



**CONSOLIDATED ANNUAL REPORT
2022**

- **Company name:** Leo Express Global a.s.
- **Registered office:** Prague 3 – Žižkov, Řehořova 908/4, 130 00, Czech Republic
- **Corporate ID:** 290 16 002
- **Established on:** 8 January 2010
- **Registered with:** Municipal Court in Prague, Section B, Insert 15847
- **Legal status:** Joint stock company
- **Share capital:** CZK 270,566,180

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1. GENERAL INFORMATION

1.1. Primary Business Activities and Ownership Structure

Leo Express Global a.s. with its registered office at Řehořova 908/4, Prague 3, and its subsidiaries (hereinafter referred to as the "Group") operate commercial passenger train services and commitment services (subsidised by the Ministry or the Region). The Group also operates bus services. Currently, the Group operates passenger services mainly in the Czech Republic and international services also to Slovakia, Poland, Austria and Ukraine.

The consolidated financial statements are prepared by Leo Express Global a.s., with its registered office at Řehořova 908/4, Prague 3, Czech Republic.

1.2. Year-on-Year Changes and Amendments in the Register of Companies

On February 4, 2022, role of member of Board of directors of Manuel Villalante Llauradó ceased to exist.

On February 4, 2022, Manuel Villante Llauradó became a chairman of Board of directors.

On February 7, 2022, Martin Bala became member in the Board of Directors.

1.3. Board of Directors and Supervisory Board as of the Balance Sheet Date

	Position	Name
Board of Directors	Chairman	Manuel Villalante Llauradó
	Vice-chairman	Leoš Novotný
	Member	Sonia Araujo Lopez
	Member	Teresa Torres Torres
	Member	Ibon García Neill
	Member	Mgr. Zdeněk Beránek
	Member	Bc. Martin Bala
Supervisory Board	Member	Diego J. Molero Alonso
	Member	Juan Carlos Jiménez Cordente

1.4. Group Identification

In the following text, the term "Group" is used for the consolidation group. The consolidation group includes controlled entities in which the consolidating company has more than 50% of voting rights. The consolidating company of the consolidated group is Leo Express Global a.s., with its registered office at Řehořova 908/4, Prague 3, Czech Republic. The consolidating company is part of the Leo Express. The structure of the consolidation group is as follows:

Consolidation group structure in 2022

	(CZK '000)				
Company name	Leo Express s.r.o.	Leo Express Tenders s.r.o.	Leo Express Maintenance s.r.o.	Leo Express France	Leo Express Slovensko s.r.o.
Registered office	Řehořova 908/4, Žižkov, 130 00 Praha 3	Řehořova 908/4, Žižkov, 130 00 Praha 3	Řehořova 908/4, Žižkov, 130 00 Praha 3	320 rue Saint-Honoré 750 01 Paris	Wolkrova 37; Bratislava-Petržalka 851 01
Share acquisition cost	100	200	1	24	135
Equity investment %	100	100	100	100	100
Share capital	100	200	1	24	121
Equity	536,581	10,649	16	24	308
Profit or loss for the current period	(60,313)	(3,412)	15	0	10
Retained earnings / accumulated losses brought forward	(96,642)	(66,554)	0	0	165
Total assets	679,578	94,643	2,055	24	707
Internal share value	536,581	10,649	16	24	308
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Consolidation group structure in 2021

	(CZK '000)		
Company name	Leo Express s.r.o.	Leo Express Tenders s.r.o.	SmileCar a.s.
Registered office	Řehořova 908/4, Žižkov, 130 00 Prague 3	Řehořova 908/4, Žižkov, 130 00 Prague 3	Řehořova 908/4, Žižkov, 130 00 Prague 3
Share acquisition cost	100	200	135
Equity investment %	100	100	100
Share capital	100	200	124
Equity	596,894	14,061	315
Profit or loss for the current period	24,848	(27,340)	63
Retained earnings / accumulated losses brought forward	(119,289)	(39,213)	117
Total assets	734,616	133,214	596
Internal share value	596,894	14,061	307
Consolidation method	Full consolidation	Full consolidation	Full consolidation

1.5. Other**Research and Development**

The Group continuously invests in the development of new information technologies that facilitate the customer purchase process and overall travel experience with Leo Express (mobile application, information on delays, etc.). The Group also invests in new train units for commercial and public service operation.

