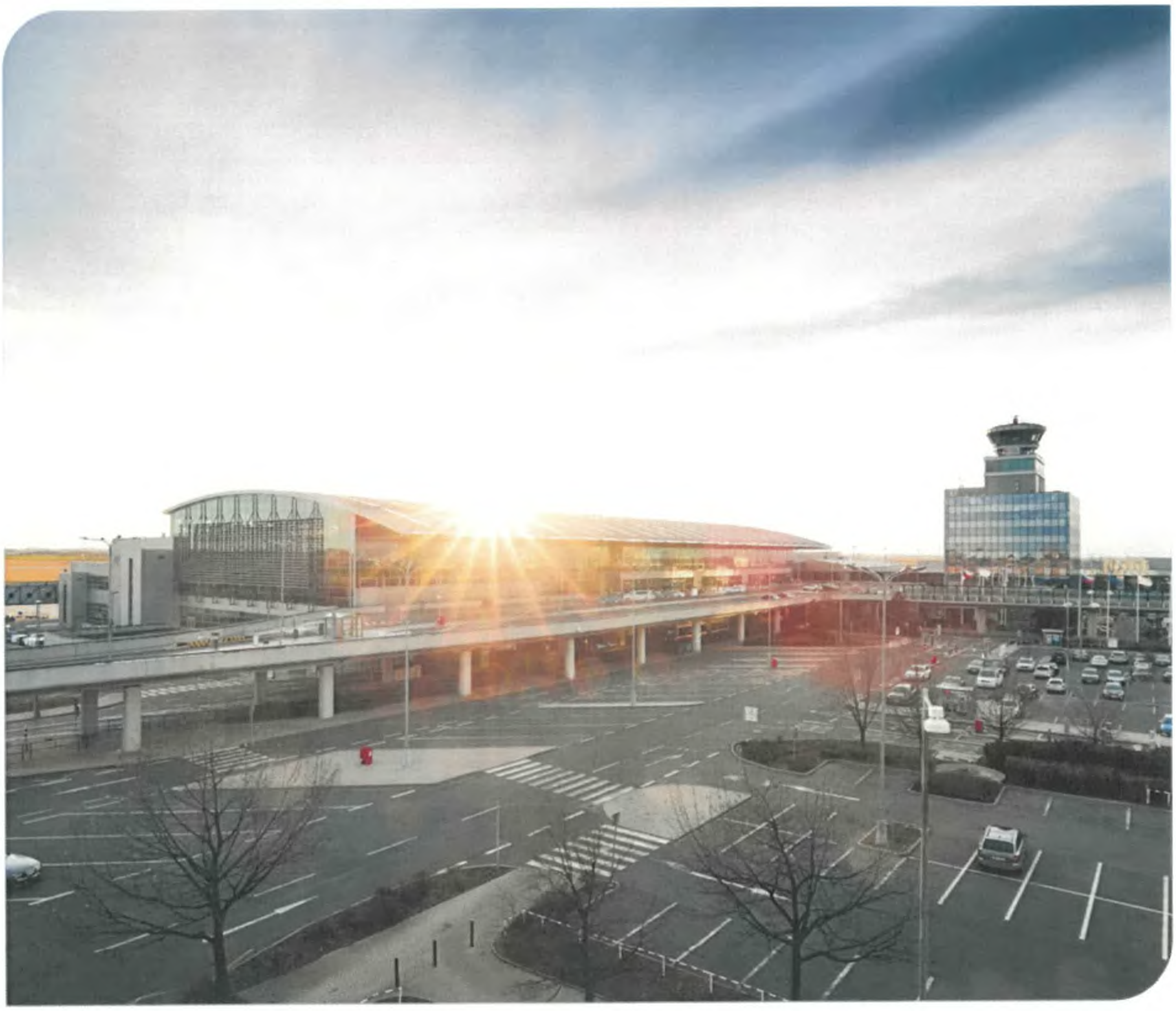
LETIŠTĚ PRAHA, A. S.

2023

CONSOLIDATED ANNUAL REPORT



Foreword by the Chairman of the Board of Directors

Ladies and Gentlemen,

The Prague Airport Group recorded a very successful year, on which we can look back with joy. It was full of hope and marked by resumptions of several routes, launches of new direct connections, and also the presentation of the airport development plans. We have exceeded our original forecast of handled passengers and won a number of awards. According to the evaluation of Google users, we are the fifth best airport in Europe, and we were also included on the list of the most valuable companies in the Czech Republic. The renowned Moody's Investors Service rating agency had, once again, confirmed our credit rating of Aa3, but this time with a stable outlook.

A total of 13,828,137 passengers passed through the gates of Václav Havel Airport Prague in 2023, amounting to a year-on-year increase of 29 percent. We got close to the 2019 number of handled passengers, reaching 78 percent of that year's figures. In the 2019 record year, 190 destinations were flown to from Prague, while in 2023, we recorded 167. At the same time, we were able to resume or launch several long-haul routes, for example to Seoul in South Korea with Korean Air and to Taiwan with China Airlines. Another indisputably positive move is represented by the long-haul charter services of LOT Polish Airlines and World2Fly, which offer direct flights to exotic holiday destinations such as the Dominican Republic, Thailand, and Sri Lanka.

Last year, Letiště Praha, a. s. also introduced its updated development plans for the coming years. As a result, passengers can look forward to greater comfort when travelling, starting during their journey to the airport. The new plans are supported by over 90 percent of Czech citizens. The airport 2030 development plans will bring 200 direct connections, 37 long-haul routes, and 10,000 parking places. Last but not least, the airport strives at becoming carbon neutral. We are glad that the Ministry of Finance has approved the update to our long-term concept and development strategy, with the plan to increase airport capacities as one of its main pillars. We will fund all projects from our own financial resources and through commercial financing.

The success of the year was also confirmed by a number of awards. These include the Digital Transformation Award by ACI Europe for a set of innovative solutions which improve passenger handling efficiency and operational safety. We are also a TOP Responsible Company according to Byznys pro společnost, z.s. *[Business for Society, a registered association]*. For the tenth time in a row, we won a gold medal for honey from airport bees used as a means of air quality biomonitoring. In the past year of 2023, we continued to emphasise sustainable development, which is very important for our future direction. We reflect ESG principles in the responsible public procurement policy as well as the corporate culture of the entire Group. Our priority is to be a trustworthy, transparent, and responsible company, the business conduct of which is governed by the principles of sustainable development, and which wants to be a good neighbour for its surrounding areas. This can already be seen. We ranked among the TOP 10 best companies in terms of the ESG rating by the Association of Social Responsibility and the Prague University of Economics. We also defended the third level Airport Carbon Accreditation certificate.

Throughout the course of the year 2023, the Czech Airlines Handling, a.s. subsidiary was able to extend its cooperation with our important client, the Lufthansa Group, on aircraft ground handling services. The cooperation with the Qatar Airways Cargo company, for which the subsidiary provides ground handling of its cargo flights, will also continue. The victory in the tender called by the Army of the Czech Republic seeking the aircraft handling provider for 2024, was another success of Czech Airlines Handling. Despite a number of positives and the long-term tendency of winning new clients, phenomena persist which have a negative effect on the company's overall economics.

In 2023, the Czech Airlines Technics, a.s. subsidiary, together with Letiště Praha, a.s., launched a project to find a strategic partner. This process still continues with all of us intensively involved in it. In addition, the situation has stabilised, and the subsidiary is returning to the gradual development of its business. This is evidenced by long-term agreements with key customers, as well as orders placed by leasing companies.

We are a strategic infrastructure, which is the only one of its kind in the Czech Republic. Our ongoing priority is to operate the airport in a reliable, safe, and customer-friendly manner. I am glad that thanks to the employees, alongside other factors, we were once again able to fulfil this goal and did not face any major operational complications in 2023. I trust that the satisfaction with the last year's results will also be the source of contentment for my colleagues, as the efforts with which they perform their work at the airport are admirable. At the same time, we can look forward to the coming year with reasonable optimism and believe that at the end of 2024, we will again be able to look back at it with satisfaction and pride at the results achieved.

Jiří Pos
Chairman of the Board of Directors
Letiště Praha, a. s.

1. Company Profile

Mission of the Company

The Prague Airport Group (hereinafter also referred to as "the Group") associates companies which pursue business activities in areas linked to operations of Václav Havel Airport Prague international civil aviation airport and related ground services.

The parent company of Letiště Praha, a. s. (hereinafter also referred to as "Prague Airport"), provides coordination, financial and strategic management, ensures synergy within the Group, and provides its subsidiaries with shared services.

The Prague Airport Group is aware of its corporate social responsibility with regard to the impact of its operations on the environment and its surrounding areas. Therefore, it carries out its business activities in a way which is considerate and responsible to the environment and the lives of the residents in the immediate vicinity of the airport.

Legal Status of the Company

The company of Letiště Praha, a. s. whose sole shareholder is the Ministry of Finance, Company Registration No.: 000 06 947, as the central government body which represents the Czech Republic in exercising its ownership rights, was incorporated by registration in the Commercial Register on 6 February 2008.

The subsidiaries of Prague Airport comprise B. aircraft, a.s. (hereinafter also referred to as "B. aircraft"), Czech Airlines Handling, a.s. (hereinafter also referred to as "Czech Airlines Handling"), specialised in the complex ground handling of aircraft and passengers, Czech Airlines Technics, a.s. (hereinafter also referred to as "Czech Airlines Technics"), which provides aircraft technical maintenance services, and Prague Airport Real Estate, s.r.o. (hereinafter also referred to as "Prague Airport Real Estate"). These five companies form the Prague Airport Group.

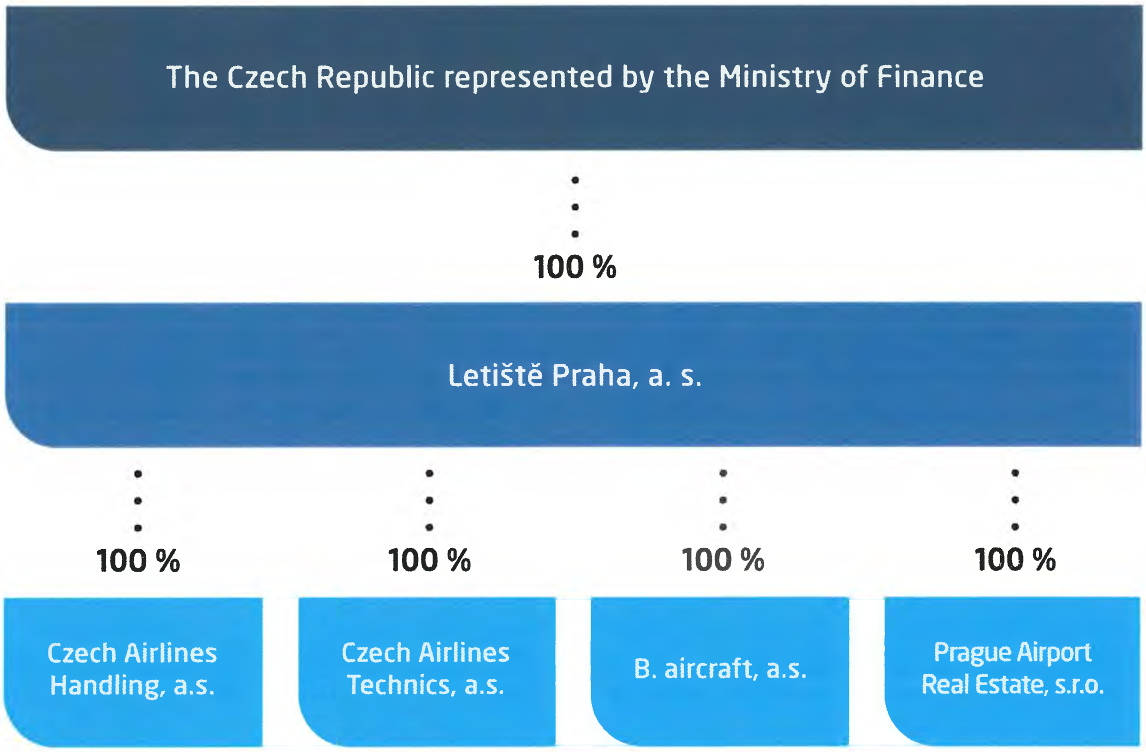
Prague Airport has neither a branch nor another part of its business enterprise abroad.

Prague Airport is currently not pursuing any significant research and development activities. The Prague Airport Group is very active in the area of environmental protection, primarily with regard to noise burden and air quality.

Prague Airport did not acquire its own shares.

The information about the use of financial derivatives and about goals and methods of risk management is provided in the Notes to the Consolidated Financial Statements for the year ended on 31 December 2023 which constitute an Annex to this Consolidated Annual Report.

The Prague Airport Group Shareholding Structure as at 31 December 2023



As at 31 December 2023, Prague Airport owned 100% of the shares in the companies of B. aircraft, Czech Airlines Handling, and Czech Airlines Technics and 100% of the Prague Airport Real Estate membership interests.

Prague Airport

Prague Airport organises and manages operations at Václav Havel Airport Prague, international civil aviation airport, efficiently planning and allocating airport infrastructure and resources within the scope of available capacity to individual air carriers, providing services connected with airport operations, such as handling of passengers and their baggage, and leasing airport space for commercial use. The company also provides additional services connected with airport operations, such as parking and catering, constantly expanding, developing, and modernising its services.

Prague Airport works closely with the Ministry of Transport of the Czech Republic, the Civil Aviation Authority, the Air Navigation Services of the Czech Republic, air carriers, public authorities within and outside the aviation sector, and other users of the airport. It also pursues close co-operation with the City of Prague and municipalities located near the airport. Václav Havel Airport Prague is home base to four carriers, namely Czech Airlines, Smartwings, Ryanair, and Eurowings.

Prague Airport manages security at Václav Havel Airport Prague in co-operation with other security forces, such as the Police of the Czech Republic. It also has its own specialised fire-fighting unit. Permanent medical service is provided 24/7 by a contracted partner.

Prague Airport provides its subsidiaries with shared services such as IT, central procurement, HR management, PR, legal and financial services, accounting, and marketing. Thanks to this centralisation of the administrative services, the subsidiaries are able to fully concentrate on their core business.

Prague Airport owns real estate (lots of land and buildings) originally owned by Český Aeroholding, a.s. Currently, Prague Airport uses most of the land to operate the airport and only leases a minor part to other entities active in the airport area.

B. aircraft

In 2023, the business of the company was driven by activities related to the previous leasing of the Airbus A319 aircraft to České aerolinie a.s. (hereinafter referred to as “Czech Airlines”) and to the subsequent sale of the aircraft. Other B. aircraft activities comprised the provisions of intra-group loans.

Czech Airlines Handling

Czech Airlines Handling provides the complex service of ground handling of passengers, aircraft, cargo, and post for over 40 airlines, which include carriers that are members of the SkyTeam Alliance and Star Alliance, as well as other airlines providing regular or charter passenger transport, and / or cargo transport.

In 2023, Czech Airlines Handling maintained high standards of services provided in the field of passenger and aircraft handling as proven both by the results of individual airline audits and by the expansion of its client portfolio, namely China Airlines, World2Fly, and, in effect, by Korean Air, which resumed its direct service to Seoul.

Czech Airlines Handling continued to further strengthen its position in the growing cargo handling segment in 2023, in particular in co-operation with Qatar Airways Cargo, Turkish Airlines Cargo, China Airlines, Korean Air, and other companies from its customer portfolio.

Aviation fuel sales and aircraft refuelling (into-plane service) are important areas of business of Czech Airlines Handling. In 2023, Czech Airlines Handling continued to pursue its strategic fuel trade partnership with PKN Orlen and maintained co-operation with OMV Austria. The Smartwings Group, Ryanair, Wizz Air, the Air France/KLM Group, Qatar Airways, easyJet, LOT Polish Airlines, the IAG Group, Volotea, and others are among the key Czech Airlines Handling customers in this segment of services.

Czech Airlines Handling also operates a Contact Centre which provides its services to Korean Air.

Other services provided by Czech Airlines Handling for its handling service clients include ticket sales, operational ticketing, the cleaning of aircraft, aircraft de-icing, and deliveries of delayed baggage to passengers.

Czech Airlines Technics

Czech Airlines Technics provides aircraft and aircraft components maintenance. Czech Airlines Technics is an independent company providing its services at an international level, taking pride in its nearly 100 years’ experience, the high-quality services and work with an emphasis on strict compliance with safety standards, adherence to deadlines upon the provision of aircraft and aircraft components maintenance, and a flexible approach to clients.

Throughout the course of 2023, Czech Airlines Technics performed 53 base maintenance inspections on Boeing 737NG, Boeing 737 MAX, Airbus A320 Family, Airbus A320neo, and ATR aircraft. Hangar F operations are performed using five standard base maintenance lines, with line six reserved for minor maintenance work. In 2023, Finnair, Transavia Airlines, Austrian Airlines, Smartwings, a.s., Neos, Novair, the Ministry of Interior of the Slovak Republic, Icelandair, and others were among the main Czech Airlines Technics clients. Czech Airlines Technics also performed overhauls for several leasing companies. Under this division, the company offers, alongside standard maintenance job orders, various modifications and service bulletins, structural repairs, engine exchanges, and exchanges and repairs of landing gear and other aircraft components.

Czech Airlines Technics performs the largest share of its line maintenance work at Václav Havel Airport Prague, where it is the largest independent provider within the segment. Hangar S, which will be modified to an aircraft paint shop in 2024, is dedicated to line maintenance. In 2023, China Airlines, Korean Air, Iberia, Eurowings, Delta Air Lines, Neos, Finnair, Turkish Airlines, EL AL, KLM Royal Dutch Airlines, Air France, Lufthansa, LOT Polish Airlines, Wizz Air, ASL Belgium, and easyJet were the company's main line maintenance clients.

In 2023, the main Components Maintenance Division customers included Air Serbia, HiSky Europe, Job Air Technic, Trade Air, Aviarena Trading, DAT, AELS, Avion Express, Czech Airlines, Smartwings, a.s., LEAV Aviation, APS, ABS Jets, and others. Czech Airlines Technics offers support and repairs in the areas of aircraft chutes and batteries, wheels and brakes, avionics parts, pressure bottles, etc. Czech Airlines Technics continuously updates and expands its Capability List and focuses primarily on workshop repairs of A320 / A330, ATR, and B737NG components.

Czech Airlines Technics is able to respond to the demanding customer requirements connected with sales of aircraft spare parts, consumables, and chemicals required for aircraft repairs in a flexible manner, thanks to the established network of suppliers and direct access to manufacturers, the amount of stored inventory, and already established logistics support. The company also runs its E-Commerce portal, facilitating customers of this division easy access to ordering spare parts and promoting more efficient and faster order processing. Sentry aerospace, Job Air Technic, Aerostar, Global Aviation, Magnetic MRO, Planestock, Air Serbia, Albatechnics, Aeroengineers International, LOT Polish Airlines, and others are among the clients of this division.

