I N D E P E N D E N T   A U D I T O R ' S   R E P O R T

on verification of consolidated financial statements

as of 31 December 2023

CORWIN j. s. a.

Company seat:

CORWIN j. s. a.
Námestie Mateja Korvína 1
811 07 Bratislava
ID: 53 317 556

C O N T E N T S

INDEPENDENT AUDITOR´S REPORT

To the owners and statutory representatives of CORWIN j. s. a.:

I. Report from the audit of financial statements

Opinion

1. We have audited the accompanying financial statements of CORWIN j. s. a. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated statement of profit and loss and of other comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended and Notes, which contain a summary of significant accounting policies and accounting principles.

2. In our opinion, the accompanying consolidated financial statements present fairly in all material respects the consolidated financial position of the Group as of 31 December 2023 and its consolidated financial performance and consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union.

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing ("ISAs")). Our responsibility under those standards is further described in the Auditor's Responsibilities for the Audit of the Financial Statements section, below. We are independent of the Group in accordance with the ethical requirements relevant for the audit of financial statements of Act 423/2015 on statutory audit and in accordance with the changes and amendment to and supplement of Act 431/2002 on accounting, as amended ("the Act on Statutory Audit"), including the Code of Ethics for Auditor, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statutory Representatives' and those charged with Governance responsibility for the Consolidated Financial Statements

4. The Statutory Representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and for such internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

   In preparing the consolidated financial statements, Statutory Representatives are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and the use of the going concern basis of accounting: unless management intends to, either, liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

   Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

5. Our responsibility is 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

6. As part of an audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement in 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 that for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, and / or the override of internal controls.

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

7. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

II. Report on other requirements of Slovak Acts and other legal regulations

Report on information presented in the annual report

8. The Statutory Representatives are responsible for the information presented in the Group's consolidated sustainability and annual report, prepared in accordance with the Act on Accounting. Our above presented opinion on the financial statements does not relate to other information presented in the consolidated annual report.

In connection with the audit of the consolidated financial statements it is our responsibility to gain an understanding of the information presented in the consolidated sustainability and annual report and assess whether such information is materially inconsistent with the audited consolidated financial statements or the knowledge gained during the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

As of the date of this audit report to the financial statements the annual report has not been made available to us.

When we obtain annual report, we will assess if the annual report includes information required by the Act on Accounting. Based on the work performed during the audit of the financial statements we will express an opinion, on whether:

- The information presented in the annual report for 2023 is consistent with the financial statements for that year,
- The annual report includes information required by the Act on Accounting.

In addition, based on our understanding of the Group and its position, obtained during the audit of the consolidated financial statements, we are required to disclose, whether material misstatements were identified in the consolidated annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 26 August 2024

TPA AUDIT s.r.o.
Licence SKAu No. 304

Ing. Ivan Paule, CA
Responsible auditor
Licence SKAu No. 847

Corwin j.s.a.
and Subsidiary Companies

Consolidated financial statements
for the period from 1 January 2023 to 31 December 2023

prepared in accordance
with the International Financial Reporting Standards (IFRS) as adopted by the EU

Corwin j.s.a.

Consolidated statement of profit and loss and other comprehensive income

in '000 EUR	Note	1.1.2023 – 31.12.2023	1.1.2022 – 31.12.2022
Continuing operations			
Revenues from sales of inventory (real estate)	6	65 892	1 411
Cost of inventories sold (real estate)	6	(48 336)	(925)
Profit/(loss) on sale of inventories		**17 556**	**486**
Rental income	7	5 589	3 830
Expenses related to rent	7	(2 863)	(2 116)
Net rental income		**2 726**	**1 714**
Profit on revaluation of investment property	15	20 453	4 355
Profit on disposal of subsidiaries	22	(171)	3 082
Other operating income	8	2 236	508
Expected credit losses	8	51	(123)
Other operating expenses	8	(5 975)	(2 431)
Operating result		**36 876**	**7 591**
Financial Income	9	474	6
Financial Expense	9	(5 241)	(1 584)
Net financial result		**(4 767)**	**(1 578)**
Profit / loss Before Tax from continuing operations		**32 109**	**6 013**
Income Tax Expense	10	(8 319)	(401)
Profit / loss for the year from continuing operations		**23 790**	**5 612**
Discontinued operations			
Profit after tax from discontinued operations	22	-	1 153
Profit / loss for the Year		**23 790**	**6 765**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		-	(3)
Total Comprehensive Income		**23 790**	**6 762**
Profit for the Year			
- attributable to Owners of the Company		15 242	3 147
- attributable to NCI		8 548	3 618
Total comprehensive income for the year			
- attributable to Owners of the Company		15 242	3 144
- attributable to NCI		8 548	3 618

The Notes provided on pages 7 to 51 constitute an integral part of the consolidated financial statements.

Corwin j.s.a.

Consolidated statement of financial position

in '000 EUR	Note	31.12.2023	31.12.2022
Assets			
Non-current assets			
Investment property	13	66 809	63 279
Investment property in development	14	199 150	102 443
Property, Plant and Equipment	12	5 000	2 513
Non-current loan receivables		1 592	-
Other non-current assets	19	1 404	3 989
Deferred tax asset	11	910	2 406
Intangible Assets		93	115
		274 958	**174 745**
Current assets			
Loans provided	17	-	2 061
Inventories	16	53 455	105 751
Trade Receivables	18	1 356	693
Tax assets		115	142
Other Assets	20	19 346	4 228
Cash and Cash Equivalents	21	7 818	13 223
		82 090	**126 098**
Total assets		**357 048**	**300 843**
Equity and liabilities			
Equity			
Share capital		(1 000)	(1 000)
Other capital funds	23	(63 877)	(76 947)
Retained earnings (losses)		(17 115)	(13 967)
Foreign currency translation reserve		(36)	3
Net result for the period		(15 242)	(3 147)
Equity attributable to equity holders of the parent		**(97 270)**	**(95 058)**
Non-controlling interest		(48 928)	(42 439)
		(146 198)	**(137 497)**
Non-current liabilities			
Subordinated debt	25	(53 441)	(20 514)
Borrowings	24	(34 909)	(23 422)
Deferred tax liabilities	11	(22 378)	(13 714)
Prepayments received		-	(4 460)
Lease liability		(2 193)	(1 197)
Other non-current liabilities	26	(11 618)	(2 602)
		(124 539)	**(65 909)**
Current liabilities			
Short-Term Borrowings	24	(60 438)	(73 828)
Provisions	28	(1 245)	(682)
Lease liability		(727)	(349)
Tax liabilities		(2 827)	(64)
Trade and other liabilities	26	(21 074)	(22 514)
		(86 311)	**(97 437)**
Total liabilities		**(210 850)**	**(163 346)**
Total equity and liabilities		**(357 048)**	**(300 843)**

The Notes provided on pages 7 to 51 constitute an integral part of the consolidated financial statements

Consolidated statement of changes in equity

in €000s	Share capital	Legal reserve fund	Other capital reserve funds	Foreign currency translation reserve	Retained earnings	Net result for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total
Balance as at 1 January 2023	1 000	-	76 947	(3)	13 967	3 147	**95 058**	**42 439**	**137 497**
Profit/(loss) for the year	-	-	-	-	-	15 242	**15 242**	**8 548**	**23 790**
Other comprehensive income									
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**15 242**	**15 242**	**8 548**	**23 790**
Transactions charged directly to equity									
Increase of share capital		-		-	-	-	-	-	-
Transfer of prior year profit/(loss)	-	-	-	-	3 147	(3 147)	-	-	-
Increase of NCI - subsidiary purchase	-	-	-	-	-	-	-	**6 667**	**6 667**
Sale of subsidiary	-	-	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-	**(72)**	**(72)**
Other capital funds contributions/(reduction)	-	-	(13 070)	-	-	-	**(13 070)**	**(8 323)**	**(21 393)**
Translation reserve				39	-	-	**39**	**(332)**	**(293)**
Total transactions during the year	-	-	(13 070)	39	3 147	(3 147)	**(13 030)**	**(2 060)**	**(15 091)**
Balance as at 31 December 2023	**1 000**	**-**	**63 877**	**36**	**17 115**	**15 242**	**97 270**	**48 928**	**146 198**

The Notes provided on pages 7 to 51 constitute an integral part of the consolidated financial statements

Consolidated statement of changes in equity

in €000s	Share capital	Legal reserve fund	Other capital reserve funds	Foreign currency translation reserve	Retained earnings	Net result for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total
Balance as at 1 January 2022	-	-	79 647	-	(3)	13 970	**93 614**	**16 415**	**110 029**
Profit/(loss) for the year	-	-	-	-	-	3 147	**3 147**	**3 618**	**6 765**
Other comprehensive income				(3)			**(3)**	**-**	**(3)**
Total comprehensive income for the period	**-**	**-**	**-**	**(3)**	**-**	**3 147**	**3 144**	**3 618**	**6 762**
Transactions charged directly to equity									
Increase of share capital	1 000	-	(1 000)	-	-	-	**-**	**-**	**-**
Transfer of prior year profit/(loss)	-	-	-	-	13 970	(13 970)	**-**	**-**	**-**
Increase of NCI	-	-	-	-	-	-	**-**	**-**	**-**
Sale of subsidiary	-	-	-	-	-	-	**-**	**(4 724)**	**(4 724)**
Dividend declared	-	-	-	-	-	-	**-**	**(105)**	**(105)**
Other capital funds contributions/(reduction)	-	-	(1 700)	-	-	-	**(1 700)**	**27 235**	**25 535**
Total transactions during the year	1 000	-	(2 700)	-	13 970	(13 970)	**(1 700)**	**22 406**	**20 706**
Balance as at 31 December 2022	**1 000**	**-**	**76 947**	**(3)**	**13 967**	**3 147**	**95 058**	**42 439**	**137 497**

The Notes provided on pages 7 to 51 constitute an integral part of the consolidated financial statements

Consolidated cash flow statement

in €000s	Note	1.1.2023 – 31.12.2023	1.1.2022 – 31.12.2022
OPERATING ACTIVITIES			
Profit/ (Loss) after tax from continuing operations		**23 790**	**5 612**
Profit/ (Loss) after tax from discontinued operations		**-**	**1 153**
Adjustments related to:			
Depreciation and amortization		1 177	290
Expected credit losses		(81)	211
Profit from sale of subsidiaries and associates		-	(3 770)
Revaluation of Investment property	15, 22	(20 453)	(4 355)
Interest (income) / expense net	9, 22	4 767	1 578
Change in provisions	28	563	34
Income tax	10, 22	8 319	401
Change in trade receivables, other receivables & other assets	18, 20	(12 986)	(2 209)
Change in inventories	16	29 676	(22 564)
Change in payables & other liabilities	26	2 721	3 817
Other items of non-cash nature which effect profit/loss from ordinary activities - foreign exchange differences		(2 226)	-
Net cash from operating activities before income tax paid		**35 267**	**(19 802)**
Income tax paid		(141)	(259)
Net cash from operating activities after income tax paid		**35 126**	**(20 061)**
INVESTING ACTIVITIES			
Purchase of PPE & Intangible assets	12	(1 514)	(727)
Purchase of / investment in Investment property	13	(27 534)	(49 237)
Repayment/ (disbursement) of granted loans	17	469	(1 357)
Proceeds from sale of subsidiary	4	-	28 644
Net cash from/(used in) investing activities		**(28 579)**	**(22 678)**
FINANCING ACTIVITIES			
Repayments of loans received	24	(35 035)	(34 266)
Proceeds from loans received	24	32 782	40 402
Lease payments		(809)	(105)
Equity contribution (payment) with owners		(13 070)	(1 700)
Equity contribution (payment) with non-controlling interest		10 106	27 235
Interest paid		(5 854)	(2 872)
Dividends paid		(72)	(105)
Net cash from/(used in) financing activities		**(11 952)**	**28 590**
Net increase / (decrease) of cash and cash equivalents		**(5 405)**	**(14 149)**
Cash and cash equivalents at beginning of the year		13 223	27 372
Cash and cash equivalents classified as held for sale		-	-
Cash and cash equivalents at the year end		**7 818**	**13 223**

The Notes provided on pages 7 to 51 constitute an integral part of the consolidated financial statements.