Environmental Protection

The Group strictly complies with all legal requirements relating to environmental protection. In the area of railway vehicle maintenance the Group applies the strictest standards for waste management.

Human Resources

The Group management is aware of the fact that the Company's success and growth depend on work with human resources. For this reason, the Company places great emphasis on the recruitment of employees and their subsequent development. The aim of employer branding and the subsequent targeted recruitment is to secure an inflow of talent for all departments. Elaborated on-boarding and development make it possible to fully utilise the potential of human resources. Motivating tools on the one hand and the monitoring of the Company's costs on the other lead to an increased efficiency of performance.

Organisational Branch Abroad

The Group has no organisational branch abroad.

Anticipated Development

The Group management anticipates future development in the segment of multimodal public transport. In the area of railway transportation, following the change in the regulatory environment (especially the "Fourth Railway Package" approved by the European Commission), the opportunity for public service transportation will be significantly expanded and the consolidating company and its subsidiaries intend to play an active role on the market in this area not just in the Czech Republic but also abroad.

Acquisition of Treasury Shares

The consolidating company does not own any shares as at the balance sheet date (0% as at 31.12.2021).

Post Balance Sheet Date Event

On January 23rd 2023, the role of member of Board of directors of Zdeněk Beránek ceased to exist

On January 24th 2023, Heinz Grossmann became a new member of the Board of directors.

On January 23rd 2023, Manuel Geyer became a new member of Supervisory board.

In Prague, May 25th, 2023



Manuel Villalante Llauro
Chairman of the Board of Directors of Leo Express Global a.s.



Martin Bala
Member the Board of Directors of Leo Express Global a.s.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2022**

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1. ACCOUNTING PRINCIPLES AND POLICIES

The consolidating company's accounting books and records are maintained and the consolidated financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis (unless stated otherwise), the accruals principle, the prudence concept and the going concern assumption.

The Company's consolidated financial statements are prepared using the direct consolidation method. Their aim is to give a true and fair view of the assets, liabilities, financial position and profit and loss of the companies that were included in the consolidation group. As a whole, these financial statements serve to inform shareholders and creditors.

The consolidation method chosen is applied continually and consistently to the entities included in the consolidation group.

The full consolidation method was used to include controlled entities in the consolidated financial statements.

The Company's consolidated financial statements have been prepared as of the balance sheet date, i.e. 31 December 2022, for the year ended 31 December 2022.

The consolidated financial statements were prepared on 15th May 2023.

These consolidated financial statements are presented in thousands of Czech crowns (CZK '000), unless stated otherwise.

Separate financial statements of controlled entities which have their registered office abroad and maintain accounting books and records in a foreign currency are translated at the exchange rate ruling as of 31 December 2022.

1.6. Going Concern Assumption

As at 31 December 2022, the Group reported consolidated equity of CZK 180,151 thousand, consolidated operating profit for the year 2022 in the amount of CZK 3,132 thousand, consolidated profit after tax for the year 2022 in the amount of CZK -3,071 thousand, consolidated current assets in the amount of CZK 431,178 thousand and consolidated external sources CZK 234,469 thousand.



The year 2022 was only affected by the Covid pandemic in the first quarter and the Company was gradually able to resume full train operations from April 2022. The year 2022 was marked by a gradual increase in costs.

In 2022, Leo Express Group participated in a tender for the operation of a public service obligation trains on the Bratislava - Dunajská Streda - Komárno line. The Group was awarded this contract and from December 2023 Leo Express Slovensko s.r.o. will operate this line for the Ministry of Transport and Construction of the Slovak Republic for 9 years.

The company's management has considered the potential effects of the current armed conflict in Ukraine on the company's activities and concluded that they do not pose a significant risk in relation to the assumption of going concern of the company.

As a result, the consolidating company prepared the consolidated financial statements using the going concern assumption.

1.7. Tangible Fixed Assets

Tangible fixed assets include land, structures and tangible assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 80 thousand on an individual basis.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses. Tangible fixed assets developed internally are valued at direct costs and incidental costs directly attributable to the internal production of assets (production overheads) and to the production period. Costs of sale are not included.

