



LETIŠTĚ PRAHA, A. S.

2023

ANNUAL REPORT



Translation note

This version of the annual report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the primary financial statements takes precedence over this translation.

Foreword by the Chairman of the Board of Directors

Ladies and Gentlemen,

Letiště Praha, a. s. recorded another 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 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. 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.

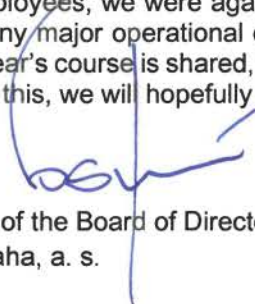
Last year, Letiště Praha, a. s., also unveiled its development plans for the coming years. As a result, passengers can look forward to greater comfort when travelling, starting on their journey to the airport. The new plans are supported by over 90 percent of Czech citizens. The airport 2030 development plans will bring 200 direct connections, 37 long-haul routes, and 10,000 parking places. Last but not least, the airport is heading towards carbon neutrality. We are glad that the Ministry of Finance has approved the update to our long-term 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 handling efficiency and operational safety. We are also a TOP Responsible Company according to *Business for Society* 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. 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 we want to be a good neighbour. 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.

We also introduced a new taxi service provider. Uber started offering its services at the airport at the end of September 2023. Despite the initial problems, related also to the substantial change of the transport model, the assignment from the concession procedure, namely the strict compliance with price regulation delivering protection of passengers from unfair taxi drivers, quality of the service and its availability, and generating income for the airport, has been fulfilled. However, we will continue to work together with Uber on a better customer experience.

We are a strategic infrastructure, the only one of its kind in the Czech Republic, and our permanent priority is to operate the airport in a reliable, safe and customer-friendly manner. I am glad that thanks to the employees, we were again able to cope with all the tasks at hand during the past year and did not face any major operational complications in 2023. I believe that the joy regarding the future plans and last year's course is shared, because the efforts made by all colleagues at the airport are enormous. Thanks to this, we will hopefully be able to look back on the year 2024 with gratitude and hope.

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



1. Company Profile

Mission of the Company

The main mission of Letiště Praha, a. s. (hereinafter also referred to as "Prague Airport" or "the Company") is to operate the international civil airport, Václav Havel Airport Prague, efficiently and safely, promote its further growth, contribute to the constant development of civil air transport in the Czech Republic, maintain its accessibility to the general public, and facilitate modern, fast, and comfortable travel for customers.

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 cooperates 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 cooperates with the City of Prague and municipalities in the vicinity of the airport. Václav Havel Airport Prague is home base to four carriers, namely Smartwings, Ryanair, Eurowings and České aerolinie.

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

Prague Airport is aware of its corporate social responsibility resulting from the impact of its operations on the surrounding areas. Therefore, the Company performs its activities with consideration to the environment and the lives of the residents from the airport vicinity.

Legal Status of the Company

Letiště Praha, a. s., was incorporated by registration in the Commercial Register administered by the Municipal Court in Prague, Section B, Insert 14003, on 6 February 2008.

The Prague Airport Group associates companies active in areas linked to the operations of Václav Havel Airport Prague and related ground services.

The Company is the sole shareholder of B. aircraft, a.s. (hereinafter referred to as "B. aircraft"), Czech Airlines Handling, a.s. (hereinafter referred to as "Czech Airlines Handling"), Czech Airlines Technics, a.s. (hereinafter referred to as "Czech Airlines Technics"), and Prague Airport Real Estate, s.r.o.

The Company has neither a branch nor another part of its business enterprise abroad.

Prague Airport does not pursue any significant research and development activities.

The Company did not acquire its own shares.

2. Company Management and Governance

General Data

Corporate Name: Letiště Praha, a. s.
Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 14003
Company Reg. No.: 28244532
Company Tax No.: CZ699003361
Date of Incorporation: 6 February 2008
Registered Office: K letišti 1019/6, 161 00 Prague 6, the Czech Republic

Shareholder

The Ministry of Finance, Registration No.: 000 06 947, as a central government body that represents the Czech Republic while exercising its ownership rights, is the sole shareholder of the Company.

Administrative Bodies

The General Meeting is the supreme body of the Company. It appoints and dismisses members of the Board of Directors and the Supervisory Board with the exception of three Supervisory Board members that are elected by the employees of the Company. The General Meeting also appoints and dismisses members of the Audit Committee.

The Board of Directors is the Statutory Body of the Company. It manages the Company's affairs and acts on behalf of the Company. Based on the Articles of Association, the Board of Directors has five members.

The Supervisory Board is the controlling body of the Company. It supervises the scope of performance of the Board of Directors and the Company's business activities. In accordance with the Articles of Association, the Supervisory Board consists of nine members.

The Audit Committee is an independent body of the Company established pursuant to the Act on Auditors and the Articles of Association of the Company. The Audit Committee has three members.

Contact

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Board of Directors of the Company

As at 31 December 2023, the Company was managed by the Board of Directors, which had four members. 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 role of Vice-Chairman terminated on 27 June 2023, he was re-appointed as a Member and a Vice-Chairman of the Board of Directors with effect from 28 June 2023

Martin Kučera – membership commenced on 1 January 2024

Supervisory Board of the Company

As at 31 December 2023, the Supervisory Board had eight members. One position was vacant.

Chairman of the Supervisory Board

Stanislav Kouba

Vice-Chairman of the Supervisory Board

Martin Sekal

Member of the Supervisory Board elected by employees

Tomáš Blodek

Member of the Supervisory Board elected by employees

Jiří Hošek

Member of the Supervisory Board

Jaroslav Klaška

Member of the Supervisory Board elected by employees

Milan Suchý

Member of the Supervisory Board

Petr Šobotník

Personnel changes to the Supervisory Board in 2023

Petr Šobotník – termination of the membership and of the position of Vice-Chairman as of 31 March 2023, appointed Member as of 1 November 2023

Pavel Dobeš – appointed Member as of 1 April 2023

Martin Sekal – elected Vice-Chairman as of 11 May 2023

Tomáš Blodek - elected Member by the Company's employees with effect from 9 November 2023,

Jiří Hošek – termination of the membership as of 13 November 2023, re-elected Member by the Company's employees with effect from 14 November 2023

With effect from 15 January 2024, Mr. Petr Kubiček was appointed Member by the sole shareholder.

Audit Committee

Chairwoman of the Audit Committee

Andrea Lukášiková

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 Lukášiková, 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 Lukášiková as Chairwoman and Petr Šobotník as Vice-Chairman.

3. Human Resources

As at 31 December 2023, Prague Airport had a total of 2,716 employees.

In 2023, the average recalculated number of Company employees equalled 2,564 FTEs, with additional 155 FTEs performed by workers under agreements to perform work or agreements to complete a job.

The Company's conduct is in compliance with both labour law and directives in effect and the Collective Agreement concluded for the relevant period.

4. Selected 2023 Events and 2024 Outlook

2023 Business Conduct

The year 2023 was marked 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 1 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. The slower return to the 2019 traffic volume compared to other airports in Europe is caused by, among others, the following factors:

- Negative impact of certain market closures – Russia, Ukraine, China, etc.
- Slow resumption of incoming tourism
- Lower passenger numbers in the categories of business travel and trips to visit relatives and friends
- Domestic flight absence
- Reduced operations of České aerolinie a.s.

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.

Investments to ensure the standard operation of the airport and its further development 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, the Company worked intensively on the final draft update of the Long-Term 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.

With regard to the subsidiaries of Czech Airlines Handling, a.s., and Czech Airlines Technics, a.s., emphasis was placed on increasing their competitiveness and economic performance, which was further promoted in the case of Czech Airlines Technics, a.s., by the Company's search for a strategic partner.

2023 Development and Key Factors of Prague Airport 2023 Financial Results

A total of 13.8 million passengers were handled during 2023, which represents a year-on-year increase of 29%. 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 destinations in the Russian Federation (11 destinations).

The Company's total operating profit (without long-term tangible and intangible assets value adjustments) increased year-on-year by 917 million Czech crowns (42%), from 2,208 million Czech crowns in 2022 to 3,125 million Czech crowns in 2023.

The Company's total operating revenues increased year-on-year by 1,903 million Czech crowns (32%), from 5,928 million Czech crowns in 2022 to 7,831 million Czech crowns in 2023, of which:

- 1,386 million Czech crowns (36%) represent an increase in aviation business revenues based on the aforementioned air traffic development.
- 517 million Czech crowns (25%) represent an increase in non-aviation business revenues also based on the increase in the number of passengers (higher revenues from turnover rent, higher revenues from parking, as well as from other segments affected by the growth in the number of passengers).

The Company's total operating costs increased year-on-year by 986 million Czech crowns (27%), from 3,720 million Czech crowns in 2022 to 4,706 million Czech crowns in 2023, of which:

- 450 million Czech crowns (20%) represent an increase in personnel costs, mainly due to the increase in the number of employees and the increase in salaries pursuant to the Collective Agreement. Prague Airport managed to ensure smooth and safe operations despite the 29% increase in the number of handled passengers thanks to extraordinary operational measures and motivational incentives for airport employees.
- 536 million Czech crowns (38%) represent an increase in other operating costs, primarily the costs of electricity (year-on-year increase of 202 million Czech crowns; 85%) and gas (year-on-year increase of 77 million Czech crowns; 124%) as a result of the energy crisis when the purchase of commodities took place in tranches in advance.

In October 2021, Prague Airport contracted sufficient financial capacity to overcome the negative impact of the Covid-19 pandemic. At the end of 2023, the amount of the Prague Airport bank loan amounted to 900 million Czech crowns. The entire principal amount bears interest at a variable interest rate and is fully hedged by 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.

Prague Airport - 2023 Figures



TOP 5 CITIES



TOP 5 COUNTRIES (BY HANDLED PASSENGERS)



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.
- Working with Vojta Kotek, actor and director, a project is developed to support airport professions. A series called *Recrutchamp* thus supports the employer brand and introduces the whole range of professions which Vojta Kotek has experienced firsthand.
- Following the earthquakes in Turkey and Syria, the Company's management organises a fundraiser in cooperation with the People in Need non-profit NGO. The Company is to match the amount donated by employees of the entire Group to double the collected amount.

February

- The key topic focused on by the Company's Board of Directors and Supervisory Board meetings held in February is the Long-term Development Strategy of Prague Airport and the top-level Capacity Development Strategy.

March

- Effective 31 March 2023, the Ministry of Finance dismisses Ing. Petr Šobotník from the Company's Supervisory Board.
- A new *Work with Us for the Whole World* recruitment campaign is launched. Through visual images, it introduces the individual professions and highlights the unique environment of the airport. The goal of the campaign is to raise interest among potential candidates and promote the attractiveness of the employer brand.
- 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.
- Under the Routes Europe Awards, our airport is shortlisted for the *Best Airport* title in the category of airports with 4-20 million handled passengers.

April

- Effective 1 April 2023, the sole shareholder appoints Mgr. Pavel Dobeš as Company's Supervisory Board member.

May

- Effective 11 May 2023, PaedDr. Martin Sekal assumes the role of the Company's Supervisory Board Vice-Chairman.
- This month, the Company's sole shareholder 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 Ing. Jiří Kraus Member of the Company's Board of Directors.
- The implementation of the ESG strategy and the strategy in the area of commodity purchases are major topics reviewed by the Company's management bodies.