(in €000s)

1. Information about the Group

Corwin j.s.a. ("the parent company" or "the Company") is a simplified joint-stock company with its registered office and place of business at Námestie Mateja Korvína 1, 811 07 Bratislava – city part Staré Mesto. The Company was established on 2 October 2020 and was registered in the Commercial Register on 2 October 2020, section Sja, entry No. 121/B. The Company identification number is 53 317 556.

The Company is not a member having unlimited liability in other accounting entities. Vision 2030 j. s. a. is the ultimate parent company of the Group. The ultimate beneficial owner of Vision 2030 j. s. a. is Marián Hlavačka.
The consolidated financial statements of the Company for the period ending 31 December 2023 comprise the statements of the parent company and its subsidiaries (together referred to as "the Group").

The Group's principal activities involve development in real estate properties. It builds and either rents or sells the completed properties, focusing mainly on the Bratislava region in Western Slovakia. The Group holds residential properties as inventories, which are developed for subsequent sale to individual customers. Office complexes are rented to corporate customers upon successful completion. The Group is divided into two main segments – Office segment which leases office space to customers and residential segment which sells residential real estate properties.

Number of employees in the Group is as follows:

Item name	**31.12.2023**	**31.12.2022**
Average number of employees	140	118
Staff at the date on which the financial statements are prepared, of which:	155	139
of which the number of senior staff:	*20*	*19*

Company bodies are:

The Board of Directors

Ing. Marián Hlavačka; chairman of the Board
Ing. Róbert Mitterpach , MBA; member of the Board

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements for the period from 1 January 2023 to 31 December 2023 have been prepared according to the International Financial Reporting Standards as adopted by the EU ("IFRS"), in accordance with §22 of Slovak Republic Accounting Act no. 431/2002 Z. z.

(b) Basis of preparation

The Consolidated financial statements have been prepared based on the historical cost principle, except the investment property measured at fair value were revalued to their fair value through profit or loss.
The Group's consolidated financial statements have been prepared on a going-concern basis.

In the context of the war in Ukraine, the Group's management carried out an analysis of the possible effects and consequences on the Group and concluded that there are currently no significant adverse effects on the Group (except for rising input prices, in particular fuel, energy, materials, goods and services). The management of the company does not foresee a significant threat to the assumption of going concern in the near future (i.e. for the next 12 months from the date of preparation of the financial statements).

The consolidated financial statements have been prepared in euro thousands.

The preparation of financial statements in compliance with IFRS as adopted by the EU requires the application of various judgments, assumptions and estimates which affect the reported amounts of assets, liabilities, income and expenses. However, actual results will likely differ from these estimates. Significant accounting estimates and judgments which were made by management and which bear a significant risk of material adjustment in the next accounting period are discussed in Note 3 – Significant accounting estimates and assumptions.

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

(c) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(in €000s)

(d) IFRS pronouncements

i. Application of new standards and interpretations relating to the company's operations that are effective for the current period

A number of new standards and amendments to the standards are effective for annual periods beginning after 1 January 2023 but do not materially affect the financial statements.

As of 1 January 2023, the following standards and interpretations have come into force and have been applied by the Group in preparing these financial statements:

IFRS 17	Insurance contracts
IAS 1	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting Policies
IAS 8	Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
IAS 12	Amendments to IAS 12 Income taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12	Amendments to IAS 12 Income taxes – International Tax Reform – Pillar Two Model Rules

ii. Standards and interpretations regarding the company's operations that are not yet effective

As at 31 December 2023, the following IFRS, amendments to and interpretations of the standards were issued, which have not become effective yet, and thus were not applied by the Group when compiling these financial statements.

IFRS 16	Amendments to IFRS 16 Leasing - Lease Liability in a Sale and Leaseback
IAS 1	Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
IAS 7, IFRS 7	Amendments to IAS 7 Statement of Cash flows and IFRS 7 Financial Instruments Disclosure – Supplier Finance Arrangements
IAS 21	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
IFRS 10, IAS 28	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale of Contribution of Assets between an Investor and its Associate or Joint Venture

The Group examines the impact of these improvements on the consolidated financial statements. Adoption of the new and amended standards are not expected to have a material impact on the financial statements of the Group in the period of first application.

(e) Basis for consolidation

i. Subsidiaries

Subsidiaries are those entities that are controlled by the Group. The control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. Power is derived from rights. In order to have power over the investee, an investor must have existing rights that allow him to manage the relevant activities at the relevant time. Examples of rights that may, either individually or in combination, give the investor power include, but are not limited to:

(a) rights in the form of voting rights (or potential voting rights) in the entity in which it invests;
(b) the right to appoint, reassign or dismiss key members of the management of the investee who are able to manage relevant activities;
(c) the right to appoint or dismiss another entity to direct the relevant activities;

(d) the right to manage the investee to carry out transactions in favour of the investor or to veto any changes to such transactions, and
(e) other rights (such as decision-making rights specified in the management contract) which enable the holder to direct the relevant activities.

The consolidated financial statements include the Group's interest in other companies under the Group's right to control these companies, regardless of whether control is exercised in reality or not. The financial statements of subsidiaries are included in the consolidated financial statements from the date of establishment of control to the date on which control ceases to exist.

ii. Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when a company holds between 20 and 49 percent of the voting rights of another entity. The consolidated financial statements include the Group's share of the recognized gains and losses of associates on an equity accounted basis (equity method) from the day of origin of the significant influence until the day of cessation of the significant influence. Investment in associate is recognized initially at cost. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount of such an associate is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

iii. Scope of consolidation

The consolidation as at 31 December 2023 includes fifty companies (forty-one at 31 December 2022). The list of all companies included in the consolidation is provided in Note 5 – Group information.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

v. Acquisition method of accounting

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquire and the equity interests issued by the acquirer.

Acquisition-related costs are recognized directly in profit or loss.

The acquiree's identifiable assets acquired and the liabilities assumed that meet the recognition criteria under IFRS 3 are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired, and the fair value of the acquirer's previously held equity interest in the acquired (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Otherwise the difference is reassessed and any excess remaining (negative goodwill) after the reassessment is recognized directly in profit and loss.

The non-controlling interest is measured as a proportionate share of identifiable assets of the acquiree's identifiable assets.

vi. Unification of accounting principles

The accounting principles and procedures applied by the consolidated companies in their financial statements were unified in the consolidation and comply with the principles applied by the parent company.

(f) Financial instruments (except for financial liabilities)
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Initial recognition and measurement of financial asset
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii. Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

iii. Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes Trade receivables, Other assets, Loan receivables and Cash and Cash equivalents.

iv. Financial assets at fair value through OCI without recycling (equity instruments)
The Group elected to measure equity instruments at fair value through OCI if the equity instrument is not held for trading.

v. Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:
- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Group has transferred substantially all the risks and rewards of the asset, or
  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

vi. Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a method, that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and in banks, short-term highly liquid investments with original maturities of three months or less and short-term highly liquid investments readily convertible for known amounts of cash.

(h) **Inventories**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Cost includes:
- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Details on the valuation of inventory property are specified in Note 3(b) – Significant accounting estimates and assumptions, Estimation of net realizable value for inventory property.

(i) Offsetting
Financial assets and liabilities are offset, and their net amount is reported in the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis.

(j) Impairment
The carrying amounts of the Group's assets, other than inventories (refer to the accounting policy under letter h)), investment property (refer to the accounting policy under letter m)), financial instruments (refer to the accounting policy under letter f)) and deferred tax assets (refer to the accounting policy under letter q)) are reviewed at each financial statement date to determine whether there is objective indication of impairment of the asset. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment as part of the cash-generating unit to which they belong.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. The recoverable amount of other assets is the greater of their value in use less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, an impairment loss is reversed or decreased when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. An impairment loss can only be reversed or decreased to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Property, plant and equipment

i. Owned assets
Single items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (refer to the accounting policy under letter j)). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and costs of dismantling and removing the items and restoring the site where it was located. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent expenditures
Subsequent expenditure is capitalized if it is probable that the future economic benefits embodied in the part of property, plant and equipment will flow to the Group and the relevant cost can be measured reliably. All other expenditures including the costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss in the period to which they relate.

iii. Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 20 - 40 years
- Individual movables and sets of movables
  - Equipment 4 - 12 years
  - Vehicles 2 - 5 years

Depreciation methods, useful lives, as well as residual values, are reassessed annually as at the financial statement's date. Each significant part of property, plant and equipment (component) with cost significant in relation to the total cost of the relevant item is depreciated separately.

iv. Capitalized borrowing costs

Borrowing costs attributable to the asset that necessarily takes a substantial period of time to get ready for its use or sale are capitalized by the Company as part of the cost of the asset.

(l) Intangible assets

i. Goodwill and intangible assets acquired in a business combination

Goodwill is measured at the amount of the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed at the date of acquisition. Goodwill on acquisition of subsidiaries and associates is included in the investments in subsidiaries and associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill realized upon acquisition is revaluated and remaining negative goodwill is recognized directly in the profit and loss.

ii. Software and other intangible assets

Software and other intangible assets acquired by the Company are stated at cost less accumulated amortization (see below) and impairment losses (refer to the accounting policy under letter j)). Useful life of these assets is reassessed regularly.

iii. Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date the asset is available for use. The estimated useful lives are as follows:

- Software 4 – 5 years
- Licenses each item uses an individual depreciation plan,

(m) Investment property

Investment property is property held by the Group for the purpose of obtaining rental income or its capital appreciation, or both. Investment property is reported at fair value, which is determined by an independent valuation expert or management. Fair value is based on current prices of similar assets in an active market in the same location and under the same conditions, or if these are not available, generally applicable valuation models such as the income method are used. Any gain or loss resulting from a change in fair value is reported in profit or loss.

Property that is built or developed for the purpose of its future use as investment real estate is valued at fair value, provided that it can be reliably determined.

This property is reported at fair value after initial recognition. Gains or losses resulting from changes in fair value are included in profit or loss in the year in which they arise, including the corresponding tax effect.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognized in the income statement in the year of retirement or disposal.

Details on the valuation of investment property are specified in Note 3(a) – Significant accounting estimates and assumptions, Valuation of investment property.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period's financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Rental income from investment property is accounted for as described in the accounting policy under letter (u).

(n) Provisions

A provision is recognized in the balance sheet when the Group has a present legal, contractual, or non-contractual obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Long-term provisions the reduction of which to their present value would have a material impact on the financial statements are discounted to their present value.

Group does not recognize any long-term provisions. Majority of short-term provisions are related to employee benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses at the time of provision of the service by the employees. A liability is recognised if the Group has legal or contractual obligation as result past service provided by the employees and amount of liability can be reliably estimated as cost of expected short-term cash reward or planned share in profit. Provision for liabilities related to bonuses for employees was created and estimated based on employees' contractual entitlements.