The following tangible fixed assets are stated at replacement cost: tangible fixed assets acquired through donation, tangible fixed assets acquired without consideration on the basis of a contract to purchase a leased asset (accounted for by a corresponding entry in the relevant accumulated depreciation account), fixed assets recently entered in the accounting records (accounted for by a corresponding entry in the relevant accumulated depreciation account), and an investment of tangible fixed assets. In such a case, replacement cost is determined by an expert opinion.

The cost of fixed asset improvements exceeding CZK 80 thousand for the taxation period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method, on the following basis:

	Depreciation method	Number of years / %
Buildings	Straight-line	10-15 years
Machinery and equipment	Straight-line	2-20 years
Overhauls of chassis	Machine-hour	Based on km



Assets held under finance leases are depreciated by the lessor.

Technical improvements on tangible fixed assets held under a lease are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

1.8. Intangible Fixed Assets

Intangible fixed assets primarily include intangible assets arising from research and development, valuable rights and software with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis.

Intangible assets arising from research and development, valuable rights and software are capitalised only if utilised for trading. Intangible assets arising from research and development, software and valuable rights generated internally for the Company's internal needs are not capitalised. Internally generated intangible assets are stated at the lower of internal production costs and replacement cost.

Purchased intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment losses.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The cost of fixed asset improvements exceeding CZK 60 thousand for the taxation period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets is recorded on a straight-line basis over their estimated useful lives as follows:

	Amortisation method	Number of years / %
Software	Straight-line	2
Other intangible fixed assets	Straight-line	3 - 4 years

1.9. Non-Current Financial Assets

Non-current financial assets consist of loans with maturity exceeding one year, securities available for sale and debt securities with maturity over one year held to maturity.

Upon acquisition, securities are carried at cost. The cost of securities includes the direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

As of the date of acquisition of securities and equity investments, these non-current financial assets are classified based on their nature as debt securities held to maturity or securities and equity investments available for sale.

As of the date of the consolidated financial statements, non-current financial assets include:

- Equity securities held for trading that are fair valued. Changes in fair value of equity securities held for trading are recognised in profit or loss for the period.
- Debt securities held to maturity are stated at cost plus interest income (including amortisation of any premium or discount).
- Securities and equity investments available for sale are fair valued if the fair value can be determined. Changes in fair value of securities available for sale are accounted for against gains or losses from the revaluation of assets and liabilities as part of the equity in case of a change in fair value which is unlikely to be permanent. If the impairment is likely to be permanent, it is recognised as an expense in the current period. If there is a demonstrable increase in fair value of securities available for sale once the impairment is recognised, the increase in fair value is recognised at the maximum amount of the previously recognised impairment as income for the period.

1.10. Goodwill arising on Consolidation

Goodwill arising on consolidation represents the difference between the acquisition cost of an investment in a subsidiary and its value determined on the basis of the Parent Company's interest in the fair value of equity which arises as a difference of fair values of assets and fair values of liabilities as of the date of acquisition or as of the date of a further capital increase (a further increase of securities or investments). The acquisition date is the date from which the effectively controlling entity starts to exercise influence over the consolidated company. Goodwill arising on consolidation is amortised on a straight line basis over 15 years, unless there are grounds for applying a shorter amortisation period. Goodwill arising on consolidation is charged to consolidation goodwill in expenses on ordinary activities or credited to negative consolidation goodwill in income on ordinary activities as appropriate.

1.11. Inventory

Purchased inventory is valued at acquisition costs. Acquisition cost includes the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees, commissions, insurance charges and discounts.

Allowances

The Company recognised allowances for inventory whose impairment is not deemed permanent.

1.12. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts. Receivables acquired for consideration or through an investment are stated at cost less provisions for doubtful and bad amounts.

Allowances

Allowances for receivables are recognised if the receivable is more than 360 days past its due date.

1.13. Payables

Payables are stated at their nominal value.

1.14. Loans

Loans are stated at their nominal value. The portion of long-term loans maturing within one year from the consolidated balance sheet date is included in short-term loans.