June

- On 9 June 2023, the Ministry of Finance approves the update to the Company's Long-Term Development Strategy and acknowledges the Capacity Development Strategy 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 our 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. The Company 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 Reykjavik four times a week.

July

- The Company 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, our airport is connected by direct flights with the Taiwanese capital of Taipei.

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 Mr. 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 the Company's 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 the airport.

September

- On 26 September 2023, Uber, the new taxi service provider at Václav Havel Airport Prague, launches its operations.
- We continue the search for a strategic partner for the Czech Airlines Technics, a.s. subsidiary and we cooperate intensively with our advisor on the project.
- 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 Ing. Petr Šobotník, Ing. Andrea Lukášková, and Ing. Ivo Středa to the Company's 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.
- We attend the World Routes international conference in Istanbul (15-17 October 2023) with meetings with representatives of 53 air carriers. The following new destinations were agreed upon: Astana (Scat Airlines), Verona, Florence (Volotea), Nice (Eurowings), Izmir (SunExpress), Antalya (Pegasus Airlines), Chisinau (FlyOne), Edinburgh (Jet2.com). Increased frequencies and capacities on 11 routes were also confirmed.

November

- Effective 1 November 2023, based on the decision of the sole shareholder within the scope of the Company's General Meeting, Ing. Petr Šobotník becomes, once again, the Company's Supervisory Board member.

- The Company became the target of a massive cyber attack on the entire Czech Republic, which it successfully countered without any restrictions on the airport operations and the check-in process.
- 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 Audit Committee elects Ing. Andrea Lukasíková its Chairperson and Ing. Petr Šobotník its Vice-Chairman with immediate effect.
- Key topics focused on by the Company's management bodies comprise the 2024 Business Plan, including the 2024 and 2025 Investment Plans.

2024 Subsequent Events Prior to the Annual Report Signing Date

January

- The sole shareholder appoints Ing. Martin Kučera, MBA as Member of the Company's Board of Directors effective 1 January 2024 and Mgr. Petr Kubíček as Member of the Company's Supervisory Board effective 15 January 2024.
- The search for a strategic partner for the Czech Airlines Technics, a.s., subsidiary continues. A draft shortlist of candidates is prepared and strategic partnership conditions specified in greater detail.
- In the ongoing year-round assessment of passenger satisfaction according to the ASQ methodology, after a deterioration in 2022, Prague Airport returned to the top of the satisfaction rankings when in the category of European airports with 15-25 million passengers, it took the second place behind Helsinki in the overall satisfaction evaluation in 2023.

February

- The Ministry of Finance approves the Company's 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 last year in the TOP Employers 2024 study.
- The Ministry of the Environment has extended the validity of the affirmative statement within the Environmental Impact Assessment (EIA) process for the parallel runway project until 26 October 2026.

March

- The longest trolley bus in the Czech Republic has started running to the airport. The new trolleybus line 59 replaces the existing bus line 119, increasing comfort for both passengers and employees.

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

Detailed information on the Company's performance and economic position is provided in the appendices to this annual report, in particular in the financial statements, which form an integral part of the annual report.

2024 Outlook

Economic Situation

The macroeconomic assumptions of the 2024 Financial Plan are based on a document published by the Ministry of Finance of the Czech Republic – 55th Colloquium – a review of forecasts of the Czech Republic macroeconomic development trends (2023–2026) – average review results – and on the Czech National Bank’s forecast.

The key assumption upon drafting the outlook was the number of passengers handled amounting to 15.5 million. The 2024 air traffic forecast expects an increase in frequencies and capacities by regular traffic, as well as an increase in the number of destinations (primarily by low-cost carriers). In terms of charter flights, no further significant increase is expected, due to the lack of free capacity on the part of the carriers. The outlook does not foresee the resumption of flights to Ukraine and Russia.

At the time of this annual report’s drafting, we expect the airport to have direct connections to more than 170 destinations in 2024, including eleven already confirmed new destinations, namely Verona, Florence, Tallinn, Poznań, Ponta Delgada, Astana, Brindisi, Izmir, La Palma, Tashkent, and Chisinau. We will continue to pursue new long-haul routes (China, Vietnam, India, Thailand, the United States, Canada and others) and support the development of based carriers to strengthen connectivity.

Regarding the fulfilment of the planned number of passengers, it should be mentioned that although the level of uncertainty for planning of aviation revenues has decreased compared to previous years, some risks still remain. These mainly include a more significant escalation of the war in Ukraine, technical problems of the aircraft (A320NEO) and persistently delayed deliveries of new aircraft. Another risk could be a potential spread of the conflict in Israel to the entire region with, possibly affecting the routes from Prague to Egypt.

In the non-aviation business segment, we will focus on opening 14 new gastro establishments and a new commercial zone in Terminal 2. In 2024, we will also call a tender within the Travel Retail segment, expand the offer of shops for passengers, and continuously work on improving the taxi service. We have scheduled the implementation of a new modern parking system and the modernisations of the Comfort parking building, the Mastercard lounge at Terminal 1, and the VIP Service of Club Continental. Last but not least, we will call a tender for an E-commerce platform provider for the modern online sale of services of Prague Airport and our partners.

2024 Main Objectives in Line with the Company’s Strategic Goals

- 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
- Assurance of smooth operations during the high season and the safe and reliable operation of the airport in general
- Ensure high-quality recruitment of employees and deliver the planned personnel capacities
- Intensive negotiations and further development of air connections from Prague Airport in accordance with the Aviation Business Development Strategy
- Expand the range of services for passengers in the terminals, improve the attractiveness of the premises and provide high-quality services

2024 and 2025 Key Investment Projects

- Hangar G collector
- Reconstruction of the Terminal 1 administrative building
- Reconfiguration of stands in the A2 sector and passenger boarding bridges in the B1 and B2 sectors
- New 06/24 runway cable duct
- Reconstruction of the handling area by Hangar E
- Reconstruction of the Taxiway C surface
- Cargo – Hangar F connecting route
- Project documentation for Terminal 2 expansion (Part 1)

- Perimeter modernisation – Phase 5
- Perimeter modernisation – Phases 14, 15, 18
- Upgrade of the Parking Comfort building
- Aviation fuel tank 5,000 (2nd Phase)
- Modernisation of fencing – existing routes
- P6/P7 client zones
- CT X-ray for Central Security Screening point

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.

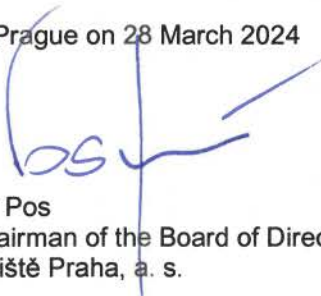
During the reporting period, Prague Airport was not involved in litigation regarding requests to provide information pursuant to the Act.

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 14a of the Act.

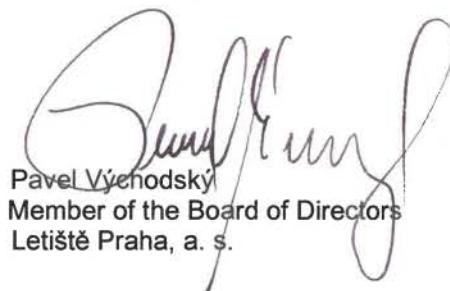
6. Responsibility for the Annual Report

The Board of Directors hereby declares that the information included in the 2023 Annual Report corresponds to the real situation and gives a true and fair view of the Company's financial situation, business activities and results of its operations for the previous accounting period and that no fundamental circumstances were omitted that might affect the precise and correct assessment of the performance, activities and economic position of Letiště Praha, a. s.

In Prague on 28 March 2024



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



Pavel Východský
Member of the Board of Directors
Letiště Praha, a. s.

7. Appendices

- Report on the Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and other Entities Controlled by the Same Controlling Entity
- Report of the Supervisory Board of the Company
- Report of the Audit Committee of the Company
- Financial Statements for the Year Ended 31 December 2023
 - Balance Sheet as at 31 December 2023
 - Profit and Loss Account for the Year 2023
 - Cash-Flow Statement for the Year 2023
 - Statement of Changes in Equity for the Year 2023
- Notes to the Financial Statements for the Year Ended 31 December 2023
- Independent Auditor's Report to the Shareholder of the Company

Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and other Entities Controlled by the Same Controlling Entity

Drafted by Letiště Praha, a. s. Board of Directors pursuant to Section 82, Chapter 1 of Act No. 90/2012 Coll., as amended, on Business Corporations and Cooperatives (the Business Corporations Act) for the reference period from 1 January 2023 to 31 December 2023.

SECTION I CONTROLLING ENTITY, CONTROLLED ENTITY AND OTHER ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY

1. Controlled Entity

Letiště Praha, a. s.

With its registered seat at: K letišti 1019/6, Ruzyně, 161 00 Prague 6

Company Identification Number: 282 44 532

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 14003

(hereinafter referred to as “**the Controlled Entity**”).

The Controlled Entity is a business corporation primarily focusing on operating the international civil airport, Václav Havel Airport Prague. Its scope of business is outlined in detail in the company’s Articles of Association.

2. Controlling Entity

The Ministry of Finance

With its registered seat at: Letenská 525/15, Malá Strana, 118 00 Prague 1

Identification Number: 000 06 947

(hereinafter referred to as “**the Controlling Entity**”).

The Controlling Entity is a central government authority, established by the Act No. 2/1969, Coll., as amended, on the Establishment of Ministries and Other Central Government Authorities of the Czech Republic (hereinafter referred to as “the Competence Act”).

3. Role of the Controlled Entity

Letiště Praha, a. s., is an integral part of the Letiště Praha Group, also comprised of Czech Airlines Handling, a.s., providing ground handling of passengers, including their baggage, cargo and post and handling of aviation fuel (aircraft refueling), Czech Airlines Technics, a.s., performing aircraft hangar maintenance, B. aircraft, a.s., which in the reference period focused primarily on services related to leasing and purchase of aircrafts and since 28 August 2023 also Prague Airport Real Estate, s.r.o., which owns the land intended for the future development of the airport. In addition to the operation of Václav Havel Airport Prague the Controlled Entity also carries out coordination, financial and strategic management, implementation of synergies and provision of shared services within the Letiště Praha Group.

4. Other Entities Controlled by the Same Controlling Entity

(hereinafter referred to as “**the Related Entities**”)

1. ČEPRO, a.s.

With its registered seat at: Dělnická 213/12, Holešovice, Post Code: 170 00 Prague 7

Company Identification Number: 601 93 531

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 2341.

The company focuses primarily on production and processing of fuel and lubricants, fuel distribution and hazardous waste handling. Its scope of business is outlined in detail in company’s Articles of Association.

2. Česká exportní banka, a.s.

With its registered seat at: Prague 1, Vodičkova 34 č.p. 701, Post Code: 11121

Company Identification Number: 630 78 333

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 3042.

The company focuses primarily on activities pursuant to section 1, Chapter 1 and 3 of Act No. 21/1992, Coll., as amended, on Banks and on provision of investment services pursuant to Act. No. 256/2004, Coll., as amended, on Capital Market Business. Its scope of business is outlined in detail in company's Articles of Association.

3. ČEZ, a. s.

With its registered seat at: Prague 4, Duhová 2/1444, Post Code: 140 53

Company Identification Number: 452 74 649

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1581.

The company focuses primarily on electricity production, electricity and gas trade, production and distribution of thermal energy, installation, repairs and maintenance of reserved electrical equipment, production of low voltage switchgear and production and import of chemicals and chemical products. Its scope of business is outlined in detail in company's Articles of Association.