The rest of the short-term provisions consist of liabilities arising from uninvoiced deliveries, litigation and warranty repairs. The Group has made the creation and valuation of a reserve for uninvoiced supplies on the basis of claims arising from contracts. The creation and valuation of the litigation reserve was carried out by the Group on the basis of an out-of-court agreement. The provision for warranty repairs was made on the basis of contractual obligations. The valuation of the reserve was determined by the Group by an expert estimate, which is based on warranty repairs in past periods and taking into account the costs necessary to eliminate these claimed scraps and defects.

(o) Interest income and expense

Interest income and expense is recognized in profit or loss in the period to which it relates using the effective interest rate basis. All expenses on loans and borrowings are recognized in profit or loss, with the exception of capitalized borrowing costs; refer to the accounting policy under letter *(h)* and *(m)*.

(p) Rental income from investment property

Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease.

(q) Income tax
Income tax on the profit for the current accounting period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the current accounting period, using tax rates valid as at the date of the financial statement's preparation, and any adjustments to tax payable in respect of previous accounting periods.

Deferred tax is accounted for using the balance sheet method and calculated from all temporary differences between the carrying amounts of assets and liabilities determined for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences weren't taken into account: the initial recognition of assets or liabilities which affect neither accounting nor taxable profit, and the differences relating to investments in subsidiaries to the extent that it is probable that they will not be reversed in the foreseeable future. No deferred taxes are recognized on the initial recognition of goodwill. The amount of deferred tax is based on the expected way of realization or settlement of the carrying amount of assets and liabilities, using the tax rates valid or approved as at the date of the financial statement's preparation.

Income tax is recognized directly in profit or loss, except for the part that relates to items recognized directly in equity, in which case the income tax is recognized in equity.

Deferred tax asset and liability are offset if there is a legally enforceable right to offset the payable tax liability and asset, and they relate to the same tax authority and the taxable entity.

A deferred tax asset is only recognized up to the amount of probable future taxable profits against which the unused tax losses and credits can be offset. Deferred tax assets are reduced by the amount for which it is probable that the related tax benefit will not be realized.

(r) Trade and other liabilities
Trade and other liabilities are stated at amortized cost (see accounting policy under letter (y) Financial liabilities).

(s) Tenant deposits
Tenant deposits liabilities are initially recognized at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognized on a straight-line basis over the lease term.

(t) Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in most of the revenue arrangements, it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

(u) Rental income – operating leases
The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for damages are recognized in the income statement when the right to receive them arises.

(v) Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally at the moment of registration in the cadastre and/or handover of the property to the owner, whichever occurs first. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied. The standard payment terms are 14-30 days. By default, the contract does not contain additional obligations or guarantees.

Revenue is recognised at the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the transfer of control of the promised goods or services to the customer, excluding amounts collected on behalf of third parties.

Prepayments received as recognised in the consolidated Financial Position Statement constitute a contractual obligation.

(w) Sales of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the Group considers whether the contract comprises:

- A contract to construct a property, or
- A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognized using the percentage-of-completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognized when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied, and revenue is recognized as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which the development takes places owned by the final customer
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

Revenue is recognised at the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the transfer of control of the promised goods or services to the customer, excluding amounts collected on behalf of third parties.

Prepayments received as recognised in the consolidated Financial Position Statement constitute a contractual obligation.

(x) Dividends

Dividends are recognized in the statement of changes in equity and also as liabilities in the period in which they are approved.

(y) Financial liabilities

The Company recognizes financial liabilities as other financial liabilities. The Company does not recognize any financial liabilities valued at fair value through profit or loss.

In the Group's Consolidated statement of financial position, other financial liabilities are recognized as received loans and borrowings, trade payables, other liabilities and current tax liabilities.

Financial liabilities are recognized by the Group on the trade date. Upon initial recognition, financial liabilities are measured at fair value including transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortized cost. Upon measurement at amortized cost the difference between the cost and the face value is recognized through profit or loss during existence of the asset or liability using the effective interest rate method.

Financial liabilities are derecognized when the Group's obligation specified in the contract expires, is settled or cancelled.

The Group discloses part of the borrowings as subordinated. In this context, subordinated are those borrowings, that are junior to the bank loans provided to the Group. I.e. in case of liquidation, these borrowings will be repaid if and only if the bank loans have been satisfied already.

Costs of received loans and borrowings directly attributable to the acquisition or construction of real estate, which necessarily require a significant amount of time to prepare for the intended use or sale, are capitalized as part of the cost of the asset. Capitalization begins when:

(1) The Group incurs expenses for the acquisition of assets;

(2) The Group incurs costs for received credits and loans;

(3) The group performs activities that are necessary to prepare the property for its intended use or sale.

All other costs of received loans and borrowings are charged to costs in the period in which they were incurred. The costs of received loans and borrowings consist of interest and other costs incurred by the accounting unit in connection with the borrowing of funds. The costs of received loans and loans incurred in connection with investments in real estate under construction are charged to costs at the time of their origination.

Capitalized interest is calculated on the basis of the weighted average cost of the Group's loans and borrowings after adjustment for loans related to specific developments. If the loans are linked to specific developments, the capitalized amount represents the gross interest generated from these loans reduced by all investment income from their temporary investment. Interest is capitalized from inception to completion date, i.e. j. when essentially the entire construction work is completed. Capitalization of finance costs is suspended if there are longer periods when development activity is interrupted. Interest is also capitalized from the purchase price of land or real estate acquired specifically for reconstruction, but only if the activities necessary to prepare the property for reconstruction are ongoing.

(z) Fair value estimates

The following notes summarise the main methods and assumptions used in estimating the fair values of investment property, financial assets and liabilities referred to in Note 15 – Fair value measurement:

i. Investment properties

Investments in property are measured at fair value. Their fair value measurement comprises significant judgment and is described in detail in Note 3 - Significant Accounting Estimates and Assumptions.

ii. Loans and borrowings

For loans and borrowings with no defined maturities, fair value is taken to be the amount payable on demand as at the date of preparation of the consolidated financial statement. For loans and borrowings with an agreed maturity date, the fair value is determined on the basis of discounted cash flows using current interest rates currently offered for loans and borrowings with a similar maturity.

iii. Trade receivables/payables, other receivables and other assets/liabilities

For receivables/payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. Other receivables/payables are discounted to determine the fair value.

iv. Loans granted

Fair value is measured based on discounted expected future principal and interest cash flows. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since initial recognition, as well as changes in interest rates for fixed rate loans.

(aa) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of items of low value - below EUR 6,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

i. ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (see accounting policy under letter (k) Property, plant and equipment - iii. Depreciation)

ii. ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

At the commencement date of the lease, the Group recognises lease liabilities. Lease liabilities are initially measured at the present value of lease payments over the lease term that have not been paid as of the initial measurement date using the discount rate represented by the lessee's incremental borrowing rate. The lessee's incremental borrowing rate is determined based on available financial information related to the lease agreement. A subsequent remeasurement is performed if there is a change in the terms of the contract. The subsequent remeasurement of the lease liability will also affect the valuation of the right-of-use asset.

The Group does not apply the practical expedient in IFRS 16.15. Every contract is examined to determine whether it contains a non-lease components in addition to lease components. Non-lease components are separated from the lease components, and only the lease components are accounted for in accordance with the provisions of IFRS 16.

In the consolidated statement of financial position, the Group presents the right-of-use asset within Property, Plant, and Equipment and Lease Liability within a separate line item of the Consolidated statement of financial position. Furthermore, in the Consolidated cash flow statement, the Group reported transactions related to leasing as follows:

- Payments for the principal portion of lease liabilities within cash flows from financing activities,
- Payments for interest on lease liabilities within cash flows from financing activities (here, the requirements for interest paid in accordance with IAS 7 are applied),
- Payments for short-term leases, leases of low-value assets, and payments for variable lease components that are not included in the measurement of lease liabilities within cash flows from operating activities.

3. Significant Accounting Estimates and Assumptions

The compilation of the financial statements according to the International Financial Reporting Standards as adopted by the EU requires the application of certain significant accounting estimates. It also requires that the management, in the application process of the Company accounting principles, should use its judgement. Therefore, the accounting estimates will be rarely identical with actual figures. Estimates and assumptions carrying a significant risk of causing a material modification of the book value of assets and liabilities in the future accounting period are described below in the text. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and in future periods if the revision affects both current and future periods.

(a) Valuation of Investment Property

Investments in property are measured at fair value. The fair value of investments in property is determined either by an independent authorized expert or by the management (see Significant accounting policies, point m); in both of the cases the valuation is based on current market values and conditions. The fair market value is the estimated value, for which the property could be exchanged, on the valuation day, between knowledgeable, willing parties being a prospective seller and a prospective buyer, in an arm's length transaction, with each party acting well informed, cautiously and without compulsion.

In the absence of current market prices, net estimated cash flow generated from the leasing of property and gains from capitalisation which reflect the risk specific for the market and also cash flow from the property shall be taken into account. The valuation reflects (where relevant) the type of lessees who use the property or are responsible for the fulfilment of lease liabilities or the type of prospective users, if the property is left non-rented, the general market perception of lessee solvency, the distribution of responsibilities related to maintenance and insurance of property between the Company and the lessees, and the remaining life of property.

As at 31 December 2023, the Company management, based on current market conditions, revalued the value of investments in property. Main methods and assumptions used in estimating the fair values of Investment property and Investment property in developments are disclosed in Note 15 Fair value measurement – Investment property and Investment property in development.

(b) Estimation of net realisable value for inventory property
Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated costs to complete construction and an estimate of the time value of money to the date of completion.

(c) Goodwill and Impairment Test
As at the date of the financial statements, the Group is required to assess whether there is any indication that its goodwill is impaired. If there is no indication that goodwill may be impaired, the Group shall, according to IAS 36, test reported goodwill for possible impairment on a yearly basis as at 31 December, i.e. as at the date of compilation of the annual consolidated financial statements.

On the day of acquisition, the acquired goodwill is allocated to individual cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations.

Potential decrease of the goodwill value is determined by comparing the recoverable amount of CGU and its book value. The recoverable amount is determined by the value in use. The value in use was derived from a business plan prepared by the management. The key prerequisite which was also the most sensitive factor in determining the recoverable amount was expected revenues assessed by the management, the profit margin ratio (EBITDA) and the cost of capital used as the discount factor for future net cash flows. Expected revenues as well as the profit margin ratio are based on changes in customer target groups, strengthened marketing and increase in the quality of services rendered.

4. Acquisition and establishment of subsidiaries and acquisition of non-controlling interests

Acquisitions and establishments in 2023

In 2023 50% of shares in CC Pi s.r.o. was sold to non-controlling interests.

The Group established the following companies during 2023:
1. In January 2023 WinBerg Development s.r.o. with a share capital of EUR 4 thousand
2. In January 2023 Corwin Finance CZ s.r.o. with a share capital of EUR 1 thousand
3. In March 2023 CG SI SPV 1 d.o.o. with a share capital of EUR 7,5 thousand
4. In September 2023 CG SI SPV 3 d.o.o. with a share capital of EUR 7,5 thousand
5. In September 2023 CORWIN HOME d.o.o. with a share capital of EUR 7,5 thousand
6. In March 2023 Corwin Finance SI, d.o.o. with a share capital of EUR 7,5 thousand
7. In December 2023 CG SK SPV 2 s. r. o. with a share capital of EUR 5 thousand

On March 30, 2023, WinBerg Development s.r.o. acquired a 70% stake in the company Nové Vysočany I, s.r.o. with a share capital of 30 thousand CZK. The transaction was not considered a business combination, but acquisition of Investment Property – Investment Land and acquisition of non controling interest (see Note 14, 29).