As part of the Continuing Airworthiness Management Organisation (CAMO) services, Czech Airlines Technics performs activities for aircraft operators vital to ensure the airworthiness of their aircraft. These include the drafting of aircraft and aircraft equipment maintenance programmes and task cards to plan and follow-up aircraft and aircraft equipment maintenance, tracking and keeping records of aircraft modifications carried out, the monitoring of aircraft engine statuses, the drafting of guidelines, and other activities. SLF72, Czech Airlines, Aelis Group, Arena Aviation Capital, ASL Aviation Holding, and WWTAI and other leasing companies were the main CAMO Support customers of Czech Airlines Technics in 2023.

In the Landing Gear Maintenance area, Czech Airlines Technics specialises in landing gear overhauls of Boeing 737NG aircraft and performs repairs, modifications, and surface treatment to individual components. In 2023, the company successfully performed a number of landing gear maintenance projects, including overhauls, minor repairs, and inspections of landing gear and landing gear components, for companies such as KLM Royal Dutch Airlines, Transavia Airlines, Transavia France, Smartwings, a.s., Air Explore, TUI Fly, LOT Polish Airlines, and others. In 2023, Czech Airlines Technics expanded this division's customer portfolio adding new clients, for example, XNorwegian, Alba Star, and the leasing company of Air Lease Corporation. Czech Airlines Technics records an annual average capacity of 33 landing gear overhauls with a short turnaround time. In 2023, the capacity was slightly increased, mainly thanks to the ad-hoc leasing of two external landing gear sets. The company now owns seven spare landing gear sets, which it leases to its clients to be used during the time of their landing gear set overhaul performance or swaps it for the maintenance time duration with the client's set.

Czech Airlines Technics offers its maintenance and parking services to its long-term customers as well as other customers comprising airlines and aircraft leasing companies. This service is primarily provided by the company at Václav Havel Airport Prague, the seat of its headquarters and the location of its hangar technical facilities. Czech Airlines Technics also offers the service directly to aircraft manufacturers. A package deal combining aircraft parking options with the provision of first-class comprehensive maintenance represents a significant competitive advantage. Regular technical checks, including landing-gear, various modifications, spare part replacements, and other related tasks can be done during the parking period. In 2023, the aircraft storage service was provided mainly for narrow-body aircraft. For example, Finnair, a long-term customer of the Base Maintenance Division, was among the customers using the service, alongside several leasing companies, namely WWTAI, and others.

Prague Airport Real Estate

The Prague Airport subsidiary of Prague Airport Real Estate owns lots of land in the vicinity of the airport.

2. Company Management and Governance

Board of Directors

As at 31 December 2023, the Group was managed by a four-member echelon, the Board of Directors; one position was vacant.

Chairman of the Board of Directors
Jiří Pos

Vice-Chairman of the Board of Directors
Jiří Kraus

Member of the Board of Directors
Jakub Puchalský

Member of the Board of Directors
Pavel Východský

Personnel Changes to the Board of Directors in 2023
Jiří Kraus – membership and Vice-Chairman role terminated on 27 June 2023; re-appointment as Member and Vice-Chairman of the Board of Directors effective 28 June 2023

Martin Kučera – membership commenced on 1 January 2024

Supervisory Board

As at 31 December 2023, there were eight members of the Supervisory Board; one position was vacant.

Chairman of the Supervisory Board
Stanislav Kouba

Vice-Chairman of the Supervisory Board
Martin Sekal

Employee-appointed Member of the Supervisory Board
Tomáš Blodek

Member of the Supervisory Board
Pavel Dobeš

Employee-appointed Member of the Supervisory Board
Jiří Hošek

Member of the Supervisory Board
Jaroslav Klaška

Employee-appointed Member of the Supervisory Board
Milan Suchý

Member of the Supervisory Board
Petr Šobotník

Personnel Changes to the Supervisory Board in 2023
Petr Šobotník – membership and Vice-Chairman role terminated on 31 March 2023; appointment as Member effective 1 November 2023
Pavel Dobeš – appointment as Member effective 1 April 2023
Martin Sekal – Vice-Chairman role commenced on 11 May 2023
Tomáš Blodek – membership as Employee-appointed Member effective 9 November 2023

Jiří Hošek – membership terminated on 13 November 2023; re-elected as Employee-appointed Member effective 14 November 2023

Effective 15 January 2024, Petr Kubíček was appointed as Member by the sole shareholder.

Audit Committee

Chairperson of the Audit Committee
Andrea Lukasíková

Vice-Chairman of the Audit Committee
Petr Šobotník

Member of the Audit Committee
Ivo Středa

Personnel Changes to the Audit Committee in 2023
On 24 October 2023, Andrea Lukasíková, Petr Šobotník and Ivo Středa were reappointed as Members of the Audit Committee by the sole shareholder. On 12 December 2023, the Committee elected Andrea Lukasíková as Chairperson and Petr Šobotník as Vice-Chairman of the Audit Committee.

3. Human Resources

As at 31 December 2023, the Prague Airport Group companies had a total of 3,851 employees. In 2023, the average recalculated number of employees equalled 3,676 per the entire Group. In 2023, the Prague Airport Group operated with approximately 6.5% higher employee capacity than in the previous year, while the number of handled passengers increased by almost 29%.

In 2023, the number of handled passengers continued to grow. Since April, the handled passenger estimates were regularly exceeded, with the percentage increase rising steadily to 17% in October and 16% in December. The rate of recruitment and training of new employees (especially in the first half of the year) was not always in sync with the passenger number increase rate, but nevertheless (mainly thanks to the acceleration of the recruitment process in the last quarter of the year), it was possible to slightly reduce the total volume of overtime work performed by employees. In order to retain qualified employees and motivate them to ensure smooth and safe operations of Prague Airport, financial incentives were implemented in selected organizational units during the strong season. In November 2023, a new Collective Agreement was concluded for the period of the following two years.

The Prague Airport Group promotes a comprehensive approach to the development of its employees, which is key to increasing their knowledge and skills, improving customer service, and supporting innovation in all areas of its business.

The year 2023 was a year of considerable progress in the area of human resource development and education. Approaching education as a functional measure made it possible to effectively respond to dynamic changes, support corporate culture, develop managerial skills, increase knowledge and skills of employees, continue implementing innovations in educational methods, and last but not least, enhance customer service.

An important step to strengthen Prague Airport's corporate culture and co-operation between teams was the introduction of 360-degree feedback and the attention paid to the evaluation of Prague Airport employees. These initiatives enabled a better understanding of the needs and expectations of employees and managers. The newly defined principles of fulfilling corporate values, i.e., proactivity, predictability, and adaptability, are now an integral part not only of KPIs, but also of specific development programs and educational activities.

The fifteenth year of the Talent Pool program was successfully completed, which resulted, among other things, in 10 innovative projects which were approved by the company's management and are currently being implemented into practice by the participants.

The ongoing introduction of virtual reality into educational programs represents a fundamental step towards the modernisation and streamlining of learning processes. This technology enables the simulation of real work situations and supports hands-on learning without the risks associated with regular operations.

We continue to provide professional and legislatively required training to ensure safety and quality in accordance with operational regulations.

In 2023, a total of 2,296 vocational events took place within the Prague Airport company, of which 652 were unique in their content. In total, 13,773 people underwent training. Employees spent a total of 13,244 hours e-learning.

Co-operation with educational institutions is an important part of our activities. Prague Airport works closely with 15 schools and 296 students who have completed internships with us. We reached almost 700 students with presentations which explain the way our company or its sub-units work.

In 2023, a total of 54 work-related accidents were registered at Prague Airport of which 14 resulted in incapacity for work. As part of our continuous efforts to improve the level of occupational safety of our employees, we even record, evaluate, and analyse carefully the causes for injuries which did not result in incapacity for work longer than three working days.

Monitoring occupational accidents without incapacity for work allows us to immediately respond to operational situations and to instantly implement measures aimed at preventing more serious accidents with subsequent incapacity for work. These mostly comprise near-accidents, when employees report potential risks to their health or the health of their colleagues. In this regard, electronic accident records and a database of technical deficiencies provide us with effective tools for monitoring and preventing occupational accidents. These records help us identify the potential risk factors which might result in occupational accidents and subsequent complications.

In 2023, based on positive feedback from employees and participating organisations, company volunteer days continued as one of the activities under the strategy of a responsible company.

4. Selected 2023 Events and 2024 Outlook

2023 Business Conduct

The year 2023 was characterised by the continued resumption of air traffic at Václav Havel Airport Prague, which was happening faster than originally expected. The planned number of passengers (12.7 million) was exceeded by more than one million, mainly thanks to outgoing tourism. Despite the gradual improvement of the situation, Václav Havel Airport Prague is still one of the most affected airports in Europe.

Václav Havel Airport Prague managed the air traffic increase without critical operational disruptions or irregularities, despite the fact that it was not possible to completely fulfil the employee recruitment plan. The recruitment situation improved significantly in the second half of 2023, when it was possible to accelerate the process and partially reach the number of employees planned by the end of the year.

The excellent Prague Airport 2023 economic results made it possible to reduce the total value of net debt during the year and subsequently reduce the contracted credit framework from the original seven billion crowns to 900 million crowns, which guarantees sufficient financial resources for the coming period.

In 2023, the renowned Moody's Investors Service agency upgraded Prague Airport's credit rating from Aa3 with a negative outlook to Aa3 with a stable outlook, which is the highest possible rating available in the Czech Republic, thus confirming that Prague Airport is a healthy and strong company.

Regular operating and development investments also continued during the year. This mainly involved the reconstruction of taxiways Z and H, the North-South cable duct, and new tanks for de-icing fluids. Project preparation of investments planned for 2024 and beyond also continued.

Last but not least, during 2023, Prague Airport worked intensively on the final draft update of the Long-Term Concept and Development Strategy (hereinafter referred to as "the Strategy") with an emphasis on key areas such as capacity development (both terminal buildings and the runway system) and Airport City (i.e., commercial development of a wider area around the airport). Following the approval of the Strategy update, the governance of the Prague Airport 2030+ program was outlined, sponsors of the individual project parts were appointed, and the preparatory phase of the program was launched.

The 2023 gradual resumption of air traffic after the Covid-19 pandemic and long-haul route re-launches from Václav Havel Airport Prague were also essential for the Czech Airlines Handling subsidiary and its economic performance. In March 2023, Korean Air, its long-term client, returned to Prague, re-launching its Seoul connection, which is available three times a week under the winter timetable and four times a week under the summer flight schedule. In July 2023, the first-ever direct route to Taiwan was launched thanks to China Airlines, for which Czech Airlines Handling provides ground handling services for the modern Airbus A350 aircraft for 314 passengers. In October 2023, the company welcomed another new client in the wide-body aircraft sector, the World2fly company. It operates the DER Touristik Group's charter flights to the Dominican Republic, Cuba, and Vietnam using Airbus A350 aircraft, for which Czech Airlines Handling provides ground handling and refuelling services.

Throughout the course of the year 2023, a number of other agreements of no lesser importance were concluded. Czech Airlines Handling was able to extend co-operation with its important client, the Lufthansa Group, to which the company has been providing aircraft ground handling services for a long time. The co-operation with the Qatar Airways Cargo company, for which Czech Airlines Handling provides ground handling of its cargo flights, will also continue. The victory in the tender called by the Army of the Czech Republic seeking the aircraft handling provider for 2024, was another success.

Czech Airlines Handling also recorded a very successful year in the fuel sector. In this area, the company managed to expand its customer portfolio and, in cooperation with its business partners, Czech Airlines Handling provides into-plane services at Václav Havel Airport Prague for airlines such as Ryanair, Wizz Air, Qatar Airways, the Air France/KLM Group, and the IAG Group.

Despite a number of positives and the long-term tendency of winning new clients, phenomena persist which have a negative effect on the company's overall economics. Czech Airlines Handling continues to be noticeably affected by the Russian aggression in Ukraine, due to which it lost a number of customers, namely Ukraine International Airlines, SkyUp Airlines, Bees Airline, Aeroflot, and Ural Airlines. This situation, in addition to the loss of foreign customers, also resulted in the cancellation of the Smartwings Group flights to Moscow and St. Petersburg. The company's operating results are also affected by the seasonal nature of operations, with significant fluctuations of Smartwings, a.s., its largest customer.

The year 2023 was a year during which, after a long Covid-19 affected period, the Czech Airlines Technics subsidiary experienced a gradual calming down of the situation and a return to the stabilisation and continued business development.

In all segments of its business scope, Czech Airlines Technics experienced recovery, increasing volumes of the services provided, and full use of its current capacity. In 2023, a total of 76 Base Maintenance overhauls was performed, of which 53 were major overhauls on various types of aircraft and 33 landing gear overhauls on the Boeing 737NG type of aircraft.

The greatest concern for Czech Airlines Technics is the personnel area. During 2023, the company faced a high turnover of aircraft mechanics, who were attracted by offers of higher salaries by competing companies. The company's goal was to achieve a significant year-on-year increase in the number of qualified mechanics, but unfortunately, it was unable to achieve this goal. Thanks to quality recruitment, it was possible, at least partially, to compensate for the departed workforce and maintain the necessary number of employees. The desired increasing in the number of mechanics to the required volumes should gradually occur during 2024.

There was a delay in the tender process for the aircraft paint shop project in Hangar S in 2023. Therefore, after careful consideration, it was decided to postpone the entire implementation until 2024 to eliminate the need to implement the work in two parts and thus hinder the main maintenance season. The paint shop is the first important sign of the expansion of the Czech Airlines Technics service portfolio after the Covid-19 period.

2023 Development and Key Factors of Influence on Economic Results

The total operating revenues of the Prague Airport Group increased by 31% year-on-year, from 8,596 million crowns in 2022 to 11,231 million crowns in 2023. The revenues of the parent company, Prague Airport, were positively influenced in particular by the year-on-year increase in the number of handled passengers of 29%, which was also reflected in non-aviation revenues, especially in segments such as turnover lease, alongside airport parking, restaurant, and lounge services.

A total of 13.8 million passengers were handled during 2023. Václav Havel Airport Prague was connected by direct routes with 167 destinations via regular or charter flights, which were operated by 69 air carriers. During 2023, 118,046 aircraft movements were recorded, representing a year-on-year increase of 17%.

Throughout the course of 2023, 13 new destinations were launched, of which eight were in Europe (Agadir, Bilbao, Dubrovnik, the East Midlands, Gdańsk, Rimini, Seville, and Skiathos), four from the long-haul segment in Asia (resumed regular connection with Seoul, new regular connection to/from Taipei, and new charter connections to Colombo and Phu Quoc Island in Vietnam), and one in North America (charter connection to Cuba, Santa Clara Airport). Concurrently, three air carriers, namely Korean Air, Icelandair, and China Airlines, launched their flights to/from Václav Havel Airport Prague in 2023. On 15 already operated routes, there were further increases in the number of connections both by newly arrived and already established air carriers. On more than 80 routes, there was a further expansion of traffic due to a higher number of frequencies or the deployment of aircraft with a higher capacity.

In 2023, the trend of gradual renewal of demand for air passenger transport continued, especially in the outbound tourism segment of Czech clientele headed to typical holiday destinations. There was also a year-on-year increase in demand in the inbound tourism segment from the main European source countries (Italy, France, Great Britain), as well as from the USA and some selected markets in Asia (South Korea, Taiwan, India). Due to the prevailing limited capacity in selected markets and due to the slower recovery of demand (especially from Asia), inbound tourism from, for example, China and Japan has not recovered in comparison with the above-mentioned markets. The return to the level of the number of passengers handled before the Covid-19 pandemic continues to be complicated by the negative impact of the Russian invasion of Ukraine and the connected disruption of direct air connections between Prague and destinations in Ukraine (4 destinations) and in the Russian Federation (11 destinations).

Within the Prague Airport Group, the Czech Airlines Handling subsidiary has been affected the most by the Russian invasion of Ukraine, due to which it lost important customers. However, in 2023, the Czech Airlines Handling subsidiary also managed to acquire new customers, e.g., China Airlines and World2Fly, and extend the agreement with its important customer in the field of ground handling, the Lufthansa Group. Additionally, the Czech Airlines Handling subsidiary strengthened its position in the growing cargo handling segment (Qatar Airways and Turkish Airlines) in 2023 and continued its fuel trade co-operation with PKN Orlen and OMV, thus increasing its into-plane service market share to above 50% during the year. Despite the strong summer season, especially in the outbound tourism segment, the Czech Airlines Handling subsidiary's revenues remained significantly lower than before, due to the limited number of long-haul flights and the deployment of smaller aircraft types.

In 2023, the Czech Airlines Technics subsidiary operated five Base Maintenance production lines (under long-term agreements), with Transavia Airlines, Finnair, Austrian Airlines, the Ministry of Internal Affairs of the Slovak Republic, and Neos as the key customers. The Czech Airlines Technics subsidiary also continued to develop its co-operation with leasing companies, for example, Zephyrus Aviation Capital, Air Lease Corporation, and others. In the area of Line Maintenance, the Czech Airlines Technics subsidiary focuses primarily on customers operating at Václav Havel Airport Prague, with the 2023 main clients being Eurowings, easyJet, and Air France Industries. In 2023, the main customer portfolio in the landing gear overhaul segment comprised Transavia France, Norwegian Air AS, the Smartwings Group, jet Aviation Age, KLM Royal Dutch Airlines, TUIfly GmbH, Polskie Linie Lotnicze LOT, etc. In 2023, the Czech Airlines Technics subsidiary managed to return to overall profitability after a long period thanks to its long-term work on projects aimed at improving the efficiency of key product lines.

The total operating costs of the Prague Airport Group, excluding depreciation and exchange rate differences, increased by 24% year-on-year, from 6,432 million crowns in 2022 to 8,001 million crowns in 2023, mainly due to the increase in personnel costs resulting from the increase in air traffic and the increase in the cost of electricity and gas as a result of the energy crisis when the purchase of commodities took place in tranches in advance.

The gross operating profit of the Prague Airport Group, excluding depreciation and exchange rate differences, reached 3,230 million crowns in 2023 and increased by 49% compared to 2022.

In 2023, the Prague Airport Group focused on further improving the quality of the services provided, which was reflected in its investment expenses. The most significant included the construction of a new cable duct for data lines between the North and South areas, the reconstruction of selected taxiways, and new de-icing fluid tanks. In addition, intensive project preparation for the construction of a new handling area, which will be built in the coming years, took place.

In October 2021, the parent company of Prague Airport contracted sufficient financial capacity to overcome the negative impact of the Covid-19 pandemic. At the end of 2023, the amount of Prague Airport's bank loan amounted to 900 million crowns. The entire principal amount bears interest at a variable interest rate but is fully secured thanks to the interest rate SWAP from 2021. Thanks to the excellent economic results in 2023 and the continued air traffic resumptions, the current debt will not increase in 2024.

