's arrangement, which is the date when the Group becomes a participant in contractual provisions of the concerned instrument.

The Group derecognises a financial liability once its contractual obligations were discharged or cancelled or expired.

The Group classifies financial liabilities in other financial liabilities. Those financial liabilities are initially recognised at fair value reduced by any directly attributable transaction costs. After the initial recognition, those financial liabilities are measured at amortised cost using the effective interest rate method.

The Group classifies the portion of issued bonds maturing within shorter than one year after the date of the financial statements' preparation as short-term.

Trade Payables

Trade payables include the duty to pay for goods or services, which were acquired from suppliers in the standard course of operation. Payables are classified as short-term, if due within one year (or in the standard operating business cycle, if longer). Otherwise they are reported in long-term payables.

Trade payables and other payables are reported at amortised cost, which usually equals the nominal value due to the payables' short-term maturity.

Taxation

Two VAT group registrations exist within the Group (see Section 5a of Act No. 235/2004 Coll., on Value Added Tax): a VAT group with Tax ID CZ699006775 and a VAT group with Tax ID CZ699003518. The first VAT group primarily includes companies engaged in financial activities. The second VAT group is composed of companies operating Alzheimer centres.

As exempt supplies without the right to VAT deduction account for most income in both VAT groups, the companies from those VAT groups have a reduced entitlement to deduction at 1%. The unclaimed portion of VAT is therefore charged to expenses or is included in the acquisition cost of tangible and intangible fixed assets. Supplies among companies from the same VAT group are not subject to value added tax under the law.

Revenues from core activities

Sales are revenues from the Group's standard operations. Revenues are reported at the level of the transaction price, which is the amount of a consideration, which is expected by the Group in exchange for transferring control over promised assets or services per customer, except for amounts collected in third parties' name. Revenues are reported netted of discounts, recoverability and value added tax.

Staff Costs

Employee costs are part of operating expenses and include remuneration of members of the Group's management (Board of Directors) and inspection (Supervisory Board) bodies.

The Group makes regular statutory payments to the state budget to finance the government pension scheme and healthcare insurance, and the Group does not provide its employees with any additional supplementary pension insurance contributions or contributions to any other pension funds or schemes beyond those payments.

Net Profits and Losses from Financing

Interest income and interest expense is reported using the effective interest rate method, except for borrowing costs attributable to qualifying assets, which are capitalised in those assets' acquisition cost. The Group decided to capitalise borrowing costs for all qualifying assets irrespective of whether they are carried at fair value or not.

In calculating the effective interest rate, the Group estimates cash flows while taking into consideration all covenants of the financial instrument (e.g. prepaid options), but without taking future loan losses into account. The calculation includes all fees and points paid or received between the contracting parties that form an integral part of the effective interest rate, transaction costs and any other premiums or discounts.

In financial assets, in which loan impairment occurred (phase 3), interest income is calculated by applying the effective interest rate to their amortised cost reduced by an ECL reserve.

Related Party Transactions

Related party is a person or an entity related to the entity, which prepares the financial statements, i.e. the Group.

Parties are related when they are under a joint control or when one party has full control over another entity's operation, or when it exercises significant influence on the entity's management, i.e. financial and operating decision-making.

The Group's related parties include members of the Group's statutory and supervisory bodies and management, legal persons with control over the Group, including persons with qualifying participation in those persons and members of those persons' management, persons close to members of statutory and supervisory bodies, the Group's management and persons having control over the Group, legal persons where either person mentioned above holds a qualifying holding, persons with qualifying participation in the Bank and any legal person under their control, members of the Czech National Bank's Banking Board and legal persons controlled by the Group.

Under this definition, the Group's related parties primarily include the Controlling Entity, CREDITAS B.V., directors and Supervisory Board members, and other related parties, which include companies directly or indirectly controlled by CREDITAS B.V.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In preparing the consolidated financial statements under IFRS, the Group's management makes judgments and assumptions, which have an impact on the applied accounting policies and the reported level of assets, liabilities, income and expenses. Those judgments and assumptions are based on historical experience and other factors that are considered to be relevant under conditions, under which carrying values of assets and liabilities are estimated, in situations where they are not readily apparent from other sources.

Actual results may differ from these estimates. The Group's management relies on opinions of independent experts when making estimates in case of major decisions.

A change in an accounting estimate is reported prospectively, i.e. a new estimate is applied to future transactions and events from the date of a change in that estimate, and the change's effect is included in the comprehensive income of the accounting period, in which the change occurred, and in the following accounting period (if the change also applies to the following period).

If the change has also an impact on valuation of assets, liabilities or equity, values of those items are also corrected, specifically in the accounting period, in which the estimate's change occurred.

Subsequent Events

The impact of events, which occurred between the balance sheet date and the preparation date of the consolidated financial statements, is disclosed in the financial statements, if those events provide additional evidence on conditions that existed as at the balance sheet date.

If significant events reflecting conditions, which occurred after the balance sheet date, occurred between the balance sheet date and the preparation date of the consolidated financial statements, consequences of those events are disclosed in the notes without being recognised in the financial statements.

5.7 Adoption of New or Revised IFRSs

5.7.1 Application of New and Revised IFRSs

New and Revised IFRSs Effective for the Current Period

In the current period, the Group applied for the first time the following new IFRSs and amendments to the existing IFRSs issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for an accounting period that begins on or after 1 January 2023.

Adoption of those amendments has no significant impact on disclosures or amounts reported in these financial statements.

IFRS 17 Insurance Contracts (including June 2020 and December 2022 amendments to IFRS 17)

The Group applied IFRS 17 and amendments thereto in the current accounting period for the first time. The new standard sets forth principles applicable in recognising, measuring, reporting and disclosing insurance contracts and supersedes IFRS 4 Insurance Contracts.

The standard introduces a general model modified for insurance contracts with direct participation features, which is described as the variable fee approach. The general model is simplified where certain criteria are met by measuring the liability for the remaining coverage using the premium allocation approach. The general model uses the existing

assumptions to estimate the amount, timing and uncertainty of future cash flows and will explicitly measure costs against such uncertainty. In addition to this, it also takes into account market interest rates and implications of policyholders' options and guarantees.

The Group has no contracts that meet the insurance contracts' definition under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements, and IFRS Practice Statement 2: Making Materiality Judgments: Disclosure of Accounting Policies

The Group applied amendments to IAS 1 in the current accounting period for the first time. The amendments change requirements contained in IAS 1 concerning disclosures of accounting policies.

The amendments replace the term "significant accounting policies" with "material accounting policy information". Material accounting policy information is information, that, when considered together with other information in the financial statements, can reasonably be expected to influence decisions made by primary users of those statements.

Supporting paragraphs in IAS 1 are modified to clarify that accounting policy information that applies to immaterial transactions, other events or conditions is immaterial and does not have to be disclosed.

Accounting policy information can be material due to the nature of underlying transactions, other events or conditions, including in the case where the amounts involved are immaterial. However, not every accounting policy information concerning material transactions, other events or conditions is material on its own.

The IASB also developed guidance and examples to explain and show how to use the "four-step materiality process", which is described in the IFRS Practice Statement 2.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates, and Errors – Definition of Accounting Estimates

The Group applied amendments to IAS 8 in the current accounting period for the first time. The amendments replace the definition of a change in accounting estimates by a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The Group applied amendments to IAS 12 in the current accounting period for the first time. The amendments introduce another initial recognition exemption. Under the amendments, an entity will not apply the initial recognition exemption to transactions that give rise to equal amounts of taxable and deductible temporary differences.

Depending on applicable laws, equal amounts of taxable and deductible temporary differences arise in an asset's or liability's initial recognition in a transaction, which is not a business combination and has no impact on the accounting or taxable profit.

Under the amendments to IAS 12, the entity has to report information related to deferred tax asset or liability, and the recoverability criteria under IAS 12 apply in reporting deferred tax asset, if any.

Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

The Group applied amendments to IAS 12 in the current accounting period for the first time. The IASB changed the applicability scope of IAS 12 to clarify that the standard also applies to income taxes under tax laws, which were enacted or substantively enacted to implement Pillar Two model rules published by the OECD.

The amendments introduce a temporary exception to the requirements on deferred taxes under IAS 12 and, as a result, the entity will not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

To comply with the amendments, the Group is obliged to disclose that it applied the exemption, and to separately disclose its standard tax expenses (income) concerning Pillar Two income taxes.

New and Revised IFRSs Adopted by the European Union, Which Have Been Issued, But Have Not Been Effective

As at the approval date of these financial statements, the Group did not apply the following revised IFRSs which have been issued and adopted by the European Union, but have not been effective in the European Union:

Amendments to IFRS 16 <i>Leases</i>	Lease liabilities in sale and leaseback	Effective since 1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	Classification of liabilities as current and non-current	Effective since 1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	Non-current liabilities with covenants	Effective since 1 January 2024

The management does not expect the adoption of the above-specified amendments to the existing standards to have a major impact on the Group's consolidated financial statements in future accounting periods, except as provided below.

Amendments to IFRS 16 Leases – Lease Liabilities in Sale and Leaseback

Amendments to IFRS 16 provide additional requirements on subsequent measurement of sale and leaseback that meet requirements of IFRS 15 Revenue from Contracts with Customers for recognition as an asset's sale. The amendments require the seller-lessee to define "lease instalments" or "revised lease instalments" such that the seller-lessee will not report any profit or loss after the inception date related to the right of use retained by the seller-lessee.

The amendments have no impact on the profit or loss reported by the seller-lessee in connection with a lease's partial or complete termination. Without these new requirements, the seller-lessee would be able to report profit from the right to use, which is retained by them, only as a result of the lease liability's re-valuation (e.g. after the lease's modification or a change in the lease's term) with the use of general requirements of IFRS 16.

This could primarily be the case in the event of a leaseback, which includes variable lease payments that are independent of an index or a rate.

As part of these amendments, the IASB modified illustrative examples in IFRS 16 and added a new example to illustrate subsequent measurement of a right-to-use asset and a lease liability in a sale and leaseback transaction with variable lease payments, which are independent of an index or a rate. The illustrative examples also clarify that a liability resulting from a sale and leaseback transaction, which is classified as sale under IFRS 15, is a lease liability.

The amendments are effective for the annual accounting period starting on or after 1 January 2024. An earlier application is permitted. If a seller-lessee applies the changes for an earlier period, they are obliged to disclose such fact. A seller-lessee applies the changes retrospectively in compliance with IAS 8 to a sale and leaseback entered into after the initial application date, which is determined as the beginning of an annual accounting period, in which the entity applied IFRS 16 for the first time.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current and Non-current. Amendments to IAS 1 issued in January 2020 only impact presentation of liabilities as current and non-current in the statement of financial position, rather than the level or timing of reporting any assets, liabilities, income or expenses, or disclosures concerning those items.

The amendments clarify that the liabilities' classification to current and non-current is based on rights existing at the accounting period's end. In addition to this, they clarify that the classification is not influenced by expectations whether the entity will exercise its right to move the date of the liability's settlement and that the rights' existence is conditioned upon compliance with covenants at the accounting period's end. The amendments also introduce the definition of "settlement" in order to clarify that the settlement involves transfer of cash, capital instruments and other assets or services to the counterparty.

The amendments will be applied retrospectively for annual accounting periods starting on or after 1 January 2024, with an earlier application permitted. The IASB aligned their effective dates with the effective date of 2022 amendments to IAS 1. Where the entity uses the 2020 amendments for an earlier period, it is also obliged to apply the earlier application to the 2022 amendments to IAS 1.

The parent company's management anticipates that the adoption of these amendments to IAS 1 can have an impact on the Group's consolidated financial statements in future accounting periods.

Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants

Amendments to IAS 1 issued in August 2022 clarify that only covenants, which have to be complied with by the entity in the accounting period or before the end thereof, have an impact on the entity's right to defer a liability's settlement by a minimum of 12 months after the balance sheet date (and they therefore have to be taken into account in determining whether the concerned liability is current or non-current).

Those covenants affect whether the right exists at the accounting period's end even in the case that compliance with the covenant is only assessed after the balance sheet date (e.g. compliance with a covenant based on the entity's financial position as at the balance sheet date is only assessed after the balance sheet date).

The IASB also clarified that the right to defer a liability's settlement for at least 12 months after the balance sheet date was not affected, if the entity has to comply with the covenant only after the accounting period's end. However, if the entity's right to defer a liability's settlement is subject to compliance with the covenant within 12 months after the accounting period's end, the entity is required to disclose information that will enable users of the financial statements to consider a risk that liabilities will fall due 12 months after the accounting period's end.

This would include information about the concerned covenants (including the nature thereof and when the entity is required to comply therewith), the carrying value of related liabilities and any facts and circumstances indicating that it might be difficult for the entity to comply with the covenants.

The amendments are applied retrospectively for the accounting period starting on or after 1 January 2024. An earlier application is permitted. Where the entity uses these amendments for an earlier period, it is also obliged to apply the earlier application to the 2020 amendments to IAS 1. The parent company's management anticipates that the adoption of these amendments to IAS 1 can have an impact on the Group's consolidated financial statements in future accounting periods.

New and Revised IFRSs issued by the IASB, Which Have Not Been Adopted by the European Union

The following amendments to the existing IFRSs have not been approved for use in the EU and, as a result, the Group could not apply them :

Amendments to IFRS 10 Consolidated Financial Statements, and to IAS 28 Investments to Associates and Joint Ventures	Sale or contribution of assets between an investor and an associate or a joint venture	The effective date has not been specified
Amendments to IAS 7 Cash Flow Statement, and to IFRS 7 Financial Instruments: Disclosure	Supplier finance arrangements	Effective since 1 January 2024

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	Effective from 1 January 2025
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The management does not expect the adoption of the above-specified amendments to the existing standards to have a major impact on the Group's consolidated financial statements in future accounting periods, except as provided below.

Amendments to IFRS 10 Consolidated Financial Statements, and IAS 28 Investments to Associates and Joint Ventures – Sale or contribution of assets between an investor and an associate or a joint venture.

Amendments to IFRS 10 and IAS 28 focus on situations where assets are being sold or contributed between an investor and its associate or joint venture.

The amendments stipulate that profits or losses due to the loss of control in a subsidiary, which does not include an enterprise in a transaction with an associate or a joint venture recorded using the equity method, are reported in the parent company's profit or loss only up to the level of the investor's unrelated investments in such associate or joint venture. Similarly, profits or losses due to re-measurement of an investment held in any former subsidiary (which became an associate or a joint venture recorded using the equity method) to fair value are reported in the profit or loss of the former parent company only up to the level of the investor's unrelated investments in the new associate or joint venture.

The IASB has not specified the amendments' effective date. The parent company's management expects that the adoption of the above-specified amendments can have an impact on the Group's consolidated financial statements in future accounting periods, if such transactions occur.