On March 30, 2023, WinBerg Development s.r.o. acquired a 70% stake in the company Nové Vysočany II, s.r.o. with a share capital of 30 thousand CZK. The transaction was not considered a business combination, but acquisition of Investment Property – Investment Land and acquisition of non controling interest (see Note 14, 29).

Acquisitions in 2022

No acquisitions took place in 2022. The sale of Blumental Office I, Blumental Office II and Blumental property was finalized in the second half of 2022 (see Note 22). 50% of shares in CC Ro and CC Ksi was sold to non-controlling interests in 2022.

At the same time, the Group established the following companies during 2022:

1. In August 2022 CC San with a share capital of EUR 5 thousand.
2. In August 2022 CC Héta with a share capital of EUR 5 thousand.
3. In August 2022 CC Digama with a share capital of EUR 5 thousand.
4. In September 2022 LAMBDA 1 with a share capital of EUR 5 thousand.
5. In July 2022 LAMBDA 2 with a share capital of EUR 5 thousand.
6. In August 2022 LAMBDA 3 with a share capital of EUR 5 thousand.
7. In August 2022 LAMBDA 4 with a share capital of EUR 5 thousand.
8. In August 2022 LAMBDA 5 with a share capital of EUR 5 thousand.
9. In June 2022 CC Koppa with a share capital of EUR 8 thousand. Subsequently during the year, 50% of shares was sold to Hartenberg Holding.
10. In June 2022 CC Psi with a share capital of EUR 8 thousand.
11. In March 2022 Corwin CZ with a share capital of EUR 1 thousand.
12. In April 2022 CC Sampi with a share capital of EUR 1 thousand.

(in €000s)

5. Group information

Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Activity	Country of incorporation	Effective Share 2023	Effective Share 2022
CC Pi s.r.o.	Rental	Slovakia	50%	100%
CC Ro s.r.o.	Services	Slovakia	50%	50%
CC Ksi s.r.o.	Services	Slovakia	50%	50%
CC Fi s.r.o.	Services	Slovakia	100%	100%
CC Chi s.r.o.	Services	Slovakia	100%	100%
Corwork, s.r.o.	Rental	Slovakia	100%	100%
CC Private s.r.o.	Financing	Slovakia	90%	90%
Flexi Office s.r.o.	Rental	Slovakia	90%	90%
CC LAMBDA, s.r.o.	Rental	Slovakia	90%	90%
CG SK SPV 1 s. r. o.	Services	Slovakia	90%	90%
LAMBDA 2 s.r.o.	Services	Slovakia	90%	90%
LAMBDA 3 s.r.o.	Services	Slovakia	90%	90%
LAMBDA 4 s.r.o.	Services	Slovakia	90%	90%
LAMBDA 5 s.r.o.	Services	Slovakia	90%	90%
CG SK SPV 2 s. r. o.	Services	Slovakia	90%	0%
Einpark Office, a.s.	Rental	Slovakia	90%	90%
Einpark rezidencia, a.s.	Residential	Slovakia	90%	90%
Blumental rezidencia II, s.r.o.	Residential	Slovakia	90%	90%
Dúbravy Rezidencia, s.r.o.	Residential	Slovakia	90%	90%
Blumental rezidencia I, s.r.o.	Residential	Slovakia	90%	90%
GUTHAUS s.r.o.	Residential	Slovakia	90%	90%
CC Theta s.r.o.	Rental	Slovakia	90%	90%
CC San s.r.o.	Services	Slovakia	100%	100%
CC Héta s.r.o.	Services	Slovakia	100%	100%
CC Digama s.r.o.	Services	Slovakia	100%	100%
Corwin CZ s.r.o.	Services	Czech republic	100%	100%
CC Sampi s.r.o.	Services	Czech republic	100%	100%
Corwin Finance CZ s.r.o.	Financing	Czech republic	100%	0%
WinBerg Development s.r.o.	Services	Czech republic	50%	0%
Nové Vysočany I, s.r.o.	Rental	Czech republic	35%	0%
Nové Vysočany II, s.r.o.	Rental	Czech republic	35%	0%
Corwin SK a.s.	Services	Slovakia	90%	90%
Corwin Finance s.r.o.	Financing	Slovakia	90%	90%
Corwin Home, s.r.o.	Services	Slovakia	90%	90%
Lis Anker, s.r.o.	Construction	Slovakia	90%	90%
Corwin SI d.o.o.	Services	Slovenia	90%	90%
CORWIN HOME d.o.o.	Services	Slovenia	90%	0%
Corwin Finance SI, d.o.o.	Financing	Slovenia	90%	0%
Lis Anker SI d.o.o.	Construction	Slovenia	90%	90%
CG SI SPV 1 d.o.o.	Services	Slovenia	90%	0%
CG SI SPV 3 d.o.o.	Services	Slovenia	90%	0%
Záhrady Devín II, s.r.o.	Residential	Slovakia	90%	90%
CC Omikron s.r.o.	Financing	Slovakia	90%	90%
Kvartet rezidence d.o.o.	Residential	Slovenia	90%	90%
Vilharia Offices I d.o.o.	Rental	Slovenia	50%	50%
Vilharia Offices II d.o.o.	Rental	Slovenia	50%	50%
Linhartov kvart d.o.o.	Rental	Slovenia	45%	45%

Masarykova rezidence d.o.o.	Rental	Slovenia	45%	45%
CC Koppa d.o.o.	Rental	Slovenia	45%	45%
CC Psi d.o.o.	Services	Slovenia	90%	90%

The Group is part of Vision 2030 Consolidation. The group has no restrictions on access to assets or settlement of liabilities. The Group has assessed that it meets the conditions for control over subsidiaries described in Note 2 - Significant accounting policies, despite owning less than 50% of equity in some of them.

6. Revenues from sale of inventories (real estate)

in €000s	**1.1.2023 – 31.12.2023**	**1.1.2022 – 31.12.2022**
Revenues from sales of inventory (real estate)	65 892	1 411
Cost of inventories sold (real estate)	(48 336)	(925)
Total	17 556	486

7. Rental income

in €000s	**1.1.2023 – 31.12.2023**	**1.1.2022 – 31.12.2022**
Rental income	5 589	3 830
Expenses related to rent	(2 863)	(2 116)
of which:		
Energy and other communal services	(1 436)	(854)
Development services	(477)	(569)
Other services	(869)	(531)
Property tax	(81)	(162)
Total	**2 726**	**1 714**

The Group has entered into operating lease agreements for its investment property portfolio, which consists of certain office premises. These leasing contracts have a duration of 5 to 10 years. All leases contain a clause that allows the rent to be revised upwards annually according to prevailing market conditions. Below is an overview of the expected minimum rent payments from contracts valid at the end of the accounting period.

Future minimum rent payments arising from operating leases

in '000 EUR -	**31.12.2023**	**31.12.2022**
Within 1 year	4 466	3 989
Between 1 and 2 years	3 930	4 169
Between 2 and 3 years	3 761	3 298
Between 3 and 4 years	3 184	3 077
Between 4 and 5 years	2 898	2 534
More than 5 years	2 686	2 376
Total	**20 925**	**19 443**

8. Other operating income and expenses

in €000s	1.1.2023 – 31.12.2023	1.1.2022 – 31.12.2022
Other income	2 236	508
Expect credit losses	51	(123)
Other operating expenses	(5 975)	(2 431)
Total	**(3 688)**	**(2 046)**

Other operating income in 2023 consist mainly of construction-related income worth EUR 1 144 thousand, income related to consulting services of EUR 564 thousand and income of real estate management of EUR 56 thousand.

Other operating expenses in 2023 are made up mainly of costs related to the sale of inventory in the value of EUR 2 353 thousand, construction-related costs in the value of EUR 1 095 thousand, costs related to consulting services of EUR 542 thousand, costs related to unsold inventory of EUR 470 thousand; costs of real estate management of EUR 172 thousand and costs for the verification of the financial statements are in the amount of EUR 27 thousand.

Other income in 2022 consist mainly of commissions worth EUR 185 thousand, received fines and penalties of EUR 136 thousand and insurance payments of EUR 31 thousand.

Other operating expenses in 2022 are made up mainly of costs for normal operation (rent, utilities, insurance, other) in the value of EUR 755 thousand, costs for consulting, legal, managerial and other services EUR 1 236 thousand of which the costs for the verification of the financial statements are in the amount of EUR 49 thousand.

9. Net financial result

in €000s	1.1.2023 – 31.12.2023	1.1.2022 – 31.12.2022
Financial Income	474	6
Financial Expense	(5 241)	(1 584)
Total	**(4 767)**	**(1 578)**

10. Income tax and deferred tax

in €000s	1.1.2023 – 31.12.2023	1.1.2022 – 31.12.2022
Current tax	(3 058)	(227)
Deferred tax	(5 261)	(174)
Total reported income tax	**(8 319)**	**(401)**

Deferred income tax is calculated using enacted tax rates the validity of which is expected in a period in which the receivable is received, or the liability settled.

To calculate deferred tax on temporary differences arising in the Slovak Republic, the Czech Republic and the Republic of Slovenia the Group used a rate of 21% in the Slovak Republic and in the Czech Republic and 22% in the Republic of Slovenia resulting from the legal corporate income tax rate valid as at the date of the financial statements.

Reconciliation of effective tax rate

in €000s		1.1.2023 – 31.12.2023		1.1.2021 – 31.12.2022
	%	abs	%	abs
Profit / (loss) before tax		**32 109**		**6 013**
Tax charge	21,00%	6 743	21,00%	1 263
Non-deductible expenses	0,95%	305	4,12%	248
Non-taxable revenue	0,00%	-	-16,50%	(992)
Current tax: withholding tax from interests	-0,13%	(41)	0,03%	2
Other	3,47%	1 113	0,83%	50
Other tax rates	0,62%	200	-2,86%	(169)
Total	**25,91%**	**8 319**	**6,67%**	**401**

Other deffered tax represents in amount of EUR 861 thousand deffered tax liability calculated based on IAS 12 - Income Taxes from acquisition of Investment Property – Investment Land acquisition in Nové Vysočany I, s.r.o. and Nové Vysočany II, s.r.o. subsequent to acquisition.

Movements of deferred tax (net) during 2023 and 2022

2023

in €000s	Opening balance (1. January 2023)	Recognised in Statement of profit and loss	Addition from subsidiary purchase	Recognised in Statement of other comprehensive income	Reclassified to assets held for sale	Closing balance (31. December 2023)
Non-current tangible and intangible assets	39	8	-	-	-	47
Investments in real estate property	(12 326)	(5 373)	(4 899)	-	-	(22 599)
Inventory	(157)	287	-	-	-	130
Losses from impairment of trade receivables and other assets	30	(21)	-	-	-	9
Provisions and liabilities	397	(202)	-	-	-	195
Tax losses	528	(136)	-	-	-	392
Other temporary differences	181	176	-	-	-	357
Total, net	**(11 308)**	**(5 261)**	**(4 899)**	**-**	**-**	**(21 468)**

2022

in €000s	Opening balance (1. January 2022)	Recognised in Statement of profit and loss	Addition from subsidiary purchase	Recognised in Statement of other comprehensive income	Reclassified to assets held for sale	Closing balance (31. December 2022)
Non-current tangible and intangible assets	34	5	-	-	-	39
Investments in real estate property	(11 645)	(681)	-	-	-	(12 326)
Inventory	(317)	160	-	-	-	(157)
Losses from impairment of trade receivables and other assets	13	17	-	-	-	30
Provisions and liabilities	353	44	-	-	-	397
Tax losses	401	127	-	-	-	528
Other temporary differences	27	154	-	-	-	181
Total, net	**(11 134)**	**(174)**	**-**	**-**	**-**	**(11 308)**

See also Note 11 - Deferred tax liability.