4. Exportní garanční a pojišťovací společnost, a.s.

With its registered seat at: Prague 1, Vodičkova 34/701, Post Code: 11121

Company Identification Number: 452 79 314

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1619.

The company focuses primarily on insurance activities pursuant to the Insurance Act within the scope of non-life insurance. Its scope of business is outlined in detail in company's Articles of Association.

5. GALILEO REAL, k.s. v likvidaci

With its registered seat at: Thámova 181/20, Post Code: 186 00 Prague 8

Company Identification Number: 261 75 291

Registered in the Commercial Register administered by the Municipal Court in Prague, Section A, Entry 42738.

The company focuses primarily on real estate agency work, trade brokering, factoring and forfaiting. Its scope of business is outlined in detail in company's Articles of Association.

6. HOLDING KLADNO a.s. "v likvidaci"

With its registered seat at: Cyrila Boudy 1444, Kladno – Kročehlavy, Post Code: 272 01

Company Identification Number: 451 44 419

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1335.

The company focuses primarily on production and trade of crude steel, fine section steel, medium carbon steel, raw steel – wide and drawn, tubes, welded steel pipes (except precisely welded), metal forming rollers. Its scope of business is outlined in detail in company's Articles of Association.

7. IMOB a.s. v likvidaci

With its registered seat at: Thámova 181/20, Karlín, Post Code: 186 00 Prague 8

Company Identification Number: 601 97 901

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 2651.

The company focuses primarily on real estate agency work, leasing and renting real estate and business, financial, organisational and economic consultancy. Its scope of business is outlined in detail in company's Articles of Association. The company is the general partner of the GALILEO REAL, k.s. related entity.

8. Kongresové centrum Praha, a.s.

With its registered seat at: 5. května 1640/65, Nusle, Post Code: 140 00 Prague 4

Company Identification Number: 630 80 249

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 3275.

The company focuses primarily on organizing congresses, symposia, trade-fairs, exhibitions and other social gatherings as well as hospitality services. Its scope of business is outlined in detail in company's Articles of Association.

9. MERO ČR, a.s.

With its registered seat at: Kralupy nad Vltavou, Veltruská 748, Post Code: 27801

Company Identification Number: 601 93 468

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 2334.

The company focuses primarily on production, installation and repairs of electrical appliances and machinery, constructions, modifications and rectification of modifications of buildings and construction design. Its scope of business is outlined in detail in company's Articles of Association.

10. MUFIS a.s.

With its registered seat at: Prague 1, Jeruzalémská 964/4, Post Code: 11000

Company Identification Number: 601 96 696

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 2517.

The company focuses primarily on trade and service brokerage and advisory and consultancy activities. Its scope of business is outlined in detail in company's Articles of Association.

11. PRISKO a.s.

With its registered seat at: Thámova 181/20, Karlín, Post Code: 186 00 Prague 8

Company Identification Number: 463 55 901

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1729.

The company focuses primarily on management and settlement of assets and liabilities related to privatised property. Its scope of business is outlined in detail in company's Articles of Association.

12. Severočeské mlékárny, a.s. Teplice

With its registered seat at: Teplice 41503, Libušina 2154

Company Identification Number: 482 91 749

Registered in the Commercial Register administered by the Regional Court in Ústí nad Labem, Section B, Entry 438.

The company focuses primarily on production of dairy products. Its scope of business is outlined in detail in company Articles of Association. The company was deleted from the Commercial Register on 26 July 2023.

13. THERMAL-F, a.s.

With its registered seat at: Karlovy Vary, I.P.Pavlova 2001/11, Post Code: 36001

Company Identification Number: 254 01 726

Registered in the Commercial Register administered by the Regional Court in Plzeň, Section B, Entry 813.

The company focuses primarily on hospitality services, healthcare services, tanning salon operations, massages, reconditioning and regeneration services. Its scope of business is outlined in detail in company's Articles of Association.

14. Výzkumný a zkušební letecký ústav, a.s.

With its registered seat at: Prague - Letňany, Beranových 130, Post Code: 19905

Company Identification Number: 000 10 669

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 446.

The company focuses primarily on research and development in natural, technical and social sciences. Its scope of business is outlined in detail in company's Articles of Association.

5. Other Entities Controlled by the Controlled Entity

1. Czech Airlines Handling, a.s.

With its registered seat at: K letišti 1040/10, Ruzyně, 161 00 Prague 6

Company Identification Number: 256 74 285

Registered in the Commercial Register administered by the Municipal Court in Prague Section B, Entry 17139.

The company provides handling services at Václav Havel Airport Prague, including technical and operational dispatch of aircraft on aprons, handling of passengers including their baggage, cargo and post. Its scope of business is outlined in detail in company's Articles of Association. The Controlled Entity owns 100 % shares of the company.

2. Czech Airlines Technics, a.s.

With its registered seat at: Prague 6 - Ruzyně, Jana Kašpara 1069/1, Post Code: 16008

Company Identification Number: 271 45 573

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 9307.

The company focuses primarily on aircraft repair and maintenance, modifications and construction changes to aircraft, aircraft engines, propellers, aircraft parts and devices and aviation ground facilities. Its scope of business is outlined in detail in company's Articles of Association. The Controlled Entity owns 100 % shares of the company.

3. B. aircraft, a.s.

With its registered seat at: Prague 6 - Ruzyně, Jana Kašpara 1069/1, Post Code: 161 00

Company Identification Number: 242 53 006

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 18408.

The company focused in the reference period primarily on providing services related to former lease of aircrafts to the air carriers and their subsequent purchase. Its scope of business is outlined in detail in company's Articles of Association. The Controlled Entity owns 100 % shares of the company.

4. Prague Airport Real Estate, s.r.o.

With its registered seat at: K letišti 1019/6, Ruzyně, 161 00 Prague 6

Company Identification Number: 097 45 599

Registered in the Commercial Register administered by the Municipal Court in Prague, Section C, Entry 392067.

The company is the owner of real estate in the vicinity of the Václav Havel Airport Prague. Its scope of business is outlined in detail in the company's Articles of Association. The company has been controlled by the Controlled Entity since 28 August 2023.

6. Other Entities Controlled by the Related Entities

ČEPRO, a.s.

- ▶ **B.R.G., spol. s r.o.**, with its registered seat at Kutná Hora, Masarykova 438, PSČ 28400, IČO: 60110872, the Related Entity owned business share in the amount 100% from 6 March 2023 until 11 December 2023;
- ▶ **RABŠTEJN, spol. s r.o., v likvidaci**, with its registered seat at Dělnická 213/12, Holešovice, 170 00 Praha 7, IČO: 60933810, the Related Entity owned business share in the amount 100% from 6 March 2023 until 8 December 2023.

IMOB a.s. v likvidaci

- ▶ **SLOVIM s.r.o. v likvidaci**, with its registered seat at: Thámova 181/20, Karlín, 186 00 Prague 8, Company Identification Number: 082 07 763, the Related Entity owns business share in the amount of 100%.

MERO ČR, a.s.

- ▶ **MERO Germany AG**, with its registered seat at: MERO - Weg 1, 850 88 Vohburg an der Donau, SRN, Company Identification Number: 152122768, the Related Entity owns 100% shares of the company.

PRISKO a.s.

- ▶ **OKD, a.s.**, with its registered seat at: č.p. 1077, 735 34 Stonava, Company Identification Number: 059 79 277, the Related Entity owns 100% shares of the company.

Výzkumný a zkušební letecký ústav, a.s.

- ▶ **VZLU TECHNOLOGIES, a.s.**, with its registered seat at: Beranových 130, 199 00 Prague, Letňany, Company Identification Number: 291 46 241, the Related Entity owns 100% shares of the company.
- ▶ **VZLU TEST, a.s.**, with its registered seat at: Beranových 130, 199 00 Prague, Letňany, Company Identification Number: 045 21 820, the Related Entity owns 100% shares of the company.
- ▶ **SERENUM, a.s.**, with its registered seat at: Jana Babáka 2733/11, Královo Pole, 612 00 Brno, Company Identification Number: 014 38 875, the Related Entity owns 100% shares of the company.

Entities controlled by ČEZ, a. s.

- ▶ Due to high number of business corporations directly or indirectly controlled by ČEZ, a.s., the Controlled Entity refers to the ČEZ, a.s. website.

SECTION II RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND THE RELATED ENTITIES

1. Structure of Relations

- ▶ The Controlling Entity owns the following business share in the Related Entities:

Related Entity	Share
ČEPRO, a.s.	100.00%
Česká exportní banka, a.s.	84.00%
ČEZ, a.s.	69.78%
Exportní garanční a pojišťovací společnost, a.s.	100.00%
GALILEO REAL, k.s. v likvidaci	100.00%
HOLDING KLADNO a.s., "v likvidaci"	96.85%
IMOB a.s. v likvidaci	100.00%
Kongresové centrum Praha, a.s.	54.35%
MERO ČR, a.s.	100.00%
MUFIS a.s.	49.00%
PRISKO a.s.	100.00%
Severočeské mlékárny, a.s. Teplice (until 26 July 2023)	40.78%

Related Entity	Share
THERMAL-F, a.s.	100.00%
Výzkumný a zkušební letecký ústav, a.s.	100.00%

2. Methods and Means of Control

The Controlling Entity owns 100% shares of the Controlled Entity. Control is thus executed primarily through voting rights of the Controlling Entity as the sole shareholder in the capacity of General Meeting of the Controlled Entity. In this way, the Controlling Entity is able to ensure appointments and removals of its representatives and other parties to/from company statutory bodies and is thus able to influence business activities of the Controlled Entity.

During the reference period, the Controlling Entity had two representatives in the Supervisory Board of the Controlled Entity. Concurrently, beyond statutory wording, Statutes of the Controlled Entity entrust the issues listed under Article 12, Chapter 1, Letters dd) - jj) of company Statutes, related primarily to the annual financial plan approvals, two-year investment plan, debts, provision and acceptance of loans, credits and signature of agreements outside the general business scope, to the authority of the sole shareholder in the capacity of General Meeting. Except as disclosed above, the Controlling Entity used no other methods and means of control.

For the avoidance of doubt, it is stated that the Controlling Entity has no means by which it could exercise decisive influence in other entities controlled by the Controlled Entity, i.e. in the subsidiary corporations, to control it within the meaning of Section 74 (1) of the Business Corporations Act. At the same time, the Controlled Entity states that neither the Controlling Entity, nor any of its representatives, is a member of any of those subsidiary corporation's bodies nor has it been during the reference period.

SECTION III. REFERENCE PERIOD

The report covers the last accounting period, i.e. the accounting period from 1st January 2023 to 31st December 2023.

SECTION IV OVERVIEW OF ACTIONS TAKEN IN THE REFERENCE PERIOD, WHICH WERE TAKEN AT THE INITIATIVE OR IN THE INTEREST OF THE CONTROLLING ENTITY OR THE RELATED ENTITIES, WHERE SUCH ACTIONS CONCERNED ASSETS EXCEEDING 10% OF THE CONTROLLED ENTITY'S EQUITY AS DETERMINED FROM THE FINANCIAL STATEMENTS FOR THE PERIOD IMMEDIATELY PRECEDING THE ACCOUNTING PERIOD FOR WHICH THIS REPORT ON RELATIONS IS BEING PROCESSED

No legal actions nor other measures were taken by the Controlled Entity in the reference period at the initiative or in the interest of the Controlling Entity or the Related Entities concerning assets exceeding 10% of the Controlled Entity's equity as determined from the financial statements for the period immediately preceding the accounting period immediately preceding the accounting period for which this report on relations is being processed (as at 31/12/2022 10% of the Controlled Entity's equity capital was CZK 3,218,134 thousand). The Controlled Entity was also not prevented from taking actions or making strategic decisions due to the control of the company motivated by the interests or initiatives of the Controlling Entity.