5.8 Consolidation Group

The following companies are included in the consolidation as at 31 December 2023:

Company	Ownership % 2023	% Change in ownership 2023	Ownership % 2022	% of voting rights 2023	Place of business	Industry	Consolidation method
CREDITAS Investments SE	100%	100%	0%	100%	Czech Rep.	Other	Full
UNICAPITAL Invest I a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest II a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest III a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest IV a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest V a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest VI a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest VII a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest VIII a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Invest IX a.s.	100%	100%	0%	100%	Czech Republic	Financial resources	Full
CREDITAS Invest I a.s.	100%	0%	100%	100%	Czech Republic	Financial resources	Full
UNICAPITAL Finance a.s.	100%	0%	100%	100%	Czech Rep.	Other	Full

UNICAPITAL Finance II s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
UNICAPITAL a.s.	100%	0%	100%	100%	Czech Rep.	Other	Full
MORAVAN Mléčná farma, a.s.	100%	0%	100%	100%	Czech Rep.	Other	Full
Pozemky UNICAPITAL s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
REZIDENCE U PARKU s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Reality Property II s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
PORUBOVKA, a.s.	18.8%	0%	18.8%	18.8%	Czech Rep.	Other	Equity
Photon Forest, s.r.o.	18.8%	0%	18.8%	18.8%	Czech Rep.	Other	Equity
Port Acquisition a.s.	20%	20%	0%	20%	Czech Rep.	Other	Equity
CREDITAS Office Pobřežní s.r.o.	0%	-100%	100%	0%	Czech Rep.	Real estate	Full
UNICAPITAL ENERGY s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Elektrárna Prostějov s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Prodej s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
Kopřivnice Energy s.r.o.	50%	0%	50%	50%	Czech Rep.	Power ind.	Equity
LUDS s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Servis s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Energy s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Commodities s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Agregace s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Agregace II s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Agregace III s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Agregace IV s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Energy II s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
Landreal s.r.o.	100%	100%	0%	100%	Czech Rep.	Power ind.	Full
UCED Energy III s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Solar s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Volt s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
UCED Volt II s.r.o.	100%	100%	0%	100%	Czech Rep.	Power ind.	Full
VÍTKOVICE ENERGY s.r.o.	100%	0%	100%	100%	Czech Rep.	Power ind.	Full
KGJ Flexibilita s.r.o.	100%	100%	0%	100%	Czech Rep.	Power ind.	Full
CREDITAS Fund Holding a.s.	100%	0%	100%	100%	Czech Rep.	Other	Full
CREDITAS ASSETS SICAV a.s.	100%	0%	100%	100%	Czech Rep.	Other	Full
CREDITAS LOAN SICAV a.s.	100%	0%	100%	100%	Czech Rep.	Other	Full
CREDITAS OPPORTUNITY SICAV a.s.	20%	20%	0%	20%	Czech Rep.	Other	Equity
NYVOYA Core s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
SKATLOP a.s.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
KOGNIAN s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
WAMPAW s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
APULEA s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
ELYNOIA s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full

CREDITAS Real Estate a.s.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
CREDITAS Real Estate Management s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Valcha Property Development a.s.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Valcha PD 7 a 8 s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Valcha PD 9 s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Valcha PD 10 s.r.o.	85%	0%	85%	100%	Czech Rep.	Real estate	Full
Valcha PD 11A s.r.o.	85%	0%	85%	100%	Czech Rep.	Real estate	Full
Valcha PD 11B s.r.o.	85%	0%	85%	100%	Czech Rep.	Real estate	Full
Valcha PD 11C s.r.o.	85%	0%	85%	100%	Czech Rep.	Real estate	Full
DIFESA a.s.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Prosluněná Property Development s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Kačerov Property Development s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Hřeбенky Property Development s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
DELTA PD s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
UDRA Property Development s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
GAMA PD s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Mlynářka Property Development s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
BETA PD s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Blue Future Second s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Blue Future Third s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Blue Future Fourth s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
EPSILON PD s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
AMONIL Invest s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
DB Development s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Praga Progetti e Investimenti s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Kobylisy PD s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Osová PD, s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
LEMANT Finance s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Financial Consortium s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Pereta Estates s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
BONUM reality, s.r.o.	100%	0%	100%	100%	Czech Rep.	Real estate	Full
Stodůlky Property Park s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
Stodůlky Property Park B s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
Brick Solid Real s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
GALAP ESTATE s.r.o.	100%	100%	0%	100%	Czech Rep.	Real estate	Full
Litoměřická Property Development s.r.o.	0%	-100%	100%	100%	Czech Rep.	Real estate	Full
Prague Outdoor Parking s.r.o.	0%	-100%	100%	100%	Czech Rep.	Real estate	Full
V Invest CZ a.s.	0%	-100%	100%	100%	Czech Rep.	Real estate	Full

Creditas Services s.r.o.	0%	-100%	100%	100%	Czech Rep.	Real estate	Full
UNICAPITAL Healthcare a.s.	100%	0%	100%	100%	Czech Rep.	Other	Full
AC pp s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
Průhonice Services s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
AC IMMO s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
AC Správní I s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
AC Správní II s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
AC Správní III s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
Alzheimercentrum Slovakia a.s.	100%	0%	100%	100%	Slovakia	Other	Full
Fa-Qrest s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
AC Admin s.r.o.	100%	0%	100%	100%	Czech Rep.	Other	Full
Centrum Síčava s.r.o.	100%	100%	0%	100%	Slovakia	Other	Full
AC Plzeň s.r.o.	0%	-100%	100%	100%	Czech Rep.	Other	Full

In 2023, the Group established the following companies:

- The holding company CREDITAS Investments SE (originally established as Creditas Holding SE and subsequently renamed); and
- UNICAPITAL Invest IX, a. s.

In 2023, the Group acquired ownership interests in the following companies, which became the Group's subsidiaries as at 31 December 2023:

- 100% ownership interest in NYVOYA Core s.r.o.;
- 100% ownership interest in SKATLOP a.s.;
- 100% ownership interest in KOGNIAN s.r.o.;
- 100% ownership interest in WAMPAW s.r.o.;
- 100% ownership interest in APULEA s.r.o.;
- 100% ownership interest in ELYNOIA s.r.o.;
- 100% ownership interest in Landreal s.r.o.;
- 100% ownership interest in KGJ Flexibilita s.r.o.;
- 100% ownership interest in UCED Volt II s.r.o.;
- 100% ownership interest in Centrum Síčava s.r.o.;
- 100% ownership interest in GALAP ESTATE s.r.o.;
- 100% ownership interest in Brick Solid Real s.r.o.;
- 100% ownership interest in Stodůlky Property Park s.r.o.;
- 100% ownership interest in Property Park B s.r.o.; and
- 20% ownership interest in Port Acquisition a.s.

In 2023, the Group sold ownership interests in the following companies, which ceased to be the Group's subsidiaries as at 31 December 2023:

- 100% ownership interest in Litoměřická Property Development s.r.o.;
- 100% ownership interest in Prague Outdoor Parking s.r.o.;
- 100% ownership interest in CREDITAS Office Pobřežní s.r.o.; and
- 100% ownership interest in AC Plzeň s.r.o.

In 2023, the following companies in the Group were dissolved by merger, and ceased to be the Group's subsidiaries as at 31 December 2023:

- 100% ownership interest in V Invest CZ a.s.; and
- 100% ownership interest in Creditas Services s.r.o.

The Group owns several non-profit registered institutions, which are not included in the consolidation group.

5.9 Transition to IFRS

The accounting methods specified in point 7.5 were applied in compiling the Group's consolidated financial statements for the period ending on 31 December 2023, the comparative information stated in these consolidated financial statements for the period ending on 31 December 2022 and as at the date of transition to IFRS Accounting Standards, i.e. as at 1 January 2022.

In compiling the consolidated financial statements pursuant to the IFRS Accounting Standards, the Group reclassified certain items previously reported in the financial statements in accordance with Czech Accounting Standards for Businesses (hereinafter "CAS").

As at 31 December 2023, the Group has been compiling its consolidated financial statements pursuant to IFRS Accounting Standards; previously, the individual statements were compiled pursuant to Czech Accounting Standards. To prepare the consolidated financial statements, local transactions were eliminated and consolidation was posted pursuant to IFRS standards.

Because the Group posted IFRS adjustments from the outset as though posting about them from the outset, the transition between CAS and IFRS has no major impact.

Nevertheless, to take into account the impact of the change of standard, the impacts of IFRS on financial position, financial performance and cash flow were measured for the sake of transparency and are presented in the tables below.

Balance as at 1 January 2022 (date of transition to IFRS)

Assets	CAS	Effect of transition	Consolidation adjustments	IFRS
Land, buildings and equipment	2,317,359	-1,189,654		1,127,705
Intangible assets	21,199	1,146		22,345
Financial assets	3,016,507	-893,286	-1,999,389	123,831
Goodwill	-	-		-
Long-term loans granted	5,589,027	4,402	-1,867,895	3,716,730
Other non-current assets	838,633	-803,507	-30,199	4,927
Non-current assets from leasing	-	226,942		226,942
Non-current biological assets	24,095	-3,515		20,580
Real estate investments	-	2,838,111		2,838,111
Deferred tax asset	9,012	-56		8,956
Investments reported via the equivalence method	-	1,088,204		1,088,204
Total non-current assets	11,815,832	1,259,982	-3,897,483	9,178,331
Inventory	2,025,234	-133,997		1,891,237
Current biological assets	22,596	29,270		51,866
Trade receivables	346,982	-11,524	-71,114	264,344
Current loans granted	1,288,782	-1,439	-98,373	1,188,970
Financial assets	-	-		-

Other current receivables	151,544	-40,363		111,181
Other current assets	366,201	-367		365,834
Cash and cash equivalents	668,274	-		668,274
Assets classified as held for sale	-	109,648		109,648
Assets from discontinued activities	-	-		-
Total current assets	4,869,613	-48,772	-169,487	4,651,354
Total assets	16,685,445	1,211,210	-4,066,971	13,829,684

Equity and liabilities				
Registered capital	435,872		-111,472	324,400
Own shares	-	-		-
Capital funds	4,180,736	-1,929,564	-878,963	1,372,209
Retained profit	-1,500,568	2,631,742	-1,039,154	143,526
Other complete earnings		51,504		51,504
Total equity	3,116,040	753,682	-2,029,589	1,840,135
Provisions	55,858	-49,304		6,554
Non-current bank loans	1,806,718	-		1,806,718
Non-current borrowings	2,214,412	-180,836	-1,867,895	165,681
Issued bonds	5,459,746	-		5,459,746
Other non-current liabilities	78,348	-		78,348
Non-current liabilities from leasing	-	222,269		222,269
Deferred tax liability	213,843	98,827		312,670
Total non-current liabilities	9,828,925	90,956	-1,867,895	8,051,986

Trade liabilities	333,284		-70,683	262,601
Current bank loans	858,815	-		858,815
Current borrowings	203,558		-98,373	105,185
Issued bonds	1,985,324	-		1,985,324
Other current liabilities	331,441	344,404	-431	675,414
Tax liabilities	28,058	-		28,058
Current liabilities from leasing	-	22,168		22,168
Liabilities from discontinued activities	-	-		-
Total current liabilities	3,740,480	366,572	-169,487	3,937,565
Total equity and liabilities	16,685,445	1,211,210	-4,066,971	13,829,684

Total CAS equity	3,116,040
Borrowing cost	46,297
Investment property	442,095
Tax impact	-98,826
OCI	51,504
Leasing and other	312,612
Consolidation adjustments	-2,029,589
Total impact on capital	-1,275,907
Total IFRS equity	1,840,135

Balance as at 31 December 2022

Assets	CAS	Effect of transition	Consolidation adjustments	IFRS
Land, buildings and equipment	5,790,682	-3,279,436		2,511,246
Intangible assets	27,197	0		27,197
Financial assets	4,476,176	-581,496	-2,360,359	1,534,321
Goodwill	0	0		0
Long-term loans granted	6,632,668	-5,008	-2,442,893	4,184,767
Other non-current assets	2,543	0		2,543
Non-current assets from leasing	88,051	132,261		220,312
Non-current biological assets	0	22,116		22,116
Real estate investments	0	2,624,320		2,624,320
Deferred tax asset	8,053	2,565		10,618
Investments reported via the equivalence method	0	992,645		992,645
Total non-current assets	17,025,370	-92,033	-4,803,252	12,130,085
Inventory	2,074,586	339,697		2,414,283
Current biological assets	0	55,710		55,710
Trade receivables	308,684	-10,506	-10,339	287,839
Current loans granted	1,773,896	-2,095	-24,242	1,747,559
Financial assets	8,228,453	0		8,228,453
Other current receivables	127,600	-7,170		120,430
Other current assets	480,570	-304,570		176,000
Cash and cash equivalents	1,204,259	0		1,204,259
Assets classified as held for sale	0	307,207		307,207
Assets from discontinued activities	0	0		0
Total current assets	14,198,048	378,273	-34,581	14,541,740
Total assets	31,223,418	286,240	-4,837,833	26,671,825
Equity and liabilities				
Registered capital	140,872		-111,472	29,400
Own shares	0	0		0
Capital funds	4,375,478		-895,863	3,479,615
Retained profit	387,599	-385,845	-1,352,596	-1,350,842
Other complete earnings		961,454		961,454
Total equity	4,903,949	575,609	-2,359,931	3,119,627
Provisions	48,284	-34,785		13,499
Non-current bank loans	2,246,362	0		2,246,362
Non-current borrowings	11,473,248		-2,442,893	9,030,355
Issued bonds	5,898,933	0		5,898,933
Other non-current liabilities	96,657	-9,655		87,002
Non-current liabilities from leasing		224,060		224,060
Deferred tax liability	305,879	76,617		382,496
Total non-current liabilities	20,069,363	256,237	-2,442,893	17,882,707

Trade liabilities	411,105		-10,338	400,767
Current bank loans	1,231,062	0		1,231,062
Current borrowings	721,923		-24,241	697,682
Issued bonds	2,269,987	0		2,269,987
Other current liabilities	1,387,553	-574,854	-431	812,268
Tax liabilities	228,476	-54		228,422
Current liabilities from leasing		29,302		29,302
Liabilities from discontinued activities	0	0		0
Total current liabilities	6,250,106	-545,606	-35,010	5,669,490
Total equity and liabilities	31,223,418	286,240	-4,837,834	26,671,824

5.10 Property, plant and equipment

All structures, buildings, equipment and machinery, land and other items are reported at historical prices net of cumulated depreciation and adjustments. Historical prices include costs directly related to acquiring the relevant items.