11. Deferred tax asset, deferred tax liability

Deferred tax asset (liability) was posted for the following items:

in €000s	**Assets**		**Liabilities**		**Total**	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Temporary differences related to:						
Non-current fixed and intangible assets	47	39	-	-	47	39
Investment property	511	2 748	(23 110)	(15 074)	(22 599)	(12 326)
Inventory	216	835	(86)	(992)	130	(157)
Losses from impairment of trade receivables and other assets	9	30	-	-	9	30
Provisions and liabilities	195	397	-	-	195	397
Tax losses	392	528	-	-	392	528
Other temporary differences	569	760	(211)	(579)	357	181
Netting	(1 029)	(2 930)	1 029	2 930	-	-
Total	**910**	**2 406**	**(22 378)**	**(13 714)**	**(21 468)**	**(11 308)**

12. Property, plant and equipment

in €000s	**Vehicles**	**Other assets**	**Right-of-use asset**	**Total**
Acquisition price				
Opening balance as at 1 January 2022	215	422	-	637
Additions	577	150	1 644	2 371
Disposals	(53)	-	-	(53)
Foreign exchange differences	-	-	-	-
Balance as at 31 December 2022	**739**	**572**	**1 644**	**2 955**
Opening balance as at 1 January 2023	739	572	1 644	2 955
Additions	218	1 294	2 150	3 664
Disposals		(69)	-	(69)
Foreign exchange differences	-	-	-	
Balance as at 31 December 2023	**957**	**1 796**	**3 794**	**6 548**

Accumulated depreciation and losses from impairment of assets	**Vehicles**	**Other assets**	**Right-of-use asset**	**Total**
Opening balance as at 1 January 2022	(12)	(94)	-	(106)
Depreciation of current accounting period	(180)	(110)	(98)	(389)
Disposals	52			52
Foreign exchange differences				-
Balance as at 31 December 2022	**(140)**	**(204)**	**(98)**	**(442)**
Opening balance as at 1 January 2023	(140)	(204)	(98)	(442)
Depreciation of current accounting period	(239)	(202)	(733)	(1 174)
Disposals		69	-	69
Foreign exchange differences				-
Balance as at 31 December 2023	**(380)**	**(336)**	**(832)**	**(1 548)**
Carrying value				
As at 1.1.2022	**203**	**328**	**-**	**531**
As at 31.12.2022	**599**	**368**	**1 546**	**2 513**
As at 1.1.2023	**599**	**368**	**1 546**	**2 513**
As at 31.12.2023	**578**	**1 460**	**2 962**	**5 000**

Additions in Other assets in 2023 consist mainly of fit-out for office premises in the amount of EUR 985 thousand.

The Group is a lessee under lease contracts for office premises and parking spaces. The average remaining lease term is approximately 2-5 years. Lease payments are subject to annual indexation based on the Harmonized Index of Consumer Prices (HICP). The impact of these variable lease payments is reassessed annually based on the updated index, and any adjustments are reflected in the future lease payments.

The lease agreements contain options to extend the lease for additional periods beyond the non-cancellable period. The Group has not included any additional lease terms beyond the current non-cancellable period in its measurement of lease liabilities and right-of-use assets due to uncertanity of exercising these extension options.

Unused assets

For the periods ended on 31 December 2023 and 31 December 2022, the Group did not hold any unused assets.

Impairment loss

For the periods ended on 31 December 2023 and 31 December 2022, the Group did not recognise any loss from impairment of land, buildings and equipment.

Capitalized financial cost

As at 31 December 2023 and 31 December 2022, the Group did not capitalize any interest on loans into property, plant and equipment assets.

Pledged property, plant and equipment

As at 31 December 2023 and 31 December 2022, the Group did not pledge any property, plant and equipment assets to third party.

As at 31 December 2023 and 31 December 2022, the Group did not have significant contractual commitments for the acquisition of property, plant and equipment.

13. Investment property

in €000s	**31.12.2023**	**31.12.2022**
At 1 January	**63 279**	**63 200**
Capital expenditure	1 060	851
Revaluation	2 469	(772)
At 31 December	**66 809**	**63 279**

All investment property is classified as Level 3 in the fair value hierarchy (see Note 15). All investment properties are located in the territory of the Slovak Republic. No new investment projects were completed in the period ended 31 December 2023 and 31 December 2022. All investment property is pledged as collateral for bank financing and is insured against business interruption, liability in the amount of EUR 39 000 thousand.

As at 31 December 2023 and 31 December 2022, the Group did have significant contractual commitments for the acquisition of investment property.

14. Investment property in development

in €000s	**31.12.2023**	**31.12.2022**
At 1 January	**102 443**	**48 700**
Capital expenditure (incl. capitalized dep'n)	11 494	48 387
Interest capitalized	1 740	229
Additions	39 482	-
Reclassification from Inventories	23 953	-
Revaluation	17 984	-
Foreign exchange differences	2 054	5 127
At 31 December	**199 150**	**102 443**

(in €000s)

All investment property under construction is classified as Level 3 in the fair value hierarchy (see Note 15). All investment properties under construction are located in the territory of the Slovak Republic, the Czech republic and the Republic of Slovenia.

Part of investment property under construction in the value of EUR 121 030 thousand is pledged as collateral for bank financing and part in the value of EUR 78 121 thousand is not pledged as collateral for bank financing.

All investment property under construction is insured with construction and installation insurance in the amount of EUR 115 034 thousand.

During the financial year ended 31 December 2023, the Group reclassified certain properties (lands) from inventories to investment property. This change reflects the Group's revised strategy to hold these lands for LT cap appreciation. As at 31 December 2023, contracts had not been signed for the purchase of investment property which would not have been reflected in the financial statements.

On March 23, 2023, WinBerg Development s.r.o. acquired, for the purpose of acquiring Investment Property – Investment Land acquisition, a 70% stake in the company Nové Vysočany I, s.r.o. with a share capital of 30 thousand CZK and acquisition value of EUR 16 589 thousand.

On March 23, 2023, WinBerg Development s.r.o. acquired, for the purpose of acquiring Investment Property – Investment Land acquisition, a 70% stake in the company Nové Vysočany II, s.r.o. with a share capital of 30 thousand CZK and acquisition value of EUR 24 748 thousand.

15. Fair value measurement – Investment property and investment property in development

The fair value of investment property under construction has been determined using the residual valuation and discounted cash flow (income) methods. The management employed independent experts to perform valuations of fair value as at 31 December 2022 and 31 December 2023. The management of the Group re-evaluates the valuation every year, to account for changes in key calculation inputs. The valuation model applied is in accordance with recommendations from the International Valuation Standards Committee. These valuation models are consistent with the principles in IFRS 13.
At the date of preparation of the financial statements, the carrying amount of financial instruments approximates their fair value.

Changes in valuation techniques
There were no changes in valuation techniques during 2023 and 2022.

Highest and best use
For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Fair value hierarchy
The following table shows an analysis of the fair values of investment property recognized in the statement of financial position by level of the fair value hierarchy:

31.12.2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total gain/ (loss) in the period in the income statement**
Slovakia Offices	-	-	66 809	66 809	**2 469**
Slovenia Offices	-	-	37 589	37 589	**2 144**
Slovakia Investment Land			47 871	47 871	**552**
Slovenia Investment Land			62 530	62 530	**6 391**
Czech Investment Land			51 160	51 160	**8 897**
Total	**-**	**-**	**265 959**	**265 959**	**20 453**

(in €000s)

31.12.2022	Level 1	Level 2	Level 3	Total	Total gain/ (loss) in the period in the income statement
Slovakia Offices	-	-	63 278	63 278	-772
Slovenia Offices	-	-	27 596	27 596	-993
Slovakia Investment Land	-	-	30 578	30 578	-3 597
Slovenia Investment Land	-	-	44 270	44 270	9 717
Total	**-**	**-**	**165 721**	**165 721**	**4 355**

Transfers between hierarchy levels
There were no transfers between Levels 1 and 2 and 3 during 2023 and 2022.

Gains and losses on recurring fair value remeasurements, categorized within Level 3 of the fair value hierarchy, amount to EUR 20 453 thousand and are recognized in the consolidated income statement in the lines " Profit on revaluation of investment property"

All gains and losses recorded in profit or loss for recurring fair value measurements categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gains or losses relating to investment property (completed and under construction) held at the end of the reporting period.

Valuation techniques used to derive Level 2 and Level 3 fair values.

The table below presents the following for each class of the investment property:

- The fair value measurements at the end of the reporting period
- The level of the fair value hierarchy (e.g. Level 2 or Level 3) within which the fair value measurements are categorized in their entirety
- A description of the valuation techniques applied
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building
- For Level 3 fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement

(in €000s)

31.12.2023	Name of Property	Class of Property	Fair Value	Valuation technique	Key unobservable inputs	Range (weighted avg.)
	SK Offices finished	Level 3	**66 809**	Discounted cash flow	- Yield - Average month rent in EUR per sqm - Vacancy Rate - Length of the contracted lease	< 6,5 - 7,0 % < EUR 15,92 - 25,32 < 26,2 % < 5 - 10 years
	SI Offices in development	Level 3	**37 589**	Residual value	- Rent for sqm	< EUR 18,5 - 20,5

31.12.2023	Name of Property	Class of Property	Fair Value	Valuation technique	Key unobservable inputs	Range (weighted avg.)
	SK Investment Land	Level 3	**47 871**	Residual value	- Price for finished sqm	< EUR 3.500-4.400
	SI Investment Land	Level 3	**62 530**	Residual value	- Price for finished sqm	< EUR 5.000-5.500
	CZ Investment Land	Level 3	**51 160**	Residual value	- Price for finished sqm	< EUR 4.500-4.000

31.12.2022	Name of Property	Class of Property	Fair Value	Valuation technique	Key unobservable inputs	Range (weighted avg.)
	SK Offices finished	Level 3	**63 278**	Discounted cash flow	- Yield - Average month rent in EUR per sqm - Vacancy Rate - Length of the contracted lease	< 6.04 - 6.54 % < EUR 14.55 - 24.38 < 5.46 - 31.7% < 5 - 10 years
	SI Offices in development	Level 3	**27 596**	Residual value	- Rent for sqm	< EUR 15 - 19

31.12.2022	Name of Property	Class of Property	Fair Value	Valuation technique	Key unobservable inputs	Range (weighted avg.)
	SK Investment Land	Level 3	**30 578**	Residual value	- Rent for sqm	< EUR 13,5 - 18
	SI Investment Land	Level 3	**44 270**	Residual value	- Rent for sqm	< EUR 15 - 19

Descriptions and definitions
The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values.

Residual valuation
Under the income capitalization method, a property's fair value is estimated based on the normalized net operating income generated by the property, from which fair value of costs for completion of property is subtracted. The costs for completion include project costs, professional fees, marketing expense and finance costs. Financing costs are valued at project specific margin plus floating rate. Income and costs were valued by an independent real estate valuer Savills.

Discounted cash flow
Under the DCF method, a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows and to this, an appropriate, market-derived discount rate is applied to establish the present value of the income stream. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. In the case of development property, estimates of capital outlays and construction cost, development costs, and anticipated sales income are estimated to arrive at a series of net cash flows that are then discounted over the projected development and marketing periods. Specific development risks such as planning, zoning, licenses, and building permits need to be separately valued.

Discount rate
Rate used to discount the net cash flows generated from rental activities during the period of analysis.