1.15. Provisions

Provisions are intended to cover liabilities and expenditure the nature of which is clearly defined, and which are either likely to be incurred or certain to be incurred as of the balance sheet date but uncertain as to their amount or as to the date on which they will arise.

The Group recognises a reserve for unused vacation days, which is created based on an analysis of unused vacation days transferred to subsequent years, a reserve for legal disputes, which is created based on an analysis of future expenses in relation to legal disputes, and a reserve related to the Group's loyalty programme.

1.16. Minority Equity

These are liability balance sheet items where minority equity interests in subsidiaries are presented and classified into interest in share capital, capital funds, funds from profit, retained earnings/accumulated losses and profit or loss for the current period.

1.17. Foreign Currency Translation

Given the economic substance of the transactions and the environment in which the Group operates, the Czech crown (CZK), which is also the functional currency of the parent company, is used as the presentation currency for the consolidated financial statements and the balances are rounded to the nearest thousand.

Each company in the Group determines its functional currency according to the environment in which it operates (LEO Express Slovensko EUR).



Transactions denominated in foreign currencies are translated into the functional currency (Czech crown) based on the effective exchange rate of the Czech National Bank.

As

of the consolidated balance sheet date, financial assets and liabilities denominated in foreign currencies are translated into the functional currency of each company within the consolidation group using the exchange rate of the Czech National Bank prevailing as of that date. The resulting exchange rate differences are accounted for in profit or loss.

For the purpose of presenting the consolidated financial statements, assets, liabilities, income and expenses of foreign subsidiaries are presented in CZK using the exchange rates prevailing as of the balance sheet date.

1.18. Finance Leases

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title the lessee makes lease payments to the lessor for the asset that are charged to expenses.

Finance lease repayments are expensed as incurred. The initial lump-sum payment related to assets acquired under finance leases is amortised and expensed over the lease period.

Financing of train Stadler Flirt

Raiffeisen – Leasing, s.r.o.	Monthly instalment (CZK '000)
Total lease payments 2022	36,097
Total lease payments 2023	37,245
Total outstanding principal 2023-2030	308,093

Operating lease payments are charged to expenses. Future installments of Leo Express Tenders s.r.o. for operational leasing of Alstom LINT train units amounts to CZK 237,301 thousand.

1.19. Taxation

1.19.1. Tax Depreciation of Fixed Assets

For the purpose of calculating tax depreciation, the straight-line method is used.



1.19.2. Current Tax Payable

Management of the Company has recognised a tax payable and a tax charge based on its tax calculation which follows from its understanding of the interpretation of Czech tax legislation valid at the consolidated financial statements date and believes that the amount of tax is correct in compliance with the effective Czech tax regulations. Since various interpretations of tax laws and regulations by third parties, including state administrative bodies, exist, the income tax payable reported in the Company's consolidated financial statements may change based on the ultimate opinion of the tax authorities.

1.19.3. Deferred Tax

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

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

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

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

1.20. Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates

the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

1.21. Borrowing Costs

Borrowing costs arising from loans attributable to the acquisition, construction or production of fixed assets are added to the cost of those assets.

1.22. Revenue Recognition

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Sales of services are recognised when the service is provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

The Group is a recipient of compensation for travel fare discounts from the Ministry of Transport. The compensation is intended to reimburse the discounts that the carrier provides to selected groups of passengers pursuant to Act No. 526/1990 Coll., on Prices. The compensation is reported in the period in which the transportation services were provided.

1.23. Use of Estimates

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

1.24. Cash Flow Statement

In line with Regulation No. 500/2002 Coll., the Group does not prepare the consolidated cash flow statement. Cash equivalents include current liquid assets which are easily convertible into cash in an amount agreed in advance and not expected to be subject to material fluctuations in value over time.

Cash and cash equivalents can be analysed as follows:

	(CZK '000)	
	31.12.2022	31.12.2021
Cash on hand and cash in transit	225	153
Cash at bank	77,671	134,873
Cash equivalents included in current financial assets	0	0
Total cash and cash equivalents	77,896	135,026

1.25. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and of the entities controlled by the Company (its subsidiaries).