Non-current tangible asset

(CZK '000)	Structures and buildings	Equipment, accessories and machines	Other non-current assets	Land	Non-current assets in progress and advances on non-current assets	Total
Gross carrying value as at 1 January 2022	712,472	317,193	5,397	253,222	169,397	1,457,680
Adjustments	0	0	0	0	-373	-373
Cumulated depreciation	-146,165	-182,616	-822	0	0	-329,603
Net amount as at 1 January 2022	566,307	134,577	4,575	253,222	169,024	1,127,705
Purchase / increments / acquisition	34,696	45,832	63	2,276	1,014,431	1,097,298
Acquisitions 2022 (change in cons. group)	503,139	899,087	0	18,785	924,838	2,345,849
Sale / decrements / classification	-5,221	-17,637	-208	-8,644	-1,016,238	-1,047,948
FX differences	-781	-97	-1	-246	-1,114	-2,240
Classification for sale under IFRS 5	-483,299	-1,129	0	-53,708	-8,990	-547,125
Gross carrying value as at 31 December 2022	761,006	1,243,249	5,250	211,685	1,082,324	3,303,513
Write-offs 2022	-36,009	-35,385	-577	0	0	-71,971
Cum. depreciation 2022 - Acquisitions	-134,542	-338,483	0	0	0	-473,025
Reduction of cum. depreciation – elimination	56,954	25,826	158	0	0	82,938
FX differences	-242	9	0	0	0	-233
Adjustments	0	0	0	0	-373	-373
Cumulated depreciation	-260,004	-530,649	-1,241	0	0	-791,895
Net amount as at 31 December 2022	501,002	712,599	4,009	211,685	1,081,951	2,511,246
Purchase / increments / acquisition	143,800	49,919	5,459	62,614	199,319	461,112
Acquisitions 2023 (change in cons. group)	233,810	2,410	0	20,553	222,439	479,212
Sale / decrements / classification	-5,237	-15,626	-1,761	-63,616	-974,032	-1,060,272
Change in accounting method	7,049	0	0	3,481	0	10,530
Revaluation of assets	0	1,060	0	0	0	1,077
FX differences	3,760	180	1	207	0	4,148
Classification for sale under IFRS 5	-508,500	-907,240	0	-18,786	-346,909	-1,781,435
Gross carrying value as at 31 December 2023	635,687	373,968	8,950	216,138	183,142	1,417,886
Write-offs 2023	-15,044	-40,455	-1,456	0	0	-56,955
Cum. depreciation 2023 - Acquisitions	-3,824	-1,816	0	0	0	-5,640
Reduction of cum. depreciation – elimination	130,953	350,238	1,761	0	0	482,952
FX differences	-371	-21	0	0	0	-392
Adjustments	0	0	0	0	-373	-373
Cumulated depreciation	-148,290	-222,683	-936	0	0	-371,909
Net amount as at 31 December 2023	487,398	151,285	8,013	216,138	182,769	1,045,604

Write-offs are counted evenly according to the expected lifetime of the given non-current asset based on the overview of methods and depreciation period.

The residual value of assets and their lifetime is assessed at the end of each accounting period and adjusted if necessary. If the carrying value of the asset is higher than its estimated recoverable value, the carrying value of this asset is reduced immediately to its recoverable value by means of an adjustment.

For reasons of different assessments and lifetimes of non-current assets in the Group's energy sector, a different method of depreciated non-current assets is used.

Profits and losses from asset decrements are determined by comparing the accepted performance and its carrying value and are reported in the P&L statement as Net profit / loss from sale of non-current assets.

Major asset increments in 2023 include the acquisitions of GALAP ESTATE s.r.o. and Brick Solid Real s.r.o. for a total of CZK 227,625,000.

In 2023, tangible movable assets (car fleet) in the acquired company Stodůlky Property Park B s.r.o. were revaluated at CZK 1,060,000.

In 2023, the newly constructed show-home apartment in the company DIFESA a.s. was reclassified to assets at a total amount of CZK 10,530,000.

Also in 2023, the subsidiary UCED Elektrárna Prostějov s.r.o. was reclassified for sale pursuant to IFRS 5, at a total amount of CZK 1,781,435,000.

In 2023, means of transport account for CZK 87,531,000 of the total value of gross assets and CZK 55,765,000 of the value of net assets. In 2022, means of transport account for CZK 72,955,000 of the total value of gross assets, and CZK 39,398,000 of the value of net assets.

FX differences accrued in 2022 and 2023 are caused by currency translation from EUR to CZK at the subsidiary Alzheimercentrum Slovakia a.s.

5.11 Intangible assets

Non-current intangible assets include software, other appraisable rights, other non-current intangible assets and non-current intangible assets in progress. The item other appraisal rights encompasses licenses to use gas infrastructure, the Company's trademarks and website. Other non-current assets consist primarily of easements.

All intangible assets are reported at acquisition prices net of cumulative appreciation and losses from value impairment. Write-offs are carried out evenly throughout the expected lifetime of the asset based on the overview of asset depreciation periods.

Non-current intangible asset

(CZK '000)	Software	Other appraisable rights	Other non-current intangible assets	Non-current intangible assets in progress	Total
Gross carrying value as at 1 January 2022	44,289	1,120	856	374	46,639
Cumulated amortisation (cum. depreciation)	-23,485	-521	-288	-	-24,294
Net carrying value as at 1 January 2022	20,804	599	568	374	22,345
Purchase / increments / classification	17,850	660	30	19,738	38,278
Acquisitions 2022 (change in cons. group)	37	-	390	249	676
Sale / decrements / classification	-	-485	-	-18,589	-19,074
Classification for sale under IFRS 5	-	-	-134	-	-134
Gross carrying value as at 31 December 2022	62,176	1,295	1,142	1,772	66,385
Amortisation 2022	-14,553	-442	-130	-	-15,125
Amortisation 2022 - Acquisitions	-37	-	-341	-	-378
Reduction of cum. depreciation - elimination	-	474	134	-	608
Cumulated amortisation (cum. depreciation)	-38,075	-489	-625	-	-39,189
Net carrying value as at 31 December 2022	24,101	807	517	1,772	27,197
Purchase / increments / classification	31,625	200	1,340	31,872	65,037
Acquisitions 2023 (change in cons. group)	13,784	-	18,586	-	32,370
Revaluation of assets	0	-	332	-	332
Sale / decrements / classification	-1,327	-	-11,563	-31,943	-44,833
Classification for sale under IFRS 5	-37	-	-390	-	-427
Gross carrying value as at 31 December 2023	106,221	1,495	9,115	1,701	118,532
Amortisation	-23,050	-350	-670	-	-24,070
Amortisation 2023 - Acquisitions	-	-	-115	-	-115
Reduction of cum. depreciation - elimination	1,364	7	859	-	2,230
Adjustments	-13,784	-	-	-	-13,784
Cumulated amortisation (cum. depreciation)	-59,761	-832	-551	-	-61,144
Net carrying value as at 31 December 2023	32,676	664	8,565	1,701	43,606

The residual value of assets and their lifetime is assessed at the end of each accounting period and adjusted if necessary. If the carrying value of the asset is higher than its estimated recoverable value, the carrying value of this asset is reduced immediately to its recoverable value by means of an adjustment.

Acquisition increments in 2023 are caused by the acquisition of the Vítkovice Heavy Machinery plant by Skatlop a.s.

The increments include software worth CZK 13,784,000. Effective use of the software in the future is questionable, which is why a 100% adjustment was created. Another increment to other non-current intangible assets worth CZK 17,814,000 consists of emission allowances. Emission allowances worth CZK 11,045,000 were subsequently used.

In 2023, other intangible assets in the acquired company Stodůlky Property Park. were revaluated at CZK 332,000.

The increment in intangible assets in 2022 through the acquisition of a subsidiary enterprise worth CZK 476,000 is caused by the purchase of UCED Elektrárna Prostějov s.r.o.

In 2023, the intangible assets of the subsidiary UCED Elektrárna Prostějov s.r.o. were classified for sale at a total value of CZK 427,000.

5.12 Financial assets

(CZK '000)	31 December 2023	31 December 2022
Non-current financial assets measured at accrued value	181,360	1,534,321
Share certificates and shares	114,367	1,528,016
Bonds	51,168	--
Participations in cooperatives and other companies	9,804	304
Advances paid on non-current financial assets	6,021	6,000
Total non-current financial assets	181,360	1,534,321
Current financial assets measured at fair value into profit or loss	128,548	--
Shares	128,548	--
Current financial assets measured at accrued value	67,909	--
Shares	--	8,228,453
Bonds	67,909	--
Total current financial assets	196,458	8,228,453
Total financial assets	377,818	9,762,774

Financial assets measured at amortised costs

Share certificates and shares

(CZK '000)	31 December 2023	31 December 2022
Share certificates and shares		
CP CREDITAS Stabilita (ISIN: CZ0008477387)	30,000	30,000
CP CREDITAS Smíšený (ISIN: CZ0008477502)	18,000	--
CP CREDITAS Opportunity I. sub-fund - investment shares	42,234	--
CREDITAS GREEN, SICAV sub-fund - investment shares	--	1,474,303
Other shares	24,133	23,713
Non-current financial assets measured at amortised costs	114,367	1,528,016

Share certificates and shares		
CREDITAS GREEN, SICAV sub-fund - investment shares	--	8,228,453
Current financial assets measured at amortised costs	--	8,228,453

As at 31 December 2022, the Group registered 2 million investment shares at a total value of CZK 9,702,756,000 as at the balance date under 'Non-current and current financial assets measured at accrued value', issued for the CREDITAS GREEN, SICAV sub-fund. A substantial part of the total consists of the premium obligation to the fund capital. As at the balance date, securities are reported at the amount of paid premium obligations, whereas the present value of the investment shares was not announced as at the balance date.

It is assumed that the present value as at the balance date is equal to the premium obligation, given that the transaction was carried out close to the balance date.

The sale of a portion of the shares resulted in a loss due to FX differences, for which an adjustment was created as at 31 December 2022 (this adjustment is taken into account in the above-mentioned total value of shares). By amendment of the agreement on a monetary premium dated 17 January 2023, the premium obligation was reduced by CZK 5,873 million. This fact does not have an impact on the amounts reported as at the balance date.

The Group reports current liabilities related to this transaction under 'Non-current borrowings'. Based on the concluded contracts, the financing entity is entitled to the payment of part of these liabilities through performance consisting of the transfer of investment shares.

As at 31 December 2023, the Group reclassified the remaining portion of the investment shares worth CZK 2,193,513,000 as assets held for sale.

In the course of 2023, the Company received advances paid on dividends in held shares totalling CZK 4,424,644,000. The fund shares were also sold off gradually in the course of 2023.

The funds were used to repay the acquisition loan, the unpaid portion of which amounts to CZK 2,982,957,000 as at 31 December 2023. Proceeds from the sale of these securities and received advances on dividends are reported under 'Earnings from other financial transactions'. The adjustment to cover the loss from FX differences was dissolved in 2023.

(CZK '000)	31 December 2023	31 December 2022
Bonds		
JTGF XI 4.9/26	28,672	--
Smart capital	18,487	--
Smart capital	4,009	--
Non-current financial assets measured at amortised costs	51,168	--

Bonds	31 December 2023	31 December 2022
JTFG X 4.75/24	67,909	--
Current financial assets measured at amortised costs	67,909	--

As at 31 December 2023, the Group owns 10 (as at 31 December 2022: 0) bonds of JTGF XI. 4.90/26 issued by J&T Global Finance X., s.r.o., ISIN: CZ0003520447. The bonds accrue interest at 4.9% p.a. The acquisition price of the bonds is CZK 27,459,000. The nominal value of 1 bond is CZK 3,000,000.

The total nominal value of the bonds as at 31 December 2023 is CZK 30,000,000. The bonds are tradable on the regulated market at BCPP in Prague (Prague Stock Exchange). The maturity date of the bonds is 27 July 2026. The Company plans to hold the bonds until maturity.

As at 31 December 2023, the Group owns 9 (as at 31 December 2022: 0) bonds of SMARTCAPITAL 9/25 issued by SMART Capital, a.s., ISIN: CZ0003554263. The bond accrue interest at 9% p.a. The acquisition price of the bonds is CZK 18,000,000.

The nominal value of 1 bond is CZK 2,000,000. The total nominal value of the bonds as at 31 December 2023 is CZK 18,000,000. The bonds are not tradable. The maturity date of the bonds is 12 September 2025. The Company plans to hold the bonds until maturity.

As at 31 December 2023, the Group owns 4 (as at 31 December 2022: 0) bonds of SMARTCAPITAL02 9/25 issued by SMART Capital, a.s., ISIN: CZ0003556706. The bond accrue interest at 9% p.a. The acquisition price of the bonds is CZK 4,000,000. The nominal value of 1 bond is CZK 1,000,000. The total nominal value of the bonds as at 31 December 2023 is CZK 4,000,000. The bonds are not tradable. The maturity date of the bonds is 22 December 2025. The Company plans to hold the bonds until maturity.

As at 31 December 2023, the Group owns 23 (as at 31 December 2022: 0) bonds of JTFG X 4.75/24 issued by J&T Global Finance X., s.r.o., ISIN: CZ0003520447. The bond accrue interest at 4.75 % p.a. The acquisition price of the bonds is CZK 66,738,000. The nominal value of 1 bond is CZK 3,000,000. The total nominal value of the bonds as at 31 December 2023 is CZK 69,000,000. The bonds are tradable on the regulated market at BCPP in Prague (Prague Stock Exchange). The maturity date of the bonds is 14 October 2024. The Company plans to hold the bonds until maturity.

Capital instruments measured at fair value through profit or loss

The Group has decided to classify the following capital instruments as instruments measured at fair value through profit or loss.

Current financial assets measured at fair value through profit or loss

(CZK '000)	31 December 2023	31 December 2022
ČEZ, a.s. shares (ISIN: CZ0005112300)	128,548	--
Total	128,548	--

As at 31 December 2023, the Company owns 134,114 shares of ČEZ, BIC: BAACEZ, ISIN: CZ0005112300. The average purchase price was CZK 1,014 per share in 2023. The market value per share as at 31 December 2023 is CZK 958.50. This is a tradable security. The Company appraises this type of participation at fair value into profit or loss, stipulated by the market value of the share as at the end of the accounting period. The market value as at 31 December 2023 was CZK 128,458,000. As at 31 December 2022, the Company did not own any of these shares.

5.13 Goodwill

Carrying value of goodwill

(CZK '000)	31 December 2023	31 December 2022
Gross value of goodwill	328,873	--
Impairment of goodwill	--	--
FX differences	--	--
Net value of goodwill	328,873	--

As described in point 6.39, the Group made several acquisitions in 2023: purchase of the NYVOYA CORE s.r.o. group of companies, and purchase of the companies Brick Solid Real s.r.o., AMONIL Invest s.r.o., Stodůlky Property Park s.r.o. and Stodůlky Property Park B s.r.o.

The companies were purchased by the Group for the purpose of appreciating investment or future development construction. In 2022, the Group had no new acquisitions. It engaged primarily in reorganisation within the CREDITAS Group.

	Initial acquisition price posted as at the acquisition date in 2023*	Initial fair value posted at acquisition in 2023	Initial acquisition price posted as at the acquisition date in 2023*
	in CZK ths.	in CZK ths.	in CZK ths.
	NYVOYA CORE – group*	AMONIL Invest s.r.o. **	Brick Solid Real s.r.o.
Non-current asset	205,274	142,849	45,971
Intangible asset	13,832	--	--
Land, buildings and equipment	191,442	142,849	45,971
Current asset	580,490	1,707	2,042
Inventory	504	--	--
Trade receivables	195,955	383	443
Other receivables	319,354	--	--
Cash and cash equivalents	49,099	665	1,589
Other assets	15,578	659	10
Total assets	785,764	144,556	48,013
Non-current liabilities	819,533	151,333	--
Other liabilities	819,533	151,333	--

Current liabilities	102,377	220	60,243
Trade liabilities	44,511	220	59,465
Other liabilities	57,866	--	778
Total liabilities	921,910	151,553	60,243
Total net fair value of acquired identifiable assets	-136,146	-6,997	-12,230
Total net fair value of acquired identifiable assets net of acquired non-controlling shares	-136,146	-6,997	-12,230
Share in net assets	100%	100%	100%
Acquired net assets	-136,146	-6,997	-12,230
Goodwill from acquisition	261,146	54,997	12,730
Transferred acquisition price	125,000	48,000	500

* The Group acquired the sub-group in September 2023.