16. Inventory

in €000s	**31.12.2023**	**31.12.2022**
At 1 January	**105 751**	**82 228**
Construction costs incu (incl. capitalized depreciation)	18 661	23 401
Interest capitalized	1 333	1 047
Transfer to investment property in development	(23 953)	-
Disposals (recognised in cost of sales)	(48 336)	(925)
At 31 December	**53 455**	**105 751**

17. Loans provided

in €000s		**31.12.2023**	**31.12.2022**
ST	Short Term	-	2 061
LT	Long Term	1 592	-
Total		1 592	2 061

The book value of loans corresponds to their fair value. Loans were provided with interest rate of 2,5-7%.

18. Trade receivables

in €000s	31.12.2023	31.12.2022
Trade receivables	1 140	672
Other Receivables	300	186
Expected credit losses	(84)	(165)
Total	**1 356**	**693**
Short Term	1 356	693
Long Term	-	-
Total	**1 356**	**693**

The ageing structure of receivables is as follows:

in €000s	31.12.2023			31.12.2022		
	Gross	**Expected credit losses**	**Net**	**Gross**	**Expected credit losses**	**Net**
Within due period	1 013	-	1 013	515	-	515
Overdue within 30 days	99	-	99	107	1	106
Overdue from 30 days to 180 days	114	-	114	79	37	42
Overdue from 180 days to 365 days	40	-	40	74	59	15
Overdue over 365 days	173	84	90	84	69	16
Total	**1 441**	**84**	**1 356**	**859**	**165**	**693**

As at 31 December 2023 and 31 December 2022, expected credit losses allowance is related to trade receivables.

Movements in the expected credit loss allowance were as follows:

in €000s	31.12.2023	31.12.2022
Opening Balance	165	42
Charge	-	123
Write off	(24)	-
Reverse	(58)	
Closing Balance	**84**	**165**

19. Other non-current assets

in €000s	31.12.2023	31.12.2022
Advances paid	48	113
Other non-current assets	295	2 856
Linearisation of rent	1 060	1 020
Total	**1 404**	**3 989**

Other non-current assets for year 2022 consisted of the non-current part of receivables for sale of shares in the amount of EUR 2 421 thousand which were transfered to other current assets for year 2023.

20. Other assets

in €000s	**31.12.2023**	**31.12.2022**
Deferred expenses	563	870
Accrued revenues	3 901	-
Other current assets	13 174	2 329
Linearisation of rent	231	272
VAT receivables	1 478	757
Total	**19 346**	**4 228**

Other current assets for year 2023 include bank deposit in amount of EUR 10 586 thousand representing retained funds that will be released upon fulfillment of the agreed conditions, receivables for sale of shares in the amount of EUR 2 421 thousand and supplier advances which will be utilized in 2024. Accrued revenues for year 2023 include revenues from sales of inventory in the amount of EUR 3 880 thousand.

Other current assets for year 2022 mainly included supplier advances utilized in 2023 and the current portion of the sale of shares in the amount of EUR 888 thousand (Note 22).

21. Cash and cash equivalents

in €000s	**31.12.2023**	**31.12.2022**
Bank Accounts	7 809	13 221
Other Cash and Cash Equivalents	9	2
Total	**7 818**	**13 223**

Bank accounts are freely disposable by the Group.

22. Sale of entities classified as held for sale and discontinued operations

In October 2021 Group has publicly announced the decision of its Board of Directors to sell Blumental Office I, Blumental Office II and Blumental property. These subsidiaries were held by the Group at share 90% and belonged to the Office segment. The shareholders of the Company approved the plan to sell. At the date of when these consolidated financial statements were authorised for issued, mentioned subsidiaries were sold. In order to meet all the requirements of IFRS 5, these companies were reclassified as held for sale and reported on separate lines of the statement of financial position and statement of comprehensive income. The selling transaction was closed 16.08.2022.

The results of discontinued operations for the year 2021 and first half of 2022 are presented below:

	16.8.2022	**31.12.2021**
Rental income	2 807	4 377
Expenses related to rent	(695)	(1 129)
Profit on revaluation of investment property	-	6 782
Other income	16	65
Other operating expenses	(108)	(231)
Financial Expense	(520)	(560)
Income Tax Expense	(347)	(1 922)
Profit for the year from discontinued operations	**1 153**	**7 382**

(in €000s)

The major classes of assets and liabilities of classified as held for sale as at 31 December 2021 and disposed of at 16.8.2022 are, as follows:

Assets	**16.8.2022**	**31.12.2021**
Investment property	83 697	83 158
Investment property in development	9	-
Other non-current assets	-	364
Inventories	-	1
Trade Receivables	391	290
Tax assets	-	34
Other Assets	19 571	316
Cash and Cash Equivalents	6 683	7 115
Total assets	**110 351**	**91 278**
Liabilities		
Borrowings	49 434	48 216
Prepayments received	974	829
Short-Term Borrowings	-	2 089
Deferred tax liabilities	11 095	11 008
Provisions	49	105
Tax liabilities	285	146
Trade and other liabilities	643	1 174
Total liabilities	**62 480**	**63 567**

Other assets include loans provided to the Group companies, that were eliminated together with other intercompany balances as at previous reporting date.

The gain or loss arising from selling companies:

Income from sale	46 916
Net assets sold	(47 871)
NCI decrease	4 724
Transaction costs	(687)
Net gain or loss	**3 082**

The cash flows arising from discontinued operations for the period of 1.1.2022-16.8.2022 is as follows:

Profit (loss) after tax from discontinued operations	**1 153**
Net cash from operating activities after income tax paid	901
Net cash from/(used in) investing activities	(357)
Net cash from/(used in) financing activities	(976)
Net increase / (decrease) of cash and cash equivalents	**(432)**

23. Equity

Share capital

As at 31 December 2023, the Group has total share capital of EUR 1 000 thousand (EUR 1 000 thousand as at 31 December 2022). Other capital funds at 31 December 2023 amount to EUR 63 877 thousand (EUR 76 947 thousand at 31 December 2022). Share capital was fully paid up at 31 December 2023.

Classes of shares
Class A
Amount: 10
Nominal value: 10 EUR
Voting rights: yes
Rights to profits and liquidation balance: no

Class B
Amount: 100
Nominal value: 9 999 EUR
Voting rights: no
Rights to profits and liquidation balance: yes

24. Loans and borrowings

in €000s

	31.12.2023		31.12.2022	
Creditor/ Financing category	*Investment property and inventories*	*Working capital*	*Investment property and inventories*	*Working capital*
Bank	89 875	29	89 795	20
Investor	5 443	-	7 435	-
Affiliated entity	-	-	-	-
Total	**95 318**	**29**	**97 230**	**20**
Interest rate	2,80%-9,77%	0,00%	2,80%-7,00%	0,00%

The Group has floating loans from banks and fixed loans from other subjects. Floating loans use 3M and 6M EURIBOR indexes. The interest is due on a contractual basis for office projects. For residential projects, interest is capitalized into the loans until the maturity of the project.
The book value of loans corresponds to their fair value.

As at 31.12.2022 bank loans and bonds of Einpark Office, a.s., CC LAMBDA, s.r.o., CC Omikron s.r.o., CC THETA, s.r.o. GUTHAUS s.r.o., Kvartet rezidence d.o.o., Corwin SI d.o.o., Corwin Finance s.r.o., are secured by real estate investments, receivables, business interests in these Companies – except for shares in CC Omikron s.r.o. and Einpark Office, a.s.. The equity liabilities of these companies, by nature (described in Note 25 - Subordinated debt) are subordinated to bank loans – except for CC Omicron s.r.o.

As at reporting date bank loans of Einpark Office, a.s., CC LAMBDA, s.r.o., CC THETA, s.r.o. GUTHAUS s.r.o., Kvartet rezidence d.o.o., Nové Vysočany I, s.r.o., Nové Vysočany II, s.r.o. are secured by real estate investments, receivables, business interests in these Companies – except for shares in Einpark Office, a.s. The equity liabilities of these companies, by nature (described in Note 25 - Subordinated debt) are subordinated to bank loans. As at reporting date bank loans and bonds of CC Omikron s.r.o. are secured by real estate investments of Vilharia Offices I d.o.o. and Vilharia Offices II d.o.o.

Publicly issued bonds

As of 31.12.2023, bonds worth EUR 5 380 thousand were traded. In the above table "Loans and borrowings", bonds are listed as financing received from an investor.

Details for individual bonds are given in the table below:

In EUR ths. Name	ISIN	Date of issuance	Due date	Issuance currency	Nominal value of issuance in original currency in ths.	Interest rate p.a. in %	Effective interest rate p.a. in %	Remaining value as of 31.12. 2023	Remaining value as of 31.12. 2022
Bonds CC Omikron 2026	SK4000 019519	30.07.2021	30.07. 2026	EUR	5 380	2,8	2,8	5 443	5 443
Total								**5 443**	**5 443**
Short – term								63	63
Long – term								5 380	5 380
Total								**5 443**	**5 443**

All bonds represent a book-entry security to bearer and their issuance has been approved by the National Bank of Slovakia. Cash from the bonds was credited to the Group's account on an ongoing basis for a total amount of EUR 5 380 thousand.

The issuance of the bond is associated with the regular payment of the coupon, which the Group provides from its own funds.

Of the total value of the liability of EUR 5 443 thousand, the short-term part represents a value of EUR 63 thousand, which contains the coupon liability payable in the period of 7 months after 31 December 2023.

Fair value of the bonds was calculated as EUR 4 875 thousand. The bonds are categorized as Level 3 in fair value hierarchy, using discounted cash flows model, with main input being change in market rates to arrive at new discount rate to be used.

Security

In order to secure the bonds issued, a lien ("Security") was established on real estate, current assets and part of the claims owned by the Group for a total amount of EUR 13 500 thousand. This is an asset that is not used to secure the Group's other liabilities.

25. Subordinated debt

in €000s	**31.12.2023**	**31.12.2022**
Subordinated debt - Bills of exchange	997	36
Subordinated debt - Bonds	34 015	20 478
Subordinated debt - Other	18 429	-
Total subordinated debt	**53 441**	**20 514**

As at 31 December 2023 Other subordinated debt in the amount of EUR 18 429 is towards affiliated companies due to payable resulting from reduced equity. Bonds worth EUR 14 000 thousand were issued during the reporting period 2023. During the year ended 31.12.2022, Bonds worth EUR 20 077 thousand were sold, part of which was used to settle bills of exchange in the amount of EUR 18 749 thousand. For more information see Note 27 - Changes in liabilities arising from financial activities.

26. Trade & other liabilities

in €000s	31.12.2023	31.12.2022
Trade payables	1 777	3 155
Accruals accounts	2 218	437
VAT payables	1 212	317
Unbilled supplies	249	74
Other payables from trade activities	87	32
Prepayments received	12 381	13 543
Payables related to employees	631	554
Other payables	109	1 782
Social fund	52	39
Retention	2 358	2 581
Total	**21 074**	**22 514**
Short-term	21 074	22 514
Long-term	11 618	2 602
Total	**32 692**	**25 116**

As at 31 December 2023, overdue liabilities amounted to EUR 157 thousand of which the overdue within 30 days are in the amount of EUR 96 (as at 31 December 2022: EUR 533 thousand). Trade payables do not bear interest and are usually payable within 30 days. Prepayments received in the amount of EUR 12 381 thousand are related to residential segment to be sold in one year.