The financial situation of the Prague Airport Group was stable throughout the year, the Group was able to fulfil its obligations properly and in timely manner.

The remaining financial data of the Prague Airport Group are detailed in the 2023 Consolidated Financial Statements, which form an integral part to this Consolidated Annual Report as its appendix.

2023 Main Events

January

- The Ministry of Finance as the Prague Airport sole shareholder within the scope of the General Meeting appoints PricewaterhouseCoopers Audit, s.r.o. as the company's auditor for the years 2023-2025.
- The sole shareholder within the scope of the General Meeting approves Prague Airport's 2023 Business and Financial Plan, including the 2023 and 2024 Investment Plans.
- Czech Airlines Handling wins a tender called by easyJet seeking aviation fuel suppliers for 2023 and a tender called by the Armed Forces of the Czech Republic seeking ground handling suppliers for 2023.
- Effective 1 January 2023, salaries in Czech Airlines Technics are increased by 12.1% pursuant to the valid Collective Agreement.

February

- The key topic focused on by the Prague Airport Board of Directors and Supervisory Board meetings held in February is the Long-term Concept and Development Strategy of Prague Airport and the top-level Capacity Development Concept.
- Preparatory phases of a components paint shop upgrade in Hangar F and an aircraft paint shop construction in Hangar S are finalised by Czech Airlines Technics.

March

- Effective 31 March 2023, the Ministry of Finance dismisses Petr Šobotník from the Prague Airport Supervisory Board.
- Under the Routes Europe Awards, Václav Havel Airport Prague is shortlisted for the *Best Airport* title in the category of airports with 4-20 million handled passengers.
- Effective 27 March 2023, Prague Airport, once again, offers a direct connection to Asia operated by Korean Air. Last regular services to Seoul were operated in March 2020. Czech Airlines Handling provides the carrier with ground handling and aircraft refuelling services.
- Co-operation with Finnair on repairs of A320F aircraft engine pylons is launched by Czech Airlines Technics, which is also selected as the Base Maintenance provider of Austrian Airlines. In the 2023/24 main season, Czech Airlines Technics is to dedicate one operating line to this client.

April

- Effective 1 April 2023, the sole shareholder appoints Pavel Dobeš as Prague Airport Supervisory Board member.
- Czech Airlines Handling signs a Handling Agreement with China Airlines.
- In co-operation with its business partners, Czech Airlines Handling is to provide aircraft refuelling services to the Smartwing Group, Ryanair, Wizzair, and Qatar Airways.

May

- Effective 11 May 2023, Martin Sekal assumes the role of the Prague Airport Supervisory Board Vice-Chairman.
- This month, the sole shareholder of Prague Airport passes its decision regarding the closure of the 2022 fiscal year by way of approving the company's regular financial statements for the year 2022 as well as the transfer of the 2022 profit to the Retained Earnings account.
- Effective 28 June 2023, the Ministry of Finance re-appoints Jiří Kraus Member of the Prague Airport Board of Directors.
- Czech Airlines Handling participates in the training of the staff of South Bohemian Airport České Budějovice in connection to the launch of charter flights from the airport.

June

- On 9 June 2023, the Ministry of Finance approves the update to the Prague Airport Long-Term Concept and Development Strategy and acknowledges the Capacity Development Concept which is to be updated on an ongoing basis.
- The sole shareholder approves Prague Airport Consolidated Financial Statements for the year 2022.
- The Prague Airport 2030 project communication campaign is coordinated with the goal of presenting to the general public and other stakeholders the idea of the airport's future operation in 2030.
- Once again, it is confirmed that Prague Airport is among the leaders in the field of innovation, winning the Digital Transformation Award for a set of innovative solutions which improve its check-in efficiency and operational safety. Prague Airport is also recognised in the HR Excellence Award category.
- Thanks to Icelandair, a new carrier at Prague Airport, passengers are able to fly from Prague to Reykjavík four times a week.

- The ISAGO quality certificate is successfully renewed by Czech Airlines Handling.
- In co-operation with an external agency, Czech Airlines Technics launches the *Changing the Company's Culture* project aimed at defining the future sustainable management model of the company and changes in internal processes. The goal is to increase efficiency and integrity and thereby lay the foundations for the future success of the company.

July

- Prague Airport obtains the approval of its sole shareholder to acquire a 100% share in the company of Bechtel První s.r.o.
- Effective 18 July 2023, Václav Havel Airport Prague is connected by direct flights with the Taiwanese capital of Taipei.
- Czech Airlines Handling wins a tender called by the Lufthansa Group seeking ground handling suppliers and its co-operation with the Group companies is extended for the next term.
- In co-operation with its business partners, Czech Airlines Handling is to provide aircraft refuelling services to the Air France/KLM Group.
- On 18 July 2023, the inaugural flight of China Airlines, for which Czech Airlines Handling provides ground handling services, is operated.
- Czech Airlines Handling purchases two aviation fuel cisterns from Shell to increase its capacities in reaction to the significant increase in aviation fuel purchases by the company's customers.

August

- Following the conclusion of the Acquisition Agreement for the acquisition of a 100% share of Bechtel První s.r.o., the acquired company is renamed Prague Airport Real Estate, s.r.o. and Prague Airport, as its sole shareholder, dismisses the seated company's secretary and appoints Pavel Východský to the role effective 28 August 2023. Concurrently, the articles of association of this new subsidiary are approved.
- The Ministry of Finance approves the amendment to Prague Airport articles of association as follows: effective 17 August 2023, the company's Board of Directors has five members, the Supervisory Board has nine members.
- Interchange becomes the winner of the tender for currency exchange services provider at Václav Havel Airport Prague.
- Czech Airlines Handling wins a tender called by Qatar Airways Cargo seeking ground handling suppliers with co-operation extended for the next term.
- The pilot phase of aircraft engine pylon repairs for Finnair is successfully completed by Czech Airlines Technics. Co-operation continues. Czech Airlines Technics sets up a specialised workplace to perform the pylon repairs.
- The parent company of Prague Airport launches a project to find a strategic partner for Czech Airlines Technics with the aim of increasing its future competitiveness and success.

September

- On 26 September 2023, Uber, the new taxi service provider at Václav Havel Airport Prague, launches its operations.
- According to Google users and their reviews, the airport improves by three ranks year-on-year and becomes the fifth best-rated airport in Europe. Out of more than 20,000 user reviews, it receives a rating of 4.3 on a five-point scale.

October

- Effective 24 October 2023, the sole shareholder re-appoints Petr Šobotník, Andrea Lukasíková, and Ivo Středa to the Prague Airport Audit Committee.
- A successful press briefing on the development plans of Prague Airport is held under the name of *Ready for the Future* with the Ministers of Finance and Transport present.

- Prague Airport representatives attend the World Routes international conference in Istanbul (15-17 October 2023) with 53 scheduled meetings with air carriers. The following route operations are negotiated or confirmed: Astana (SCAT Airlines), Verona, Florence (Volotea), Nice (Eurowings), Izmir (SunExpress), Antalya (Pegasus Airlines), CHisinau (FlyOne), Edinburgh (Jet2.com), alongside frequency and capacity increases on 11 routes.
- Czech Airlines Handling reaches a Co-operation Agreement with World2fly (long-haul charter flights) on the provision of both ground handling and aircraft refuelling services.

November

- Effective 1 November 2023, based on the decision of the sole shareholder within the scope of the company's General Meeting, Petr Šobotník becomes, once again, the Prague Airport Supervisory Board member.
- Prague Airport becomes the target of a massive cyber-attack on the entire Czech Republic, which it successfully countered without any restrictions on airport operations and passenger handling.
- The Ministry of Finance approves the Prague Airport Dividend Policy for the years 2024-2028.
- Prague Airport employees elect two of their representatives to the company's Supervisory Board, namely Tomáš Blodek effective 9 November 2023 and Jiří Hošek, who is re-appointed as of 14 November 2023.

December

- The renowned Moody's Investors Service agency upgrades Prague Airport's credit rating from Aa3 with a negative outlook to Aa3 with a stable outlook, which is the highest possible rating available in the Czech Republic. Prague Airport thus becomes the third best among the airports rated by this agency.
- On 12 December 2023, the Prague Airport Audit Committee elects Andrea Lukasíková its Chairperson and Petr Šobotník its Vice-Chairman with immediate effect.
- Czech Airlines Handling wins a tender called by the IAG Group seeking aviation fuel suppliers for its companies.
- The sole shareholder approves the Czech Airlines Handling 2024 Financial and Investment Plan.
- Czech Airlines Technics Supervisory Board elections are held to fill the position designated for the company's employee. The standing employee representative, Mr. Jan Kment, successfully defends his position.
- Effective 31 December 2023, the standing Member of the Czech Airlines Technics Board of Directors, Mr. Igor Zahradníček, resigns from his post.

2024 Subsequent Events Prior to the Annual Report Signing Date

January

- The sole shareholder appoints Martin Kučera, member of the Prague Airport Board of Directors effective 1 January 2024 and Petr Kubíček member of the Prague Airport Supervisory Board effective 15 January 2024.
- In the continuous year-round assessment of passenger satisfaction according to the ASQ methodology, after a drop in 2022, Prague Airport returns to the top ranks in terms of satisfaction, when it takes the second place in the category of European airports handling 15-25 million passengers in the 2023 overall customer satisfaction survey, which is won by Helsinki Airport.
- Czech Airlines Handling wins a tender called by easyJet seeking aviation fuel suppliers for 2024.

February

- The Ministry of Finance approves the Prague Airport 2024 Business Plan, including the 2024 and 2025 Investment Plans.

- Prague Airport is, once again, ranked among the best employers in the Aviation & Cosmonautics category. Based on the vote of high school and university students, it defends its third place from the previous year in the TOP Employers 2024 study.
- The Ministry of the Environment extends the validity of the approval opinion from the Environmental Impact Assessment (EIA) process of the parallel runway project until 26 October 2026.
- Czech Airlines Handling negotiates an extension of its aircraft ground handling agreement concluded with its largest customer, the Smartwings Group, until 2028.

March

- The longest trolleybus in the Czech Republic starts servicing the airport. The new trolleybus line 59 replaces the existing bus line 119 and provides a more comfortable transport option for both passengers and airport employees.

April

- Effective 1 April 2024, the new Security FastTrack service is available to passengers. Passengers who decide to purchase the service do not have to wait in line for security screening, thus gaining more time. This service ensures priority passage to Terminal 2 security screening, regardless of the type of ticket purchased.
- Hainan Airlines, Eznis Airways, Geosky Airways, SCAT, and Qanot Sharq Airlines become new customers of Czech Airlines Handling.

May

- Our public parking areas are to undergo several changes starting May 2024. The existing parking system is to be upgraded with a new system which features many improvements and provides greater comfort for drivers. The number of express parking places is to increase thanks to a third express parking area. The changes are also to be reflected in the price lists. Upon arrival at the airport, one of the most modern systems on the market full of benefits, will be enjoyed by drivers effective May 2024.

No additional subsequent events, other than those aforementioned, or more precisely, recorded in the Consolidated Financial Statements Appendices, occurred which could have affected the Consolidated Annual Report in a substantial manner.

Detailed financial data of the Group are provided in the 2023 Consolidated Financial Statements, which form an integral part to this Consolidated Annual Report as its appendix.

2024 Outlook

2024 Prague Airport main objectives in line with the company's strategic goals Include:

- Accelerate the preparatory phase of the Prague Airport 2030+ program aimed at the expansion of terminal capacity and ensure the necessary conditions for the actual implementation at the earliest possible date
- Accelerate the Airport City project
- Assure smooth operations during the high season and the safe and reliable operation of the airport in general
- Facilitate adequate employee recruitment to reach the planned personnel capacity
- Comprehensively discuss the further development of air connections from Václav Havel Airport Prague in line with the Air Traffic Development Concept
- Expand the range of the services offered to passengers in terminals, improve the terminal area appeal, and provide high quality services overall

In 2024, the aim of Czech Airlines Handling remains to maintain the high quality of services provided and to acquire new customers who launch their flights to Prague. After the Covid-19 pandemic subsided and upon the anticipated stabilisation of the economic situation in 2024, gradual operation recovery to the pre-Covid-19 figures is under way; that was clearly reflected in the overall economic performance of the company last year. We assume that the trend will also positively impact the company's business in 2024.

In 2024, Czech Airlines Technics will continue to focus on its main areas of expertise and job performance pursuant to existing contracts. As before, it will seek to expand external client services and both secure additional job orders from existing clients and enter into new agreements. Due to the stabilised, increased Base Maintenance and Landing Gear Maintenance capacity, Czech Airlines Technics will focus on process optimisation and efficient job performance. In the second half of 2024, the construction of an aircraft paint shop is expected to be completed in the premises of the existing Hangar S. Aircraft painting is the last important service that Czech Airlines Technics needs in order to perform the role of a one-stop shop for leasing companies.

B. aircraft expects to have balanced results in 2024 and pursue activities focused on the management of remaining assets, in particular on the management of receivables and relations with the parent company of Prague Airport and its subsidiary of Czech Airlines Technics. Additional future activities will depend on the prospective decision of the company's shareholder.

Lots of land owned by Prague Airport Real Estate are to be used for Prague Airport development projects.

5. Disclosure of Information Pursuant to Act No. 106/1999 Coll., on Free Access to Information

In the period from 1 January 2023 to 31 December 2023, Prague Airport received thirty-nine (39) submissions processed as requests for the provision of information under Act. No. 106/1999 Coll., on Free Access to Information, as amended (hereinafter referred to as "the Act").

The number of approved requests to provide information: 37

The number of rejected requests to provide information: 7

The number of issued rulings to defer the request to provide information: 0

The number of appealed requests to provide information rejections: 2

The number of complaints regarding the process of handling the request to provide information: 0

Prague Airport received no payments of costs associated with the provision of information pursuant to the Act during the reporting period.

During the reporting period, Prague Airport was not involved in litigation regarding requests to provide information pursuant to the Act.

During the reporting period, Prague Airport did not provide any information subject to copyright protection under a license or sub-license agreement pursuant to provisions of Section 14b of the Act.

6. Responsibility for the Consolidated Annual Report

The Board of Directors hereby declares that the information stated in the 2023 Consolidated Annual Report corresponds to facts and provides a true and fair view of the Prague Airport Group companies' financial situation, business activities, and results of operations for the previous accounting period and that, in combination with the Consolidated Financial Statements, which form an integral part to this Consolidated Annual Report, no fundamental circumstances which could have affected the precise and correct performance, operation, and economic position assessment of the Prague Airport Group companies were omitted.

In Prague on 31 May 2024

Jiří Pos
Chairman of the Prague Airport
Board of Directors

Pavel Východský
Member of the Prague Airport
Board of Directors

7. Appendices

- Prague Airport Consolidated Financial Statements Pursuant to the International Financial Reporting Standards as adopted by the European Union for the year ended on 31 December 2023
    - Consolidated Statement of Profit or Loss for the year ended on 31 December 2023
    - Consolidated Statement on Comprehensive Income for the year ended on 31 December 2023
    - Consolidated Statement of Financial Position as at 31 December 2023
    - Consolidated Statement of Changes in Equity for the year ended on 31 December 2023
    - Consolidated Statement of Cash-flows for the year ended on 31 December 2023
    - Notes to the Consolidated Financial Statements for the year ended on 31 December 2023
- Independent Auditor’s Report for Prague Airport shareholder

Consolidated Financial Statements for the Year Ended 31 December 2023 prepared under IFRS Accounting Standards as adopted by the European Union

Note

The consolidated financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the consolidated financial statements takes precedence over the English version.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2023 CZK'000	2022 CZK'000
Revenues	3	11,031,554	8,342,710
Raw material, merchandise and energy	4	(2,850,326)	(2,093,963)
Repairs and maintenance services	5	(193,494)	(201,678)
Other services	6	(925,876)	(733,090)
Employee benefits	7	(3,814,718)	(3,217,720)
Depreciation and amortisation	12,13,14,21	(1,515,744)	(1,577,408)
Net expected credit loss on financial and contract assets	28	1,717	32,655
Other operating income	8	197,512	220,262
Other operating expenses	9	(216,837)	(185,257)
Foreign exchange differences		16,747	(22,324)
Operating profit		**1,730,535**	**564,187**
Interest income and other financial income	10	50,960	3,800
Interest and other financial expenses	10	(53,760)	(79,514)
Profit before tax		**1,727,735**	488,473
Income tax benefit	11	(348,353)	(107,942)
PROFIT FOR THE YEAR		**1,379,382**	**380,531**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 CZK'000	2022 CZK'000
PROFIT FOR THE YEAR		1,379,382	**380,531**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Gains / (losses) on cash flow hedges		(9,358)	86 417
Gains from cost of hedging		2,045	7,311
Hedging gains reclassified to profit or loss		(63,898)	(40,743)
Income tax related to cash flow hedges	11	13,221	(10,067)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		(31)	85
Other comprehensive (loss) / income for the year, net of tax		**(58,021)**	**43,003**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,321,361**	**423,534**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2023 CZK'000	As at 31 December 2022 CZK'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	31,499,057	31,965,549
Investment properties	13	2,028,965	2,011,059
Right-of-use assets	21	140,503	262,529
Financial assets at fair value included in other comprehensive income		2,838	2,868
Intangible assets	14	331,240	331,673
Goodwill	14	11,084	11,084
Long-term receivables		630	36,944
Deferred tax asset	11	121,427	87,270
		34,135,744	34,708,976
Current assets			
Inventories	15	377,169	333,110
Trade and other receivables	16	1,521,244	1,379,483
Prepayments and other current assets	17	70,845	58,965
Income tax asset	11	-	24
Cash and cash equivalents	18	2,293,297	187,170
		4,262,555	1,958,752
TOTAL ASSETS		**38,398,299**	**36,667,728**
EQUITY AND LIABILITIES			
Shareholder's equity			
Issued capital	19	27,031,564	27,031,564
Other reserves	19	33,935	91,956
Retained earnings		7,545,437	6,166,055
Total equity		**34,610,936**	**33,289,575**
Non-current liabilities			
Interest-bearing loans and borrowings	20	899,314	899,137
Provisions	23	68,243	71,768
Employee benefits liability	24	21,117	17,130
Non-current portion of lease liabilities	21	146,564	256,872
Other payables	22	112,000	111,483
Deferred tax liability	11	257,206	30,023
		1,504,444	1,386,413
Current liabilities			
Trade and other payables	22	2,102,064	1,922,824
Interest-bearing loans and borrowings	20	3,047	3,166
Provisions	23	32,314	54,316
Current portion of lease liabilities	21	3,389	11,434
Income tax liability	11	142,105	-
		2,282,919	1,991,740
Total liabilities		**3,787,363**	**3,378,153**
TOTAL EQUITY AND LIABILITIES		**38,398,299**	**36,667,728**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Bod	Issued capital	Other reserves *)	Retained earnings	Total equity
		CZK'000	CZK'000	CZK'000	CZK'000
As at 1 January 2022		**27,031,564**	**48,953**	**5,785,524**	**32,866,041**
Total comprehensive loss		**-**	**43,003**	**380,531**	**423,534**
Profit for the year		-	-	380,531	380,531
Other comprehensive income	19	-	43,003	-	43,003
As at 31 December 2022		**27,031,564**	**91,956**	**6,166,055**	**33,289,575**
Total comprehensive income		**-**	**(58,021)**	**1,379,382**	**1,321,361**
Profit for the year		-	-	1,379,382	1,379,382
Other comprehensive income	19	-	(58,021)	-	(58,021)
As at 31 December 2023		**27,031,564**	**33,935**	**7,545,437**	**34,610,936**