** AMONIL Invest s.r.o. was purchased in September 2022. Because it did not operate any significant activity between September and December 2022 and factual control was only assumed in early 2023, goodwill was calculated from the date of assuming control for the purposes of this consolidation.

The Group conducted a preliminary estimate of the fair value of the acquired companies, which had not been completed by the date of compiling the consolidated financial statements. The Group assumes that the fair value will be specified maximally within 12 months after acquisition, taking into account information about facts that existed as at the date of assuming control.

The Group conducted the yearly testing of impairment in December 2023. In assessing the impairment indicators, the Group takes into account, among other things, relations between its market capitalisation and carrying value.

As at 31 December 2023, the Group's market capitalisation exceeded the carrying value of its equity, which indicates a potential impairment of the value of goodwill and impairment of the value of assets in operating segments.

Goodwill was tested for impairment at the level of the entity. The recoverable amount for the entire entity as at 31 December 2023 was stipulated based on a calculation of utility value using a cash flow prediction from the financial budgets approved by the top management for a five-year period. The assumed cash flows were then updated to reflect the actual rent roll balance.

The main parameters for stipulating the recoverable amount for the entire entity as at 31 December 2023 were as follows:

- Estimated return on investments for 2023-2028 - rent roll,
- estimated investment costs for 2023-2028 - investment plan,
- Internal rate of return.

The conclusion was that the fair value net of costs for elimination did not exceed the utility value. Impairment for 2023 was not created.

Allocation of the purchase price was performed for two acquisitions - Stodůlky Property Park s.r.o. and Stodůlky Property Park B s.r.o., which had been in the Group's management portfolio in previous years and whose price could be divided in the given year.

	Initial acquisition price posted as at the acquisition date in 2023	Fair values posted at acquisition in 2023	Initial acquisition price posted as at the acquisition date in 2023*	Fair values posted at acquisition in 2023
	(CZK '000)	(CZK '000)	(CZK '000)	(CZK '000)
	Stodůlky Property Park s.r.o.	Stodůlky Property Park s.r.o.	Stodůlky Property Park B s.r.o.	Stodůlky Property Park B s.r.o.
Non-current asset	495,128	965,092	25,738	85,896
Intangible asset	328	660	--	--
Land, buildings and equipment – Investment Property	494,797	964,432	25,738	85,896
Other receivables	3	--	--	--
Current asset	110,033	110,033	38,074	38,074
Trade receivables	5,630	5,630	354	354
Other receivables	83,906	83,906	32,827	32,827
Cash and cash equivalents	13,515	13,515	4,893	4,893
Other assets	6,982	6,982		
Total assets	605,161	1,075,125	63,812	123,970
Non-current liabilities	405,574	405,574	52,021	52,021
Other liabilities	405,574	405,574	52,021	52,021
Current liabilities	36,554	36,554	9,949	9,949
Trade liabilities	1,469	1,469	3,457	3,457
Other liabilities	35,085	35,085	6,492	6,492
Total liabilities	442,128	442,128	61,970	61,970
Total net fair value of acquired identifiable assets	163,033	632,997	1,842	62,000
Total net fair value of acquired identifiable assets net of acquired non-controlling shares	163,033	632,997	1,842	62,000
Share in net assets	100%	100%	100%	100%
Acquired net assets	163,033	632,997	1,842	62,000
Goodwill from acquisition (point 5.5)	469,967	-632,997	60,158	-62,000
Transferred acquisition price	633,000		62,000	

5.14 Loans granted

The Group granted loans to affiliated undertakings in a total volume of CZK 234,321,000 (as at 31 December 2022: CZK 8,659,000). To companies within CREDITAS Group, the Group granted loans in a total amount of CZK 6,223,029k (as at 31 December 2022: CZK 4,874,311,000). To companies outside of CREDITAS Group, the Group granted loans in a total amount of CZK 1,517,169,000 (as at 31 December 2022: CZK 1,146,985,000).

In the course of 2024, CREDITAS Group engaged in (notional) cash-pooling whereas the Company served as the cash-pool administrator distributing the necessary funds across the consolidated group. To reflect this (already implemented) project, the Group has been proceeding in accordance with the accounting methodology "Compensation of financial instruments", which is based on international standard IAS32, when setting off the mutual assets and liabilities.

Loans granted gross

(CZK '000)	31 December 2023	31 December 2022
Long-term assets	5,748,610	6,623,889
Long-term loans – a portion is payable in more than 1 year	6,029,269	6,714,554
Expected credit loss	-280,659	-90,665
Short-term assets	5,642,533	1,771,764
Short-term loans – the short-term portion is payable within the year	5,928,877	1,782,537
Expected credit loss	-286,345	-10,773
Loans granted total	11,391,142	8 395 653

Set-off loans granted

(CZK '000)	31 December 2023	31 December 2022
Long-term set-off assets	3,360,547	2,439,122
Long-term loans – a portion is payable in more than 1 year	3,365,436	2,442,893
Expected credit loss	-4,889	-3,771
Short-term set-off assets	617,295	24,205
Short-term loans – the short-term portion is payable within the year	618,193	24,242
Expected credit loss	-898	-37
Set-off loans total	3,977,842	2,463,327

Loans granted net

(CZK '000)	31 December 2023	31 December 2022
Long-term assets	2,388,064	4,184,767
Long-term loans – a portion is payable in more than 1 year	2,663,834	4,271,661
Estimated expected credit loss	-275,770	-86,894
Short-term assets	5,025,238	1,747,559
Short-term loans – the short-term portion is payable within the year	5,310,685	1,758,295
Expected credit loss	-285,447	-10,736
Loans granted total	7,413,302	5,932,326

Expected credit loss

For the purposes of financial asset devaluation and the creation of adjustment items, the Company applies, in accordance with IFRS 9, a model of expected credit losses (ECL).

Additional information on expected credit losses can be found in Note 5.37, Risk Management.

5.15 Leasing

The Group is a party to lease agreements, in particular for the lease of office space, land plots, and fleet. In the majority of cases, leases for offices or parts of buildings are contracted for a period of 10 years; for land, the term of the lease is in most cases agreed for 20 years whereas in the case of vehicles, lease terms are between four and six years.

In the course of 2023, a key lease agreement for using office premises for the real estate division was extended by 6 years. The new value of the use right to assets is CZK 18,964,000 (2022: CZK 4,810,000). Also in 2023, the Group

entered into a lease agreement for several personal cars. Total increases for 2023 amounted to CZK 42,887,000 (2022: CZK 21,264,000).

As at 31 December 2023, right-of-use assets worth CZK 128,290,000 consisted of the land rented by MORAVAN Mléčná farma a.s. (as at 31 December 2022: CZK 129,760,000).

Right-of-use assets

(CZK '000)	31 December 2023	31 December 2022
Value of assets from leasing	248,910	220,312
Allowances	79,113	50,670
Gains	42,887	21,264
Value of liabilities from leasing		
- current	29,997	29,302
- non-current	256,005	224,060

Net long-term assets from leasing are CZK 248,910,000 (2022: CZK 220,312,000).

Reproduced below are the amounts accounted for as profit or loss based on leasing relations:

(CZK '000)	31 December 2023	31 December 2022
Deprecation on leased assets	31,087	28,678
Loss from lease financing	8,599	6,674
Total	39,686	35,352

5.16 Biological assets

Movements of long-term biological (livestock) assets in 2023 and 2022 were as follows:

Dairy cattle

(CZK '000)	31 December 2022	31 December 2023
31 December 2021	20,580	22,116
Additions	7,210	8,563
Retirements/liquidation/sale	-7,420	-8,512
Change in fair value	1,746	2,333
Total	22,116	24,500

(number of animals)	2023	2022
Dairy cattle	875	873

Long-term biological (livestock) assets are valued at fair value less transaction costs upon sale. In 2023 and 2022, the Group produced 10,101,000 litres and 10,106,000 litres of milk, respectively.

Short-term biological assets

Short-term livestock assets

As at 31 December 2023 and 2022, respectively, the Group accounted for the following short-term livestock assets:

(CZK '000)	Heifers, calves	Third-trimester cows	Total
31 December 2021	13,339	5,915	19,254
Additions (own production, purchases)	21,610	11,006	32,616
Transfer to mature	--	-10,815	-10,815
Transfer/retirement/slaughter/sale/change in fair value	-23,032	1,000	-22,032
31 December 2022	11,916	7,106	19,022
Additions (own production, purchases)	33,831	12,844	46,675
Transfer to mature	--	-12,844	-12,844
Retirement/slaughter/sale/change in fair value	-27,535	-8	-27,543
31 December 2023	18,212	7,098	25,310

(number of animals)	2023	2022
Dairy cattle	818	783

Short-term biological (livestock) assets are valued at fair value less estimated transaction costs upon sale. As there exists no liquid market for heifers, one cannot with final precision determine, given the nature of production, the costs and revenues associated with the breeding of this livestock asset specifically.

Heifers are valued at acquisition cost minus impairment costs, if any, and this cost-based valuation approximates the market price. Long-term records kept by agricultural enterprises confirm that using a cost-based valuation method for heifers indeed approximates the fair value of such livestock.

Short-term agricultural produce assets

As at 31 December 2023 and 2022, respectively, the Group accounted for the following short-term agricultural produce assets:

(CZK '000)	Wheat, barley	Silage, hay feed, other crops	Total
31 December 2021	6,544	26,068	32,612
Additions from harvest	48,867	68,547	117,413
Sale	-36,404	-24,598	-61,002
Own consumption / change in fair value	-11,174	-41,164	-52,338
31 December 2022	7,833	28,853	36,686
Additions	47,547	49,172	96,719
Sale	-34,499	-17,466	-51,966
Own consumption / change in fair value	-10,513	-30,897	-41,409
31 December 2023	10,368	29,663	40,031

Most cereals are valued at fair value minus estimated transaction costs upon sale.

In the case of silage and hay feed for own consumption and in the case of only marginally cultivated types of crops, valuation at acquisition cost is being used which approximates their fair value.

5.17 Investment Property

(CZK '000)	31 December 2022	31 December 2023
Fair value	2,838,111	2,624,320
Additions/acquisitions	508,205	129,157
Share deals (acquisition of subsidiaries)	--	1,095,680
Retirements/sales	- 449,414	- 32,851
Increase in fair value year-on-year	22,264	215,948
Transfers as per IFRS 5	-294,846	--
Real fair total	2,624,320	4,032,254

Assets held to generate income from rent or income from capital appreciation are categorised as real estate investments. Investments into real estate include investments into land plots, buildings and their accessories, and acquisitions of investments (share deals)

Additions/acquisitions represent the acquisition of new real estate categorised as real estate investment, and retirements/sales represent the divestment of real estate categorised as real estate investment.

Major items include the acquisition of subsidiaries in 2023, i.e., the acquisition of Stodůlky Property Park s.r.o. and of Stodůlky Property Park B s.r.o. In 2022, the project of Litoměřická Property Development s.r.o. was categorised as an asset held for sale, in accordance with IFRS 5.

Upon first entry, investments into real estate are valued at their fair value. The fair values of all investments into real estate are categorised on three hierarchic levels of fair value, as estimates undertaken with the help of the DCF method and the SCA (sales comparison) method, unless stated otherwise. Gains and losses from a change in fair value are posted to profit or loss from the revaluation of investments into real estate.

Revenues posted to profit or loss from the revaluation at fair value and included in Level 3 were, for the year ending 31 December 2023, CZK 215,948,000 (2022: CZK 22,264,000) and are accounted for in the consolidated report on group earnings under the item "Net profit from the revaluation of investments into real estate".

These revenues posted to profit or loss for the purpose of establishing Level 3 fair values may be attributed to changes in unrealised gains or losses in connection with real estate investments held as at the end of the reporting period.

In 2023, proceeds from the lease of projects were CZK 391,000 (2022: CZK 216,000).

Investments into real estate may be divided into two types: land ownership and property development projects. The following table summarises locations, valuation method, and a breakdown of fair value over the years:

Type of real estate investment	Location	Valuation method	Fair value 2023 (CZK '000)	Fair value 2022 (CZK '000)
Land plots:				
	Moravia and Silesia	SCA	205,981	170,062
Property development projects:				
	Olomouc	DCF	202,482	190,225
	Prague, Letňany	DCF	1 034,874	739,720
	Brno, Starý Lískovec	DCF	500,822	525,688
	Prague, Karlín	DCF	327,476	329,803
	Písek, Ostrava, Vodňany, Pardubice, Zlosyň, Čáslav	Capitalised earnings	664,940	668,822
	Prague, Stodůlky	DCF	1 006,595	--
	Prague, Stodůlky	DCF	89,084	--
Total			4,032,254	2,624,320

5.18 Taxes

Income tax

The current corporate income tax rate applicable to presented profit is 19% (2022: 19%)

Income tax and deferred tax

(CZK '000)	31 December 2023	31 December 2022
Income tax	-64,746	-140,665
Deferred tax assets/(liability)	-58,945	-7,540
Income tax total	-123,691	-148,205

The tax expense for the period may be reconciled with earnings before taxes as follows:

Income tax reconciliation

(CZK '000)	31 December 2023	31 December 2022
Tax rate	19%	19%
Income from continuing operations (before taxes)	1,824,536	1 018,177
Calculated taxation (applying the current tax rate)	-421,479	-193,454
Non-tax-deductible costs	-3,289,451	-119,243
Non-taxable income	3,621,028	158,478

Difference in the tax rate applicable to foreign earnings	25	-124
Set-off tax loss for which no deferred tax was previously presented	2,218	10,816
Losses for the current period for which no deferred tax assets (claims) were presented	-65,030	-7,969
Items taxed at different rate, i.e., withholding tax	--	--
Realisation of deferred tax assets from tax loss carryforward	-52,005	--
Other	6,184	4,362
Total income tax	-123,691	-148,205

In accordance with the amendment to the Act on Income Taxes (Act No. 586/1992 Coll.) which will take effect from 1 January 2024, a corporate income tax rate of 21% will apply to future periods. This fact has also impact on tax deferrals (assets/liabilities) accounted for 2023 (if any).

No tax liability or tax overpayment was triggered by sales of any subsidiaries.

In 2023, the government of the Czech Republic, where the parent company is established, passed Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups, concerning second-pillar income taxes effective as of 31 December 2023.

According to this legislation, "a large group is understood to mean any group whose consolidated annual revenue as accounted for in the consolidated financial statements of the ultimate parent entity for at least 2 of 4 of the accounting periods immediately preceding the given assessment period (including income of excluded entities) amounts to the equivalent of at least EUR 750,000,000".