27. Changes in liabilities arising from financial activities

in €000s

	1 January 2023	Cash flows	Other	31 December 2023
Subordinated debt	20 514	10 676	22 251	**53 441**
Borrowings	97 250	(18 690)	16 788	**95 347**
Lease liability	1 546	(202)	1 576	**2 920**
Total liabilities from financing activities	**119 310**	**(8 216)**	**40 614**	**151 708**

The non-cash change in subordinated debt primarily reflects the subsequent repayment from other capital funds to Non-Controlling Interests in the amount of EUR 18 429 thousand. The non-cash change in borrowings primarily reflects bank loans amounting to EUR 13 065 thousand, obtained for the acquisition of a portion of companies during the reporting period. The remaining non-cash changes in liabilities arising from financing activities primarily represent interest expense.

in €000s

	1 January 2022	Cash flows	Other	31 December 2022
Subordinated debt	23 546	(3 308)	276	**20 514**
Borrowings	88 184	6 572	2 494	**97 250**
Lease liability	-	-105	1 651	**1 546**
Total liabilities from financing activities	**111 730**	**3 159**	**4 421**	**119 310**

Other changes in liabilities from financing activities represent mostly interest expense.

28. Provisions

in €000s	31.12.2023	31.12.2022
Opening balance	**(682)**	**(648)**
Arising during the year	(1 171)	(591)
Utilised	432	399
Unused amounts reversed	176	158
Closing balance	**(1 245)**	**(682)**
Current	(1 245)	(682)
Non-current	-	-
Total	**(1 245)**	**(682)**

	Unbilled supplies	Legal claims	Employee benefits	Change in selling price (Note 22)	Warranty repairs
At 1 January 2023	**237**	**94**	**217**	**82**	**52**
Arising during the year			213	21	937
Utilised	(237)		(173)	(7)	(15)
Unused amounts reversed		(64)		(75)	(37)
At 31 December 2023	**0**	**30**	**257**	**21**	**937**
Current	-	(30)	(257)	(21)	(937)
Non-current	-	-	-	-	-

29. Non-controlling interest

in €000s	
Opening balance to 01.01.2022	**16 415**
Sale of subsidiary	(4 725)
Increase of NCI	-
Dividend declared	(105)
Other capital funds contributions / (reduction)	27 235
Profit share	3 618
Translation reserve	-
Closing balance to 31.12.2022	**42 439**

in €000s	
Opening balance to 01.01.2023	**42 439**
Sale of subsidiary	-
Increase of NCI – subsidiary purchase	6 667
Dividend declared	(72)
Other capital funds contributions / (reduction)	(8 323)
Profit share	8 548
Translation reserve	(332)
Closing balance to 31.12.2023	**48 928**

in €000s	**Value of non-controlling interest**	**Profit for 2023 attributable to non-controlling interests**
CC Pi s.r.o.	(102)	1
CC Ro s.r.o.	(2)	1
CC Ksi s.r.o.	(2)	1
CC Private s.r.o.	11	-
Flexi Office s.r.o.	(1)	-
CC LAMBDA, s.r.o.	(989)	116
Einpark Office, a.s.	(3 156)	(192)
Einpark rezidencia, a.s.	(14)	3
Blumental rezidencia II, s.r.o.	(35)	-
Dúbravy Rezidencia, s.r.o.	(70)	2
Blumental rezidencia I, s.r.o.	11	12
GUTHAUS s.r.o.	(1 407)	(1 095)
CC Theta s.r.o.	(386)	(155)
WinBerg Development s.r.o.	(3 761)	41
Nové Vysočany I, s.r.o.	(6 808)	(3 691)
Nové Vysočany II, s.r.o.	(3 789)	25
Corwin SK a.s.	1 988	(67)
Corwin Finance s.r.o.	(58)	13
Corwin Home, s.r.o.	14	4
Lis Anker, s.r.o.	(23)	45
Záhrady Devín II, s.r.o.	82	1
CC Omikron s.r.o.	42	17
Kvartet rezidence d.o.o.	(1 028)	1
CC Koppa d.o.o.	(4 817)	(2 271)
Vilharia Offices I d.o.o.	(10 744)	4 206
Vilharia Offices II d.o.o.	(6 767)	(4 872)
CC Psi d.o.o.	(1)	-
Linhartov kvart d.o.o.	(5 364)	(37)
Masarykova rezidence d.o.o.	(1 695)	(633)
Lis Anker SI d.o.o.	(39)	(15)
Corwin SI d.o.o.	(22)	(14)
Corwin Home d.o.o.	5	5
Total	**(48 928)**	**(8 548)**

Summarized financial information about the assets, liabilities, profit or loss of subsidiaries with non-controlling interests:

in €000s	**31.12.2023**	**31.12.2022**
Current assets	80 567	77 743
Non-current assets	270 180	173 179
Current liabilities	(85 732)	(95 287)
Non-current liabilities	(124 530)	(64 713)
Profit/(loss) on sale of inventory property	17 556	486
Net rental income	2 706	1 714
Operating result	36 853	12 326
Net financial result	(4 765)	(3 212)
Profit for the year from continuing operations	23 749	8 700

30. Information on risk management

The Company is exposed to risks in the following areas:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Capital Risk
- Foreign currency risk

The management is generally responsible for setting and control of Group risk management. The management of the Group identifies the financial risks that may have adverse impact on the business objectives and through active risk management mitigates these risks to an acceptable level. The Group's goal is to manage and identify all financial risks that may have an adverse effect on business goals through active risk management and thus prevent financial losses and damage to the Group's reputation.

Credit risk

The Group is exposed to this risk mainly with respect to trade receivables and loans provided. The volume of exposure to this risk is expressed as the book value of these assets in the consolidated statement of financial position in case that no form of guarantees is provided. The book value of receivables and loans provided expresses the highest possible book loss that would have been posted if the counterpart completely fails in performing its contractual obligations, and all securities and guarantees would have a zero value. Therefore, this value far exceeds the expected losses which are included in the provisions for irrecoverable debts. Before signing major contracts, the Group Board at regular board meetings evaluates credit risk related to counterparts. If significant risks are identified, the Group withdraws from signing the contract.

As at 31 December 2023, the Group was exposed to the following credit risk:

in €000s

31.12.2023	Legal Entities	Banks	Others	Total
Loans Provided	1 592	-	-	**1 592**
Trade and Other Receivables	1 356	-	-	**1 356**
Cash and Cash equivalents	-	7 818	-	**7 818**
Other Assets	2 883	10 586	-	**13 469**
Total	**5 831**	**18 404**	**-**	**24 234**

As at 31 December 2022, the Group was exposed to the following credit risk:

in €000s

31.12.2022	Legal Entities	Banks	Others	Total
Loans Provided	2 061	-	-	**2 061**
Trade and Other Receivables	693	-	-	**693**
Cash and Cash equivalents	-	13 223	-	**13 223**
Other Assets	5 185	-	-	**5 185**
Total	**7 939**	**13 223**	**-**	**21 162**

Liquidity risk

Liquidity risks arise within general financing of the Group and management of financial positions. It covers the risk of insolvency regarding the financing of assets within the agreed maturity period and at the interest rate, and also the risk of asset management at a reasonable price within an adequate timeframe. Individual companies in the Group

use different methods liquidity risk management. The Group management focuses on liquidity management and monitoring to ensure it has sufficient cash to meet operational needs.
The following table presents an analysis of Group financial assets and liabilities grouped by the residual maturity. The analysis presents the most prudent variant of residual maturity including interest. Therefore, for liabilities, the earliest possible repayment is reported, and for assets, the latest possible repayment is reported. As at 31 December 2022, liabilities to collective investment fund are considered by Group management to be long-term but have no specific maturity and are presented in the category "Without specification". As at 31 December 2023, liabilities arising from the reduction of other capital funds is considered by Group management to be long-term but have no specific maturity and are presented in the category "Without specification".

As at 31 December 2023, the Group was exposed to the following liquidity risk:

in €000s

Financial obligations	**Carrying amount**	**Future cash flow**	**Less than 1 year**	**1 year up to 5 years**	**Above 5 years**	**Without specification**
Short-term borrowings	60 438	61 139	61 139	-	-	-
Subordinated debt	53 441	64 336	2 734	43 173	-	18 429
Borrowings	34 909	39 356	3 396	35 959	-	-
Lease liability	2 920	3 259	902	2 357	-	-
Trade liabilities	21 074	21 074	21 074	-	-	-
Other Liabilities excl. VAT	11 618	11 618	9 965	1 653	-	-
Total	**184 400**	**200 782**	**99 210**	**83 142**	**-**	**18 429**

As at 31 December 2022, the Group was exposed to the following liquidity risk:

in €000s

Financial obligations	**Carrying amount**	**Future cash flow**	**Less than 1 year**	**1 year up to 5 years**	**Above 5 years**	**Without specification**
Short-term borrowings	73 828	76 705	76 705	-	-	-
Subordinated debt	20 514	20 514	437	-	-	20 077
Borrowings	23 422	25 337	1 018	24 319	-	-
Lease liability	1 546	1 766	359	1 407	-	-
Trade liabilities	21 135	21 135	21 135	-	-	-
Other Liabilities excl. VAT	2 602	2 602	-	2 453	148	-
Total	**143 047**	**148 059**	**99 654**	**28 179**	**148**	**20 077**

Interest risk

Group transactions are exposed to the risk of interest rate changes. The volume of this risk is equal to the amount of interest-bearing assets and interest-bearing liabilities, for which the interest rate differs, in the maturity period or in the period of change, from the present interest rate. Therefore, the period for which a fixed rate is determined for the financial instrument, expresses the exposure to the risk of changes in interest rates.

The table below presents Group exposure to the risk of changes in interest rates based on contractual maturity period of financial instruments. As at 31 December 2023 and 31 December 2022, the Group has the following assets and liabilities linked to interest rates:

in €000s

Carrying amount	**31.12.2023**	**31.12.2022**
Instruments with variable interest rate	89 874	89 795

Sensitivity analysis for instruments with a variable interest rate

Change by 100 basis points in interest rates would have the following effect on the profit/loss from operations:

in €000s

31.12.2023	**100 bps growth**	**100 bps decline**
Instruments with variable interest rate	89 874	89 874
Cash flow sensitivity	(899)	899

in €000s

31.12.2022	**100 bps growth**	**100 bps decline**
Instruments with variable interest rate	89 795	89 795
Cash flow sensitivity	(898)	898

Group interest-bearing liabilities have a variable interest rate referring to EURIBOR. The Group considers the variable interest rate as the self-management of interest risk. During an economic expansion, the EURIBOR is growing, but at the same time, the population economic performance is growing, and the Group has higher revenues and profits. During an economic recession, the situation is completely opposite.

Operational risk

Operational risk is the risk of loss resulting from any fraud, unauthorised activities, failures, errors, inefficiency or failure of systems. The risk is created in all Group activities. Operational risk also includes the risk of legal disputes.

The aim of the Group is to manage the operational risk to prevent any financial losses and detriment to the Group reputation within the cost-efficiency of cost spent on achieving this objective, while avoiding any measures preventing initiatives and creativity.

The Group management has key responsibility for the implementation of inspections related to the operational risk management.
The responsibility is supported by the implementation of standards for the management of operational risk which is common for the whole Group. Operational risk is governed by a system of directives, minutes of meetings and control mechanisms.

Capital management

Company defines capital as equity. Group management manages capital to ensure the ability to continue operating as a healthy business while maximising profitability for shareholders. It manages capital risk by optimizing the ratio between liabilities and equity. In the event of an unfavourable ratio between foreign and own funds identified, the shareholders of the company make a contribution to the share capital and/or a contribution to other capital funds. The intention of management is to maintain a strong capital base, which is the basis for future development. The capital management strategy remained unchanged compared to the previous period.
The decrease of other equity funds in 2023 was due to other capital fund reduction according to shareholder's decision.