SECTION V AN OVERVIEW OF MUTUAL CONTRACTS AND AGREEMENTS BETWEEN THE CONTROLLED ENTITY AND THE CONTROLLING ENTITY, OR BETWEEN THE RELATED ENTITIES

In the reference period, the following contracts have been in force between the Controlling Entity and the Controlled Entity:

Reference No.	Contracting Party	Contract Subject Matter	Date of Signature
9000001631	The Ministry of Finance	Agreement on Settlement of Environmental Obligations	5.1.2010

In the reference period, the following contracts have been in force between the Controlling Entity and the Related Entities:

Reference No.	Contracting Party	Contract Subject Matter	Date of Signature
0227008667	ČEPRO, a.s.	Framework Purchase Contract – Supply of Fuel	28. 2. 2022
0224003614	ČEPRO, a.s.	Framework Purchase Contract – Supply of Fuel, as amended	22.2.2018
0230003758	ČEPRO, a.s.	Non-disclosure Agreement	18.10.2017
8000003901	ČEPRO, a.s.	Framework Service Contract – Supply of Aviation Fuel	13.8.2009

Contracts concluded between the Controlled Entity and other entities controlled by the Controlled Entity that were in effect in the reference period are disclosed in the reports on relations of the respective companies.

SECTION VI DAMAGE SETTLEMENT

The Controlled Entity is neither aware of any damage incurred during the reference period as a consequence of actions taken by the Controlling Entity nor of the fact that the Related Entities consciously took measures towards one another or accepted contractual entitlements from one another which could be harmful to themselves or to the Controlled Entity, with the potential to become the subject to compensation pursuant to Sections 71 and 72 of the Business Corporations Act.

SECTION VII RELATION CONSEQUENCES ASSESSMENT

The Board of Directors of the Controlled Entity assessed the potential advantages and disadvantages of the aforementioned position of the Controlled Entity and concluded that since there are no significant relations between the Controlling Entity and the Controlled Entity and the Related Entities in view of the differences in their core business activities, there are no special advantages or disadvantages to the above-described relations for the entities. The only exception to the rule are the relations resulting from the execution of the shareholder rights of the Controlling Entity at the General Meeting of the Controlled Entity. However, the rights are executed in line with the Business Corporations Act and Company Statutes. The Board of Directors took the above-described relations under advisement and states that it is aware of no risks resulting from the relations among the above-listed entities.

SECTION VIII CONCLUSION

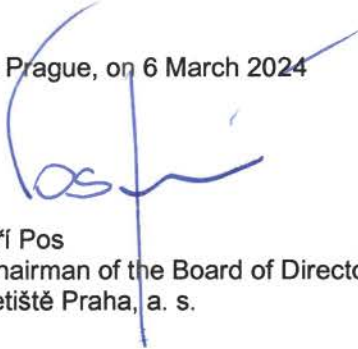
This report was discussed and approved by the Board of Directors of the Controlled Entity on 6 March 2024.

The Board of Directors, as the Statutory Body of the Controlled Entity, hereby declares that the data stated in this Report on Relations is correct and complete. Drafting the Report, the Board of Directors included all information and data available or obtained by acting with due diligence.

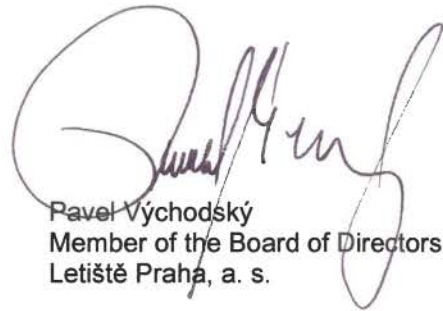
The required data was not made available to the statutory body of the Controlled Entity by the below-listed Related Entities:

▶ **HOLDING KLADNO, a.s. v likvidaci**

In Prague, on 6 March 2024



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



Pavel Východský
Member of the Board of Directors
Letiště Praha, a. s.

Supervisory Board Report

1. Supervisory Board Meetings

In the course of 2023, the Supervisory Board of the company Letiště Praha, a. s. (hereinafter referred to as “the Company”) met at ten meetings held at the Company’s registered office.

2. Supervisory Board Members

Members of the Supervisory Board as of 31 December 2023

Supervisory Board	Position
Stanislav Kouba	Chairman
Martin Sekal	Vice-Chairman
Tomáš Blodek	Member
Jiří Hošek	Member
Jaroslav Klaška	Member
Pavel Dobeš	Member
Milan Suchý	Member
Petr Šobotník	Member

Personnel Changes in the Supervisory Board of the Company during the Year 2023

Petr Šobotník – termination of the membership and of the position of Vice-Chairman as of 31 March 2023, appointed Member as of 1 November 2023

Pavel Dobeš – appointed Member as of 1 April 2023

Martin Sekal – elected Vice-Chairman as of 11 May 2023

Tomáš Blodek – elected Member by the Company’s employees with effect from 9 November 2023,

Jiří Hošek – termination of the membership as of 13 November 2023, re-elected Member by the Company’s employees with effect from 14 November 2023

As of 31 December 2023, one post of a Member was vacant. With effect from 15 January 2024, Mr. Petr Kubíček was appointed Member by the sole shareholder.

3. Work of the Supervisory Board in the Reporting Period

The responsibilities of the Supervisory Board are set out in the Act No. 90/2012 Coll., on Business Corporations.

During the reporting period, the Supervisory Board carefully monitored the activities of the Board of Directors within its scope of competence, the implementation of the decisions taken by the sole shareholder acting in the capacity of the General Meeting, and the performance of business activities of the Company.

At its meetings, the Supervisory Board regularly discussed the economic performance of the Company, and compliance with the approved financial plan and plan of investments. It also controlled and supervised financial management as well as supervised integrity of accounting and financial reporting systems. Each year, the Supervisory Board discusses and gives its recommendations on the proposal of Business and Financial Plan including the Investment Plan of the Letiště Praha Group companies. In accordance with Articles of Association of the Company, the Supervisory Board also puts forward its opinion on the proposal of the Board of Directors for setting and evaluation of yearly key performance indicators of members of Boards of Directors of the companies within the Group.

The Supervisory Board repeatedly discussed the impact of major events on the Company’s economic performance and operations. In the course of the year, these mainly included the ongoing monitoring of the developments in the aviation and non-aviation business segments and the management of the demanding high season from the point of view of ensuring sufficient personnel resources.

As needed, the Supervisory Board further reviewed matters that, in accordance with the legislation, are decided by the sole shareholder within the scope of the Company's General Meeting, providing its recommendations on these decisions. The Supervisory Board paid special attention to the preparation of the draft 2024 Financial Plan, including the 2024 and 2025 Investment Plans, and the update of the Company's long-term development strategy. In this context, the Board extensively reviewed the updated strategy for the terminal and runway capacity development. It also thoroughly discussed the Airport City strategy.

As part of its oversight responsibilities, the Supervisory Board was informed about the results of internal audit activities, particularly about main findings and suggestions of realized audits, and about the implementation of corrective measures resulting from the conducted audits. In this manner, the Supervisory Board was informed of the identified shortcomings and of the procedure aimed at their correction, especially with respect to the efficiency of the internal control mechanisms. The Supervisory Board was also regularly informed about conclusions of meetings of the Audit Committee of the Company, including the process and results of the external audit, particularly through the Chairman of the Audit Committee, who was also Member of the Supervisory Board for a part of the year 2023, as well as representatives of PricewaterhouseCoopers Audit, s.r.o.

With regard to the end of the accounting period, the Supervisory Board is informed of the Report on Relations, it discusses the Independent Auditor's Report and reviews the Financial Statements and Consolidated Financial Statements of the Company that are attached to the Annual Report and Consolidated Annual Report of the Company, submitted to the Supervisory Board.

At its meetings, the Supervisory Board was kept informed about key developments in the Company, about planned initiatives in the area of sustainability, about the plans of the Board of Directors and the results of its meetings by the Chairman of the Board of Directors or other members of the Company's Board of Directors. Members of the Board of Directors regularly participated in the Supervisory Board meetings. When necessary, other executive staff of the Company responsible for the activities under discussion by the Supervisory Board were also invited to attend the meetings.

In Prague, 14 March 2024



Stanislav Kouba

Chairman of the Supervisory Board of Letiště Praha, a. s.

Audit Committee Report

1. Legal Status of Audit Committee

The Audit Committee (the "AC" or the "Committee") has been established by the Company under the chapter VII., art. 26, par. 1 of the Articles of Association of the Company. Status and scope of activity of the Committee is governed by the relevant articles of the Act no. 93/2009 Coll., the Act on Auditors, as amended (the „Act on Auditors”).

2. Audit Committee Meetings

In the course of 2023, the Audit Committee met at four meetings at the Company's registered office and another two meetings were held via Microsoft Teams videoconference. The meetings took place on the following days:

- 14 March 2023
- 29 March 2023 (MS Teams)
- 24 May 2023
- 30 May 2023 (MS Teams)
- 19 September 2023
- 12 December 2023

Most of the Committee's meetings in 2023 were also attended, besides its Members, by Mr. Jiří Pos, Chairman and Mr. Pavel Východský, Member of Letiště Praha, a. s., (hereinafter also referred to as "Prague Airport" or "the Company") Board of Directors. Other regular participants were Mrs. Iveta Kašparová (Accounting and Taxes), Mr. Jan Vokoun (Finance) and Mr. Filip Zelingr (Audit, Risk Management and Compliance). Representatives of PricewaterhouseCoopers Audit, s.r.o., (hereinafter also referred to as "PwC"), which was appointed as an external auditor for the period from 2023 to 2025 by the sole shareholder acting in the capacity of the General Meeting, were invited to discuss topics and activities related to the external audit.

3. Members of the Audit Committee

Members of the Audit Committee as of 31 December 2023

Audit Committee	Position
Andrea Lukášiková	Chairwoman
Petr Šobotník	Vice-Chairman
Ivo Středa	Member

During the year 2023, the following changes occurred:

With effect from 24 October 2023, all of the above persons were re-appointed as Members of the Audit Committee by the Sole Shareholder of the Company.

On 12 December 2023, the Audit Committee elected Andrea Lukášiková as Chairwoman of the Committee and Petr Šobotník as Vice-Chairman of the Committee.

4. Work of the Audit Committee in the Reporting Period

In 2023, the Audit Committee worked fully in compliance with applicable legal regulations, particularly with the Act on Auditors, the Articles of Association, the Rules of Procedure of the Audit Committee and the approved Plan of Activities of the Audit Committee for 2023.

At its 2023 meetings, the Audit Committee was operatively informed about current events and key economic drivers affecting the performance and operation of the Company. The Committee was regularly informed about the development of new destinations, about operational matters and steps to ensure its operational safety. Last but not least, it was presented the development plans for the following years with the key goal of increasing the airport's capacity.