Given that the Group fell short of this turnover criterion during the periods under consideration, it is not subject to the top-up tax rules.

The Group has been monitoring its turnover figures on an on-going basis, reviewing the potential impact of income tax legislation within the second pillar on its future financial position.

The Group has sought a temporary exemption from the accounting requirements for deferred tax in line with the Amendments to IAS 12 published by IASB in May 2023. Accordingly, the Group does not account for nor disclose information on deferred tax assets and liabilities in connection with income tax within the second pillar.

5.19 Deferred tax

The Group performs an offset of current tax assets and current tax liabilities if and only if the Group:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table shows material deferred tax liability items and deferred tax assets accounted for by the Group during the current and the previous period. In accordance with the applicable accounting standards, the calculation of deferred tax is based on the tax rate applicable to the period in which the tax liability or the tax asset will be invoked (which for 2022 is 19% and for 2023 is 21%).

Deferred tax asset/(liability)

(CZK '000)	31 Dec 2023	31 Dec 2023	31 Dec 2022	31 Dec 2022
	Deferred tax liability	Deferred tax asset	Deferred tax liability	Deferred tax asset
Fixed tangible assets	-379,750	7,107	-212,781	2,901
Receivables	--	3,438	--	1,832
Provisions	--	9,565	--	5,885
Tax loss	--	32,713	--	--
Revaluation of assets and liabilities	314,727	--	-169,715	--
Other temporary differences for the period	-74	--	--	--
Deferred tax asset/(liability)	-694,551	52,823	-382,496	10,618

Changes to deferred tax may be checked against the following table.

Reconciliation of deferred tax

(CZK '000)	31 December 2023	31 December 2022
Deferred tax asset/(liability) as at 1 January of the given year	-371,878	-303,714
Deferred tax asset/(liability) for the period	-58,945	-7,540
Deferred tax as part of other comprehensive income	-182,245	-29,275
Deferred tax accounted for as part of equity	30,932	-18,945
Additions from business combinations	-126,047	-66,453
Retirements as a consequence of business combinations	--	--
Deferred tax assets/(liabilities) transferred to Assets held for sale	66,453	54,049
Net deferred tax liabilities as at 31 December	-644,370	-371,878

5.20 Investments accounted for by equity method

Investments valued by equity method amount to the following:

in CZK million	31 December 2023	31 December 2022
Affiliated undertakings	1,355,340	992,645
Total	1,355,340	992,645

Investments into affiliated undertakings are represented by the following shares:

in CZK million	31 December 2023	31 December 2022
CREDITAS ASSETS SICAV a.s. (ISIN: CZ0008045846)	1,293,662	936,258
CREDITAS ASSETS SICAV a.s (ISIN: CZ0008045853)	2,429	2,239
CREDITAS ASSETS SICAV a.s. (ISIN: CZ0008047214)	59,249	54,148
Total	1,355,340	992,645

Investments valued by equity method and accounted for as profit or loss amount to the following:

(CZK '000)	31/12/2023	31/12/2022
Affiliated undertakings	362,695	-6,222
Total	362,695	-6,222

5.21 Inventory

(CZK '000)	31 December 2023	31 December 2022
Inventory		
Work in progress and semi-finished products: real property under construction	2,176,591	2,249,648
Finished products: apartments for sale	815,579	84,006
Advance payments toward the acquisition of inventory	101,435	16,437
Other	295,435	64,192
Total	3,389,040	2,414,283

The largest item within Other inventory are real estate and building land for a property development project bought as part of the acquisition of the enterprise of Vítkovice Heavy Machinery for Skatlop a.s. (as at 31 December 2023: CZK 234,441,000).

(CZK '000)	2023	2022
Work in progress and semi-finished products as at 1 January	2,249,648	1 576,148
Capitalised construction costs	507,587	837,377
Capitalised interest expenses	85,493	54,151
Transfers from investment to real property	--	--
Transfer to finished products	-993,272	-122,654
Transfer to investment assets	70,207	--
Adjustment items	-23,702	--
Additions/retirements: work in progress and semi-finished products	280,630	-95,374
Work in progress as at 31 December	2,176,591	2,249,648

Work in progress consists primarily of construction costs expended toward the development of real estate. The largest items are the following unfinished projects: Nová Valcha, U Milosrdných, Mosilana, K Závěrce, Grébovka, Klecanská alej, and Jinonický dvůr.

Buildings under construction are accounted for at acquisition cost as at the date of acquisition by the Group. No write-offs of inventory occurred as at 31 December 2023 or 31 December 2022.

The largest additions and retirements were acquisition of land (as at 31 December 2023: CZK 167,745,000, as at 31 December 2022: CZK 74,774,000); acquisition of semi-finished projects (as at 31 December 2023: CZK 184,975,000); and assets accounted for as held for sale (as at 31 December 2023: CZK -108,494,000)

Adjustment items were created for the value of assets which in the future will be handed over to the respective municipal governments (as at 31 December 2023: CZK 23,702,000).

Finished products

(CZK '000)	2023	2022
Finished products as at 1 January	84,006	243,369
Transfer from work in progress	993,272	122,653
Transfer to real estate investments	19,844	--
Retirements: land and apartments sold	-264,932	-280,190
Transfer to fixed tangible assets	-16,611	-1,826
Finished products at at 31 December	815,579	84,006

In the period under consideration, stages of the following major projects were completed and sold: Jinonický dvůr, Stage II; Arménská Kladno residential complex; Nová Valcha, stage 6, LOOX Apartment Prosek, Pobřežní Apartments.

5.22 Current receivables and other assets

Current receivables

(CZK '000)	31/12/2023	31/12/2022
Current receivables		
Trade receivables – gross value	229,817	295,614
Accumulated depreciation	-36,134	-7,775
Trade receivables	193,683	287,839
Other receivables – gross value	84,262	120,430
Accumulated depreciation	--	--
Other current receivables	84,262	120,430
Current receivables in total	277,945	408,269

Prepayments for energy and energy services (as at 31/12/2023: CZK 40,080,000) and tax assets (as at 31/12/2023: CZK 39,200,000, as at 31/12/2022: CZK 39,838,000, as at 31/12/2022: CZK 64,985,000) constitute the largest items within other receivables.

Classification of trade receivables by estimated risk:

The Group classified trade receivables according to the estimated default risk into five stages (the “Stages“), and the expected risk level associated with lost future revenue was assigned to each Stage on the basis of an analysis.

Classification of trade receivables by estimated risk			31/12/2023	
(CZK '000)				
	Stage	Estimated risk	Nominal value	Accumulated depreciation
Trade receivables not due	1	0.30%	131,641	395
1-30 days past due	2	1.60%	25,839	413
31-60 days past due	3	3.60%	2,381	86
61-90 days past due	4	6.60%	3,650	241
More than 90 days past due	5	10.60%	66,377	7,036
Total			229,889	8,171

Outside the methodology, accumulated depreciation of 100% was created for receivables acquired in the purchase of Vítkovice Heavy Machinery enterprise by Skatlop a.s. (as at 31/12/2023: CZK 27,983,000).

Classification of trade receivables by estimated risk			31/12/2022	
(CZK '000)				
	Stage	Estimated risk	Nominal value	Accumulated depreciation
Trade receivables not due	1	0.30%	199,867	600
1-30 days past due	2	1.60%	20,317	325
31-60 days past due	3	3.60%	13,578	489
61-90 days past due	4	6.60%	5,303	350
More than 90 days past due	5	10.60%	56,714	6,012
Total			295,779	7,775

Other assets

(CZK '000)	31/12/2023	31/12/2022
Other assets		
Other non-current assets - gross value	2,056	2,543
Accumulated depreciation	--	--
Other non-current assets	2,056	2,543
Other current assets - gross value	243,018	177,078
Accumulated depreciation	-122,942	-1,078
Other current assets	120,076	176,000
Other assets in total	122,132	178,543

The largest item in the other assets category are receivables purchased in the acquisition of Vítkovice Heavy Machinery enterprise by Skatlop a.s., in relation to which, however, accumulated depreciation of 100% was created (as at 31/12/2023: CZK 114,586,000).

Other significant items in the other assets category are receivables from the sale of land (as at 31/12/2023: CZK 16,758,000, as at 31/12/2022: CZK 24,455,000), and accrued revenue (as at 31/12/2023: CZK 70,626,000, as at 31/12/2022: CZK 58,083,000)

5.23 Cash and cash equivalents

Cash includes cash on hand and bank balances. Cash equivalents include duty stamps and parking vouchers.

Bank balances, the use of which by the Group is subject to third party contractual limitations, are included in cash as long as they meet the relevant definition.

For the purposes of the cashflow statement, cash and cash equivalents consist of the above-defined cash and cash equivalents after deduction of negative balances in overdraft accounts which are payable on demand and form an integral part of the Group's cash management. In the statement of financial positions, these overdraft accounts are reported as short-term loans and credit facilities.

Cash balances at the end of the period, reported in the cashflow statement, can be reconciled to the relevant items in the statement of financial position as follows:

(CZK '000)	31/12/2023	31/12/2022
------------	------------	------------

<i>Cash:</i>		
Cash on hand	1,139	1,174
Bank balances	413,414	1,203,070
Cash in total	414,553	1,204,244
<i>Cash equivalents:</i>		
Stamps and vouchers	17	14
Cash equivalents in total	17	14
Cash and cash equivalents in total	414,570	1,204,258

All cash is reported under IFRS 9 as Stage 1. Cash was reported at carrying amounts, and such valuation, given their immediate liquidity, does not differ materially from their fair value, determined on the basis of discounted expected cash flows.

5.24 Assets classified as held for sale

(CZK '000)	Projects held for sale	Other interests held for sale
Status as at 01/01/2022	109,648	
Classified for sale	307,207	--
Sold	109,648	--
As at 31/12/2022	307,207	--
Classified for sale	551,651	2,193,513
Sold	307,207	--
As at 31/12/2023	551,651	2,193,513

In 2022, a decision on the intent to sell the remaining investment shares in CREDITAS GREEN sub-fund, SICAV sub-fund, was made in the Group. As at 31 December 2022, the Group classifies these investment shares in the total value of CZK 2,193,513,000 as assets held for sale.

In 2023, a decision on the intent to sell 3 subsidiaries, namely, UCED Elektrárna Prostějov s.r.o., Mlynářka Property Development s.r.o. and Kačerov Property Development s.r.o., was made in the Group. The total value of net assets held for sale is CZK 551,651,000. Said companies are expected to be sold over the next twelve months.

As at 31 December 2023, the Group classified the following assets/projects as assets held for sale:

(CZK '000)	UCED Elektrárna Prostějov s.r.o.	Kačerov Property Development s.r.o.	Mlynářka Property Development s.r.o.
Buildings, land and equipment	1,249,762	105,300	--
Stock	18,395	--	--
Trade receivables and other receivables	81,249	35	--
Cash and cash equivalents	30,842	248	46
Accruals	306	--	
Assets classified as held for sale in total	1,380,554	105,583	46
Trade payables and other payables	101,653	722	--
Current tax		1	--
Borrowings	771,827	--	--

Reserves	60,115	--	--
Accruals		214	
Payables relating to assets classified as held for sale	933,595	937	0
Net assets held for sale	446,959	104,646	46
Revenues	583,802	25	--
of that: revenue from the sale of services	577,602	25	--
Costs	323,030	6,638	92
Results of operations of company held for sale	260,772	-6,613	-92

The result of operations of all companies held for sale was an aggregate profit of CZK 254,067,000 for 2023 and an aggregate loss of CZK 29,387,000 for 2022.

5.25 Equity

CREDITAS Investments SE and its subsidiaries (collectively, the Group) are involved in investing into companies and assets especially in the sectors of energy distribution, renewable energy sources, real estate and agriculture, in particular in the Czech Republic and in Slovakia.

The Company has the legal form of a Societas Europaea and was entered into the Commercial Register maintained by the Municipal Court in Prague, Section H, file No. 2648, on 23 October 2023. The Company's seat is located in Prague 8 - Karlín, Pobřežní 297/14, Postal Code 186 00, Czech Republic.

The sole, and thus a 100% shareholder of CREDITAS Investments SE is UNICAPITAL N.V., with its registered seat at 1083HJ Amsterdam, De Boelelaan 30, Netherlands, entered in the Dutch Company Register under registration No. 66551625.

The sole shareholder of UNICAPITAL N. V. is CREDITAS B.V., with Mr. Pavel Hubáček as its sole shareholder.

The Group does not hold any own shares.

Share capital

Shareholder	Shareholding	31 December 2023 (CZK '000)	31 December 2022 (CZK '000)
UNICAPITAL N.V.	100%	2,921	29,400

The share capital has been paid up in full.

Capital funds

(CZK '000)	31 December 2023	31 December 2022
Other capital funds	--	3,478,135
Reserve fund	947	947
Other funds	504	533
Total	1,451	3,479,615

Dividends reported and distributed in the course of the year were as follows:

(CZK '000)	2023	2022
Dividends payable as at 1 January	--	--
Decisions on dividend distribution during the year	1,265,000	1,417,339

Dividends distributed to shareholders during the year	-1,265,000	-453,153
Set-off	--	964,186
Dividends payable as at 31 December	--	--

In the course of 2023, the Group (namely UNICAPITAL ENERGY s.r.o.) paid dividends to parent company UNICAPITAL N.V. in the amount of CZK 1,265,000,000.

5.26 Bank loans

As at 31 December 2023, the total balance of borrowings of companies in CREDITAS Group was CZK 2,505,960,000 (as at 31/12/2022: CZK 3,477,425,000, with the total balance of bank loans denominated in CZK being CZK 2,464,738,000 (as at 31/12/2022: CZK 1,999,050,000).

(CZK '000)	31/12/2023	31/12/2022
Bank overdraft accounts	78,080	73,227
Bank loans (under 1 year)	397,670	306,251
Bank loans (2-5 years)	1,800,612	1,387,988
Bank loans (over 5 years)	186,598	231,584
Bank loans and overdraft accounts in total	2,462,960	1,999,050

The total balance of bank loans of companies in CREDITAS Group denominated in foreign currencies was equivalent to CZK 41,223,000 (as at 31/12/2022: CZK 1,478,375 thousand). Specifically, the companies took out bank loans denominated in euro in the total amount of EUR 1,667,000 (as at 31/12/2022: EUR 37,128,000) and bank loans denominated in dollars in the total amount of USD 0 (as at 31/12/2022: USD 25,780,000).

(CZK '000)	31/12/2023	31/12/2022
Bank overdraft accounts	--	--
Bank loans (under 1 year)	--	851,583
Bank loans (2-5 years)	--	583,040
Bank loans (over 5 years)	41,223	43,751
Bank loans and overdraft accounts in total	41,223	1,478,374

(CZK '000)	31/12/2023	31/12/2022
Bank loans and overdraft accounts in total	2,504,183	3,477,424

Weighted average interest rates paid during the period were the following:

	31/12/2023	31/12/2022
Bank loans and overdraft accounts	7.96%	8.05%

Other key features of the Group's borrowings are as follows.