Foreign currency risk

The Group is exposed to foreign currency risk primarily through transactions and balances denominated in Czech koruna (CZK). This risk arises from fluctuations in CZK against the Group's functional currency, which is the Euro (EUR). The Group's exposure to CZK arises from sales, purchases, and borrowings in CZK.

(in €000s)

Financial assets denominated in CZK

in CZK000s	**31.12.2023**	**31.12.2022**
Trade Receivables	11 706	1 057
Cash and Cash Equivalents	1 934	1 023
Total	**13 640**	**2 080**
Current	13 640	2 080
Non-current	0	0
Total	**13 640**	**2 080**

Financial liabilities denominated in CZK

in CZK000s	**31.12.2023**	**31.12.2022**
Trade and other liabilities	3 388	487
Borrowings	170 000	0
Total	**173 388**	**487**
Current	3 388	487
Non-current	170 000	0
Total	**173 388**	**487**

Sensitivity analysis for net exposure to exchange rate changes

Change by 1 000 basis points in the CZK exchange rate would have the following effect on the profit/loss from operations (note: exchange rate used in calculation as at 31 December 2023 is 24,724 CZK/EUR):

31.12.2023	**1 000 bps growth**	**1 000 bps decline**
Net exposure in CZK000s	(159 748)	(159 748)
Net exposure in EUR000s	(6 461)	(6 461)
Exchange rate (CZK/EUR)	22,476	27,196
Cash flow sensitivity in EUR000s	(645)	588

Change by 1 000 basis points in the CZK exchange rate would have the following effect on the profit/loss from operations (note: exchange rate used in calculation as at 31 December 2022 is 24,116 CZK/EUR):

31.12.2022	**1 000 bps growth**	**1 000 bps decline**
Net exposure in CZK000s	1 593	1 593
Net exposure in EUR000s	66	66
Exchange rate (CZK/EUR)	21,704	26,528
Cash flow sensitivity in EUR000s	7	(6)

31. Related parties

Identification of related parties

The Group is in a related party relationship with its shareholders who have significant influence in the Group as at 31 December 2023 and 31 December 2022, the following related party transactions have taken place:

(in €000s)

Balances of receivables and liabilities as at **31.12.2023**

Transactions	**Category**		
	Affiliated entities	Shareholders and key management personnel	Other related parties
Short-term borrowings	-	-	-
Subordinated debt	-	21 572	31 868
Other assets (non-current and current)	-	2 422	-
Trade payables	-	111	-
Other non-current liabilities	-	9 453	-
Total	0	33 558	31 868

Balances of receivables and liabilities as at **31.12.2022**

Transactions	**Category**		
	Affiliated entities	Shareholders and key management personnel	Other related parties
Short-term borrowings	-	-	1 991
Subordinated debt	-	-	20 514
Other non-current assets	-	-	2 421
Total	-	-	24 926

Costs and revenues from transactions with related parties in the period **01.01.2023-31.12.2023**

Transactions	**Category**		
	Affiliated entities	Shareholders and key management personnel	Other related parties
Services	-	212	18
Interests		86	1 582
Other income			
Total	0	298	1 600

Costs and revenues from transactions with related parties in the period **01.01.2022-31.12.2022**

Transactions	**Category**		
	Affiliated entities	Shareholders and key management personnel	Other related parties
Services	-	75	-
Interests	-	-	129
Other income	-	(16)	-
Total	-	59	129

Overview of related parties

(1) Companies controlling jointly or having significant influence on the parent and its subsidiaries and associate companies
(2) Jointly controlled companies in which the Group is a partner
(3) Associates
(4) Shareholders and key management personnel

(in €000s)

32. Operating segments information

The group reports operating segments due to issued bonds traded on the public market (see Note 24 - Loans and borrowings). Segments are regularly provided to management, serving to make operational and strategic decisions.

For the year ended 31.12.2023:

Consolidated statement of profit and loss

Continuing operations	***Residential segment***		***Office segment***		***Other***		***Total***	
	31.12.2023	***31.12.2022***	***31.12.2023***	***31.12.2022***	***31.12.2023***	***31.12.2022***	***31.12.2023***	***31.12.2022***
Revenues from sales of inventory (real estate)	65 892	1 411	-	-	-	-	**65 892**	**1 411**
Cost of inventories sold (real estate)	(48 336)	(925)	-	-	-	-	**(48 336)**	**(925)**
Profit/(loss) on sale of inventory property	**17 556**	**486**	**-**	**-**	**-**	**-**	**17 556**	**486**
Rental income	-	-	5 589	3 830	-	-	**5 589**	**3 830**
Expenses related to rent	-	-	(2 863)	(2 116)	-	-	**(2 862)**	**(2 116)**
Net rental income	**-**	**-**	**2 726**	**1 714**	**-**	**-**	**2 726**	**1 714**
Profit on revaluation of investment property	-	-	20 453	4 355	-	-	**20 453**	**4 355**
Profit on disposal of investment property	-	-	(171)	3 082	-	-	**(171)**	**3 082**

(in €000s)

Continuing operations	***Residential segment*** ***31.12.2023***	***31.12.2022***	***Office segment*** ***31.12.2023***	***31.12.2022***	***Other*** ***31.12.2023***	***31.12.2022***	***Total*** ***31.12.2023***	***31.12.2022***
Other income	158	152	51	65	2 026	291	**2 236**	**508**
Impairment of assets	-	-	58	(118)	(6)	(5)	**51**	**(123)**
Other operating expenses	(3 673)	(1 174)	(1 280)	(272)	(1023)	(985)	**(5 975)**	**(2 431)**
Operating result	**14 041**	**(536)**	**21 836**	**8 826**	**997**	**(699)**	**36 876**	**7 591**
							-	
Financial Income	245	-	24	-	205	6	**474**	**6**
Financial Expense	(687)	(2)	(2 231)	(813)	(2 322)	(769)	**(5 241)**	**(1 584)**
Net financial result	**(442)**	**(2)**	**(2 207)**	**(813)**	**(2 117)**	**(763)**	**(4 767)**	**(1 578)**
Profit Before Tax from continuing operations	13 599	(538)	19 629	8 013	(1 120)	(1 462)	**32 109**	**6 013**
Income Tax Expense							(8 319)	(401)
Profit for the year from continuing operations							**23 790**	**5 612**
Discontinued operations								
Profit after tax from discontinued operations							**-**	**1 153**
Profit for the Year							**23 790**	**6 765**
Other comprehensive Income								(3)
Total Comprehensive Income							**23 790**	**6 762**

(in €000s)

Consolidated statement of financial position

Assets	Residential segment		Office segment		Other		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Non-current assets								
Investment property	-	-	66 809	63 279	-	-	**66 809**	**63 279**
Investment property in development	-	-	199 150	102 443	-	-	**199 150**	**102 443**
Property, Plant and Equipment	309	-	-	-	4 692	2 513	**5 000**	**2 513**
Non-current loan receivables	-	-	3	-	1 588	-	**1 592**	**-**
Other non-current assets	-	-	1 099	1 020	305	2 969	**1 404**	**3 989**
Deferred tax asset	244	653	1	1 024	665	729	**911**	**2 406**
Intangible Assets	-	-	-	-	93	115	**93**	**115**
	554	**653**	**267 062**	**167 766**	**7 342**	**6 326**	**274 958**	**174 745**
Current assets								
Loan receivables	-	-	-	-	-	2 061	**-**	**2 061**
Inventories	53 455	105 751	-	-	-	-	**53 455**	**105 751**
Trade Receivables	21	17	1 102	499	233	178	**1 356**	**693**
Tax assets	41	68	29	-	45	74	**115**	**142**
Other Assets	14 603	825	1 100	851	3 643	2 552	**19 346**	**4 228**
Cash and Cash Equivalents	570	6 198	5 349	1 563	1 901	5 463	**7 818**	**13 223**
	68 690	**112 859**	**7 579**	**2 912**	**5 821**	**10 326**	**82 090**	**126 098**
Assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**69 243**	**113 513**	**274 641**	**170 679**	**13 164**	**16 652**	**357 048**	**300 843**

(in €000s)

	Residential segment		*Office segment*		*Other*		*Total*	
	31.12.2023	*31.12.2022*	*31.12.2023*	*31.12.2022*	*31.12.2023*	*31.12.2022*	*31.12.2023*	*31.12.2022*
Equity and liabilities								
Equity							**146 198**	**137 497**
Subordinated debt	-	-	19 425	-	34 015	20 514	**53 441**	**20 514**
Borrowings	4 191	18 042	25 339	-	5 380	5 380	**34 909**	**23 422**
Deferred tax liabilities	86	485	22 081	11 340	212	1 890	**22 378**	**13 714**
Prepayments received	-	4 460	-	-	-	-	**-**	**4 460**
Lease liability	-		-		2 193	1 197	**2 193**	**1 197**
Other non-current liabilities	23	23	494	377	11 102	2 202	**11 618**	**2 602**
	4 300	**23 010**	**67 338**	**11 717**	**52 902**	**31 183**	**124 539**	**65 909**
Short-Term Borrowings	26 772	32 735	33 573	39 017	93	2 076	**60 438**	**73 828**
Provisions	13	-	7	-	1 225	682	**1 245**	**682**
Lease liability	-		-		727	349	**727**	**349**
Tax liabilities	2 700	(3)	25	17	103	50	**2 827**	**64**
Trade and other liabilities	13 076	13 915	1 444	2 359	6 554	6 242	**21 074**	**22 514**
	42 562	**46 647**	**35 048**	**41 393**	**8 702**	**9 399**	**86 311**	**97 437**
Liabilities directly associated with the assets held for sale	-	-	-	-	-	-	-	-
Total liabilities	**46 861**	**69 657**	**102 386**	**53 110**	**61 603**	**40 582**	**210 850**	**163 346**
Total equity and liabilities							**357 048**	**300 843**

33. Subsequent events

The Group has sufficient financial resources to continue its business operations, including the settlement of short-term liabilities. The management of the Group's companies are analysing this dynamic situation in light of the ongoing war in Ukraine and high inflation, however, at the date of this report, they do not see any material difficulties in continuing to provide services in the future. The Group is in a sound financial position to take a balanced approach to the challenges posed by the current crisis and will continuously monitor developments and adapt its activities to changing market conditions.

At the end of June 2024, the Group closed the deal in relation with project acquisition at Czech market.

Apart from the above, no significant events have occurred up to the date of these consolidated financial statements, i.e. 23 August 2024, which could have an impact on these consolidated financial statements.

34. Contingent assets and contingent liabilities

Bank guarantees granted in favour of the Group amount to EUR 2 824 thousand (2022: EUR 2 756 thousand) and bank guarantees granted disfavour of the Group amount to EUR 2 900 thousand.

As at December 31, 2023, the Group has undrawn bank loan tranches amounting to EUR 2 800 thousand. These represent committed but undrawn portions of bank loans that the Group can access under existing loan facilities, subject to meeting the terms and conditions of the respective loan agreements.
The undrawn loan tranches are classified as contingent liabilities, as their utilization depends on the occurrence of certain events or conditions, including compliance with the covenants set out in the loan agreements.
The Group does not anticipate any material losses related to these undrawn loan tranches, as they are intended to be utilized for specific purposes within the Group's financing structure and are expected to be repaid in accordance with the loan terms.

With respect to that many areas of Slovak law on taxation have not been sufficiently ascertained in practice, there is uncertainty as to how tax offices will apply them. It is not possible to quantify the level of this uncertainty and it will only cease to exist when legal precedents or official interpretations of the relevant bodies are available.

Ing. Marián Hlavačka
The Chairman of the
Board of Directors

Ing. Róbert Mitterpach , MBA
Member of the
Board of Directors