*) For more information see Note 19

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2023 CZK'000	2022 CZK'000
Operating activities			
Profit before tax		1,727,735	488,473
Non-cash transactions and adjustments for non-operating activities:			
Depreciation and amortisation	12,13,14,21	1,515,744	1,577,408
Impairment	8,9,28	(6,739)	5,422
Net interest costs and income	10	(8,135)	66,032
Change in provisions	23	(29,951)	(32,754)
Gain on disposal of non-current assets	8	(42,128)	(71,908)
Other non-cash charges, net		69,327	2,017
Working capital adjustments:			
Increase in trade and other receivables	16	(168,035)	(282,314)
Increase in inventories	15	(44,059)	(13,684)
Increase in trade and other payables	22,24	179,258	548,787
Increase / (decrease) in other assets	17	(11,881)	12,481
Income tax received	11	23	26,932
Net cash flows from operating activities		**3,181,159**	**2,326,892**
Investing activities			
Proceeds from the sale of property, plant and equipment	8	73,000	107,970
Acquisition of non-current assets	12,13,14,21	(1,160,707)	(1,302,313)
Interest received	10	50,743	3,630
Net cash flows from investing activities		**(1,036,964)**	**(1,190,713)**
Financing activities			
Interest paid	20	(34,825)	(65,988)
Payment of lease liabilities	20,21	(3,035)	(9,525)
Repayments of bank loans	20	-	(973,909)
Net cash flows from financing activities		**(37,860)**	**(1,049,422)**
Net increase / (decrease) in cash and cash equivalents	18	**2,106,335**	**86,757**
Cash and cash equivalents as at 1 January	18	187,180	100,423
Cash and cash equivalents as at 31 December	18	**2,293,515**	**187,180**

1. Corporate information

Letiště Praha, a. s. is a state-owned joint-stock company incorporated on 6 February 2008 in the Czech Republic ("the Company"). Its registered office is located at K letišti 1019/6, Prague 6, postal code: 161 00, Czech Republic, and its business registration number (IČ) is 282 44 532. The ultimate controlling party is the Czech Republic which represents the Ministry of Finance, as the central state administration body.

The parent company Letiště Praha, a. s. owns the following subsidiaries:

- Czech Airlines Handling, a.s. (acquired on 26 October 2011);
- Czech Airlines Technics, a.s. (acquired on 13 April 2012);
- B. aircraft, a.s. (acquired on 31 August 2012);
- Prague Airport Real Estate, s.r.o. (acquired on 28 August 2023).

The Company and the companies stated above are included in the consolidated financial statements ("the Group").

The Group is involved mainly in the following activities:

- operations of the public international airport Václav Havel Airport Prague;
- rent of facilities and premises managed by the Group;
- ground handling of aircraft and passengers and
- providing aircraft technical maintenance services.

The companies included in the consolidated financial statement in 2023 and 2022:

		2023		2022	
Company	Acquisition date	Share in equity	Consolidation method	Share in equity	Consolidation method
Letiště Praha, a. s.			consolidating company		
Czech Airlines Handling, a.s.	26 October 2011	100 %	full	100 %	full
Czech Airlines Technics, a.s.	13 April 2012	100 %	full	100 %	full
B. aircraft, a.s.	31 August 2012	100 %	full	100 %	full
Prague Airport Real Estate, s.r.o.	28 August 2023	100 %	full	-	-

Prague Airport Real Estate, s.r.o. acquisition is not disclosed as a business combination. This company only registers non-current assets.

2. Basis for preparation

These consolidated financial statements ("the financial statements") have been prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS Accounting Standards") for the year ended 31 December 2023. The financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities (including derivative instruments), which are measured at fair value.

The financial statements have been prepared from records originating and maintained in the Czech Republic, the country in which the Group operates. The accounting records are maintained in accordance with Czech legislation.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both periods presented, unless stated otherwise.

All the Group companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Basis for preparation (continued)

The current economic situation remains sensitive to geopolitical developments around the world. The impact on financial and commodity markets, supply chains and key macroeconomic indicators impacting business, such as inflation rates, interest rate levels, currency rates volatility and others, is still significant.

The management of the Group has considered the impact of the current economic situation when assessing the valuation of assets and liabilities and when making the going concern assumptions.

The financial statements of the Group are prepared using the going concern principle. The management of the Group believes that the Group is able to continue as a going concern.

2.1 Adoption of new or revised standards and interpretations

The only list of standards and interpretations with material impact on the consolidated financial statements or that Group adopted early are stated in the notes to the consolidated financial statements.

a) Standards and Interpretations effective in the current period

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provides the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Furthermore, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Group also elected to adopt the following amendments early:

Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

b) New accounting standards

Certain new standards and interpretations effective from 1 January 2024 or later have been issued for the annual periods beginning on or after 1 January 2024:

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date.

2. Basis for preparation (continued)

2.1 Adoption of new or revised standards and interpretations (continued)

b) New accounting standards (continued)

In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The EU has not yet endorsed the amendments.

The Group anticipates that the adoption of this amendment will have no material impact on the financial statements of the Group but impact of this amendment will be again assessed at the time of its effectiveness.

2.2 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS Accounting Standrads requires the use of certain critical accounting estimates. It also requires that management exercises its judgment of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management's judgement is primarily exercised at the selection, application and assessment of fair values, values in use and selection and application and up-dating of the methods utilized for discounting.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Investment property – classification and the fair market value determination

The investment property includes land and buildings held to earn rentals or for capital appreciation. The buildings are included when more that 90% of the building area is used or intended to be used to earn rent. The fair market value for major investment property is determined by and qualifies estimation (the market comparison method for land and the income method of valuation or the capitalization of net income model for buildings). For more details, see Note 13.

Write-down of inventories

The amount of write-down of inventories to the net realisable value is based on the estimation of the future sales of the inventories. For more details, see Note 15.

Expected credit losses

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. For more details, see Note 28.

Leases of land – definition of leasing conditions

The Group leases land, which is necessary for the airport operation and cannot be used for any other purpose by the owner, for an indefinite period of time.

IFRS 16 provides guidance for leases with an indefinite period of time. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Group has determined the lease term to be 30 years, for which the Group is reasonably certain not to exercise any termination options, and which represent the minimum expected time of the airport assets existence and therefore also the lease of land.

For more details, see Note 21.

2. Basis for preparation (continued)

2.2 Critical accounting judgments, estimates and assumptions (continued)

Income tax

The judgement on the recognition and recoverability of a net deferred tax assets results from the long-term plans. For more details, see Note 11.

2.3 Summary of material accounting policies

a) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entities of the Group operate ("the functional currency"). The functional currency of all Group entities and the presentation currency of these consolidated financial statements is the Czech crown (CZK).

Transactions and balances

All financial assets, receivables and liabilities denominated in foreign currencies have been translated at the year-end exchange rate as published by the Czech National Bank.

Foreign exchange gains or losses arising from the year-end translation of securities are treated as a component of the fair value.

b) Customer relationships and other intangible assets

The estimated useful lives of intangible assets are between 2 and 16 years. The estimated useful life is 16 years for customer relationships and 2-10 years for other intangible assets. Licences are amortized over the contract term. The estimated useful lives and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period and treated as changes in accounting estimates. Amortization is calculated using the straight-line method.

c) Property, plant and equipment and Investment properties

Property, plant and equipment is stated at historical cost less depreciation.

Land is initially stated at cost and subsequently stated at cost less accumulated impairment losses. Free-of-charge transfers of plots of land from the state or other state enterprises were initially measured at fair value with a corresponding entry in equity.

The self-constructed assets are valued at direct costs, which include direct material and payroll costs, and incidental costs directly attributable to the internal production of assets (production overheads).

Land and buildings, which are held substantially to earn rent or for capital appreciation rather than for use in the supply of services or sale in the ordinary course of business, are classified as investment properties. Investment property is stated at historical cost less accumulated depreciation and accumulated impairment.

The fair values of the investment properties, which reflect market conditions as at the balance sheet date, are disclosed in Note 15. Transfer from or to investment property is made when and only when, there is a change in use, evidenced by commencement of owner-occupation, for a transfer from investment property to owner-occupied property or end of owner-occupation, for a transfer from owner-occupied property to investment property.

Depreciation of property, plant and equipment and investment properties is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives determined by the Group.

2. Basis for preparation (continued)

2.3 Summary of material accounting policies (continued)

c) Property, plant and equipment and Investment properties (continued)

Rotables, with exception of slides, are depreciated over the expected useful life of the relevant aircraft to its expected residual value.

The estimated useful lives are as follows:

Category	Years
Constructions	20 – 50
Runways and taxiways	20 – 60
Machinery and equipment and rotables	4 – 20
Rotables - slides	25
Vehicles (other than aircraft)	4 – 20

The useful lives and residual values are reviewed periodically to ensure the consistency with the expected pattern of economic benefits from these assets.

Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.3 Summary of material accounting policies (continued)

d) Leases

The Group recognizes leases and a corresponding liability at the date at which the leased assets is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate. The land is leased for an indefinite period (it is land under the runway). The model uses for discounting 30 years as a minimum expected time of the airport operation.

Lease liabilities include the net present value of the following lease payments:

- fixed payments,
- variable lease payments that are based on an index, initially measured using the index as at the commencement date.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

For more of the leasing of the land accounting policies see Note 2.2.

2. Basis for preparation (continued)

2.3 Summary of material accounting policies (continued)

e) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates cash flow hedges if derivatives are hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flow of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 28. Movements in the hedging reserve in shareholders´ equity are shown in Note 19.

The Group does not qualify certain derivative instruments for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other financial gains or losses.

f) Inventories

Cost is determined using the weighted average method.

g) Trade receivables

See Note 28 for a description of the Group's impairment policies.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in transit and deposits held at call with banks.

i) Interest-bearing borrowings and loans

Interest paid are stated in the statement of cash flows in the financing activities and in the investing activities when they are capitalized to non-current assets. For more information, see Note 20, table Net debt reconciliation.

j) Employee benefits

The Group, in the normal course of business, makes fixed contributions to the Czech Republic state and private pension funds on behalf of its employees. The Group does not operate any other pension scheme or post-retirement defined benefit plan and, consequently, has no legal or constructive obligation to make further contributions if the funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Czech Republic state and private pension funds are defined contribution plans.

The Group provides to its employees jubilee benefits, based on the duration of their work contract.

The employee benefit liabilities are calculated by the projected unit credit method.

2. Basis for preparation (continued)

2.3 Summary of material accounting policies (continued)

k) Revenue recognition

Revenue from contracts with customers

The accounting policies for the revenue from contracts with customers are explained in Note 3.2 a).

Rental income

The accounting policies for the revenue from rental income are explained in Note 3.2 b).

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants to cover the expenses are disclosed as the other operating income.

l) Operating profit

Operating profit comprises profit for the year before net financial income and expenses and before income tax expenses. Financial income and expenses mainly comprise interest expenses and income, see Note 10.

m) Income tax

Current income tax

The income tax is calculated in accordance with Czech tax regulations and is based on the profit or loss reported under Czech accounting regulations, adjusted for appropriate permanent and temporary timing differences.

n) Related party transactions

For the purposes of the disclosures, the Group considers related parties to be those entities, controlled or significantly influenced by the state or key management personnel, and key management personnel themselves.

o) Fair value of financial instruments

The Group's financial instruments comprise trade and other receivables, cash and cash equivalents, derivative financial instruments, trade and other payables and borrowings. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents

The fair value of cash at bank is calculated based on the evaluation of the bank risk according to the individual rating categories of S&P Global.

Current receivables and payables

The carrying amount of current receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

Derivative financial instruments

The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

2. Basis for preparation (continued)

2.3 Summary of material accounting policies (continued)

o) Fair value of financial instruments (continued)

Long-term debt

The determination of fair value of long-term debt is based on the future cash flows discounted using market interest rates. The carrying amounts of long-term debt and other payables with variable interest rates approximate their fair values.

p) Emission allowances

In the balance sheet, the carbon emission allowances are presented under the Other intangibles within the Intangible assets item and they are not amortized. The Group receives, free of charge, carbon emission allowances from the Ministry of the Environment. Initially the grant is recognized as an intangible asset at the fair value of allowance granted. Emission allowances purchased are recorded at acquisition cost. Subsequently the allowances are measured at cost, subject to review for impairment. The provision or estimated liability is recognised when emissions are produced to cover estimated actual emissions. The grant is recognized as profit on a systematic basis over the compliance period for which the allowances were issued. The first-in-first-out method is applied when emission allowances are surrendered or disposed.

3. Revenue from contracts with customers and rental income

3.1 Disaggregation of revenue

The Group derives revenue in the following major categories:

CZK'000	2023	2022
Revenues from contracts with customers		
Aeronautical revenues		
Passenger fees	4,151,401	2 924,710
Plane fees	746,437	653,136
Other fees	186,882	153,891
Aircraft maintenance and overhauls	1,790,874	1,419,464
Handling, storage, aircraft fuelling and sale of fuel	1,321,052	1,039,742
Handling services	664,001	539,851
Total aeronautical revenues	8,860,647	6,730,794
Non-aeronautical revenues		
Energy and utilities	232,376	204,261
Non-aeronautical services to passengers	648,785	460,439
Other	220,632	197,031
Total non-aeronautical revenues	1,101,793	861,731
Total revenues from contracts with customers	9,962,440	7,592,525
Rental income		
Total rental income	1,069,114	750,185
Total revenue	**11,031,554**	**8,342,710**

3.2 Accounting policies and significant judgements

a) Revenue from contracts with customers

Aeronautical fees

The Group provides services connected to the usage of the international civil Václav Havel Airport Prague mainly to air carriers and charges them with three main categories of airport fees for it:

- Passenger service charges – The Group collects from air carriers for every departing passenger charge for usage of Airport's resources and infrastructure together with so called PRM service charge (based on Regulation (EC) 1107/2006 of the European Parliament and of the Council) for services provided for passengers with reduced mobility.

- Landing charge – The Group charges air carrier for every airplane that lands on Václav Havel Airport Prague. The charge depends on the certified maximum takeoff weight (MTOW) of the airplane.

- Other airport charges – The Group also charges other fees for specific services connected to the usage of Airport's resources. These charges include mainly:

  - parking charges;
  - noise charges serving as regulation and factor supporting decrease of noise pollution;
  - use of check-in charges;
  - transfer of passengers from plane to terminal is charged through usage of buses or usage of loading bridge.

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

3. Revenue from contracts with customers and rental income (continued)

3.2 Accounting policies and significant judgements (continued)

a) Revenue from contracts with customers (continued)

The Airport Price list is prepared pursuant to Act No. 49/1997 Coll., on Civic Aviation, as amended and Regulation of the European Parliament and of Council (ES) 12/2009 on Airport Charges. The Airport Price list is reviewed with air carriers before being issued and is declared for period of one year. Basic price groups are same for all air carriers.

The total amount of the charge of whole flight can differ according to awarded incentives. The incentive scheme motivates air carriers to develop air connections to and from Václav Havel Airport Prague and contributes to effective usage of Airport's infrastructure and capacity. The involvement of the air carrier in the incentive program must be approved by the Group, the criteria are objective and the same for all carriers. The determination of the airport price list including the incentive program is carried out in accordance with the Act on civil aviation with an emphasis on transparency of the whole process, the proposal is duly discussed annually with the users of the airport. The most significant incentives are:

Volume-based incentive program - they are awarded for reached volume and year on year increase in number of passengers. The incentive is paid to air carrier through regressive discount on last year airport charges.

Route- based incentive program - the incentives are provided to air carriers that extended their activities by launching new destinations, increase in their seat capacity or replacing existing operations. The incentive is awarded as discount to landing charge and passenger charge. It may be also made available as marketing support budget for development of regular connection.

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

Incentives are charged on an ongoing basis according to the actual drawdown and performance of each air carrier as a decrease of the Revenue from contracts with customers. Estimated items for volume incentives are adjusted after the end of the calendar year according to the actual operating results.

The provision of marketing support budget for next period. The incentives in the form of the contribution to realized marketing campaigns for the airport are standard marketing expenses that arise at the moment the expense is incurred, therefore they are included in the service expenses of the current period.

The airport charges are usually invoiced in monthly interval and 17 day or 30 day due period is generally applied for both domestic and foreign customers. Performance obligations from provided services are satisfied at a point in time or overtime (but in very short time period). Based on risk determination of individual carriers the Group requires security in form of bank guarantee, advance or deposit.

Aircraft maintenance and overhauls

The Group provides services connected to the repair and maintenance of aircraft. The main revenue streams come from base maintenance, line maintenance, landing gear maintenance, components maintenance and CAMO support.

Line maintenance includes visual external inspections of aircraft and refilling of operation fluids (among other things check for damages, safety, signs of leakage, doors, panels). Line maintenance is usually carried out by maintenance personnel outside the hangar. The Group provides these services mainly at Václav Havel Airport Prague. The Group also provides short-term and long-term aircraft parking. The services are provided based on contract or order. The price is set in the contract, or the general price list applied. Part of the customers use monthly lump sum agreement. The invoicing is taking place monthly or after the service is rendered. The invoices usually have a 30 day maturity.

3. Revenue from contracts with customers and rental income (continued)

3.2 Accounting policies and significant judgements (continued)

a) Revenue from contracts with customers (continued)

Base maintenance represents aircraft inspection on higher level and maintenance according to the specification of the aircraft manufacturer. The works are carried out in the hangar and require larger or smaller dismantling of the aircraft. These services are provided for long-term and ad-hoc customers and are based on contracts. There are two stages of the billing process. So called FIX is invoiced before the works start and it represents series of operations prescribed by the aircraft manufacturer for the relevant check. FIX is part of the contract liabilities and it is included in the revenues overtime. Upon completion of the repair, the additional work, additional material used or granted rotables are invoiced. The usual time of inspection is from a few days to a few weeks. The standard maturity of issued invoices is 30 days.