In the reporting period, the Audit Committee dealt with, among other things, the following issues during its meetings:

- Drafting of the Audit Committee's Activity Report for 2022 addressed to the sole shareholder (Annex of Letiště Praha, a. s., Annual Report for 2022);
- Monitoring of drafting process of financial statements and consolidated financial statements on a continuous basis (discussions with the representatives of the Company management);
- Monitoring of process of statutory audit of financial statements and consolidated financial statements on a continuous basis (external auditor's representatives (PwC) presentations of the audit process of the financial statements, and discussions with external auditor) and final assessment of compulsory audit outcome;
- Evaluation of the external auditor (especially in terms of the auditor's independence and quality of the audit);
- Discussing the Annual Reports of the Internal Audit, Risk Management and Compliance;
- Monitoring of effectiveness of internal control system, of internal audit and risk management of the Company;
- Oversight of performance, independence and objectivity of the internal audit;
- Approval or pre-approval regarding provision of "other non-audit services" pursuant to the Act on Auditors;
- Discussions on Quarterly Summary Reports on the Implementation of the Internal Audit Plan and on Implementation of Adopted Corrective Measures;
- Discussion on the Mid-term Plan of the Internal Audit and Risk Management (2024-2028);
- Information on the preliminary conclusions of the external assessment of the risk management system;
- Approval of the Internal Audit and Risk Management Plan for 2024;
- Discussions on results of conducted internal audits and on implementation of adopted corrective measures;
- Approval of the Schedule of the Meetings and Plan of Activities of the Audit Committee for the year 2024;
- Information on key developments in Prague Airport Group.

5. Conclusion

The Plan of Activities of the Audit Committee for the year 2023 was fully implemented. The Audit Committee regularly informed the Supervisory Board and, if applicable, it put forward its recommendations on the issues that were discussed during the AC meetings through the Chairman of the AC, who took part in the Supervisory Board meetings.

In conclusion, it can be declared that before signing date of this Report, the Audit Committee did not find any evidence of serious irregularities, about which the sole shareholder, acting in capacity of the General Meeting, should be informed within the scope of its key activities that are defined by the applicable legislation, the Articles of Association and the Rules of Procedure.

In Prague, 12 March 2024



Andrea Lukasíková

Chairwoman of the Audit Committee of Letiště Praha, a. s.

Financial Statements

For the Year Ended 31 December 2023

Translation note

This version of the primary financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the primary financial statements takes precedence over this translation.

LETIŠTĚ PRAHA, A. S.
BALANCE SHEET
AS AT 31.12.2023 (IN THOUSAND CZK)

		31.12.2023			31.12.2022
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	63,095,508	(26,203,015)	36,892,493	34,945,140
B.	Fixed assets	59,580,547	(26,095,316)	33,485,231	33,777,446
B.I.	Intangible fixed assets	1,171,759	(949,606)	222,153	201,467
	2. Royalties	1,158,471	(949,591)	208,880	170,422
	2.1. <i>Software</i>	1,073,184	(879,035)	194,149	153,246
	2.2. <i>Other royalties</i>	85,287	(70,556)	14,731	17,176
	4. Other intangible fixed assets	8,997	-	8,997	1,181
	5. Advances paid and intangible fixed assets in the course of construction	4,291	(15)	4,276	29,864
	5.2. <i>Intangible fixed assets in the course of construction</i>	4,291	(15)	4,276	29,864
B.II.	Tangible fixed assets	55,608,667	(23,485,279)	32,123,388	32,501,804
	1. Land and constructions	45,953,482	(17,058,220)	28,895,262	29,077,548
	1.1. <i>Land</i>	18,204,089	-	18,204,089	18,203,922
	1.2. <i>Constructions</i>	27,749,393	(17,058,220)	10,691,173	10,873,626
	2. Equipment	8,472,906	(6,234,849)	2,238,057	2,351,001
	3. Adjustment to acquired fixed assets	216,274	(183,833)	32,441	46,859
	4. Other tangible fixed assets	20,021	(6,555)	13,466	13,426
	4.3. <i>Tangible fixed assets - other</i>	20,021	(6,555)	13,466	13,426
	5. Advances paid and tangible fixed assets in the course of construction	945,984	(1,822)	944,162	1,012,970
	5.2. <i>Tangible fixed assets in the course of construction</i>	945,984	(1,822)	944,162	1,012,970
B.III.	Long-term investments	2,800,121	(1,660,431)	1,139,690	1,074,175
	1. Investments - subsidiaries and controlling party	2,797,284	(1,660,431)	1,136,853	1,071,308
	7. Other long-term investments	2,837	-	2,837	2,867
	7.1. <i>Long-term investments - other</i>	2,837	-	2,837	2,867
C.	Current assets	3,456,344	(107,699)	3,348,645	1,130,756
C.I.	Inventories	91,249	(14,436)	76,813	58,389
	1. Raw materials	85,699	(14,429)	71,270	51,647
	2. Work in progress and semi-finished products	7	(7)	-	1,229
	3. Finished goods and goods for resale	4,550	-	4,550	4,425
	3.1. <i>Finished goods</i>	44	-	44	36
	3.2. <i>Goods for resale</i>	4,506	-	4,506	4,389
	4. Immature livestock	892	-	892	919
	5. Advances paid for inventory	101	-	101	169
C.II.	Receivables	1,093,270	(93,263)	1,000,007	968,268
	1. Long-term receivables	579	-	579	36,942
	1.1. Trade receivables	270	-	270	-
	1.5. Receivables - other	309	-	309	36,942
	1.5.4. <i>Other receivables</i>	309	-	309	36,942
	2. Short-term receivables	1,092,691	(93,263)	999,428	931,326
	2.1. Trade receivables	937,049	(91,363)	845,686	694,513
	2.2. Receivables - subsidiaries and controlling party	10,007	-	10,007	-
	2.4. Receivables - other	145,635	(1,900)	143,735	236,813
	2.4.3. <i>Taxes - receivables from the state</i>	6,759	-	6,759	15,846
	2.4.4. <i>Short-term advances paid</i>	35,753	-	35,753	19,893
	2.4.5. <i>Estimated receivables</i>	77,018	-	77,018	162,610
	2.4.6. <i>Other receivables</i>	26,105	(1,900)	24,205	38,464
C.IV.	Cash	2,271,825	-	2,271,825	104,099
	1. Cash in hand	6,333	-	6,333	4,961
	2. Cash at bank	2,265,492	-	2,265,492	99,138
D.	Prepayments and accrued income	58,617	-	58,617	36,938
	1. Prepaid expenses	58,617	-	58,617	36,938

LETIŠTĚ PRAHA, A. S.
BALANCE SHEET
AS AT 31.12.2023 (IN THOUSAND CZK)

		31.12.2023	31.12.2022
	TOTAL LIABILITIES AND EQUITY	36,892,493	34,945,140
A.	Equity	33,663,384	32,181,345
A.I.	Share capital	27,031,564	27,031,564
	1. Share capital	27,031,564	27,031,564
A.II.	Share premium and capital contributions	31,687	73,025
	2. Capital contributions	31,687	73,025
	2.1. <i>Other capital contributions</i>	14,962	14,494
	2.2. <i>Assets and liabilities revaluation</i>	16,725	58,531
A.IV.	Retained earnings / Accumulated losses	5,076,755	4,793,706
	1. Retained earnings	5,076,755	4,793,706
A.V.	Profit / (loss) for the current period	1,523,378	283,050
B.+C.	Liabilities	3,076,724	2,645,372
B.	Provisions	286,512	148,205
	2. Income tax provision	142,106	-
	4. Other provisions	144,406	148,205
C.	Liabilities	2,790,212	2,497,167
C.I.	Long-term liabilities	1,315,283	1,044,703
	2. Liabilities due to financial institutions	900,000	900,000
	4. Trade payables	140,417	132,564
	8. Deferred tax liability	274,866	12,139
C.II.	Short-term liabilities	1,474,929	1,452,464
	3. Short-term advances received	24,046	19,204
	4. Trade payables	687,094	540,594
	8. Liabilities - other	763,789	892,666
	8.3. <i>Liabilities to employees</i>	124,593	110,667
	8.4. <i>Liabilities for social security and health insurance</i>	70,008	60,761
	8.5. <i>Taxes and state subsidies payable</i>	45,168	14,307
	8.6. <i>Estimated payables</i>	521,221	704,410
	8.7. <i>Other liabilities</i>	2,799	2,521
D.	Accruals and deferred income	152,385	118,423
	1. Accrued expenses	130,675	107,792
	2. Deferred income	21,710	10,631

LETIŠTĚ PRAHA, A. S.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR 2023 (IN THOUSAND CZK)

		2023	2022
I.	Sales of products and services	7,676,033	5,731,966
II.	Sales of goods	20,791	16,268
A.	Cost of sales	1,843,700	1,320,176
1.	Cost of goods sold	12,187	8,823
2.	Raw materials and consumables used	953,884	596,123
3.	Services	877,629	715,230
B.	Changes in inventories of finished goods and work in progress	(425)	757
C.	Own work capitalised	(43,544)	(34,661)
D.	Staff costs	2,748,354	2,298,602
1.	Wages and salaries	1,976,039	1,651,588
2.	Social security, health insurance and other social costs	772,315	647,014
2.1.	<i>Social security and health insurance costs</i>	680,134	571,600
2.2.	<i>Other costs</i>	92,181	75,414
E.	Value adjustments in operating activities	1,202,210	1,304,820
1.	Value adjustments of fixed assets	1,205,098	1,304,444
1.1.	<i>Depreciation, amortisation and write off of fixed assets</i>	1,259,710	1,342,350
1.2.	<i>Provision for impairment of fixed assets</i>	(54,612)	(37,906)
2.	Provision for impairment of inventories	2,449	2,364
3.	Provision for impairment of receivables	(5,337)	(1,988)
III.	Operating income - other	134,468	179,954
1.	Sales of fixed assets	6,710	5,778
2.	Sales of raw materials	44,954	55,734
3.	Other operating income	82,804	118,442
F.	Operating expenses - other	160,985	134,524
1.	Net book value of fixed assets sold	133	50
2.	Material sold	42,262	52,886
3.	Taxes and charges from operating activities	11,417	11,300
4.	Operating provisions and complex prepaid expenses	(3,799)	(28,134)
5.	Other operating expenses	110,972	98,422
*	Operating result	1,920,012	903,970
VI.	Interest and similar income	49,628	1,617
2.	Other interest and similar income	49,628	1,617
I.	Value adjustments and provisions from financial operations	(1,401)	351,545
J.	Interest and similar expenses	29,442	77,216
1.	Interest and similar income - subsidiaries or controlling party	-	4,592
2.	Other interest and similar income	29,442	72,624
VII.	Other financial income	6,481	18
K.	Other financial expenses	10,564	13,086
*	Financial result	17,504	(440,212)
**	Net profit / (loss) before taxation	1,937,516	463,758
L.	Tax on profit or loss	414,138	180,708
1.	Tax on profit or loss - current	142,106	-
2.	Tax on profit or loss - deferred	272,032	180,708
**	Net profit / (loss) after taxation	1,523,378	283,050
***	Net profit / (loss) for the financial period	1,523,378	283,050
*	Net sales for the financial period	7,887,401	5,929,823

LETIŠTĚ PRAHA, A. S.
CASH FLOW STATEMENT
FOR THE YEAR 2023 (IN THOUSAND CZK)