- a) 3 CREDITAS Group companies had bank overdraft loan arrangements in place as at the end of 2023, of that, 2 companies actively used the product and made drawdowns on the overdraft facilities in the amount of CZK 78,080,000 (as at 31/12/2022: CZK 73,227,000).

The bank overdraft facilities are payable on demand. The banks had the overdraft accounts secured by pledges over receivables and pledges over deposits.

- b) 12 CREDITAS Group companies took out bank loans in the amount of CZK 2,504 million (as at 31/12/2022: CZK 3,477 million).

The loans were secured mainly by mortgages over real properties owned by the individual companies, pledges over 100% (business or share) interests in the individual companies, pledges over an enterprise and pledges over the companies' receivables.

Pledges/mortgagees (banks) secured their existing and future receivables for the repayment of principals and accruals, in particular interest and default interest, if any. Principals were pledged up to the amounts of the originally agreed bank loan limits (CZK 3,060 million) plus accruals in the amount of 25-100% of the bank loan limits.

5.27 Borrowings

As at 31/12/2023, the Group received loans from CREDITAS Group companies in the total amount of CZK 517,562 thousand (as at 31/12/2022: CZK 180,437,000). The Group received loans from companies outside CREDITAS Group in the total amount of CZK 3,782,904 thousand (as at 31/12/2022: CZK 9,547,598,000).

In the course of 2024, a mutual set-off of receivables and payables across Creditas Group occurred (by the non-monetary method), so that the Company would operate as a cash-pool unit distributing the requisite funds across the consolidated level. On the basis of this already implemented intent, the Group undertakes, in accordance with the "Financial instruments compensation" accounting methodology based on the IAS32 international standard, a set-off of these mutual assets and liabilities.

Gross borrowings

(CZK '000)	31/12/2023	31/12/2022
Non-recurrent payables		
Long-term loans – portion payable after more than 1 year	3,715,182	11,473,248
Current payables		
Short-term loans – short-term portion payable within 1 year	4,051,351	721,924
Total borrowings	7,766,533	12,195,172

Set-off borrowings

(CZK '000)	31/12/2023	31/12/2022
Non-recurrent set-off payables		
Long-term loans – portion payable after more than 1 year	3,365,436	2,442,893
Current set-off payables		
Short-term loans – short-term portion payable within 1 year	618,193	24,242
Set-off loans in total	3,983,629	2,467,135

Net borrowings

(CZK '000)	31/12/2023	31/12/2022
Non-recurrent payables		
Long-term loans – portion payable after more than 1 year	349,746	9,030,355
Current payables		
Short-term loans – short-term portion payable within 1 year	3,433,158	697,682
Total borrowings	3,782,904	9,728,037

The weighted interest rate of the Group's loan payables was 5.10% (as at 31/12/2022: 4.13 %). The Group's most important borrowing was a loan facility provided by CHARLINVEST LIMITED to UNICAPITAL ENERGY s.r.o. pursuant to

Loan Facility Agreement of 15 August 2023, for the total amount of EUR 136,672,000. As at 31 December 2023, the total of EUR 120,640 thousand had been drawn under the loan facility. The loan facility has been repaid in full in May 2024.

5.28 Bonds issued

In 2023, 33 new bond issues were issued, 15 issues with a total nominal value of CZK 2,158,600,000 have been repaid as at their maturity dates. Previously sold registered bonds with a nominal value of CZK 549,800,000 have been purchased.

In 2017 and 2023, the Group offered bonds with a total value of CZK 27,005,000,000. Of that volume, bonds worth CZK 17,679,850,000 have not been subscribed as at 31 December 2023, or they have been repurchased or repaid; as such, they do not constitute a payable for the Group. The resultant nominal value of subscribed bonds at 31 December 2023 thus amounts to CZK 9,325,150,000.

(CZK '000)	31 December 2023	31 December 2022
Bonds issued		
Bonds issued gross	27,005,000	21,695,000
Unsubscribed portion of bonds issued, terminated bonds	-17,679,850	-13,614,450
Subscribed portion of bonds issued	9,325,150	8,080,550
Accrued interest	172,493	127,452
Purchased pro rata interest revenue	1,813	3,532
Costs of issue	-60,343	-42,614
Bonds issued in total	9,439,113	8,168,920

(CZK '000)	31 December 2023	31 December 2022
Structure of bonds issued (at nominal value)		
Bonds issued – long-term		
Bonds with remaining maturity period > 5 years	14,000	221,800
Bonds with remaining maturity period 1-5 years	7,287,150	5,700,150
Costs of issue	-28,226	-23,017
Bonds issued – long-term, in total	7,272,924	5,898,933
Bonds issued – short-term		
Bonds with remaining maturity period < 1 year	2,024,000	2,158,600
Interest payable within 1 year	174,306	130,984
Costs of issue	-32,116	-19,597
Bonds issued – short-term, in total	2,166,190	2,269,987
Bonds issued in total	9,439,113	8,168,920

The fair value of bonds sold as at 31 December 2023 is CZK 9,131,792,000 (as at 31 December 2022: CZK 7,957,563,000). The fair value was calculated using a risk-free interest rate and the issuer's risk premium. In the valuation hierarchy, this valuation corresponds to Stage 2.

List of individual issues with maturity dates and the total nominal value of bonds subscribed as at 31 December 2023:

ISIN	Interest rate	Maturity date*	Nominal value as at 31 December 2023 (CZK '000)
Certificated			
CZ0003515637	4.70%	01/02/2024	169,000
CZ0003516767	4.70%	28/06/2024	245,600

CZ0003518326	5.10%	15/02/2025	334,000
CZ0003518334	6.00%	15/02/2026	149,500
CZ0003519233	5.10%	28/06/2025	343,900
CZ0003532178	4.50%	10/06/2024	93,100
CZ0003532186	5.70%	10/06/2026	53,700
CZ0003532202	6.90%	10/06/2028	63,900
CZ0003533945	4.50%	15/09/2024	20,200
CZ0003533952	5.70%	15/09/2026	11,800
CZ0003533960	6.90%	15/09/2028	21,600
CZ0003537953	6.50%	01/03/2025	34,500
CZ0003537961	6.70%	01/03/2027	12,250
CZ0003541567	7.50%	15/07/2025	8,000
CZ0003541559	CPI + 0%	15/07/2029	4,000
CZ0003542383	8.50%	01/08/2025	19,000
CZ0003545659	8.50%	25/11/2024	1,000
CZ0003545725	8.90%	25/11/2025	22,000
CZ0003545667	6M PRIBOR+3.50%	25/11/2027	2,000
CZ0003545675	CPI + 0%	25/11/2027	11,500
CZ0003548349	7.70%	24/03/2024	24,000
CZ0003548356	8.80%	24/03/2025	14,500
CZ0003548364	9.10%	24/03/2026	42,000
CZ0003548372	CPI + 0%	24/03/2027	4,000
CZ0003552416	7.80%	28/07/2024	9,000
CZ0003552432	8.90%	28/07/2025	16,500
CZ0003552440	9.30%	28/07/2026	50,000
CZ0003554073	7.80%	06/10/2024	3,500
CZ0003554099	8.90%	06/10/2025	4,500
CZ0003554107	9.30%	06/10/2026	27,000
CZ0003555531	7.80%	27/11/2024	1,500
CZ0003555260	8.90%	27/11/2025	500
CZ0003555278	9.30%	27/11/2026	25,000
Immobilized			
CZ0003521353	4.70%	22/03/2024	85,100
CZ0003521361	5.50%	22/03/2026	128,600
CZ0003522294	4.70%	27/06/2024	28,800
CZ0003522302	5.50%	27/06/2026	37,300
CZ0003522906	5.50%	23/09/2024	379,100
CZ0003522914	6.50%	23/09/2026	195,300
CZ0003525305	5.10%	15/05/2025	67,900
CZ0003525313	6.00%	15/05/2027	59,900
CZ0003526873	5.30%	25/09/2025	66,400
CZ0003526881	6.50%	25/09/2027	73,200
CZ0003529067	4.00%	22/01/2024	101,200
CZ0003529075	5.10%	22/01/2026	37,000
CZ0003529083	6.20%	22/01/2028	47,100

CZ0003535825	5.00%	17/12/2024	196,400
CZ0003535833	6.00%	17/12/2026	61,800
CZ0003535841	6.90%	17/12/2028	75,200
CZ0003538050	6.10%	01/03/2025	313,600
CZ0003539397	6.10%	25/04/2025	45,800
CZ0003539405	6.50%	25/04/2027	4,500
CZ0003539413	6.90%	25/04/2029	10,000
CZ0003540254	7.00%	03/06/2025	210,400
CZ0003541443	6M PRIBOR + 1.5%	15/07/2025	20,900
CZ0003541450	6M PRIBOR + 2.0%	15/07/2027	6,200
CZ0003542342	7.90%	12/08/2025	103,500
CZ0003543472	7.70%	16/09/2024	108,500
CZ0003545261	6.10%	18/11/2024	85,100
CZ0003545279	6.50%	18/11/2025	101,900
CZ0003546673	8.10%	20/01/2025	161,500
CZ0003546681	8.50%	20/01/2026	131,400
CZ0003548398	8.30%	24/03/2025	107,500
CZ0003548406	8.80%	24/03/2026	114,300
CZ0003549545	8.30%	28/04/2025	116,400
CZ0003549586	8.80%	28/04/2026	129,400
CZ0003550410	7.50%	12/05/2024	118,300
CZ0003551160	8.50%	23/06/2025	77,300
CZ0003551152	9.00%	23/06/2026	153,500
CZ0003551764	7.70%	23/03/2024	49,000
CZ0003551939	7.70%	11/08/2024	137,200
CZ0003551905	8.50%	11/08/2025	107,100
CZ0003551921	9.00%	11/08/2026	211,900
CZ0003553299	7.70%	06/10/2024	50,000
CZ0003553414	8.50%	06/10/2025	151,000
CZ0003553398	9.00%	06/10/2026	206,900
CZ0003555195	7.70%	24/11/2024	49,800
CZ0003555203	8.50%	24/11/2025	111,700
CZ0003555211	9.00%	24/11/2026	179,100
CZ0003556599	7.70%	29/12/2024	68,600
Registered			
CZ0003523268	6.50%	30/10/2026	100,000
CZ0003538100	6M PRIBOR + 4.0%	01/03/2025	800,000
CZ0003545527	6M PRIBOR + 4.0%	18/11/2025	1,000,000
CZ0003557159	6M PRIBOR + 4.0%	29/12/2026	500,000
Subscribed bonds in total			9,325,150

- More information on the maturity of the bonds is provided in the financial statements, note 5.43 Subsequent events.

Bonds payable within a year will be repaid out of funds obtained from repayment of credit facilities provided to Group companies. Reconciliation of financial liabilities in the cashflow statement is provided in the table below:

(CZK '000)	Bonds issued – long-term	Bonds issued – short-term	Bonds issued in total
31 December 2022	5,898,933	2,269,987	8,168,920
Redemption/termination of bonds	2,881,700	-1,654,576	1,227,124
Interest distribution	0	-507,492	-507,492
<i>Non-monetary transaction</i>			
Accrued interest	0	568,289	568,289
Bonds < 1 year	-1,502,500	1,502,500	0
Accrued costs of issue	-18,721	-27,412	-46,133
Dissolved costs of issue	0	28,405	28,405
Costs of issue < 1 year	13,512	-13,512	0
31 December 2023	7,272,924	2,166,189	9,439,113

(CZK '000)	Bonds issued – long-term	Bonds issued – short-term	Bonds issued in total
31 December 2021	5,459,746	1,985,324	7,445,070
Redemption/termination of bonds	2,132,850	-1,420,281	712,569
Interest distribution	0	-390,789	-390,789
<i>Non-monetary transaction</i>			
Accrued interest	0	414,709	414,709
Bonds < 1 year	-1,687,400	1,687,400	0
Accrued costs of issue	-12,526	-19,298	-31,824
Dissolved costs of issue	0	19,185	19,185
Costs of issue < 1 year	6,263	-6,263	0
31 December 2022	5,898,933	2,269,987	8,168,920

Transactions arising from the sale of bonds for the current and past accounting periods are reflected in the Cashflow Statement. The payment of nominal value and bond revenue is not secured. Under certain conditions, bondholders may request or decide on early repayment. These are events of default represented by the following:

- Non-payment – any payment default in connection with bonds for more than 30 business days
- Breach of other obligations and debts (in particular alternative performance indicators, specified in more detail below)
- Inability to pay (insolvency etc.)
- Liquidation – a final and enforceable decision is issued or a resolution of the General Meeting adopted on the dissolution of the issuer with liquidation
- Cross default – breach of terms relating to other debts or payables of the issuer in excess of CZK 5 million
- Enforcement of a decision – enforcement proceeding to recover a receivable in excess of CZK 5 million
- Realization of security – any creditor takes an act towards realization of security
- In cases where a creditors' meeting agreed with a fundamental change in relation to bonds and the relevant holder does not agree with such change, voted against the change at the creditors' meeting or did not attend the meeting.

Alternative performance indicators

The issuers used two indicators in their activity. The first such indicator is the Net Weighted Interest Rate (the "NWIR") and the second one is the Net Weighted Maturity (the "NWM").

The Net Weighted Interest Rate represents the difference between the average interest rate borne by loans and credit granted by the issuer and the average interest rate applied by issuers to the bonds issued.

The issuers use the NWIR indicator because it shows the issuer's ability to appreciate funds obtained from investors so that the issuer could cover the costs of its activities, as well as honour its obligations to the investors. Maintenance of the NWIR indicator at the minimum level of 0.30% guarantees that the weighted interest rate of interest revenue from funds invested to the Group is higher by at least 0.30% than the weighted interest rate of interest costs from bonds issued.

The Net Weighted Maturity represents the difference between the average number of days until the maturity date of loans and credits granted by the Company and the average number of days until the maturity date of bonds issued.

The issuers use the NWM indicator because it shows the issuer's ability to have at its disposal funds for the repayment of bonds in good time. Maintenance of the NWM indicator at the maximum value of 0 (to wit: zero) guarantees that the weighted maturity of loans granted will always be lower than the weighted maturity of bonds issued.

These conditions are defined in more detail in the base prospectus of the bonds and in the final issue terms.

These conditions have not occurred as at 31 December 2023 and as at as at 31 December 2022.

Revenues from bonds are taxed in accordance with Act No. 586/1992 Coll., on Income Tax, as amended. Applicable withholding tax is withheld from payments made to bondholders upon repayment of the nominal value and upon distribution of interest revenue where Czech laws so require.