The Group also provides repairs of landing gear and landing gear components (incl. sale of goods). Landing gear overhaul is invoiced similarly to base maintenance, i.e. before the works start, the so called FIX is invoiced and additional work and materials are invoiced after the overhaul is finished. The repairs of landing gear components are carried out under a pre-agreed price for whole repair or according to the agreed price list of genuinely performed operations and consumed material. Billing takes place after the end of works and 30-day due period is usually applied.

Other activities of the Group are linked to components and consumables. PBH (power by hour) is product where airlines pay fix rate per flying hour and it contains complete support of selected components. Other products for components are their sale, rent and standard exchange, where company provides component in advance against its return and subsequent repair. Last component product is their test, repair or overhaul. In the area of consumables, sales and / or consignment warehouses are provided. Sales of consumable is realized based either on demand or through the created e-shop. The standard maturity of issued invoices is 30 days. The advance payments and payments by credit card are also used.

As part of Continuing Airworthiness Management Organization (CAMO) services the Group performs activities for aircraft operators vital to ensure airworthiness of their aircraft. These mainly include drafting maintenance rules and preparation of data for the planning and monitoring of aircraft and aircraft components maintenance. Billing can take place as a monthly flat rate at the beginning of the month or at the end of the month when the customer's ad-hoc requirements are summarized. The 30 day maturity period is applied here too.

Revenues from all types of repairs and maintenance are realized in the month when the services were provided or component / material / goods sold. Performance obligations from provided services are satisfied overtime. The Group does not require any security to these receivables.

Handling, storage, aircraft fueling and sale of fuel

The group provides services of handling, storage and aircraft fueling. These services are provided also for the fuel that is owned by other fuel distributors.

Storage and manipulation services are valued at a fixed price per liter of fuel and the proceed from these services is reflected in the revenues in the month of service provision with the fact that a minimum price per month is set which is derived from the minimum guaranteed quantity by the supplier. Invoicing takes place on a monthly basis and 17 day maturity period is applied. Aircraft fueling services are provided for fixed price per liter of transferred fuel and the proceed from these services is reflected in the revenues in the month of service provision. The service is invoiced twice per month and 21 day maturity is applied.

The Group also sells aviation fuel to the air carriers. The price of the fuel consists of the price stated by the commodity stock exchange in Rotterdam and mark-up, which is fixed for the contract period. The contract period is usually 1 year. The revenue from the sale is recognized when fuel is fed to the aircraft. Invoicing is done on weekly basis with maturity period between 7 and 30 days.

The Group does not have any secured receivables from the sale and handling of aviation fuel. Performance obligations from provided services are satisfied overtime.

3. Revenue from contracts with customers and rental income (continued)

3.2 Accounting policies and significant judgements (continued)

a) Revenue from contracts with customers (continued)

Handling services

The Group provides ground services for airlines – among other passenger check-in, loading and unloading of luggage and other cargo (goods, mail), cleaning of the board interior, aircraft handling and in winter aircraft de-icing.

The contracts with customers are mostly set for a fixed period with the cooperation period from 1 to 3 years.

The prices are subject of contractual agreement or are stated by the fixed price list. The total revenue depends on the type of aircraft, the number of flights and range of the granted services or other service requirements.

Invoicing is usually done on weekly, decade and monthly basis with 30 day maturity period. The revenues from services rendered are realized within the month in which the service was provided. Performance obligations from provided services are satisfied overtime.

From October 2020 the Group provides handling services to Smartwings Group. The Group received the deposit that covers handling services for the period of 1 months and this amount is updated either monthly or based on the changes in the scope of the operation. Invoicing is done on weekly period with 7 workday maturity period. Services for flights of Czech Airlines, a.s. are paid on the basis of advance payments twice a month.

Energy and utilities

The Group provides electricity, heat, cold and water management services (water / sewerage and rainwater drainage). These services are mainly provided for tenants of Group properties.

There are two ways of determining the value of service – measured and flat. Measured value originates from Group's price list (electricity - price of electricity and price of distribution; heat / cold – price depends on actual previous year prices) and actually measured quantity consumed.

Another option is to determine the service value as a flat rate derived from the average market price and sqm of leased space.

Invoicing is usually performed on monthly basis and 17 day maturity is applied. The revenues are realized in the month when the medium was provided. Performance obligations from provided services are satisfied overtime.

Non-aeronautical services to passengers

Parking

The Group provides long-term and short-term parking for the public and its business partners (travel agencies, companies operating at Václav Havel Airport Prague and airlines). Part of the parking capacity is also rented to car rental companies.

Sale of parking to the public is performed through cash machines placed on individual car parks or via internet portal.

Business partners are billed on a monthly basis and 17 day maturity period is usually applied.

The price for parking is based on the price list set for the period. Prices take into account the place of parking and its time. Discounts are applied to bulk purchases. Parking revenues is recognized in the month of the parking. Performance obligations from provided services are satisfied overtime.

3. Revenue from contracts with customers and rental income (continued)

3.2 Accounting policies and significant judgements (continued)

a) Revenue from contracts with customers (continued)

Lounges

The Group provides VIP airport lounges for passengers. Service/entrance to lounge can be bought by each passenger on their own accord or can be obtained through another service provider (most often as part of a business class ticket or as a holder of credit card entitling to use of the service). The passengers can also use the hotel rooms.

Customers purchasing the entrance for their own use can buy the service through invoice or through direct sale (cash desk in lounge or internet portal).

The remaining part of the sales is done through re-invoicing to airlines and another business partner (usually banks, payment card providers or travel agencies). Invoicing is carried out on monthly basis and 17 day maturity period is applied. The entrance/service fee is fixed. Discounts are applied to bulk purchases according to the contract.

Revenue is recognized to the month of entry to lounge. Performance obligations from provided services are satisfied overtime. The Group does not have any secured receivables from the sale of lounge entrances.

Operation of gastronomic establishment

The Group provides gastronomic services for its employees within staff catering, employees of business partners and also for passengers and visitors of the airport in its own gastronomic establishments. There are three gastronomic establishments all over the Václav Havel Airport Prague. The Group sells both own products and goods purchased from external suppliers.

The price for business partners is set in contract and are invoiced on monthly basis with maturity period between 17 and 30 days. The sale to the public is done at the cash desk in restaurant, where they have access.

Revenues are realized to the month when the food is sold. Performance obligations from provided services are satisfied at a point in time. The Group does not have any secured receivables from the sale of food.

Other

Other revenues include mainly sale of car fuel, taxi services arranging, revenues from telecommunication services and other services.

b) Rental income

Commercial rent of premises, land and advertising space

The Group offers in its premises possibility of rent to its business partners. The significant part of the rental income is generated by lease of retail space (shops, restaurants, etc.). Other significant sources of revenues are leases of advertising space, land, office and technological premises.

The value of the lease of retail space usually consists of two parts – minimum rent and variable part of the rent.

The Group requests from tenants of retail spaces provision of a security deposit or bank guarantee in amount of three monthly rent payments to cover potentially unpaid receivables.

The amount of basic rent is paid according to the installment calendar and is due by 5th calendar day of the month to which the rent relates. Variable rent is usually invoiced monthly and is due on 25th or 28th day of the calendar month following the calendar month in which the claim to the rent occurred and 17 day maturity period is applied.

3. Revenue from contracts with customers and rental income (continued)

3.2 Accounting policies and significant judgements (continued)

b) Rental income (continued)

Quarterly land rental payments are based on an installment calendar or invoices that typically have 17 day maturity from the date of issue. Fixed and variable part of rent is also applied for lease of land.

Rent of offices, administrative and technological buildings is invoiced every month and 17 day maturity period is applied. Rent is set as fixed with annual inflation indexation. The Group requests from tenants provision of a security deposit or bank guarantee in amount of three monthly rent payments to cover potentially unpaid receivables.

All revenues from lease are realized in the month in which the provision of service occurred.

3.3 Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

CZK'000	31 December 2023	31 December 2022
Current contract assets relating to aircraft maintenance and overhauls	42,601	110,829
Total contract assets	42,601	110,829
Contract liabilities – aeronautical liabilities	95,640	54,168
Contract liabilities – other	6,340	4,090
Total current contract liabilities	101,980	58,258
Refund liabilities	297,865	534,609
Total liabilities	399,845	592,867

Contract assets relating to aircraft maintenance and overhauls are un-finished aircraft repairs. The amount as at 31 January 2023 and as at 31 December 2022 depends on the number of un-finished aircraft repairs at the end of the year and is influenced by the ordinary business activities of the Group. The higher value of the contract assets as of 31 December 2022 is mainly due to findings on aircraft and thus the extension of planned revisions until the beginning of the next year. The amount of contract assets is calculated based on input method on the basis of the entity's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Increase in contract liabilities between 31 December 2023 and 31 December 2022 is affected especially by higher air traffic in 2023 against in 2022.

The refund liabilities include mostly the incentives to the airlines. The decrease in the amount of the refund liabilities between 31 December 2023 and 31 December 2022 is mainly due to the fact, that in 2022 the incentive Traffic Recovery After the Covid-19 Crisis in the amount of CZK 273,593 thousand was paid, which is no longer in 2023.

3. Revenue from contracts with customers and rental income (continued)

3.3 Assets and liabilities related to contracts with customers (continued)

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

CZK'000	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities – aeronautical liabilities	34,412	54,598
Contract liabilities – other	4,090	1,366

In 2023 and 2022 there was no significant revenue related to performance obligations that were satisfied in a prior year.

4. Raw material, merchandise and energy

The breakdown of the 2023 and 2022 raw material, merchandise and energy expenses is as follows:

CZK'000	2023	2022
Cost of aviation fuel sold	1,170,956	917,442
Aircraft material consumption and aircraft merchandise costs	660,941	508,486
Other material consumed and merchandise costs	414,083	345,700
Energy consumption	604,346	322,335
Total	2,850,326	2,093,963

Other material consumption and merchandise costs primarily consist of the cost of defrost devices for the airport area and the cost of gasoline sold.

The consumption of energy mainly includes the consumption of electricity, gas and water.

5. Repairs and maintenance services

CZK'000	2023	2022
Rotables repairs and maintenance	80,146	62,618
Other repairs and maintenance	113,348	139,060
Total	193,494	201,678

Other repairs and maintenance represent mainly repairs and maintenance of runways, taxiways, terminals and technical equipment.

6. Other services

Services can be analysed as follows:

CZK'000	2023	2022
IT and related services	202,864	183,011
Marketing, advertising, promotion	174,633	99,165
Cleaning services	74,926	66,083
Demolition	59,010	222
Medical services	43,882	37,679
External consultancy and subcontractors on aircraft maintenance and overhauls	43,396	32,575
Technical maintenance costs	37,685	30,250
Consultancy and expert services	34,890	21,944
Agency workers	29,093	69,045
Training	26,250	25,403
Transport services and postage	25,037	25,410
Short-term rent expenses and other operating leasing	24,539	7,058
Rotables operating leases	16,808	17,624
Waste disposal	14,516	11,985
Travel expenses	11,886	8,946
Environmental services	10,606	9,320
Handling services and services for passengers	9,312	9,256
Weather forecasts	9,684	8,600
Telecommunication services	8,541	8,258
Other	68,318	61,256
Total	925,876	733,090

7. Employee benefits

Employee benefits can be analysed as follows:

CZK'000	Total 2023	Out of which: Management	Total 2022	Out of which: Management
Wages and salaries	2,749,620	51,575	2,320,674	44,630
Social security and health costs	358,161	6,104	306,070	5,060
Defined contribution pension cost	625,335	9,202	528,274	6,394
Jubilee benefits	4,897	-	816	-
Other employee benefits	76,705	-	61,886	-
Total	3,814,718	66,881	3,217,720	56,084

Defined contribution pension cost mainly includes obligatory legal pension insurance paid to the state.

Management includes members of the statutory body of the companies of the Group.

Average recalculated number of employees of the Group in 2023 and 2022 was 3,676 persons and 3,451 persons. The increase in the average wage in 2023 is mainly caused by the increase in the base salaries and the payment of bonuses to employees.

Company cars are made available for private use by the Board of Directors of the Group on a contractual basis. The members of the Board of Directors are provided with meal allowances, pension insurance, accident insurance and professional indemnity insurance.

8. Other operating income

Other operating income can be analysed as follows:

CZK'000	2023	2022
Net gain from disposal of property, plant and equipment	42,128	60,638
Revenues from sale of inventories	34,424	22,391
Reversal impairment of assets		
buildings	18,398	-
inventories	6,843	-
Penalisation	5,347	1,715
Government grants	35,781	2,050
Currency swaps	1,137	8,293
Settlement agreements	-	76,330
Other	53,454	48,845
Total	197,512	220,262

Settlement agreements include payment received after the conclusion of the dispute with the supplier.

9. Other operating expenses

Other operating expenses can be analysed as follows:

CZK'000	2023	2022
Insurance premium costs	84,883	78,735
Contributions to municipalities and gifts	31,097	23,602
Inventories sold	28,426	19,093
Impairment charges of assets		
rotables	7,339	3,356
spare parts	4,112	2,064
inventories	-	5,465
Penalisation (including disabled worker penalty)	5,139	1,675
Change in liability for CO2 emissions	15,529	13,258
Other	40,312	38,009
Total	216,837	185,257

The Contributions to municipalities and gifts were especially granted to the municipalities affected by the operations of Václav Havel Airport Prague pursuant to a framework agreement and gifts from Program Biodiversity.

10. Financial income and expenses

The breakdown of the 2023 and 2022 financial income and expenses is as follows:

CZK'000	2023	2022
Interest on bank accounts	50,743	3,630
Other financial income	217	170
Interest and other financial income	50,960	3,800
Interest on bank loans	29,919	73,058
Lease interest	11,377	1,902
Provisions and payables: unwinding of discount	5,262	3,950
Total interest	46,558	78,910
Interest capitalised	(3,950)	(9,588)
Other financial expenses	11,152	10,192
Interest and other financial expenses	53,760	79,514

11. Income tax

Income tax of the 2023 and 2022 can be analysed as follows:

CZK'000	2023	2022
Deferred income tax expense / (income)	142,105	-
Adjustments in respect of current income tax of previous periods	1	315
Deferred tax expense	193,926	107,627
Deferred tax expense – impact of the change of income tax rate from 19% do 21%	12,321	-
Income tax expense	348,353	107,942

Reconciliation of income tax expenses applicable to profit or loss before income tax from continuing operations at the statutory income tax rate to income tax expenses at the Group's effective income tax rate for the years 2023 and 2022 is as follows:

CZK'000	2023	2022
Profit before income tax	1,727,735	488,473
Corporate income tax rate	21 %	19%
Expected income tax expense using statutory income tax rates	328,270	92,810
Tax effect of expenses that are not deductible in determining taxable profit	34,169	36,144
Tax effect of revenues that are not taxable in determining taxable profit	(2,228)	(2,309)
Deductible items	(964)	(253)
Change of unrecognised deferred tax asset	(12,465)	(20,566)
Adjustments in respect of current income tax of previous periods	1	315
Adjustments in respect of deferred tax of previous periods	(10,751)	1,801
Deferred tax expense – impact of the change of income tax rate from	12,321	-
Income tax expense	348,353	107,942
Effective tax rate	20.2%	22.1%

11. Income tax (continued)

The current income tax liability:

CZK'000	2023	2022
As at 1 January	-	-
Current income tax charge for the year	(142,105)	-
As at 31 December	(142,105)	-

The current income tax asset:

CZK'000	2023	2022
As at 1 January	24	27,271
Adjustment of current income tax in relation to prior periods based on filed corporate income tax return	(1)	(315)
Returns of income tax	(23)	(26,932)
As at 31 December	-	24

Deferred income tax assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset the current tax assets against current tax liabilities, and when the deferred income taxes relate to the same fiscal authority.

The deferred tax asset and the deferred tax liability as at 31 December 2023 and 31 December 2022 can be analysed as follows:

CZK'000	31 December 2023	31 December 2022
Net deferred tax to be realized within 12 months	(5,449)	82,475
Net deferred tax to be realized after more than 12 months	(251,757)	(112,498)
Net deferred tax liability	(257,206)	(30,023)
Net deferred tax to be realized within 12 months	17,333	13,937
Net deferred tax to be realized after more than 12 months	104,094	73,333
Net deferred tax asset	121,427	87,270

The deferred tax liability and asset as at 31 December 2023 are calculated at 21% (the rate enacted for and after 2024). The deferred tax liability and asset as at 31 December 2022 were calculated at 19% (the rate enacted for and after 2023).

The change in deferred tax assets and liabilities during the year is as follows:

Deferred tax liabilities

CZK'000	Difference between tax and book value of fixed assets	Right-of-use assets	Derivatives	Other	Total
As at 1 January 2022	(285,915)	(47,341)	(6,399)	(208)	(339,863)
Credited / (Debited) to the profit or loss	(20,721)	(2,540)	-	(476)	(23,737)
Debited to equity	-	-	(10,067)	-	(10,067)
As at 31 December 2022	(306,636)	(49,881)	(16,466)	(684)	(373,667)
Credited / (Debited) to the profit or loss	(21,459)	18,782	-	(1,422)	(4,099)
Debited to equity	-	-	12,264	-	12,264
As at 31 December 2023	(328,095)	(31,099)	(4,202)	(2,106)	(365,502)
Offsetting					108,296
As at 31 December 2023					(257,206)

11. Income tax (continued)

Deferred tax assets

CZK'000	Valuation allowances and impairments	Lease liabilities	Provisions	Employee benefits	Derivatives	Tax loss	Other	Total
As at 1 January 2022	88,318	47,988	6,463	4,156	-	351,786	16,093	514,804
Credited / (Debited) to the profit or loss	(12,708)	2,682	(2,670)	(901)	-	(74,131)	3,838	(83,890)
As at 31 December 2022	75,610	50,670	3,793	3,255	-	277,655	19,931	430,914
Credited / (Debited) to the profit or loss	(13,194)	(21,164)	(2,465)	1,180	-	(184,110)	17,605	(202,148)
Credited to equity	-	-	-	-	957	-	-	957
As at 31 December 2023	62,416	29,506	1,328	4,435	957	93,545	37,536	229,723
Offsetting								(108,296)
As at 31 December 2023								121,427

Unrecognised deferred tax asset

CZK'000	31 December 2023	31 December 2022
Tax loss	64,723	57,731
Impairment	-	13,889
Deferred tax asset - unrecognised	64,723	71,620

Unrecognised deferred tax asset is the part of the deferred tax asset which is not supposed to be realized in the future based on the financial plan of the subsidiaries. The tax loss can be claimed against taxable profit within 5 years of its occurrence.

Tax losses

As at 31 December 2023 the Company had tax losses in the amount of CZK 4,105 thousand which can be utilized until 2024, tax losses in the amount of CZK 405,982 thousand which can be utilized until 2025, tax losses in the amount of CZK 80,426 thousand which can be utilized until 2026, tax losses in the amount of CZK 191,203 thousand which can be utilized until 2027 and tax losses in the amount of CZK 71,943 thousand which can be utilized until 2028.