	2023	2022
	Cash flows from operating activities	
	1,937,516	463,758
	Net profit before tax	
A.1	1,174,043	1,700,980
	Adjustments for non-cash movements	
A.1.1	1,264,380	1,346,498
	Depreciation and amortisation of fixed assets and receivables written off	
A.1.2	(62,700)	285,881
	Change in provisions	
A.1.3	(6,577)	(5,728)
	(Profit)/loss from disposal of fixed assets	
A.1.5	(20,186)	75,599
	Net interest expense/(income)	
A.1.6	(874)	(1,270)
	Other non-cash movements	
A*	3,111,559	2,164,738
	Net cash flow from operating activities before tax and changes in working capital	
A.2	(66,370)	269,964
	Working capital changes	
A.2.1	(101,547)	(318,761)
	Change in receivables and prepayments	
A.2.2	56,051	595,924
	Change in short-term payables and accruals	
A.2.3	(20,874)	(7,199)
	Change in inventories	
A**	3,045,189	2,434,702
	Net cash flow from operating activities before tax	
A.4	49,621	1,617
	Interest received	
A.5	-	5,700
	Income tax paid	
A***	3,094,810	2,442,019
	Net cash flow from operating activities	
	Cash flows from investing activities	
B.1	(906,306)	(1,168,536)
	Acquisition of fixed assets	
B.2	6,710	5,778
	Proceeds from sale of fixed assets	
B.3	(10,000)	-
	Loans to related parties	
B***	(909,596)	(1,162,758)
	Net cash flow from investing activities	
	Cash flows from financing activities	
C.1	11,963	(136,300)
	Change in long- and short-term liabilities	
C.3	(29,451)	(77,450)
	Interest paid	
C***	(17,488)	(213,750)
	Net cash flow from financing activities	
	2,167,726	1,065,511
	Net increase/(decrease) in cash and cash equivalents	
	104,099	(961,412)
	Cash and cash equivalents at the beginning of the year	
	2,271,825	104,099
	Cash and cash equivalents at the end of the year	

LETIŠTĚ PRAHA, A. S.
STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR 2023 (IN THOUSAND CZK)

	Share capital	Share premium and capital contributions	Assets and liabilities revaluation	Retained earnings and profit or loss for the current period	Total
Balance as at 1 January 2022	27,031,564	14,317	24,191	4,793,705	31,863,778
Equity transactions with owners	-	-	-	-	-
Other transactions	-	177	34,340	283,050	317,567
Assets acquired free of charge		177			177
Revaluation of shares			84		84
Revaluation of the hedging derivatives to fair value			42,291		42,291
Income tax impact			(8,035)		(8,035)
Net profit / (loss) for the financial period				283,050	283,050
Balance as at 31 December 2022	27,031,564	14,494	58,531	5,076,755	32,181,344
Equity transactions with owners	-	-	-	-	-
Other transactions	-	468	(41,806)	1,523,378	1,482,040
Assets acquired free of charge		468			468
Revaluation of shares			(31)		(31)
Revaluation of the hedging derivatives to fair value			(51,080)		(51,080)
Income tax impact			9,305		9,305
Net profit / (loss) for the financial period				1,523,378	1,523,378
Balance as at 31 December 2023	27,031,564	14,962	16,725	6,600,133	33,663,384

Notes to the Financial Statements

For the Year Ended 31 December 2023

Translation note

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1. General Information

Letiště Praha, a. s. ("the Company"), Company Identification Number 282 44 532, was established on 6 February 2008 by registration in the Commercial Register of the Municipal Court in Prague, Section B, Insert 14003 and its registered office is in Prague 6, Ruzyně, K letišti 1019/6, Post Code 161 00, Czech Republic.

The Company is a parent company of a group of Czech entities specializing in the activities connected with the operation of the international civil airport Václav Havel airport Prague and provision of related ground-handling services.

The main mission of the Company is to operate the international civil airport Václav Havel Airport Prague in an effective and safe manner, promote its further growth, contribute to the constant development of civil air transport in the Czech Republic, maintain its accessibility to the general public and facilitate modern, fast and comfortable travel for customers.

The Company organises and manages operations at Václav Havel Airport Prague, allocates airport capacity to individual air carriers and provides additional services connected with airport operations, such as handling of passengers and their baggage, parking and catering. The Company also leases airport premises for commercial use. The Company is constantly expanding, developing and modernising its services.

The Company cooperates 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 enjoys close cooperation with the City of Prague and municipalities in the vicinity of the airport. Václav Havel Airport Prague is home base to four carriers - Ryanair, Smartwings, a.s., Eurowings and České aerolinie a.s.

The Company manages security at Václav Havel Airport Prague, i.e., the security control of passengers and baggage and surveillance of the entire airport grounds in cooperation with other security forces, such as the Police of the Czech Republic. The Company also has its own specialised fire-fighting unit. Medical First Aid is provided 24/7 by a contracted partner.

2. Accounting Principles

a) Basis of Preparation of Financial Statements

The Company's accounting books and records are maintained and the financial statements have been prepared in accordance with Accounting Act 563/1991 Coll., as amended; Decree 500/2002 Coll. which provides implementation guidance on certain provisions of Accounting Act 563/1991 Coll. for large reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for businesses, as amended. The financial statements have been prepared under historical cost conventions.

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

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.

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

These financial statements are presented in thousands of Czech crowns ("CZK"), unless stated otherwise.

b) Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life longer than one year and acquisition cost exceeding CZK 40 thousand.

Intangible fixed assets with an acquisition cost of less than CZK 40 thousand on an individual basis are expensed upon acquisition.

Upon recognition, purchased intangible fixed assets are recorded at acquisition cost.

Technical improvements exceeding the amount of CZK 40 thousand per an individual asset for the period are capitalised.

Intangible fixed assets are amortised, using the straight-line method, over their estimated useful lives as follows:

	Number of Years
Software	2 – 20
Licenses	over the contract term

When the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is reduced to the recoverable amount by an allowance. If the impairment of an asset is other than temporary, the asset is written down permanently.

Emission allowances are presented by the Company as other intangible fixed assets. Emission allowances allocated to the Company by the National Allocation Plan are recorded to the account of other intangible fixed assets and to the account taxes and state subsidies payable upon being credited to the Company in the Register of Emission Allowances in the Czech Republic.

Emission allowances allocated to the Company free of charge are recorded at replacement cost. Emission allowances purchased by the Company are recorded at acquisition cost.

2. Accounting Principles (continued)

b) Intangible Fixed Assets (continued)

The consumption of emission allowances is recorded to other operating expenses on the basis of an estimate of actual CO₂ emissions produced in the period. At the same time the emission allowances liabilities are released in other operating income if it is consumption of the allocated emission allowances.

The first-in-first-out method is applied for all disposals of emission allowances.

A provision is created for the deficit in emission allowances to cover their consumption in the disclosed period.

c) Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life longer than one year and an acquisition cost exceeding CZK 20 thousand on an individual basis. Tangible assets with an acquisition cost of CZK 10 thousand to CZK 20 thousand on an individual basis are expensed upon acquisition and are recorded in the off-balance sheet.

Upon recognition, purchased tangible fixed assets are recorded at acquisition cost less accumulated depreciation and impairment. The acquisition cost includes the purchase cost and the costs attributable to the acquisition.

The cost of respective tangible fixed assets is reduced by the grants received towards the acquisition.

Tangible fixed assets manufactured internally are recorded at own cost.

Assets acquired free of charge are recorded at replacement cost as at the date of acquisition.

Technical improvements exceeding the amount of CZK 80 thousand per an individual asset for the period are capitalised.

Tangible fixed assets, other than land and assets under construction, are depreciated using the straight-line method over their estimated useful life as follows:

	Number of Years
Constructions	20 – 60
Machinery and equipment	4 – 20
Furniture and fixtures	6 – 12
Vehicles	4 – 12

With respect to the assets which were subject of the technical improvements and whose useful lives were adjusted accordingly, based on an estimate provided by technical departments, depreciation expense is calculated from net book value, increased by the cost of technical improvement, over the new (adjusted) remaining useful live.

When the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is reduced to the recoverable amount by an allowance. If the impairment of an asset is other than temporary, the asset is written down permanently.

2. Accounting Principles (continued)

d) Long-term Investments

Long-term investments mainly include investments in subsidiaries and long-term investments in securities.

Investments in subsidiaries are originally recorded at acquisition cost. The acquisition cost also includes costs directly attributable to the acquisition, such as service fees and provisions to brokers, advisors and the stock exchange. In case of impairment indicators, the carrying value of the investments is reassessed at the end of the accounting period using valuation models (e.g. discounted cash flow method) taking into account the strategic plans of the individual companies within the consolidation group and the consolidation group itself. When the carrying value of investment in subsidiary exceeds its estimated recoverable amount, the carrying value is reduced to the recoverable amount by an allowance.

Long-term investments in securities are recorded at fair value. Changes in fair value of long-term investments in securities are recorded in equity.

e) Inventories

Purchased inventories are recorded at acquisition cost which is reduced with a provision in cases when there are reasons for its creation. The acquisition cost includes all direct and indirect costs incurred to bring the inventory into its present stage and location (such as freight costs). The weighted average method is applied for all disposals.

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and an individual evaluation of inventories.

f) Receivables

Upon recognition, receivables are recorded at their nominal value and subsequently reduced by appropriate allowances for bad and doubtful debts.

A provision for bad debts is created based on an ageing analysis and individual evaluation of the collectability of receivables.

g) Cash Flow

Cash and cash equivalents include cash in hand including stamps and vouchers and cash in banks.

The Company has prepared a cash-flow statement using the indirect method.

h) Foreign Currency Translations

Transactions denominated in foreign currencies during the accounting period are translated and recorded at the daily exchange rate of the Czech National Bank.

All monetary assets, receivables and liabilities denominated in foreign currencies are translated at the year-end exchange rate as published by the Czech National Bank. Any resulting foreign exchange gains and losses are recognised in the current year's financial income or expenses.

The foreign exchange gains and losses relating to provisioned receivables in foreign currencies are calculated from the net value of receivable.

The Company treats advances paid for the acquisition of fixed assets as receivables and therefore these assets are translated as at the balance sheet date.

2. Accounting Principles (continued)

i) Revenue and Expense Recognition

Revenues and expenses are recognised in the period to which they relate on an accrual basis.

Sales are recognised as at the date the services are rendered or the goods are delivered and accepted by the customer and are stated net of discounts and Value Added Tax.

Revenues from fines and penalties are recorded when there is a sufficient level of assurance of their settlement.

j) Subsidies

Subsidies are recognized on their receipt or when there is an undeniable right to receive the subsidy. When the subsidy relates to an expense item, it is recognised as operating or financial income. When the subsidy relates to an asset, it reduces the cost of the relevant asset.

k) Provisions

Provisions are recognised to cover obligations or expenses, when the nature of the obligations or expenses is clearly defined and it is probable or certain as at the balance sheet date that they will be incurred, however their precise amount or timing is not known. The provision recognised as at the balance sheet date represents the best estimate of expenses that will probably be incurred, or the amount of liability that is required for their settlement.

The income tax provision in the balance sheet is reduced by the related advances paid and any resulting receivable is presented in the row Taxes – receivables from the state.

l) Employee Benefits

Contributions are made to the government's employment policy, social policy and health schemes at the statutory rates in force during the year based on gross salary payments. Regular contributions are made to fund the national pension plan.