5.29 Trade payables and other payables

Other payables

(CZK '000)	31/12/2023	31/12/2022
Trade payables and other payables		
Security deposits received	37,098	34,909
Deposits outstanding	43,560	43,560
Unrealized revaluation	9,435	--
Other non-current payables	8,057	8,532
Other non-current payables	98,150	87,002
Trade payables	304,927	400,767
Employee benefits	69,991	63,289
Advance payments received	155,524	307,120
Short-terms loans from NGOs	152,412	132,574
Payables from undistributed dividends	--	99,857
Balances from settlement of business contracts	--	42,325
Accrued expenses	10,831	42,092

Unbilled supplies	25,452	54,811
Other current payables	94,160	70,263
Other current payables	813,297	1,213,098
Trade and other payables in total	911,447	1,300,100

Advance payments received

(CZK '000)	31/12/2023	31/12/2022
Advance payments received		
Sale of apartments	105,076	150,042
Sale of shares	--	130,000
Supply of commodities	30,618	14,889
Services	19,830	12,189
Advance payments received	155,524	307,120

5.30 Revenues from core activities

The Group reports the following types of revenues also by operating segments:

(CZK '000)	2023	2022
Real estate	1,413,671	623,635
From sale of apartment units and land	312,283	482,276
From rentals	315,015	141,359
From the sale of goods	786,373	--
Energy sector	1,399,169	2,825,293
From the sale of electricity and gas	763,939	1,773,087
Delivery of balancing services	131,455	620,821
Provision of energy services	357,337	337,423
From the sale of fuels	146,438	93,962
Other	274,163	365,563
From rentals	53,892	53,845
From agricultural production	183,331	209,726
Other	36,940	101,992
Total revenues	3,087,003	3,814,491

Revenues from core activities are primarily generated in the Czech Republic. The main reason for the decline in sales in 2023 was the drop in energy prices in the Czech Republic and the departure of an important customer, VÍTKOVICE STEEL, a. s., in UCED Prodej s.r.o.

5.31 Costs of goods sold

The Group reports the following types of costs of goods sold:

(CZK '000)	2023	2022
Real estate	436,759	26,509
Cost of land sold	80,957	26,509
Cost of goods sold	355,802	--
Energy	812,985	1,855,171
Cost of energy purchased	677,933	1,774,136
Cost of fuels purchased	135,052	81,035
Other	--	4
Other costs	--	4
Total costs of goods sold	1,249,744	1,881,684

The main reason behind the decline in the costs of goods sold in 2023 is the decline in the costs of energy purchased, in particular due to a decline of energy prices in 2023.

5.32 Costs of material and services

(CZK '000)	2023	2022
Consumption of materials	82,682	82,195
Consumption of energy	92,017	20,131
Other services	841,070	1,027,627
Transport	42,507	20,672
Energy	69,934	191,317
IT	29,935	29,380
Marketing	12,303	12,968
Advisory	54,593	53,710
Construction work	505,204	575,802
Agriculture	23,237	18,649
Other	103,357	125,129
Changes in inventories	-326,189	-503,786
Changes in inventories of work in progress	406,607	-692,521
Changes in inventories of products	-732,796	188,735
Capitalization	-253	1,945
Capitalization of internal services	--	3,890
Capitalization of non-current assets	-253	-1,945
Costs of materials and services	689,327	628,112

Work in progress consists primarily of construction costs incurred in the construction of real properties. The main reason for the year-on-year change of the item “changes in inventories of work in progress” between 2022 and 2023 was the completion of Jinonický dvůr project in Prague 5 and Phase 1 of Nová Borovina project in Kladno and the permission of occupancy of the newly built apartment units.

Construction work was the highest item in the “Other services” category in 2023, as well as the comparative period of 2022. Such work constituted costs mainly for companies in the Real Estate sector, the core activity of which was the construction of property development project.

5.33 Personnel costs

(CZK '000)	2023	2022
Wage costs, including remuneration for corporate bodies	240,361	237,791
Social security and health insurance	77,188	79,734
Other personnel costs	414	269
Total	317,963	317,794

5.34 Other operating income and expenses

(CZK '000)	2023	2022
Other operating income and expenses, net	-37,591	-23,774
Profit (+) / loss (-) from material sold	22,111	1,240
Total	-15,480	-22,534

Other operating income and expenses consist of individually immaterial items. The sale of material in Skatlop a.s. in the amount of CZK 21,628,000 represents the highest item of profit from material sold.

5.35 Net profits (+) / losses (-) from financing

(CZK '000)	2023	2022
Interest expense from financing received – affiliate	-147,570	-40,295
Interest expense from financing received	-1,122,741	-558,796
Interest income from loans granted – affiliate	470,624	276,396
Interest income from loans granted	238,150	105,771
Net profits (+) / losses (-) from financing	-561,537	-216,924

5.36 Profits from other financial operations

The Group reports the following profits and losses from financial operations:

(CZK '000)	2023	2022
Profits (+) / losses (-) from securities sold	-2,788,327	424,832
Net foreign exchange losses	-208,126	-19,434
Losses from transactions with derivatives	-36,928	-3,827
Income from financial assets	4,492,584	77,804
Profits (+) / losses (-) from revaluation of capital instruments valued at fair value in profits or losses	-7,459	--
Written off receivables	-2,052	-123,770
Other	-19,632	37,525
Profits from other financial operations in total	1,430,060	393,130

Profits (+) / losses (-) from securities sold for 2023 include a loss from the sale of investment shares in CREDITAS GREEN sub-fund, SICAV sub-fund, in the amount of CZK 2,963,091,000.

Profits (+) / losses (-) from revaluation of capital instruments valued at fair value in profits or losses in the amount of CZK -7,459,000 for 2023 (2022: CZK 0) represent losses arising from a change of fair value of shares designated by the Group for trading.

In the course of 2023, the Group received advance payments on dividends from shares held in CREDITAS GREEN, SICAV sub-fund, in the total amount of CZK 4,424,644,000, and further, in the course of 2023, shares in the fund were gradually sold off. The funds were used to repay an acquisition loan, the outstanding portion of which equals CZK 2,982,957,000 as at 31 December 2023. Income from the sale of these securities and advance payments towards dividends are reported in the item Profits (+) / losses (-) from other financial operations.

The Group uses financial derivatives in the form of currency forwards and currency swaps. The fair value of such financial derivatives is affected in particular by exchange rate developments and the underlying asset value. The change in the fair value of financial and commodity derivatives is reported as profit or loss.

5.37 Risk management

The Group's Board of Directors has an overall responsibility for the creation of the Group's risk management framework and its supervision. Given the varied nature of the Group's business and related risks, the top management of each business segment is responsible for the definition and monitoring of risk management policies on an individual basis. The Board of Directors and top management of the Group conducts business reviews of the individual business segments. The aim of the risk management system is to protect the Group's value while taking acceptable risk.

The most important types of financial risks to which the Group is exposed are credit, market and liquidity risks. Through its management standards and processes, the Group focuses on the creation of a disciplined and constructive control environment in which each employee has a clear understanding of his/her roles and duties.

Liquidity risk

The liquidity risk in the Group is managed by maintaining adequate levels of funds, bank resources and reserve credit facilities, by ongoing monitoring of assumed and actual cash flows and by adjusting the maturity periods of financial assets and liabilities. The liquidity risk is managed at the level of individual Group companies and monitored by segment.

The tables provided below show the remaining maturity periods of the Group's financial assets and liabilities with agreed payment dates. The tables were compiled using undiscounted cash flows of financial assets and liabilities, reflecting the earliest possible dates when the Group may be required to repay such obligations. The table includes cash flows from principal amounts and interest.

Liquidity gap – bond issuers

31/12/2023 (CZK '000)	Under 12 months	1-5 years	Over 5 years
Loans granted	5,161,415	5,497,843	--
Cash	143,953	--	--
Financial assets	5,305,368	5,497,843	--
Bonds	2,714,562	8,026,027	14,425
Trade payables	955	--	--
Apportioned debts	5,342	--	--
Financial liabilities	2,720,859	8,026,027	14,425
Net position for the period	2,584,509	-2,528,184	-14,425
Net cumulative position	2,584,509	56,325	41,900

Note: The financing of CREDITAS Investments SE Group includes the issuance of bonds and the funds are then distributed via loans to companies within the Group. Repayments dates of loans provided within the Group are adjusted so that there are sufficient funds available for the repayment of bonds issued as and when due.

Liquidity gap – energy segment

31/12/2023 (CZK '000)	Under 12 months	1-5 years	Over 5 years
Assets held for sale	2,193,513	--	--
Cash	89,374	--	--
Trade receivables	1,107,728	--	--
Financial assets	3,390,615	--	--
Payables under leasing	15,955	54,812	85,711
Trade payables	212,434	133	--
Loans (payables)	3,697,003	885,176	5,321
Financial liabilities	3,925,392	940,121	91,032
Net position for the period	-534,777	-940,121	-91,032
Net cumulative position	-534,777	-1,474,898	-1,565,930

Note.: The main source of financing of the energy segment is an external loan outside CREDITAS Group in the amount of CZK 2.98 billion, with a pledge over shares in CREDITAS GREEN sub-fund, and loans from UNICAPITAL N.V. and the investment part of CREDITAS Invest Group (issuance of bonds). On the asset side, there are shares in CREDITAS GREEN sub-fund held for sale and a loan granted to UNICAPITAL N.V. in the amount of CZK 830 million.

Liquidity gap – real estate segment

31/12/2023 (CZK '000)	Under 12 months	1-5 years	Over 5 years
Loans granted	387,167	83,589	--
Cash	163,697	--	--
Other assets a + receivables	268,383	--	--
Financial assets	819,247	83,589	--
Borrowings	800,052	3,155,138	148,581
Bank loans	0	1,559,974	579,003
Advance payments received	141,254	--	--
Trade payables	147,456	29,294	--
Other payables	31,265	40,143	--
Financial liabilities	1,120,027	4,784,549	727,584
Net position for the period	-300,780	-4,700,960	-727,584
Net cumulative position	-300,780	-5,001,740	-5,729,324

Note: Liquidity gap in the real estate segment relates to problems with quick sale of real properties at market value. This risk is particularly high for investments into commercial properties as the holding period of same tends to be longer and they are less liquid compared to residential properties. The liquidity gap for the real estate market comes out markedly negative as it only contains Financial assets and Financial liabilities, and investments into real properties without clear maturity dates are not provided.

Liquidity gap – other

31/12/2023 (CZK '000)	Under 12 months	1-5 years	Over 5 years
Loans granted	928,904	601,886	--
Cash	616,293	--	--
Securities	286,691	51,168	--
Other assets	81,137	450	--
Financial assets	1,913,025	653,504	--
Borrowings	1,270,604	147,161	65,029
Bank loans	606,190	162,025	403,230
Advance payments received	376	--	--
Trade payables	136,797	--	--
Other payables	7,476	234,409	34,997
Financial liabilities	2,021,444	543,595	503,256
Net position for the period	-108,418	109,909	-503,256
Net cumulative position	-108,418	1,490	-501,766

Note: The largest companies in the “other” segment are UNICAPITAL Finance a.s., UNICAPITAL Finance II a.s., UNICAPITAL a.s., UNICAPITAL Healthcare a.s. and AC pp s.r.o. (including subsidiaries).

Interest risk

All financial instruments and positions are subject to market risk, i.e., the risk that future changes in market conditions may render an instrument more or less valuable. Exposure to market risk is formally managed by purchasing or selling instruments or by concluding compensatory positions. The Group minimizes interest risk by having as many financial liabilities bear fixed interest rate and by having the maturity periods of loans granted conform to the repayment structure of the bonds issued.

Within the Group, bond issuers (see the attached interest gap), most of whose bonds issued bear a fixed rate (75%) and have an agreed variable/announced interest rate, are exposed to interest risk. However, the interest risk is minimized because the interest rate on loans granted is linked to the weighted average interest rate of the creditor's third party resources. In the other segments, the interest risk for the Company is limited to the risk of change of interest rates in case of refinancing of financial assets and payables (see liquidity gaps in the description of Liquidity Risk for the individual segments).

The table includes principal amounts by maturity period or change of interest rate (whichever occurs earlier).

31. 12.2023 (CZK '000)	Under 3 months	3-6 months	6-12 months	1-2 years	2-3 years	Over 3 years
Loans granted	10,100,991	37,044	219,776	--	--	--
Cash	143,953	--	--	--	--	--
Interest-sensitive assets in total	10,244,944	37,044	219,776	--	--	--
Bonds	1,259,400	1,987,800	1,125,400	2,539,400	2,045,500	367,650
Interest-sensitive liabilities in total	1,259,400	1,987,800	1,125,400	2,539,400	2,045,500	367,650
Net position for the period	8,985,544	-1,950,756	-905,624	-2,539,400	-2,045,500	-367,650
Net cumulative position	8,985,544	7,034,788	6,129,164	3,589,764	1,544,264	1,176,614

Currency risk

The Group minimizes currency risk by having as many financial receivables and payables as possible denominated in the same currency. Currency risk is managed at the level of individual Group companies. The only significant source of currency risk within the Group is represented by an external loan in the energy segment outside CREDITAS Group in the amount of CZK 2.98 billion which is denominated in EUR.

The Group's main currency is the Czech crown; financial receivables and payables in foreign currencies are (apart from the above-mentioned loan) negligible and exchange rate movements on the foreign exchange market do not have a significant impact on the Group's results of operations.

Credit risk

Credit risk is the risk of a financial loss resulting from a debtor's or counterparty's failure to discharge an obligation vis-à-vis the Group. The Group is exposed to credit risk in consequence of its business, credit and investment activities. The Group is primarily exposed to credit risk arising from the provision of loans and credit. Credit risk is managed at the level of individual Group companies. The main financial assets of the Company are represented by loan granted to affiliates, while other financial assets are liquid funds in bank accounts (with a low risk of non-performance) where the credit risk is minimal.

When assessing credit risk and risk parameters of the ECL model, the Company took into account the impact of the current situation on the Group and the individual segments in which it operates (the energy sector, the real estate market and agriculture).

Credit asset staging refers to the allocation / classification (as at the date of the financial statements) of all the credit assets booked at amortised cost in one of the three possible stages. Stage 1 includes performing loans, Stage 2 includes underperforming loans with a significant increase in credit risk, and Stage 3 includes impaired loans.

Stage 1 (performing) – when the loan is arranged or purchased, expected credit losses (ECL) arising from possible events of default in the following 12 months (12M ECL) are recognized and a provision for losses is created. As at subsequent reporting dates, the 12M ECL also applies to existing loans where no significant increase in the credit risk has occurred since their initial recognition. Interest income is calculated for the gross book value of the loan (i.e., without ECL deduction). When determining whether a significant increase in the credit risk has occurred since the initial recognition, the Company is to assess the change, if any, in the context of the risk of default during the expected term of the loan (i.e., a change in the likelihood of default, unlike the ECL amount).

Stage 2 (underperforming) – If the credit risk associated with a loan has increased significantly since its initial recognition and is not considered low, lifetime ECL are recognized. The calculation of interest income is the same as for Stage 1.

Stage 3 (impaired) – if the credit risk increases to such an extent that it is considered impaired, interest income is calculated on the basis of amortised value of the loan (i.e., gross book value reduced by the provision for losses). Lifetime ECL are recognized, the same as for Stage 2.

31/12/2023 (CZK '000)	Residual value of the loan (gross)	Impairment	Residual value of the loan (net)
Stage 1	11,755,864	-14,720	11,741,144
Stage 2	--	--	--
Stage 3	202,284	-152,725	49,559
Total	11,958,148	-167,445	11,790,703

Capital risk

The Group's objective is to maximize value for the shareholder while maintaining the trust of investors and creditors and the market, and to be able to sustain future development of enterprises. To attain this objective, the Group's capital management strives, *inter alia*, to ensure that financial covenants relating to financing sources are met. Any violation of the financial covenants would enable the creditors to repay loans and the bonds issued and the Group would not be able to cure the breach.