12. Property, plant and equipment

CZK'000	Land	Constructions and runways	Machinery and equipment	Vehicles and other tangibles	Construction in progress	Total
As at 1 January 2022						
Cost	17,049,498	30,534,809	7,178,005	2,042,681	649,601	57,454,594
Accumulated depreciation and impairment	-	(18,972,584)	(4,590,304)	(1,407,124)	-	(24,970,012)
Net book amount	17,049,498	11,562,225	2,587,701	635,557	649,601	32,484,582
Year ended 31 December 2022						
Opening net book value	17,049,498	11,562,225	2,587,701	635,557	649,601	32,484,582
Additions *)	8,698	381,247	223,928	81,072	401,190	1,096,135
Investment properties transfers	(33,561)	771	-	-	-	(32,790)
Depreciation	-	(954,857)	(396,953)	(129,733)	-	(1,481,543)
Disposal	-	(3)	(91,671)	(389)	(3,351)	(95,414)
Change in impairment	-	-	(5,421)	-	-	(5,421)
Closing net book amount	17,024,635	10,989,383	2,317,584	586,507	1,047,440	31,965,549
As at 31 December 2022						
Cost	17,024,635	30,886,438	7,050,705	2,017,734	1,047,440	58,026,952
Accumulated depreciation and impairment	-	(19,897,055)	(4,733,121)	(1,431,227)	-	(26,061,403)
Net book amount	17,024,635	10,989,383	2,317,584	586,507	1,047,440	31,965,549
Year ended 31 December 2023						
Opening net book value	17,024,635	10,989,383	2,317,584	586,507	1,047,440	31,965,549
Additions *)	62,667	627,666	341,362	133,659	(66,666)	1,098,688
Investment properties transfers	3 094	249	-	-	-	3,343
Transfers – other	-	-	141	(141)	-	-
Depreciation	-	(956,353)	(351,756)	(126,545)	-	(1,434,654)
Disposal	-	-	(65,022)	(1,250)	(56,146)	(122,418)
Change in impairment	-	-	(9,629)	-	(1,822)	(11,451)
Closing net book amount	17,090,396	10,660,945	2,232,680	592,230	922,806	31,499,057
As at 31 December 2023						
Cost	17,090,396	31,428,442	7,187,987	2,090,100	924,628	58,721,553
Accumulated depreciation and impairment	-	(20,767,497)	(4,955,307)	(1,497,870)	(1,822)	(27,222,496)
Net book amount	17,090,396	10,660,945	2,232,680	592,230	922,806	31,499,057

*) Additions also include transfers between Construction in progress and individual items of property, plant and equipment.

Constructions and runways also include shared terminal areas, which together with the airport's operations, are also intended for an operating lease to business units.

In 2023, the most significant capital expenditures include the reconstruction taxiways TWY Z and TWY H (CZK 138,648 thousand) and the construction of an underground cable duct connecting the northern and southern part of the airport area (CZK 88,560 thousand) The most significant items on the account of tangible fixed assets in the course of construction as at 31 December 2023 are the costs of preparatory works associated with the planned construction of parallel runway and the costs of reconstruction of aprons and taxiways.

As at 31 December 2023 and as at 31 December 2022, part of the land recognised in the balance sheet was encumbered by easements. The easements relate only to a relatively negligible area of the land involved (assessed by management as 1% of the total area). The easements relate mainly to enabling the maintenance of standard utilities and communication networks.

12. Property, plant and equipment (continued)

In 2023, the Group received a contribution from the State Fund for Transport Infrastructure in the amount of CZK 56,481 thousand to finance the acquisition and installation of technical devices for detection and perimetric protection of the airport perimeter. The contribution reduced the cost of the respectable assets.

13. Investment properties

CZK'000	Land	Buildings	Total
As at 1 January 2022			
Cost	1,923,179	444,933	2,368,112
Accumulated depreciation and impairment	-	(383,102)	(383,102)
Net book amount	1,923,179	61,831	1,985,010
Year ended 31 December 2022			
Opening net book value	1,923,179	61,831	1,985,010
Additions *)	-	431	431
Property, plant and equipment transfers	33,561	(771)	32,790
Depreciation	-	(7,172)	(7,172)
Closing net book amount	1,956,740	54,319	2,011,059
As at 31 December 2022			
Cost	1,956,740	442,295	2,399,035
Accumulated depreciation and impairment	-	(387,976)	(387,976)
Net book amount	1,956,740	54,319	2,011,059
Year ended 31 December 2023			
Opening net book value	1,956,740	54,319	2,011,059
Additions *)	-	9,857	9,857
Property, plant and equipment transfers	(3,094)	(249)	(3,343)
Depreciation	-	(7,006)	(7,006)
Change in impairment	-	18,398	18,398
Closing net book amount	1,953,646	75,319	2,028,965
As at 31 December 2023			
Cost	1,953,646	449,305	2,402,951
Accumulated depreciation and impairment	-	(373,986)	(373,986)
Net book amount	1,953,646	75,319	2,028,965

*) Additions also include transfers between Construction in progress and individual items of investment properties.

The fair market value of the land classified as investment property, for major land determined by an qualified estimation, as at 31 December 2023 and as at 31 December 2022 amounted to CZK 2,772,777 thousand and CZK 2,776,361 thousand, respectively. The market comparison method was used for valuation. This method is based on the transactions with the similar land on the market.

The fair value of the buildings classified as investment property, for major buildings determined by qualified estimation, as at 31 December 2023 and as at 31 December 2022 amounted to CZK 147,591 thousand and CZK 127,977 thousand, respectively. For valuation were used the income method of valuation (discounted cash flow) or the capitalization of net income model. In the model, a discount rate of 11% as at 31 December 2023 and of 11% as at 31 December 2022 were used.

13. Investment properties (continued)

Level 3 is used for fair value assessment.

Details of the relevant investment property profit or loss items are as follows:

CZK'000	Land		Buildings	
	2023	2022	2023	2022
Rental income from investment property	71,374	64,193	28,234	27,144
Direct operating expenses	1,030	1,128	4,551	3,845

14. Intangible assets and goodwill

CZK'000	Software and other intangibles	Goodwill	Customer relationships, certificates, trademarks	Intangibles in progress	Total
As at 1 January 2022					
Cost	1,145,634	11,084	396,409	31,527	1,584,654
Accumulated amortization and impairment	(967,581)	-	(271,618)	(15)	(1,239,214)
Net book amount	178,053	11,084	124,791	31,512	345,440
Year ended 31 December 2022					
Opening net book value	178,053	11,084	124,791	31,512	345,440
Additions *)	71,964	-	-	3,545	75,509
Amortization	(66,626)	-	(11,566)	-	(78,192)
Closing net book amount	183,391	11,084	113,225	35,057	342,757
As at 31 December 2022					
Cost	1,199,648	11,084	396,409	35,072	1,642,213
Accumulated amortization and impairment	(1,016,257)	-	(283,184)	(15)	(1,299,456)
Net book amount	183,391	11,084	113,225	35,057	342,757
Year ended 31 December 2023					
Opening net book value	183,391	11,084	113,225	35,057	342,757
Additions *)	115,528	-	-	(23,992)	91,536
Amortization	(57,673)	-	(11,566)	-	(69,239)
Disposal	(22,730)	-	-	-	(22,730)
Closing net book amount	218,516	11,084	101,659	11,065	342,324
As at 31 December 2023					
Cost	1,222,672	11,084	396,409	11,080	1,641,245
Accumulated amortization and impairment	(1,004,156)	-	(294,750)	(15)	(1,298,921)
Net book amount	218,516	11,084	101,659	11,065	342,324

*) Additions also include transfers between Construction in progress and individual items of intangible assets

The item Customer relationships, certificates, trademarks includes also trademarks in the carrying amounts of CZK 57,325 thousand and CZK 57,325 thousand as at 31 December 2023 and as at 31 December 2022, respectively.

15. Inventories

As at 31 December 2023 and as at 31 December 2022, inventories consist of the following:

CZK'000	31 December 2023	31 December 2022
Raw materials and other supplies	321,356	310,581
Finished goods, at cost	50,840	19,848
Advances granted for inventory	4,081	1,762
Livestock, at cost	892	919
Total inventory - net	377,169	333,110

Excess, obsolete and slow-moving inventory has been written down to its estimated net realisable value by an allowance account. The allowance is determined by the management based on inventory turnover and its expected future utilisation. The amount of allowances for obsolete inventory recognised as (revenue) / expense in 2023 and 2022 totalled CZK (6,843) thousand and CZK 5,465 thousand, respectively. The release / creation of an allowance for obsolete inventory has been included in the Other operating income / Other operating expenses line in the profit or loss.

16. Trade and other receivables

As at 31 December 2023 and as at 31 December 2022, trade and other receivables consist of the following:

CZK'000	31 December 2023	31 December 2022
Trade accounts receivable - invoiced *)	1,345,902	1,095,014
Trade accounts receivable – not yet invoiced *)	193,463	243,213
Contract assets	42,601	110,829
Receivables from tax authority	78,019	47,210
Derivatives *)	21,735	53,406
Other receivables	12,528	11,623
Less allowance for expected credit loss (Trade accounts receivable - invoiced)	(170,669)	(178,505)
Less allowance for expected credit loss (Trade accounts receivable – not yet invoiced)	-	(814)
Less allowance for expected credit loss (Receivables from tax authority and Other)	(2,335)	(2,493)
Total current trade and other receivables – net	1,521,244	1,379,483

*) Financial assets

Trade accounts receivable also includes lease receivables according to IFRS 16.

Trade accounts receivable are non-interest bearing and are generally on 14 - 17 day credit (domestic invoices) and 30 day credit (foreign invoices) terms.

Receivables from the tax authority as at 31 December 2023 and as at 31 December 2022 consist in particular of a VAT receivable in the amount of CZK 78,015 thousand and CZK 47,207 thousand, respectively.

For allowances for expected credit loss, see Note 28.

17. Prepayments and other current assets

Prepayments and other current assets mainly consist of rent prepayments, insurance prepayments, prepayments of IT and computer services and prepayments of other services and professional press subscriptions.

18. Cash and cash equivalents

As at 31 December 2023 and as at 31 December 2022, cash and cash equivalents consist of the following:

CZK'000	31 December 2023	31 December 2022
Cash at bank - net	2,286,113	181,378
Cash on hand	4,498	4,080
Cash in transit	2,686	1,712
Total cash and cash equivalents	2,293,297	187,170

Cash at the bank earns interest at floating rates.

Reconciliation to the consolidated statement of cash flows:

CZK'000	31 December 2023	31 December 2022
Total cash and cash equivalents - net	2,293,297	187,170
Impairment to cash	218	10
Cash and cash equivalents in the statement of cash flows	2,293,515	187,180

19. Shareholder's equity

The issued capital is an amount registered in the commercial register. The total authorised, fully paid, number of ordinary shares of parent company Letiště Praha, a. s. as at 31 December 2023 and as at 31 December 2022, respectively is 25,122,271 with a par value of CZK 1,076 thousand per share.

The shareholder shall be entitled to a share of the Company's profit (a dividend). The shareholder shall have a right to vote at the general meeting based on the nominal value of its shares, where each CZK 100 of the nominal value of the share represents one vote. The shareholder is entitled to attend the general meeting, cast his vote there, ask for and receive an explanation of matters relating to the Company or entities controlled by the Company, if such an explanation is necessary for the assessment of the subject of discussions at the general meeting. Furthermore, the shareholder is entitled to put forth proposals and counterproposals, when based on a law, to the issues on the agenda of the general meeting. The shareholder has the pre-emptive right to subscribe to a part of new Company shares subscribed in order to increase the registered capital at the extent of his ratio in the Company registered capital, if the issuing price of shares shall be paid with monetary deposits. This right may be restricted or ruled out only by the decision of the general meeting and solely in the important interests of the Company. A shareholder may request from the Board of Directors a copy of the minutes of a general meeting or a part thereof for the entire existence of the Company. In the case of winding up the Company with liquidation the shareholder shall be entitled to a share in the liquidation balance. A sole shareholder is entitled to receive all meetings' minutes of any body of the Company immediately after such minutes were approved, receive in a reasonable period response from anybody of the Company to shareholders´ inquiries and inspect all documents of the Company.

Other reserves

CZK'000	31 December 2023	31 December 2022
Other capital contributions	12,634	12,634
Foreign currency derivatives - cash flow hedge	(4,557)	15,574
Interest rate swaps – cash flow hedge	20,012	71,093
Deferred tax	(3,245)	(16,467)
Other	9,091	9,122
Total	33,935	91,956

19. Shareholder's equity (continued)

The following table shows a breakdown of the balance sheet item Other reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

CZK'000	Other capital contributions	Cash flow hedge currency	Cash flow hedge interest rate	Financial assets at FVOCI *)	Other reserves	Total other reserves
As at 1 January 2022	12,634	3,886	23,396	861	8,176	48,953
Revaluation – gross	-	27,442	66,286	85	-	93,813
Reclassification to profit or loss - gross	-	(16,666) **)	(24,077) ***)	-	-	(40,743)
Deferred tax	-	(2,047)	(8,020)	-	-	(10,067)
Other comprehensive income	-	8,729	34,189	85	-	43,003
As at 31 December 2022	12,634	12,615	57,585	946	8,176	91,956
Revaluation – gross	-	5,791	(13,104)	(31)	-	(7,344)
Reclassification to profit or loss - gross	-	(25,922) **)	(37,976) ***)	-	-	(63,898)
Deferred tax	-	3,916	9,305	-	-	13,221
Other comprehensive loss	-	(16,215)	(41,775)	(31)	-	(58,021)
As at 31 December 2023	12,634	(3,600)	15,810	915	8,176	33,935

*) Financial assets at fair value through other comprehensive income

*) Item Revenues of consolidated statement of profit or loss

*) Item Interests and other financial expenses of consolidated statement of profit or loss

For more information on cash flow hedges, see Note 28.

20. Interest-bearing loans and borrowings

As at 31 December 2023 and as at 31 December 2022, the Group had the following interest-bearing borrowings:

CZK'000	31 December 2023	31 December 2022
Bank loan in CZK – current	3,047	3,166
Bank loan in CZK – non current	899,314	899,137
Total interest-bearing borrowings	902,361	902,303

Bank loan

In 2021 the Company entered into a syndicated loan agreement with a syndicate of banks Československá obchodní banka, a.s., Raiffeisenbank a.s. and Všeobecná úverová banka, a.s., with a total credit facility in the amount of CZK 7,000,000 thousand. The credit facility was reduced to CZK 900,000 thousand from 15 December 2023. The interest rate is defined as PRIBOR plus margin. The loan is not secured. The loan will be repaid between 17 March 2025 and 15 December 2027 in regular quarterly instalments.

In January 2023, an amendment to the syndicated loan agreement was signed that focuses on financing according to ESG principles and establishes specific parameters that will be regularly evaluated and when met, the existing loan interest margin will be reduced. The basic pillar of the amendment is the gradual reduction of the carbon footprint, beyond which the Company further identifies with specific social and governance principles. As the Company has fulfilled the specific parameters, the loan interest margin was reduced since 15 December 2023.

The Company has the loan in the total amount of CZK 900,000 thousand and CZK 900,000 thousand as at 31 December 2023 and as at 31 December 2022, respectively.

20. Interest-bearing loans and borrowings (continued)

Bank overdraft

In 2023 and 2022, the Company drew a bank overdraft from Komerční banka, a.s. The overdraft interest rate is defined as PRIBOR plus margin. The overdraft is not secured. The overdraft was not drawn as at 31 December 2023 and as ad 31 December 2022.

In 2023 and 2022, the interest and other charges related to the bank loans were CZK 29,919 thousand and CZK 73,058 thousand, respectively, of which CZK 3,950 thousand and CZK 9,588 thousand were capitalised as part of construction of tangible non-current assets.

Net debt reconciliation

The table below sets out an analysis of net debt and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activity in the statement of cash flows.

	Liabilities from financing activities			Assets	
CZK'000	Loans and borrowings	Leases	Sub-total	Cash and cash equivalents	Total net debt
Net debt as at 1 January 2022	(1,874,351)	(253,966)	(2,128,317)	100,423	(2,027,894)
Interest expense	(74,749)	(1,902)	(76,651)	-	(76,651)
Interest payments	64,086	1,902	65,988	-	65,988
Capitalised interest payments (presented as cash flows from investing activities)	9,142	-	9,142	-	9,142
Index and increase of lease payments	-	(23,865)	(23,865)	-	(23,865)
Adjustment for changes in estimate – loss	(340)	-	(340)	-	(340)
Repayments	973,909	9,525	983,434	-	983,434
Other cash flows (repayments or drawdowns)	-	-	-	86,757	86,757
Net debt as at 31 December 2022	(902,303)	(268,306)	(1,170,609)	187,180	(983,429)
Interest expense	(29,808)	(11,377)	(41,185)	-	(41,185)
Interest payments	25,311	9,514	34,825	-	34,825
Capitalised interest payments (presented as cash flows from investing activities)	4,439	-	4,439	-	4,439
Lease modification	-	117,181	117,181	-	117,181
Repayments	-	3,035	3,035	-	3,035
Other cash flows (repayments or drawdowns)	-	-	-	(2,106,335)	2,106,335
Net debt as at 31 December 2023	(902,361)	(149,953)	(1,052,314)	(2,293,515)	1,241,201

21. Right-of-use assets and lease liabilities

Right-of-use assets

The Group leases the land.

CZK'000	Right-of-use assets
As at 1 January 2022	
Cost	285,287
Accumulated amortization	(36,121)
Net book value	249,166
Year ended 31 December 2022	
Opening net book value	249,166
Additions (index)	23,864
Amortization	(10,501)
Closing net book value	262,529
As at 31 December 2022	
Cost	309,151
Accumulated amortization	(46,622)
Net book value	262,529
Year ended 31 December 2023	
Opening net book value	262,529
Disposals (modification)	(117,181)
Amortization	(4,845)
Closing net book value	140,503
As at 31 December 2023	
Cost	191,970
Accumulated amortization	(51,467)
Net book value	140,503

In 2023, there was a lease modification due to the change in the estimated lease term.

Lease liabilities

The lease liability relates to the land rented to the Group by Správa Letiště Praha, s.p. and to the land returned in the restitution claim to the owner.

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate. The land is leased for indefinite period (it is land under the runway). The model uses for discounting 30 years as a minimum expected time of use of airport assets needed to operate the airport.

Lease liabilities include the net present value of the following lease payments:

- fixed payments,
- variable lease payments that are based on an index, initially measured using the index as at the commencement date.

21. Lease assets and lease liabilities (continued)

CZK'000	2023	2022
Lease liabilities as at 1 January	268,306	253,966
Lease modification	(117,181)	-
Index of lease payments	-	23,865
Annual lease payments	(3,035)	(9,525)
Lease interests payable	1,863	-
Lease liabilities as at 31 December	149,953	268,306

Current portion of lease liability as at 31 December 2023 and as at 31 December 2022 is in the amount of CZK 3,389 thousand and CZK 11,434 thousand. Non-current portion of lease liabilities as at 31 December 2023 and as at 31 December 2022 is in the amount of CZK 146,564 thousand and CZK 256,872 thousand.