Under the terms defined in the Collective Agreement, the Company provides its employees with contributions to pension schemes administered by commercial funds.

The liability from untaken holidays and from the quarterly and annual bonuses of the Company's employees and management is recognised as an estimated payable. The liability from other employee benefits and from mid-term KPIs is recognised as a provision.

m) Liabilities

Trade payables are recorded in their nominal value.

n) Loans

Loans are stated at their nominal value.

The Company classifies the part of long-term loans that is due within one year from the balance sheet date as a short-term liability.

o) Interest Costs

Interest costs that are directly attributable to the acquisition of tangible and intangible fixed assets are capitalized during the period of completion and preparation of the asset for its intended use.

All other interest costs are expensed on an accrual basis.

2. Accounting Principles (continued)

p) Derivative Financial Instruments

The Company uses derivative financial instruments to hedge its exposure to financial risks.

The Company concluded interest rate hedging transaction (interest rate swap) to hedge its future cash flows against the interest rate risk. The financial instrument is classified as a hedging instrument (cash flow hedge) and is recognised at fair value.

Fair values are derived from quoted market prices or discounted cash-flow models. All derivatives are presented in Other receivables or in Other liabilities when their fair value is positive or negative, respectively. Based on the maturity date they are classified as short-term or long-term receivables or liabilities as appropriate.

Changes in the fair value of derivatives are recorded as revaluation reserve from assets and liabilities in equity and are transferred to the profit and loss and classified as an income or expense in the period during which the hedged item affects the profit and loss.

q) Taxation

Depreciation of Fixed Assets for Tax Purposes

The depreciation of fixed assets for tax purposes is calculated using the accelerated depreciation method.

Current Tax Payable

The current tax payable is based on taxable profit for the reporting period. Taxable profit differs from the net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when, according to Company's expectation, the tax liability is settled, or the asset realised.

The balance sheet method focuses on the temporary differences, i.e. differences between the tax base of an asset and/or liability and its carrying amount in the balance sheet. The tax base of an asset or a liability is the amount that will be deductible for tax purposes in the future.

Deferred tax assets are recognised if it is probable that sufficient future taxable profit will be available against which the assets can be utilised.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also included in equity.

Deferred tax assets and liabilities in the balance sheet are offset and reported on an aggregate net basis.

r) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

2. Accounting Principles (continued)

s) Related Parties

The Company's related parties are considered to be the following:

- parties, which directly or indirectly control the Company, their subsidiaries and associates;
- parties, which have directly or indirectly significant influence on the Company;
- members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence;
- subsidiaries, associates, and joint ventures.

t) Equity

The Company's share capital is reported in the amount recorded in the Commercial Register by the Municipal Court. Any increase or decrease of the share capital on the basis of a decision of the General Meeting or in accordance with law and the Articles of Association at the discretion of the Board of Directors, which was not recorded in the Commercial Register as at balance sheet date, is reported as Changes in share capital.

u) Subsequent Events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.

3. Intangible Fixed Assets

Cost CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
1 January 2022	1,014,463	77,236	-	30,900	1,122,599
Addition/transfers	44,140	7,032	20,792	(1,021)	70,943
Disposals	(17,881)	(69)	(19,611)	-	(37,561)
31 December 2022	1,040,722	84,199	1,181	29,879	1,155,981
Addition/transfers	84,711	1,088	29,697	(25,588)	89,908
Disposals	(52,249)	-	(21,881)	-	(74,130)
31 December 2023	1,073,184	85,287	8,997	4,291	1,171,759

Accumulated amortisation and impairment CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
1 January 2022	(844,695)	(60,629)	-	(15)	(905,339)
Amortisation	(60,662)	(6,613)	-	-	(67,275)
Disposals	17,881	70	-	-	17,951
Decrease of impairment	-	149	-	-	149
31 December 2022	(887,476)	(67,023)	-	(15)	(954,514)
Amortisation	(43,808)	(3,564)	-	-	(47,372)
Disposals	52,249	-	-	-	52,249
Decrease of impairment	-	31	-	-	31
31 December 2023	(879,035)	(70,556)	-	(15)	(949,606)

Net book value CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
31 December 2022	153,246	17,176	1,181	29,864	201,467
31 December 2023	194,149	14,731	8,997	4,276	222,153

4. Tangible Fixed Assets

Cost CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
1 January 2022	18,195,223	26,916,657	8,461,129	19,652	639,654	99	216,274	54,448,688
Additions/transfers	8,699	363,740	166,878	126	376,667	(99)	-	916,011
Disposals	-	(15,200)	(286,245)	-	(3,351)	-	-	(304,796)
31 December 2022	18,203,922	27,265,197	8,341,762	19,778	1,012,970	-	216,274	55,059,903
Additions/transfers	167	554,136	292,073	257	(60,473)	-	-	786,160
Disposals	-	(69,940)	(160,929)	(14)	(6,513)	-	-	(237,396)
31 December 2023	18,204,089	27,749,393	8,472,906	20,021	945,984	-	216,274	55,608,667

Accumulated depreciation and impairment CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
1 January 2022	-	(15,638,949)	(5,823,382)	(4,640)	-	-	(154,996)	(21,621,967)
Depreciation	-	(805,499)	(453,352)	(1,712)	-	-	(14,419)	(1,274,982)
Disposals	-	15,123	286,072	-	-	-	-	301,195
Other increase of depreciation	-	(3)	(99)	-	-	-	-	(102)
Decrease of impairment	-	37,757	-	-	-	-	-	37,757
31 December 2022	-	(16,391,571)	(5,990,761)	(6,352)	-	-	(169,415)	(22,558,099)
Depreciation	-	(792,834)	(404,828)	(217)	-	-	(14,418)	(1,212,297)
Disposals	-	69,782	160,740	14	-	-	-	230,536
Increase/decrease of impairment	-	56,403	-	-	(1,822)	-	-	54,581
31 December 2023	-	(17,058,220)	(6,234,849)	(6,555)	(1,822)	-	(183,833)	(23,485,279)

Net book value CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
31 December 2022	18,203,922	10,873,626	2,351,001	13,426	1,012,970	-	46,859	32,501,804
31 December 2023	18,204,089	10,691,173	2,238,057	13,466	944,162	-	32,441	32,123,388

In 2023, the capital expenditures totaled CZK 906,306 thousand, with the largest projects including 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.

In 2023, line Depreciation, amortisation and write off of fixed assets in the profit and loss account includes the net book value of scrapped fixed assets in the amount of CZK 41 thousand (CZK 93 thousand in 2022).

The Company has no pledged assets as at 31 December 2023 and 2022.

As at 31 December 2023, land with a value of CZK 5,127,026 thousand was partly encumbered by easement (CZK 5,129,799 thousand as at 31 December 2022). However, the easements only related to an immaterial area of the land involved.

4. Tangible Fixed Assets (continued)

Based on an impairment review of constructions (with respect to their potential use either for its own purposes or for rent), the Company recorded an impairment of selected buildings, which equalled CZK 551,479 thousand as at 31 December 2023 (CZK 607,882 thousand as at 31 December 2022).

In 2023, the Company 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 perimeteric protection of the airport perimeter. The contribution reduced the cost of the respectable assets.

5. Investments in Subsidiaries

As at 31 December 2023 CZK '000	Acquisition date	Acquisition cost	Share in %	Net profit / (loss) in 2023	Equity
Czech Airlines Handling, a.s. (registered office: Praha 6, Aviatická 1017/2, post code 160 08)	26 October 2011	1,431,169	100	(17,198)	454,406
Czech Airlines Technics, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 160 08)	13 April 2012	1,085,000	100	40,872	723,833
Other subsidiaries		281,115			
Total		2,797,284			

As at 31 December 2022 CZK '000	Acquisition date	Acquisition cost	Share in %	Net profit / (loss) in 2022	Equity
Czech Airlines Handling, a.s. (registered office: Praha 6, Aviatická 1017/2, post code 160 08)	26 October 2011	1,431,169	100	(74,334)	471,604
Czech Airlines Technics, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 160 08)	13 April 2012	1,085,000	100	(34,503)	699,176
Other subsidiaries		216,971			
Total		2,733,140			

The subsidiaries stated above are included in the consolidated financial statements published in the collection of documents of the commercial register.

Management of the Company performed an impairment review of the investments in subsidiaries in 2023.

Based on the current business development of the subsidiaries and based on the probable future development scenarios the impairment to investments in subsidiaries was increased by CZK 1,401 thousand as at 31 December 2023.

The impairment to investments in subsidiaries equalled CZK 1,660,431 thousand as at 31 December 2023 (CZK 1,661,832 thousand as at 31 December 2022).

6. Inventories

A provision for obsolete and slow-moving raw material was recorded in the amount of CZK 14,429 thousand as at 31 December 2023 (CZK 11,987 thousand as at 31 December 2022).

7. Receivables

CZK '000		31 December 2023	31 December 2022
Long-term receivables			
Trade receivables		270	-
Other receivables		309	36,942
Long-term receivables total		579	36,942
Short-term receivables			
Trade receivables	- not yet due	828,366	616,996
	- overdue	108,683	174,098
Receivables – subsidiaries	- not yet due	10,007	-
Other receivables	- not yet due	143,735	236,813
	- overdue	1,900	2,019
Short-term receivables total		1,092,691	1,029,926
Allowance for doubtful receivables		(93,263)	(98,600)
Net receivables total		1,000,007	968,268

Estimated receivables as at 31 December 2023 mainly include unbilled rent in the amount of CZK 49,064 thousand (CZK 127,153 thousand as at 31 December 2022 and other unbilled operating revenues).

Receivables have not been covered by guarantees and none of them are due in more than 5 years.

The Company has neither receivables nor contingent receivables recorded off the balance sheet except from the receivables from unpaid penalties in case that there is not a sufficient level of assurance of their settlement.

8. Equity

Authorised and Issued Share Capital:

31 December 2023			31 December 2022		
Nominal value	No.	Carrying value	Nominal value	No.	Carrying value
(CZK/share)	(pcs)	(CZK '000)	(CZK/share)	(pcs)	(CZK '000)
1,076	25,122,271	27,031,564	1,076	25,122,271	27,031,564

Based on the decision of the General Meeting of Shareholders held on 25 May 2023 the 2022 profit in the amount of CZK 283,050 thousand was transferred to retained earnings.

Until the date of preparation of these financial statements, the Company has not proposed distribution of the profit earned in 2023.

9. Provision

CZK '000	Income tax	Legal disputes and other business risks	Employee benefits and remuneration	Noise abatement measures	Emission allowances	Green energy	Total
1 January 2022	-	13,250	23,930	130,818	8,341	-	176,339
Charge for the year	-	-	9,865	-	13,511	-	23,376
Reversed	-	(600)	(204)	-	(277)	-	(1,081)
Utilized	-	-	(10,872)	(17,982)	(21,575)	-	(50,429)
31 December 2022	-	12,650	22,719	112,836	-	-	148,205
Charge for the year	142,106	-	18,236	-	-	2,857	163,199
Reversed	-	(12,200)	-	-	-	-	(12,200)
Utilized	-	-	(3,330)	(9,362)	-	-	(12,692)
31 December 2023	142,106	450	37,625	103,474	-	2,857	286,512

Provisions for legal disputes and other business risks were established based on the estimates made by the technical departments and the management of the Company. The provision for legal disputes also includes the estimated legal fees.