The individual companies manage their capital in such a way so as to ensure they would be able to continue pursuing their activities as robust businesses by optimizing the ratio between external and own resources. The Group does not have a set ratio between equity and external capital.

The Company's capital structure consists of net debt (payables under bonds issued reduced by cash and cash equivalents) and the Company's equity (which includes share capital, funds, undivided profit/loss). The Company is not subject to any capital requirements stipulated by outside entities.

(CZK '000)	31 December 2023	31 December 2022
Payables under debt	15,726,200	21,374,381
Cash and cash equivalents	-414,570	-1,204,258
Net indebtedness	15,311,630	20,170,123
Equity	4,235,756	3,119,627
Equity to net debt ratio	27.66%	15.47%

Financial instruments and their valuation

Line of statement of financial position	Valuation category	Annex item	Residual value as at 31 December 2023	Residual value as at 31 December 2022
Long-term loans granted	Amortised cost	5.14	2,388,064	4,184,767
Short-term loans granted	Amortised cost	5.14	5,025,238	1,747,559
Trade receivables	Amortised cost	5.22	193,683	287,839
Cash and cash equivalents	Amortised cost	5.23	414,570	1,204,258
Long-term borrowings	Amortised cost	5.27	349,746	9,030,355
Short-term borrowings	Amortised cost	5.27	3,433,158	697,682
Bonds issued	Amortised cost	5.28	9,439,113	8,168,920
Trade payables	Amortised cost	5.29	304,927	400,767

5.38 Related party transactions

Transactions between companies within the Group have been eliminated during consolidation and are not provided herein. All significant transactions of the Group with affiliates and companies in which shareholders directly or indirectly controlling the parent company have decisive or material influence, are provided below. The transactions have been concluded on arm's length basis.

The most important transactions between the Group and affiliates were the provision of a loan, drawdowns on loans and repayment thereof. Other material transactions were movements within other capital funds and bond sales.

The Group granted loans in the highest total amount to UNICAPITAL N.V. All the bonds issued by the Group and sold to any of the affiliates have been sold to Banka CREDITAS a.s.

As for other capital funds, the largest movement in 2023 was the capital contribution made outside the share capital, provided to parent company CREDITAS Investments SE by its parent company UNICAPITAL N.V.

The Company's Board of Directors has been serving without remuneration. Members of the Board of Directors do not enjoy any loans or other benefits above and beyond regular labour relations. Member of the Board of Directors Jiří Hrouda is also a member of the Board of Directors of CREDITAS B. V. and employee of UNICAPITAL Finance, a. s.

Results

(CZK '000)	2023	2022
Revenues from core activities	75,499	192,245
Costs of goods sold	37,227	15,770
Costs of material and services	5,674	7,355
Net profits from sale of non-current assets	984	537
Other operating expenses and revenues, net	547,877	-6,984
Interest from loans granted	577,391	274,511
Interest on financing obtained	253,938	34,566
Profits from other financial operations	166,614	90,412

Balance sheet items

(CZK '000)	31 December 2023	31 December 2022
Shares, business interests	113,695	53,805
Cash in current accounts	847,540	995,964
Loans granted	6,457,350	4,882,970
Trade receivables	29,062	42,871
Other capital funds	7,961,912	3,476,945
Bonds issued	2,051,013	827,747
Borrowings	517,562	180,438
Trade payables	12,244	14,195

Unsettled balances are unsecured and will be paid in cash. No guarantees have been granted or obtained. No provisions have been reported this year or in previous years in connection with bad or dubious receivables from related parties.

5.39 Acquisition of subsidiaries

NYVOYA CORE Group

In 2023, the Group acquired a 100% interest in the registered capital of NYVOYA CORE s.r.o. In this acquisition, the Group acquired a 100% interest in the registered capital of subsidiaries of NYVOYA CORE s.r.o.:

- SKATLOP a.s.
- APULEA s.r.o.
- KOGNIAN s.r.o.
- ELYNOIA s.r.o.
- WAMPAW s.r.o.

The portfolio of NYVOYA CORE Group includes a real property around Ostrava where a future property development project is planned.

Details of the acquisition of NYVOYA CORE s.r.o. are reported as follows:

(CZK '000)	8 September 2023
Total assets	2,624
Total liabilities	3,043
Identifiable net assets	-419
Total purchase price	125,000
<i>Reduced by:</i> Cash and cash equivalents of the acquired company	24
Outflow of cash and cash equivalents upon acquisition	124,976

Stodůlky Property Park s.r.o.

In 2023, the Group acquired a 100% share in the registered capital of Stodůlky Property Park s.r.o. The company owns real estate in Prague 5 where it is renting out commercial premises.

Details of the acquisition of Stodůlky Property Park s.r.o. are reported as follows:

(CZK '000)	15 September 2023
Total assets	605,161
Total liabilities	441,850
Identifiable net assets	163,311
Total purchase price	633,000
<i>Reduced by:</i> Cash and cash equivalents of the acquired company	13,515
Outflow of cash and cash equivalents upon acquisition	619,485

Further, in 2023, the Group acquired 100% shares in the registered capital of the following companies:

- Landreal s.r.o.
- Centrum Síňava s.r.o.
- Stodůlky Property Park B s.r.o.
- Brick Solid Real s.r.o.
- GALAP ESTATE s.r.o.
- and a 20% share in the registered capital of Port Acquisition a.s.

These acquisitions were insignificant and thus no further details are disclosed.

No significant acquisitions took place in the Group in 2022.

UCED Elektrárna Prostějov s.r.o.

In 2022, the Group acquired a 100% share in the registered capital of UCED Elektrárna Prostějov s.r.o. The company operates a power plant which focuses primarily on support services for the operator of the Czech transmission grid.

(CZK '000)	30 June 2022
Total assets	2,226,719
Total liabilities	1,230,714
Identifiable net assets	996,005
Total purchase price	208,000
<i>Reduced by:</i> Cash and cash equivalents of the acquired company	156,561
Outflow of cash and cash equivalents upon acquisition	51,439

Further, in 2023, the Group acquired a 100% share in the registered capital of AMONIL Invest s.r.o. This acquisition was insignificant and thus no further details are disclosed.

5.40 Exclusion of subsidiaries

CREDITAS Office Pobřežní s.r.o.

In 2023, the Group sold its 100% share in subsidiary CREDITAS Office Pobřežní s.r.o. to another entity within CREDITAS Group.

The details of the sale of CREDITAS Office Pobřežní s.r.o. and the book value of assets and liabilities as at the date of sale are published as follows:

(CZK '000)	5 January 2023
Cash consideration	144,500
Book value of investment into joint venture	129,527
Profit from exclusion	14,973
Total assets	511,586
Total liabilities	70,528
Identifiable net assets	441,058

Litoměřická Property Development s.r.o.

In 2023, the Group sold its 100% share in the registered capital of in subsidiary Litoměřická Property Development s.r.o. to a third party. In this process, its subsidiary Prague Outdoor Parking s.r.o. was also excluded from the Group.

The details of the sale of Litoměřická Property Development s.r.o. and the book value of assets and liabilities as at the date of sale are published as follows:

(CZK '000)	21 July 2023
Cash consideration	158,406
Book value of investment into joint venture	200
Profit from exclusion	158,206
Total assets	481,447
Total liabilities	561,507
Identifiable net assets	-80,060

Further, in 2023, the Group sold its 100% share in the registered capital of the following companies:

– AC Plzeň s.r.o.

These exclusions were insignificant and thus no further details are disclosed.

In 2022, the Group sold its 100% share in the registered capital of the following companies:

- AC Supervisor I s.r.o.
- AC Supervisor II s.r.o.
- AC Supervisor III s.r.o.
- AC Assets s.r.o.

These exclusions were insignificant and thus no further details are disclosed.

5.41 Operating segments

(CZK '000)	31/12/2022						
	Energy	Real estate	Investments (bonds)	Other	Sum for segments	Consolidation adjustments	Consolidated information
Total assets	11,524,168	5,663,833	10,035,766	4,298,205	31,521,972	-4,850,147	26,671,825
Total liabilities	10,880,179	4,005,696	9,490,123	2,114,008	26,490,006	-2,937,808	23,552,197
Revenues from activities	2,916,899	753,104	2,697	426,296	4,098,996	-284,505	3,814,491
Costs of goods/material and services sold	-2,142,583	-408,344	-40,226	-183,672	-2,774,825	265,029	-2,509,796
Net profit from revaluation of real property investments	0	14,382	--	7,882	22,265	--	22,264
Net profits (+) /losses (-) from financing	-64,601	-157,919	48,539	-43,897	-217,878	954	-216,924
Profits/losses from other financial operations	118,992	-3,198	-142,033	673,985	647,746	-255,197	392,549
Net profits (+) /losses (-) from sale of non-current property	3	15,225	--	5,573	20,801	-360	20,441
Other costs in total	-249,504	-80,424	-38,298	-122,061	-490,287	16,415	-473,872
Profits/losses from impairment of value of receivables	99,771	-75	-66,090	-5,785	27,821	-2,487	25,334
Share in profit or loss from associates and joint ventures booked by equivalency method	--	--	--	-6,222	-6,222	--	-6,222
Profit (+) loss (-) before tax	479,435	133,482	-103,231	763,669	1,273,355	-255,177	1,018,178
Profit/loss after tax from terminated activities	--	-14,398	--	-14,989	-29,387	--	-29,387
Tax	102,491	22,752	9,524	13,439	148,206	--	148,206
Other full results	177,407	5,160	0	-32,423	150,144	-29,275	120,869
Total full result for period	554,351	101,492	-112,755	702,818	1,245,906	-284,452	961,454

(CZK '000)	31/12/2023						
	Energy	Real estate	Investments (bonds)	Other	Sum for segments	Consolidation adjustments	Consolidated information
Total assets	4,492,984	8,901,100	9,072,740	14,174,151	36,640,975	-14,703,753	21,937,222
Total liabilities	4,127,679	6,301,966	9,464,213	1,531,525	21,425,383	-3,723,912	17,701,471
Revenues from activities	1,567,792	1,528,253	2,571	272,590	3,371,206	-284,203	3,087,003
Costs of goods/material and services sold	-1,201,045	-821,694	-23,295	-128,685	-2,174,719	235,647	-1,939,072
Net profit from revaluation of real property investments	--	240,273	--	-24,325	215,948	--	215,948
Net profits (+) /losses (-) from financing	-325,935	-274,707	112,794	-73,668	-561,516	-21	-561,537
Profits/losses from other financial operations	1,291,217	145,164	-1	955,334	2,391,714	-961,654	1,430,060
Net profits (+) /losses (-) from sale of non-current property	-28	33,427	--	6,754	40,153	-1,064	39,089
Other costs in total	-285,116	-79,469	-15	-122,613	-487,213	49,689	-437,524
Profits/losses from impairment of value of receivables	-93,659	2,962	-675	61,941	-29,431	393,783	364,352
Share in profit or loss from associates and joint ventures booked by equivalency method	--	--	--	362,695	362,695	--	362,695
Profit (+) loss (-) before tax	1,140,546	768,280	92,731	1,186,142	3,187,699	-1,355,388	1,832,311
Profit/loss after tax from terminated activities	260,772	-6,705	--	--	254,067	--	254,067
Tax	15,597	85,382	15,183	7,530	123,692	--	123,692
Other full results	137	37,647	--	-36,635	1,149	-182,248	-181,099
Total full result for period	1,385,858	713,839	77,549	1,141,977	3,319,223	-1,537,637	1,781,586

5.42 Contingent and contractual obligations

- Stock – property development project

As at 31/12/2023, the Group does not have in place any agreements on future agreements that would serve as a commitment to complete or build any property development projects.

- Investments into real estate

The Group has no commitments to complete any investments into real estate under construction as at 31/12/2023.

- Litigation

The management is not aware of any threatened court dispute or potential significant losses arising from compensation for damages. Therefore, no provision for litigation has been created.

- Rental payables

Other payables and pledges – described in para 5.26 Bank loans.

5.43 Subsequent events

- Sale of UCED Elektrárna Prostějov s.r.o. in March 2024.
- Establishment of an SPV, CREDITAS Invest a.s., in May 2024 for the purpose of bond issues for the financing of the Group's activities in the next period.

- In June 2024, the Company acquired a 100% share in GGE a.s. and its subsidiaries; GGE a.s. is one of the main producers and distributors of electricity and heat in Slovakia. Its portfolio includes *inter alia* a gas-fired power plant in Považská Bystrica.
- The Group has been working on the purchase of a part of the enterprise of TAMEH Czech s.r.o.
- Acquisition of CELIEN Solution s.r.o. which focuses on housing rentals in January 2024.
- Establishment of UCED Holding, a. s. (April 2024) and its subsidiary, Projekt Elixír, s. r. o. (June 2024), for the purpose of new potential acquisitions in the energy sector.
- Sale of Panorama Jinonice, s. r. o. and Kačerov Property Development, s. r. o in June 2024.
- Merger of Nová Valcha s. r. o., Valcha PD 9 s. r. o., Valcha PD 7 a 8 s. r. o., Blue Future Second s. r. o. and Blue Future Fourth s. r. o. with CREDITAS Real Estate a. s. in September 2024.
- Merger of CREDITAS Investments SE, UNICAPITAL a.s., UNICAPITAL Healthcare a.s., UNICAPITAL Invest I, a.s., UNICAPITAL FINANCE II, s.r.o. and UNICAPITAL Finance III, s.r.o. in September 2024.
- In the course of 2024, intra-group foreign currency loans serving as operating loans have been refinanced and replaced by loans denominated in CZK in connection with the intra-group pricing policy being prepared.
- In August 2024, the Company issued a Guaranty for the bonds of Unicapital Invest VI, a. s. in the total amount of CZK 1.2 billion to PPF Banka, a. s.
- In the course of 2024, a mutual assignment of assets and liabilities across Creditas Group was carried out, so that the Group could operate as a cash pooling unit which distributes the requisite financial resources across the consolidated structure.
- Since the end of the accounting period ending 31 December 2023, 32 credit receivables in the total amount of CZK 2,509,487,000 have been assigned to the Group for consideration. During the same period, 8 loan payables in the total amount of CZK 8,802,567,000, have been assigned to the Group for consideration. Some of these transactions in the amount of CZK 3,983,629,000 have already been included in the consolidated results of Creditas Investments SE for 2023.
- In 2024, the Group issued, through its subsidiaries established for that purpose, bonds in the total amount of CZK 4,700,000,000; of that volume, bonds with the total nominal value of CZK 2,098,700,000 have been subscribed.
- In 2024, the Group duly repaid, through its subsidiaries established for that purpose, bonds in the total amount of CZK 1,568,100,000.
- No other significant events have occurred after the date of compilation of the consolidated financial statements, which events would impact the consolidated financial statements as at 31/12/2023.

Prague, 30 September 2024



Jiří Hrouda

Member of the Board of Directors