22. Trade and other payables

As at 31 December 2023 and as at 31 December 2022, other non-current payables comprise the following:

CZK'000	31 December 2023	31 December 2022
Security deposit relating to the rent agreements **)	15,810	11,183
Retained payments from investments *)	96,190	100,300
Total other non-current payables	112,000	111,483

*) Financial liabilities
**) Non-financial liabilities

As at 31 December 2023 and as at 31 December 2022, current trade and other payables comprise the following:

CZK'000	31 December 2023	31 December 2022
Trade payables *)	1,131,946	914,039
Payables to employees **)	311,325	234,461
Social security payables and employees' taxes **)	164,939	129,246
Payables to tax authority **)	1,207	973
Contract liabilities **) – see note 3.3	101,980	58,258
Refund liabilities *) – see note 3.3	297,865	534,609
Advances received **)	197	122
Deferred income and security deposit - rent **)	53,998	46,047
Derivatives *)	4,771	104
Grants	29,811	1,363
Other **)	4,025	3,602
Total trade and other payables	2,102,064	1,922,824

*) Financial liabilities
**) Non-financial liabilities

Trade payables are non-interest bearing and are normally settled on 30 day terms.

23. Provisions

As at 31 December 2023 and as at 31 December 2022, the Group recognised the following provisions:

	31 December 2023			31 December 2022		
CZK'000	Current	Non-current	Total	Current	Non-current	Total
Anti-noise measures	26,922	67,311	94,233	47,351	58,770	106,121
Complaints and warranties	-	-	-	317	-	317
Emission allowances and green power	2,857	-	2,857	-	-	-
Legal and other risks	2,535	932	3,467	6,648	12,998	19,646
Total	32,314	68,243	100,557	54,316	71,768	126,084

Movements in each class of provision during the year 2023 and 2022:

	Current provisions				
CZK'000	Anti-noise measures	Complaints and warranties	Emission allowances and green power	Legal and other risks	Total
As at 1 January 2022	120,872	1,714	8,341	23,962	154,889
Additional recognised	-	217	-	4,294	4,511
Unwinding of discount	3,950	-	-	-	3,950
Unused amounts reversed	(719)	(728)	(277)	(1,015)	(2,739)
Used during the year	(17,982)	(886)	(8,064)	(7,595)	(34,527)
As at 31 December 2022	106,121	317	-	19,646	126,084
Additional recognised	-	-	2,857	2,441	5,298
Unwinding of discount	4,424	-	-	-	4,424
Unused amounts reversed	(6,950)	(100)	-	(12,916)	(19,966)
Used during the year	(9,362)	(217)	-	(5,704)	(15,283)
As at 31 December 2023	94,233	-	2,857	3,467	100,557

The anti-noise measures provision is related to implementation of supplementary anti-noise measures in the period from 2021 to 2025 to which the Group has been committed to perform as a part of the noise management policy. The provision was estimated based on a calculation that took into consideration the number of properties in the defined noise zone, probable interest of the owners of these properties on the implementation of relevant anti-noise measures determined based on a questionnaire survey, and the expected costs of the implementation of the anti-noise measures for individual types of properties.

24. Employee benefits liability

The Group provides long-term benefits to its employees, mainly jubilee benefits.

The balance of the employee benefits liability as at 31 December 2023 and as at 31 December 2022 is as follows:

CZK'000	31 December 2023	31 December 2022
Opening balance	17,130	21,872
Additions / (reverse)	7,455	(79)
Unwinding of discount	838	-
Utilised	(4,306)	(4,663)
Total	21,117	17,130

25. Commitments and contingencies

ESG strategy (responsible behavior in relation to the environment, social responsibility, and governance)

The commitment to socially responsible and sustainable business is an integral part of the Group's corporate culture. As part of long-term ESG (Environmental, Social and Governance) strategy, the Group focuses on nine key material areas that are relevant to the industry in which it operates. The long-term goals of the ESG strategy are intertwined in the form of KPIs in the remuneration of the board members. The ESG area is anchored in the organizational structure of the Parent Company, while selected strategic projects aimed at fulfilling the ESG strategy are managed on a project basis. Through the Code of Ethics, the company declares its obligations to customers, business partners, employees and the surrounding community in which it operates.

Transparency and non-financial reporting:

- **GRI methodology:** We report selected ESG performance indicators according to the GRI standards. Our non-financial indicators are part of the Sustainable Development Report, which we publish on the website of the Parent Company.

- **CSRD Directive:** From 2023, we will implement the requirements of the Corporate Sustainability Reporting Directive (CSRD), which defines the rules for reporting non-financial indicators according to the European Sustainability Reporting Standards (ESRS) for reporting entities). This obligation will fall on the company for the first time in 2025 and will be reflected in the consolidated financial statements for 2025, which will be issued in 2026.

In ESG area, the Group continued to fulfill nine strategic key areas:

1. Carbon neutral airport (carbon neutral by 2030, net-zero by 2050)
2. Species-rich airport (support for projects increasing biodiversity around airport)
3. Reduction of the noise load (implementation of additional anti-noise measures – equipping noise-affected family houses, apartments and school facilities in the vicinity of the airport with ventilation systems)
4. Reduction of environmental pollution (energy utilization of waste, recycling of materials on construction sites, responsible handling of chemical substances, monitoring of all components of the environment and measures to reduce the entry of harmful substances into the environment)
5. Partnership for a green airport (involvement of airlines, handling companies, tenants and other partners to common ESG activities)
6. Equal treatment and responsible employer (care of employees)
7. Transparent support of surrounding communities and the non-profit sector (financial and non-financial support of surrounding communities, involvement of employees in volunteer days)
8. Promotion of business ethics and acting within the Group
9. Promotion of business ethics and business sustainability among business partners

The following significant ESG activities took place in 2023:

1. Reduction of CO2 emissions by 68.03 % compared to the reference year 2009
2. Use of 78 % share of green electricity through guarantees of origin of electricity from renewable sources
3. Commissioning of a photovoltaic power plant on the roof of Terminal 3
4. Launch of the Biodiversity program focused on landscape regeneration, strengthening species diversity and natural water retention in the landscape – 13 supported projects
5. Expansion of pollutant monitoring
6. Realization of the TOP Sustainable Airline competition
7. Obtaining the „TOP odpovědná velká firma“ title organized by the Business for Society platform
8. Non-financial assistance to municipalities in the surroundings of the airport and sssistance to charitable organizations in the form of financial support
9. Acquiring the accreditation of the Czech Institute for Accreditation for the measurement of noise from air traffic in internal protected areas of buildings and outdoor protected areas
10. Application of the code of ethics of business partners to contractual relations

25. Commitments and contingencies (continued)

ESG strategy (responsible behavior in relation to the environment, social responsibility, and governance) (continued)

The consolidated financial statements as at 31 December 2023 include in particular the following related items:

1. Investment action Electromobility: the purchase of 17 plug-in hybrids, incl. new wall boxes and infrastructure built for CZK 21,296 and as of 31 December 2023, an unfinished investment of CZK 973 thousand is recorded.
2. Investment in Power Stow track loaders - 4 units for CZK 23,523 thousand.
3. Investment in reconstruction of heating plants for CZK 24,202 thousand, and as of 31 December 2023, an unfinished investments in the amount of CZK 2,345 thousand are recorded.
4. Other investments for 13,142 thousand and as of 31 December 2023, an unfinished investments in the amount of CZK 7,980 thousand are recorded.
5. Operational leasing of electric cars for CZK 709 thousand reported on the line Other services.
6. Decontamination of emergency vehicles of the fire brigade and decontamination of fire stations for CZK 1,103 thousand, reported on the line Other services.
7. Ventilation program: in 2023, 45 devices were installed for CZK 9,362 thousand, as at 31 December 2023, a provision for anti-noise measures in the amount of CZK 94,233 thousand is reported, see note 23 for details.
8. Program Biodiversity – 13 supported projects for CZK 2 ,000 thousand reported on the line Other operating expenses.
9. Good Neighborhood Grant Program: support of 90 projects in surrounding communities in total amount of CZK 21,000 thousand, reported on the line Other operating costs.
10. ELA (Employer Life Assistant) benefit program for employees for CZK 5,003 thousand reported on the line Other services.

The long-term plans and the development plan also include long-term investment plans containing investments leading to a reduction in energy intensity, in particular investments in photovoltaics and reconstruction of buildings, including insulation, etc. In the long-term plans also includes the further expansion of electromobility, programs to support the surrounding municipalities, communities and employees, reduction of noise load and carbon footprint, Biodiversity Program and others.

Legal claims

The total exposure resulting from pending legal claims, with the probability of losing the litigation higher than 50%, as at 31 December 2023 and as at 31 December 2022 was CZK 680 thousand and CZK 13,023 thousand, respectively. A provision was created for these legal disputes. It is part of the provision for legal and other risks.

Contractual commitments – off balance sheet liabilities

As at 31 December 2023 and as at 31 December 2022, the Group had contracted investment commitments in the total amount of CZK 1,000,767 thousand and CZK 358,641 thousand, respectively.

Contractual commitments - receivables

As part of its business activities, the Group rents out commercial space and land in the airport. The future minimum rent receivable under non-cancellable operating leases (without considering a breach of contractual terms) was as follows as at 31 December 2023 and as at 31 December 2022:

CZK'000	31 December 2023	31 December 2022
Within one year	194,394	179,219
Within two years	160,008	141,616
Within three years	113,977	124,166
Within four years	110,318	83,716
Within five years	93,250	80,795
More than five years	945,652	689,389
Total	1,617,599	1,298,901

25. Commitments and contingencies (continued)

Contractual commitments – receivables (continued)

Majority of the rental contracts includes two parts of the rent – a fixed part and a variable part. The variable part of the rent is calculated as a percentage from the tenant's turnover. As it is not possible to calculate the variable part of rent in advance, the table above only includes the fixed part of the rent and the minimum

Guarantees

As at 31 December 2023 there are bank guarantees issued in favour of the Group to secure the rent payment in the amount of CZK 291,713 thousand, to secure the construction work in the amount of CZK 239,019 thousand, to secure airport activities in the amount of CZK 38,655 thousand and the others in the amount of CZK 3,000 thousand. The bank guarantees issued in favour of third parties regarding operational activities of the Group are in the amount of CZK 4,154 thousand.

As at 31 December 2022 there are bank guarantees issued in favour of the Group to secure the rent payment in the amount of CZK 274,070 thousand, to secure the construction work in the amount of CZK 271,299 thousand, to secure airport activities in the amount of CZK 28,968 thousand and the others in the amount of CZK 3,000 thousand. The bank guarantees issued in favour of third parties regarding operational activities of the Group are in the amount of CZK 4,071 thousand.

26. Related-party disclosures

Sales to entities that are either state-controlled companies or companies under common control of the state or government institutions higher than CZK 1,000 thousand per individual entity in 2023 and 2022 totalled CZK 180,002 thousand and CZK 122,334 thousand, respectively.

The highest amount of sales in 2023 was to: Czech Aviation Training Centre, s.r.o. (rent of premises, energy consumption – CZK 55,018 thousand), OTE, a.s. (electricity price cap compensation – CZK 35,781 thousand), Řízení letového provozu, s.p. (rent of premises, energy consumption – CZK 26,155 thousand), Ministerstvo vnitra CR (rent of premises, energy consumption – CZK 20,390 thousand), Ministerstvo obrany CR (rent of land, energy consumption, airport services – CZK 5,917 thousand), Státní veterinární správa (veterinary station operation, energy consumption – CZK 7,895 thousand) and Generální ředitelství cel (sale of land, rent of premises, energy consumption – CZK 7,781 thousand).

The highest amount of sales in 2022 was to: Czech Aviation Training Centre, s.r.o. (rent of premises, energy consumption – CZK 43,348 thousand), Řízení letového provozu, s.p. (rent of premises, energy consumption – CZK 23,375 thousand), Ministerstvo vnitra CR (rent of premises, energy consumption – CZK 16,622 thousand), Ministerstvo obrany CR (rent of land, energy consumption, airport services – CZK 8,917 thousand), Státní veterinární správa (veterinary station operation, energy consumption – CZK 7,515 thousand) and Generální ředitelství cel (sale of land, rent of premises, energy consumption – CZK 8,415 thousand).

Purchases from entities that are either state-controlled companies or companies under common control of the state or government institutions higher than CZK 1,000 thousand per individual entity in 2023 and 2022 totalled CZK 84,393 thousand and CZK 104,902 thousand.

The highest amount of purchases in 2023 was from: ČEPRO, a.s. (fuels – CZK 59,379 thousand), Správa Letiště Praha, s.p. (lease of land – CZK 3,416 thousand), Český hydrometeorologický ústav (weather forecast – CZK 10,012 thousand) and Komwag, podnik čistoty a údržby města, a.s. (waste disposal – CZK 5,024 thousand).

The highest amount of purchases in 2022 was from: ČEPRO, a.s. (fuels – CZK 73,694 thousand), Správa Letiště Praha, s.p. (lease of land – CZK 3,254 thousand), Czech Aviation Training Centre, s.r.o. (training services – CZK 9,665 thousand), Český hydrometeorologický ústav (weather forecast – CZK 8,910 thousand) and Komwag, podnik čistoty a údržby města, a.s. (waste disposal – CZK 3,678 thousand).

All the above stated relations were realized based on the arm's length principle.

Further, in 2023 and 2022, the Group rents the premises free of charge in the amount of CZK 9,003 thousand and CZK 7,984 thousand to the related parties, whose activity for the Group is strictly necessary for the airport operation.

26. Related-party disclosures (continued)

As part of the normal course of business, the Group has also a relationship with the tax authority, social security institution and health insurance companies and Labour Office of the Czech Republic. The Group fulfils all the obligations emerging from such relationships.

For key management compensation, see Note 7.

27. Audit fee

The total audit fee to the company PricewaterhouseCoopers Audit, s.r.o. for the audits of financial statements of the companies within the Group and other audit services in 2023 and 2022 respectively for the Group is in the amount of CZK 3,433 thousand and CZK 2,533 thousand, respectively. The total fee to the company PricewaterhouseCoopers Česká republika, s.r.o. for the other non-audit services in the Group in 2023 and 2022 respectively for the Group is in the amount of CZK 1,705 thousand and CZK 260 thousand respectively.

28. Financial risk management objectives and policies

Risk analysis

Liquidity risk

Group liquidity management is carried out at the Company level. Due to the nature of the business performed by the subsidiaries there is no direct influence of the subsidiaries' operating cash flow on the liquidity risk of the Company.

The process of liquidity management of the Company is based on the principle of regularly conducted forecasts of future development of inflows, outflows and the estimated cash positions following therefrom, and on identifying potential risks that may possibly jeopardise Company's liquidity over an appropriately defined time horizon. The scope of sorting internal data is set in such a manner so as to make it possible to monitor, on a daily and separate basis, volumes of regular income, expenditures and other items (e.g. investment expenditures, repayments of loans, promissory notes, bonds, interest, etc.). Daily coordination of cash balances among banks and the investment of temporarily excessive liquidity are then closely related to this process.

The estimation of future development of cash flows and cash positions is based on statistically traced historical volumes of income and expenditures from ordinary activities. Estimated receipts and disbursements are updated with data that change daily and are at disposal in accounts payable and receivable ledgers. Such daily updated future treasury positions reveal the volume and timing of excessive liquidity or the risk of occurrence of shortages of cash indicated for a particular day as the case may be.

The results of estimated development of cash flows and cash positions consider expected development of business activity, expected development of the CZK foreign exchange rates (to USD and EUR) and interest rates, all being revised on minimum monthly basis. Outputs of the predictions covering the period of up to twelve consecutive months are an integral part of regular cash reports submitted to key management. The data presents valuable information about temporarily excess liquidity or are used as a basis for management decisions on interest-bearing debt.

In addition to the processes described above, a Business Plan is prepared by the Group each year, always immediately after the Group's budget for the given accounting period has been discussed and approved. The Business Plan also includes an overview of cash flows for the budgeted period. Covenants related to the Group's borrowings and guarantees are monitored by management on a regular basis.

28. Financial risk management objectives and policies (continued)

The table below separates the Group's financial liabilities (undiscounted cash flows) into relevant contractual maturity groupings as at the balance sheet date.

As at 31 December 2023 CZK'000	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Bank loan				
principal	-	900,000	-	900,000
interests	51,166	47,216	-	98,382
Trade and other payables *	1,434,582	76,315	19,875	1,530,772
Lease liabilities				
principal	1,525	7,353	139,211	148,089
interests	13,133	43,826	167,861	224,820

* Further see Note 22

As at 31 December 2022 CZK'000	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Bank loan				
principal	-	900,000	-	900,000
interests	65,522	117,456	-	182,978
Trade and other payables *	1,448,752	68,493	31,807	1,549,052
Závazky z leasingu				
jistina	11,434	47,080	209,792	268,306
úroky	1,835	6,665	16,062	24,562

* Further see Note 22

Credit risk

Credit risk of cash and cash equivalents

The Group invests its temporarily excessive liquidity solely with top credit rated banks. Based on the evaluation of the risk of the individual rating categories according to S&P Global estimate of 2023 and 2022 the impairment to cash at bank was set in the amount of CZK 218 thousand and CZK 10 thousand respectively, as at 31 December 2023 and as at 31 December 2022.

CZK'000	Rating Moody's	Rating S&P	As at 31 December 2023	As at 31 December 2022
Bank A	Aa3	A+	994,862	134,157
Bank B	A1	A	301,546	750
Bank C	A3	BBB	989,891	46,464
Bank D	A1	A+	32	17
Celkem			2,286,331	181,388

Credit risk of trade and other receivables

The credit risk arises from the possibility that the customers may not be able to settle obligations to the Group within the normal terms of trade. To manage this risk, the Group periodically assesses the financial viability of its customers. Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Payment terms (security deposits, advance payments, payments in cash on spot, or by invoice) are determined based on the assessed credit quality of the customer. Naturally, the business partners with the highest share of the Company's revenues represent the main concentration of the credit risk. As at 31 December 2023 and as at 31 December 2022 none of the customers has a share in trade receivables higher than 10%.

28. Financial risk management objectives and policies (continued)

Credit risk of receivables from the lease agreements

The Group checks the receivables at least twice a month and evaluates the potential risk of all tenants of non-residential premises. The receivables from selected tenants are checked more frequently. Should the tenant not comply with the credit terms, adequate procedures are taken (intensive communication with the partner, email escalation / paper demand for payment, charging late payment interest or penalties, issuing warnings, notice or there could be an option to terminate the agreement). Risks are assessed with regard to the provided deposit or bank guarantee, limited value of goods, equipment and technical appreciation made by the tenant in the rented space (retention institute). The retention institute is limited with regard to concrete business activity, goods and technical appreciation of the tenant.