Provisions for employee benefits and remuneration relate to the employee benefits provided to the employees by the Company on the basis of the Collective Agreement upon their work jubilees or upon their retirement and the medium-term KPIs of the Company's management.

The noise abatement measures provision is related to implementation of supplementary noise abatement measures the Company has committed to perform as a part of the noise management policy.

A provision is created for the deficit in emission allowances to cover their consumption in the disclosed period.

A provision is created for the still uncontracted purchases of green energy certificates of origin, which the Company has committed to acquire for the disclosed period.

10. Payables

CZK '000	31 December 2023	31 December 2022
Long-term liabilities		
Liabilities due to financial institutions	900,000	900,000
Trade payables	140,417	132,564
- of which payables within the consolidation group	734	683
Deferred tax liability	274,866	12,139
Long-term liabilities total	1,315,283	1,044,703
Short-term liabilities		
Trade payables - not yet due	683,123	539,998
- overdue	3,971	596
- of which payables within the consolidation group	9,261	25,798
Trade payables total	687,094	540,594
Short-term advances received	24,046	19,204
Other liabilities - not yet due	763,789	892,666
- of which payables within the consolidation group	396	1,008
Short-term liabilities total	1,474,929	1,452,464
Short-term and long-term liabilities total	2,790,212	2,497,167

The above-mentioned liabilities have not been secured against any assets of the Company.

Long-term trade payables include retainage, principals received from airlines and received principals related to the rent agreements.

As at 31 December 2023 the Company has retainage payables in the amount of CZK 19,875 thousand (CZK 31,807 thousand as at 31 December 2022) due after more than 5 years.

The Company has no overdue liabilities related to social security and health insurance or any other overdue liabilities to the tax authorities or other state institutions.

Estimated payables as at 31 December 2023 mainly include incentives for airlines in the amount of CZK 288,882 thousand (CZK 533,443 thousand as at 31 December 2022), the unbilled acquisition of fixed assets in the amount of CZK 22,190 thousand (CZK 26,192 thousand as at 31 December 2022), the expenses related to untaken vacation, quarterly and annual employees' bonuses in the amount of CZK 113,799 thousand (CZK 59,609 thousand as at 31 December 2022), unsettled donations to municipalities in the amount of CZK 30,434 thousand (CZK 28,647 thousand as at 31 December 2022), and other unbilled operating expenses.

10. Payables (continued)

Loans and Other Debt

CZK '000	31 December 2023	31 December 2022
Bank loan - long term	900,000	900,000
Loans and other debt total	900,000	900,000

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 loan has certain financial covenants attached to it. Violation of these covenants can lead to immediate maturity of the debt. The Company has not violated these covenants as at 31 December 2023.

The Company drew the loan in the total amount of CZK 900,000 thousand as at 31 December 2023 (CZK 900,000 thousand as at 31 December 2022).

In 2022 the Company drew a bank overdraft from Komerční banka, a.s. The overdraft interest rate was defined as PRIBOR plus margin. The overdraft was not secured. The overdraft was not drawn in 2023.

Interest expenses related to bank loans equalled CZK 29,442 thousand in 2023 (CZK 72,624 thousand in 2022).

On 2 January 2023, the Company concluded framework loan agreements with B. aircraft, a.s. and Czech Airlines Handling, a.s. The interest rate for the intercompany loans is defined as PRIBOR plus margin. The loans were not drawn as at 31 December 2023 and 31 December 2022.

Interest expenses related to intercompany loans equalled CZK 0 thousand in 2023 (CZK 4,592 thousand in 2022).

11. Derivative Financial Instruments

Hedging Derivatives

As at 31 December 2023, the Company has concluded the following cash-flow hedging derivatives:

CZK '000	Fair value		Nominal amount
	Positive	Negative	
Interest rate swap	21,713	-	900,000
Cash-flow hedging derivatives total	21,713	-	900,000

11. Derivative Financial Instruments (continued)

As at 31 December 2022, the Company has concluded the following cash-flow hedging derivatives:

CZK '000	Fair value		Nominal amount
	Positive	Negative	
Interest rate swap	72,904	-	900,000
Cash-flow hedging derivatives total	72,904	-	900,000

Change in fair value of interest rate derivatives recorded in equity:

CZK '000	2023	2022
As at 1 January	57,585	23,329
Fair value transferred during the year from equity to income statement	(37,976)	(23,996)
Fair value increase / (decrease)	(13,104)	66,287
Income tax related to cash flow hedging	9,305	(8,035)
As at 31 December	15,810	57,585

12. Other Liabilities

Accrued expenses as at 31 December 2023 mainly include unbilled acquisition of fixed assets in the amount of CZK 53,629 thousand (CZK 63,202 thousand as at 31 December 2022).

Deferred income mainly includes accrued rent and parking revenues.

Deferred income is charged to revenues based on the accrual principal.

Deferred income relating to the companies within the consolidation group as at 31 December 2023 equalled CZK 486 thousand (CZK 517 thousand as at 31 December 2022).

13. Income Tax

The income tax expense analysis:

CZK '000	2023	2022
Current tax expense	142,106	-
Deferred tax expense/(revenue)	246,255	180,708
Deferred tax – effect of change in income tax rate from 19% to 21%	25,777	-
Total income tax expense/(revenue)	414,138	180,708

The deferred tax was calculated at 21% (the rate enacted for the accounting period beginning on or after 1 January 2024) (as at 31 December 2022: 19%).

13. Income Tax (continued)

Current tax expense analysis:

CZK '000	2023	2022
Profit before tax	1,937,516	463,758
Non-deductible expenses	225,887	509,791
Tax-exempt revenues	(269,283)	(312,367)
Tax base before deductible items	1,894,120	661,182
Deductible items	(23,345)	(1,331)
Utilization of tax loss	(1,122,848)	(659,851)
Tax base	747,927	-
Corporate income tax (19%)	142,106	-

The deferred tax asset / liability can be analysed as follows:

CZK '000	31 December 2023	31 December 2022
Deferred liability arising from:		
Difference between accounting and tax net book value of fixed assets	(423,760)	(349,061)
Derivative financial instruments	(4,203)	(13,508)
Deferred tax asset arising from:		
Provision and estimated payables	32,493	18,046
Allowances and other temporary differences	120,604	124,009
Tax loss	-	208,375
Net deferred tax asset/(liability)	(274,866)	(12,139)

14. Revenue Analysis

Revenues from the main activities:

CZK '000	2023	2022
Air traffic operations (mainly airline fees)	5,216,386	3,831,772
Commercial and other rent	1,198,675	894,963
Other revenues (parking, VIP lounges, restaurants, energy)	1,281,763	1,021,499
Total	7,696,824	5,748,234

All revenues are generated in the Czech Republic.

15. Employees

Staff costs in 2023:

	Average recalculated number of employees	CZK '000
Salaries of the members of Board of Directors, Supervisory Board and Audit Committee	13	26,697
Wages and salaries of employees	2,564	1,888,927
Wages – temporary workers	155	60,415
Social security and health insurance costs		680,134
Social costs		92,181
Staff costs total	2,732	2,748,354

Staff costs in 2022:

	Average recalculated number of employees	CZK '000
Salaries of the members of Board of Directors, Supervisory Board and Audit Committee	12	25,467
Wages and salaries of employees	2,443	1,578,122
Wages – temporary workers	130	47,999
Social security and health insurance costs		571,600
Social costs		75,414
Staff costs total	2,585	2,298,602

Members of the Board of Directors, Supervisory Board and Audit Committee were not provided with any loans, credits, deposits, advance payments or guarantees.

Company cars are also made available for private use by the Board of Directors on a contractual basis.

The members of the Board of Directors are provided with pension insurance, accident insurance and professional indemnity insurance.

In 2023, the members of the Supervisory Board, the members of the Board of Directors and the members of the Audit Committee received regular monthly remuneration in accordance with applicable agreements, which were approved by the Ministry of Finance. Furthermore, in 2023, after prior approval by the Supervisory Board, the members of the Board of Directors received a remuneration based on the fulfilment of assigned annual KPIs. Provision had been created for the medium-term KPIs on an ongoing basis (provisions are included in Note 9).

Except for the benefits mentioned above, no other financial or non-financial benefits were provided in 2023 to the founder, members of statutory and supervisory bodies, Audit Committee, or the Company's management.

The Company also provides employees with benefits resulting from the applicable Collective Agreement.

16. Other Operating Income

In 2023, other operating income also includes compensation for the supply of electricity at fixed prices according to Government Regulation No. 5/2023 Coll. In the amount of CZK 35,781 thousand (2022: CZK 0 thousand).

17. Related Party Transactions

Purchases and sales within the consolidation group:

CZK '000	2023		2022	
	Purchases / Interest	Sales	Purchases / Interest	Sales
Czech Airlines Handling, a.s.	6,542	231,425	9,684	213,111
Czech Airlines Technics, a.s.	866	241,538	842	214,634
Other subsidiaries	-	462	2,175	326

Liabilities to the companies within the consolidation group are included in Notes 10 a 12.

Transactions with the members of the Board of Directors and Supervisory Board are included in Note 15.

Transactions with other related parties are immaterial and were concluded under standard market conditions.

18. Fees Paid and Payable to the Audit Company

The information relating to the fees paid and payable for services performed by the audit company PricewaterhouseCoopers Audit, s.r.o. is included in the consolidated financial statements of Letiště Praha group.

19. Commitments

As at 31 December 2023 the Company had contracted investment commitments in total amount of CZK 963,354 thousand (CZK 307,397 thousand as at 31 December 2022).

The Company has no other material contracted investment commitments or other material future liabilities.

20. Contingent Liabilities

Management of the Company is not aware of any contingent liabilities as at 31 December 2023.

21. Cash Flow Statement

Cash and cash equivalents in the cash-flow statement include:

CZK '000	31 December 2023	31 December 2022
Cash in hand, vouchers and cash in transit	6,333	4,961
Cash at bank	2,265,492	99,138
Total	2,271,825	104,099

22. Subsequent Events

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

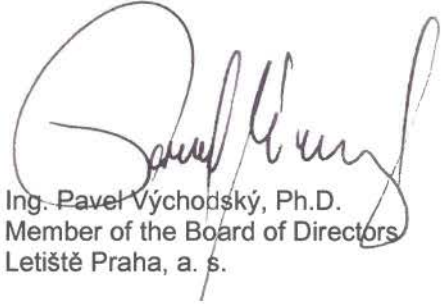
22. Subsequent Events (continued)

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

28 March 2024



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



Ing. Pavel Východský, Ph.D.
Member of the Board of Directors
Letiště Praha, a. s.



Independent Auditor's Report

To the shareholder of Letiště Praha, a. s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Letiště Praha, a. s., with its registered office at K letišti 1019/6, Praha 6 - Ruzyně (the "Company") as at 31 December 2023, and of the Company's financial performance and cash flows for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the profit and loss account for the year ended 31 December 2023,
- the statement of changes of equity for the year ended 31 December 2023,
- the cash flow statement for the year ended 31 December 2023, and
- the notes to the 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 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 Company 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 annual report but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Company 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 financial statements is, in all material respects, consistent with the 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 Company 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 financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company'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 Company 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 financial statements' preparation process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

28 March 2024

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

A handwritten signature in blue ink, appearing to read 'Jiri Zouhar', is written over a faint circular stamp.

Jiří Zouhar
Statutory Auditor, Licence No. 2542