Credit risk of receivables from the airport operations

It is at the Group's discretion as to whether, prior to the commencement of operations, the carrier will be obliged to provide a prepayment, deposit, principal or bank guarantee covering the minimum period of operations based on the agreed invoicing period and payment term. If a carrier refuses to use any of the offered guarantee options, the Group has the right to require that a cash payment be made prior to each aircraft's departure from the Group or all relevant airport charges will be collected by the handling company in line with the valid mandatory agreement. The Group's actual response depends on the particular business decision.

Provided there were no delays in receiving payments from the carrier for the fees charged during the immediately preceding 12-month period, the Group can decide to return the deposit or not require a prepayment, principal or bank guarantee anymore.

Credit risk of other financial assets

For all other trade receivables, depending upon the type and level of the particular payment, security may be required or credit information/references obtained. Historical data from the business relationship up until that point, in particular in relation to payment behaviour, may be used in an effort to avoid non-payment.

The credit risk from investments and derivative financial instruments relates to default by a contract partner. The transactions are concluded with contracting parties with high credit ratings and are not concentrated in one counterparty, so the credit risk is significantly reduced.

Expected credit losses and credit quality of trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled work in progress have substantially the same risk characteristics as the trade receivables for the same types of contracts. The approach to the allowance to contract assets is therefore the same as to the allowance to trade receivables.

From the historical data results that the receivables which are more than 6 months past overdue are collectible with large difficulties, so that to these receivables the Group creates the allowance of 100 %, if there is not the indicator that the customer will at least partially pay the receivables. Other receivables and contract assets are individually analysed based on the payment profile of the debtor or objective evidences of significant financial difficulties of the debtor (e.g. the debtor is in bankruptcy proceedings). Those are indicators that the trade receivable or contract assets is impaired (based on the risk matrix).

28. Financial risk management objectives and policies (continued)

On that basis, the provision for expected credit losses as at 31 December 2023 and as at 31 December 2022 was determined as follows for trade receivables and contract assets:

As at 31 December 2023 CZK'000	Expected loss rate	Trade receivables - invoiced	Trade receivables – not yet invoiced	Contract assets	Expected credit losses
Overdue more than 12 months	100.00%	169,400	-	-	(169,400)
Overdue up to 12 months	100.00%	1,056	-	-	(1,056)
Overdue up to 6 months	0.21%	73,502	-	-	(157)
Not yet due	0.01%	1,101,944	193,463	42,601	(56)
Total		1,345,902	193,463	42,601	(170,669)

As at 31 December 2022 CZK'000	Expected loss rate	Trade receivables - invoiced	Trade receivables – not yet invoiced	Contract assets	Expected credit losses
Overdue more than 12 months	100.00%	157,624	-	-	(157,624)
Overdue up to 12 months	71.56%	9,285	-	-	(6,644)
Overdue up to 6 months	10.48%	122,733	-	1,413	(13,007)
Not yet due	0.18%	805,372	243,213	109,416	(2,044)
Total		1,095,014	243,213	110,829	(179,319)

The movement in the provision for expected credit losses of trade receivables and contract assets is as follows:

CZK'000	2023	2022
As at 1 January	179,319	231,491
Increase of provision	2,781	19,435
Unused amount reversed	(5,076)	(52,183)
Receivables written off as uncollectible	(6,355)	(19,424)
As at 31 December	170,669	179,319

The increase and reverse of the provision for expected credit losses of receivables have been included in the Net expected credit losses on financial and contract assets line in the profit or loss.

The structure of trade receivables, unbilled revenues and contract assets secured by bank guarantees, deposits or by the contract providing fixed assets as security of the debtor´s obligation is as follows:

As at 31 December 2023 CZK'000	Not due yet	Overdue	Total
Trade receivables – invoiced	1,101,944	243,958	1,345,902
Trade receivables – not yet invoiced	193,463	-	193,463
Contract assets	42,601	-	42,601
Of which covered by the collateral *)	131,534	41,813	173,347

*) The fair value of collateral does not significantly differ from book value.

As at 31 December 2022 CZK'000	Not due yet	Overdue	Total
Trade receivables – invoiced	805,372	289,642	1,095,014
Trade receivables – not yet invoiced	243,213	-	243,213
Contract assets	109,416	1,413	110,829
Of which covered by the collateral *)	166,047	15,679	181,726

*) The fair value of collateral does not significantly differ from book value.

28. Financial risk management objectives and policies (continued)

Market risk

Foreign exchange risk – airport operations and handling services

The Group is not exposed to significant currency risk from airport operations as the majority of contracts are denominated in the functional currency (which is the same as the presentation currency, CZK).

The Group considers foreign exchange risk from airport operations to be insignificant. The transactional currency risk is calculated in each foreign currency and includes currency-denominated assets and liabilities. As at 31 December 2023 and as at 31 December 2022, the Group did not have any exchange rate hedges in place to mitigate the foreign currency exposure from airport operations.

Foreign exchange risk – handling services

In the area of handling services the Group during 2023 and 2022 concluded short-term currency swaps for the purpose of optimal liquidity management that were classified as trading instruments.

Foreign exchange risk – aircraft maintenance and overhauls

The Group is in the area of aircraft maintenance and overhauls exposed to the risk of exchange rate fluctuations. For that reason, the Group tries to maximize compensation for these risks, control net position in order to keep an optimal effect on net profit and cover open positions if necessary.

Therefore, the Group concluded FX hedging transactions (FX forward) with the aim to hedge its income in foreign currencies against the foreign currency risk. The Group also concluded short-term currency swaps and forwards in 2023 and 2022 for the purpose of optimal liquidity management that were classified as trading instruments.

As at 31 December 2023 and as at 31 December 2022 the Group has concluded hedging derivatives to secure part of its EUR exposure:

Foreign currency forwards – cash flow hedges

CZK'000	2023	2022
Current assets – derivatives	88	17,444
Current liabilities - derivatives	(4,771)	-

CZK'000	Fair value as at 31 December 2023		Nominal value as at 31 December 2023	Fair value as at 31 December 2022		Nominal value as at 31 December 2022
Maturity	*Asset*	*Liability*		*Asset*	*Liability*	
Within one month	41	(172)	29,954	1,792	-	19,836
From one to three months	37	(478)	68,339	3,365	-	39,672
From three months to one year	10	(4,121)	307,526	12,287	-	178,522
Total	88	(4,771)	405,819	17,444	-	238,030

The foreign currency forwards are denominated in the same currency as the highly probable future sales and the total forward volume is based on the specific foreign currency exposure. The maximum hedge ratio in relation to the planned exposure in a specific foreign currency is set at 80%.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and hedged item. This will effectively result in recognising revenue at a fixed foreign currency rate for hedged sales.

28. Financial risk management objectives and policies (continued)

Hedge effectiveness is determined at the inception of the hedge relationships, and thorough periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency sales, the Group enters into hedge relationships where the settlement date of the hedging instrument match with the expected maturity of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. In hedges of foreign currency sales, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated.

There was no ineffectiveness during 2023 and 2022 in relation to the foreign currency forwards.

As at 31 December 2023 and as at 31 December 2022, the Group has concluded currency swaps and forwards in EUR and USD:

Currency swaps and forwards – classified as trading instruments

CZK'000	Fair value as at 31 December 2023		Nominal value as at 31 December 2023	Fair value as at 31 December 2022		Nominal value as at 31 December 2022
Maturity	*Asset*	*Liability*		*Asset*	*Liability*	
Within one month	242	-	72,779	-	(104)	26,808

Foreign exchange risk – currency exposure

The following tables show foreign currency exposures per main currencies (with the balance higher than CZK 10 million in some of the category or in total) as at 31 December 2023 and as at 31 December 2022:

As at 31 December 2023 CZK'000	Trade and other receivables	Trade and other payables	Cash and cash equivalents	Total
EUR	647,453	(71,212)	18,742	594,983
USD	152,269	(189,923)	4,992	(32,662)
Total	799,722	(261,135)	23,734	562,321

As at 31 December 2022 CZK'000	Trade and other receivables	Trade and other payables	Cash and cash equivalents	Total
EUR	534,147	(50,262)	16,221	500,106
USD	153,110	(184,423)	35,723	4,410
Total	687,257	(234,685)	51,944	504,516

The table below summarises the impact before tax of the weakening/strengthening of the functional currency on the Group's profit or loss for each category of financial instrument held as at the balance sheet date. The foreign exchange rate movements of -10% (depreciation of CZK) and +10% (appreciation of CZK) are considered based on historic movements and future expectations:

As at 31 December 2023 CZK'000		Trade and other receivables	Trade and other payables	Cash and cash equivalents	Total
EUR	Appreciation of CZK by 10%	(64,745)	7,121	(1,874)	(59,498)
	Depreciation of CZK by 10%	64,745	(7,121)	1,874	59,498
USD	Appreciation of CZK by 10%	(15,227)	18,992	(499)	(3,266)
	Depreciation of CZK by 10%	15,227	(18,992)	499	3,266

28. Financial risk management objectives and policies (continued)

As at 31 December 2022 CZK'000		Trade and other receivables	Trade and other payables	Cash and cash equivalents	Total
EUR	Appreciation of CZK by 10%	(53,415)	5,026	(1,622)	(50,011)
	Depreciation of CZK by 10%	53,415	(5,026)	1,622	50,011
USD	Appreciation of CZK by 10%	(15,311)	18,442	(3,572)	(441)
	Depreciation of CZK by 10%	15,311	(18,442)	3,572	441

Interest rate risk

Changes in interest rates impact the Group in two areas: firstly, in depositing temporarily available liquidity, aiming at attaining maximum proceeds while maintaining a high degree of security of the invested financial funds. The other important area is the area of interest expenses – related to safeguarding against the risks following from expected or possible interest rate fluctuations.

Regarding the area of investing the temporarily available liquidity, the whole process is based on the principle that the Company invests only in conservative financial instruments (mainly current bank accounts, or term deposits at the selected first-class banks in the Czech Republic).

The Group is exposed to the interest rate risk due to the variable interest rate fluctuations of the Group's long-term loan. To reduce this risk, the Group uses an interest rate swap, when a fixed interest rate is exchanged for a floating one, thus fulfilling the Group's strategy to maintain a partial volume of external debt at a fixed interest rate.

The bank overdraft is based on a variable rate and the Group has still the option to use this form of financing.

Swaps currently in place cover 100% of the variable long-term loan principal outstanding. The fixed interest rate of the swap is 2.999% and the variable rate of the loan is 3M PRIBOR + margin.

Net interest receivables or payables from the concluded interest rate swap are settled every 3 months. The settlement dates coincide with the dates on which interest on the underlying debt is due.

The Group enters into an interest rate swap in the way that meets as much as possible the terms of the drawn loan, i.e. to ensure compliance of critical terms with the hedged item such as reference interest rate, swap settlement dates and loan interest maturity dates, amount, and thus lead to highly effective hedge relationship.

As all critical terms match, there is an economic relationship between hedging instrument and hedged item.

The effects of the interest rate swap on the Group's financial position and performance are as follows:

CZK'000	2023	2022
Carrying amount (current and non-current asset)	21,713	72,904
Nominal amount	900,000	900,000
Maturity date	2024-2027	2023-2027
Hedge ratio	1:1	1:1

Change in fair value of interest rate swap:

CZK'000	2023	2022
As at 1 January	71,092	28,883
Fair value transferred during the year from equity to income statement	(37,976)	(24,077)
Fair value increase / (decrease)	(13,104)	66,286
As at 31 December	20,012	71,092

28. Financial risk management objectives and policies (continued)

Analysis of sensitivity to expected change in interest rates on fair value of the interest rate swap

as at 31 December 2023 CZK'000	Fair value of interest rate swap	Justified fluctuation of interest rates in % p.a.	Annual impact of the change of the variable +/- on Other comprehensive income
Variable interest rate	21,713	(3.8)%	(86,044)

as at 31 December 2022 CZK'000	Fair value of interest rate swap	Justified fluctuation of interest rates in % p.a.	Annual impact of the change of the variable +/- on Other comprehensive income
Variable interest rate	72,904	(1.2)%	(36,488)

Analysis of sensitivity to change in interest rates on interest-bearing cash deposits

as at 31 December 2023 CZK'000	Balance of the outstanding deposits	Justified fluctuation of interest rates in % p.a.	Annual impact of the change of the variable +/-
Variable interest rate	2,286,331	(3.8)%	(87,795)

as at 31 December 2022 CZK'000	Balance of the outstanding deposits	Justified fluctuation of interest rates in % p.a.	Annual impact of the change of the variable +/-
Variable interest rate	181 388	(1.02)%	(1,850)

Annual impact of the change is stated before income tax.

Reconciliation of classes of financial instruments with measurement categories

The following tables provide classes of financial assets and liabilities with the measurement categories as at 31 December 2023 and as at 31 December 2022:

31 December 2023 CZK'000 Financial assets	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Derivative financial instruments used for hedging	Total	Fair value
Cash and cash equivalents:					
Cash at bank	2,286,113	-	-	2,286,113	2,286,113
Cash on hands	4,498	-	-	4,498	4,498
Cash in transit	2,686	-	-	2,686	2,686
Receivables:					
Trade accounts receivable - invoiced	1,175,233	-	-	1,175,233	1,175,233
Trade accounts receivable – not yet invoiced	193,463	-	-	193,463	193,463
Derivatives – current	-	242	21,493	21,735	21,735
Derivatives – non current	-	-	308	308	308
Total financial assets	3,661,993	242	21,801	3,684,036	3,684,036

28. Financial risk management objectives and policies (continued)

Reconciliation of classes of financial instruments with measurement categories (continued)

31 December 2022 CZK'000 Financial assets	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Derivative financial instruments used for hedging	Total	Fair value
Cash and cash equivalents:					
Cash at bank	181,378	-	-	181,378	181,378
Cash on hands	4,080	-	-	4,080	4,080
Cash in transit	1,712	-	-	1,712	1,712
Receivables:					
Trade accounts receivable - invoiced	916,509	-	-	916,509	916,509
Trade accounts receivable – not yet invoiced	242,399	-	-	242,399	242,399
Derivatives – current	-	-	53,406	53,406	53,406
Derivatives – non current	-	-	36,942	36,942	36,942
Total financial assets	1,346,078	-	90,348	1,436,426	1,436,426

Level 2 is used for fair value assessment of derivatives. For other financial assets the Level 3 is used.

31 December 2023 CZK'000 Financial liabilities	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Derivative financial instruments used for hedging	Total	Fair value
Loans and borrowings:					
Bank loan – non-current	902,361	-	-	902,361	906,636
Lease liabilities:					
Non-current	146,564	-	-	146,564	x
Current	3,389	-	-	3,389	x
Payables:					
Trade and other payables – current	1,429,811	-	-	1,429,811	1,429,811
Other payables – non-current	96,190	-	-	96,190	96,190
Derivatives – current	-	-	4,771	4,771	4,771
Total financial liabilities	2,578,315	-	4,771	2,583,086	x

31 December 2022 CZK'000 Financial liabilities	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Derivative financial instruments used for hedging	Total	Fair value
Loans and borrowings:					
Bank loan – non-current	902,303	-	-	902,303	908,302
Lease liabilities:					
Non-current	256,872	-	-	256,872	x
Current	11,434	-	-	11,434	x
Payables:					
Trade and other payables – current	1,448,648	-	-	1,448,648	1,448,648
Other payables – non-current	100,300	-	-	100,300	100,300
Derivatives – current	-	104	-	104	104
Total financial liabilities	2,719,557	104	-	2,719,661	x

28. Financial risk management objectives and policies (continued)

The fair value of the derivatives results from the difference between contracted forward exchange rate and actual forward rate for the given due date. The difference between both rates is discounted to the present value as at when the fair value is calculated.

The fair value of the interest rate swap results from the difference between present value of variable interest rate cash flows and present value of fixed interest rate cash flows. Present value of variable interest rate cash flows is calculated by using forward swap curve.

The fair value of the bank loans is calculated as the net present value of future payments. The net present value is calculated using the interest rate curve for the appropriate time period.

The fair value of the lease liabilities is calculated as the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 31 December 2023 and as at 31 December 2022.

Level 2 is used for fair value assessment of derivatives, loans and borrowings. For other liabilities the Level 3 is used.

There were no transfer between levels of fair value assessment in 2023 and 2022.

Capital management

The Group's main objective when managing capital structure is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal debt to equity ratio and to retain the high credit rating.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, investment needs and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group uses primarily dividend policy.

The Group expects in the medium-term to long-term period significant investments in expansion of terminal capacity and in parallel runway construction. Until the investments are made, the Group focuses on minimizing its debt burden. The Group includes within the debt the interest-bearing loans and borrowings and lease liabilities.

CZK'000	As at 31 December 2023	As at 31 December 2022
Financial debt	1,052,314	1,170,609
Equity	34,610,936	33,289,575
The leverage ratio	3.04 %	3.52%

In December 2023, the International rating agency Moody´s Investors Service increased the credit rating of the Company to Aa3, stable.

The Group's capital management, amongst other things, aims to ensure that it meets the financial covenant attached to the interest-bearing loan that defines capital structure requirements. In 2023, there had been no breaches in the financial covenant of the interest-bearing loan during its drawdown period.

29. Events after the balance sheet date

With effect from 1 January 2024 Ing. Martin Kučera, MBA was appointed as a member of the Board of Directors of the Company. With effect from 15 January 2024 Mgr. Petr Kubíček was appointed as a member of the Supervisory Board of the Company. These changes were registered in the Commercial Register prior to date of preparation of these financial statements.

No other events have occurred subsequent to year-end that would have a material impact on the consolidated financial statements for the year 2023.

These consolidated financial statements of Letiště Praha, a. s. for the year ended 31 December 2023 were authorised for issue:

31 May 2024

Jiří Pos
Chairman of the Board of Directors

Pavel Východský
Member of the Board of Directors

Independent Auditor's Report

To the shareholder of Letiště Praha, a. s.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Letiště Praha, a. s., with its registered office at K letišti 1019/6, Praha 6 - Ruzyně (the "Company") and its subsidiaries (together the "Group") as at 31 December 2023, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Group´s consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year ended 31 December 2023,
- the consolidated statement of comprehensive income for the year ended 31 December 2023,
- the consolidated statement of financial position as of 31 December 2023,
- the consolidated statement of changes in equity for the year ended 31 December 2023,
- the consolidated statement of cash flows for the year ended 31 December 2023, and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the consolidated annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors, supervisory board and audit committee of the Company for the consolidated financial statements

The board of directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process. The audit committee of the Company is responsible for monitoring the consolidated financial statements' preparation process.

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

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

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

31 May 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Jiří Zouhar
Statutory Auditor, Licence No. 2542