The parent company controls its subsidiaries if:

- The parent company holds the majority of the voting rights of shareholders or owners of a subsidiary;
- The parent company has the right to appoint or recall most of the members of the administrative, management or supervisory body of the subsidiary and it is simultaneously a shareholder of the subsidiary;
- The parent company has the right to exercise controlling influence over a subsidiary where it is a shareholder or owner based on a concluded contract or pursuant to the subsidiary's Articles of Association, Memorandum of Association or Founder's Deed, if the law that the subsidiary is governed by allows it to be subordinated to such contracts or provisions.

The results of any subsidiaries acquired or disposed of by the Group during the year are included in the consolidated profit and loss account from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments were made to the financial statements of subsidiaries to bring their accounting policies into line with those applied by the parent company. All intra-group transactions, balances, income and expenses were eliminated in full upon consolidation.

The consolidated financial statements were prepared on the basis of the full consolidation method.

The consolidating company prepared these consolidated financial statements in accordance with Czech Accounting Standard No. 020.

1.26. Loss of the control

Upon disposal of control, the parent company loses control over the net assets of the subsidiary. As of this date, the subsidiary's assets and liabilities are no longer part of the consolidated assets and liabilities. However, the revenues and expenses (including all consolidation adjustments) from the beginning of the accounting period to the date of disposal must be recognized in consolidated statement of profit and loss.

At the date of disposal, the value of net assets of the subsidiary is recognized in the consolidated statement of profit and loss within other operating expenses (respectively within other operating income, when negative). There was no loss of control within the accounting period 2022.

1.27. Changes in Accounting Policies

No changes in accounting policies were made in 2022.

Comparability of periods and reclassification

As part of the comparability of the statements, there was a reclassification of revenue from the sale of catering in 2021 from the line of revenue for the sale of goods to the line of revenue from the sale of products and services. Costs have also been adequately reclassified. Furthermore, there was a reclassification of income Pardubice region for operating the services from the line of other operating income to the line of revenue from the sale of products and services.

2. ADDITIONAL INFORMATION**2.1. Intangible Fixed Assets (Intangible FA)**Cost

	(CZK '000)				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Valuable rights/software	14 456	226	(220)	162	14 625
Other intangible FA	1 537	0	0	0	1 537
Prepayments for intangible FA	72	117	(188)	0	0
Intangible FA under construction	162		0	(162)	0
Total in 2022	16 227	343	(408)	0	16 162
Total in 2021	16 411	128	(312)	0	16 227

Provisions and Accumulated Amortisation

	(CZK '000)			
	Opening balance	Additions	Disposals	Closing balance
Valuable rights/software	13,295	514	(220)	13,589
Other intangible FA	832	203	0	1,035
Total in 2022	14,127	717	(220)	14,624
Total in 2021	13,229	898	0	14,127

2.2. Tangible Fixed Assets (Tangible FA)Cost

	(CZK '000)				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Buildings	4,993	0	0	0	4,993
Individual tangible movable assets and their sets	86,675	41,514	(54,711)	33,673	107,152
Prepayments for tangible FA	61,551	5,443	0	(33,673)	33,320
Tangible FA under construction	4,391	0	(4,391)	0	0
Total in 2022	157,610	46,957	(59,102)	0	145,465
Total in 2021	118,603	47,029	(8,022)	0	157,610

Provisions and Accumulated Depreciation

	Opening balance	Additions	Disposals	(CZK '000) Closing balance
Buildings	2,964	294	0	3,258
Individual tangible movable assets and their sets	48,404	31,288	(54,709)	24,983
Prepayments for tangible FA	27,339	2,018	(27,339)	2,018
Tangible FA under construction	4,391	0	(4,391)	0
Total in 2022	83,098	33,600	(86,439)	30,259
Total in 2021	30,324	52,865	(91)	83,098

2.3. Inventory

As of 31 December 2022, the Group reported inventory amounting to CZK 35,980 thousand (as of 31 December 2021: CZK 30,806 thousand).

In the current period, the inventory includes primarily spare parts for the maintenance of Stadler Flirt and Alstom LINT train units.

2.4. Long-term Prepayments

As of 31 December 2022, the Group reported long-term prepayments in the amount of CZK 246 thousand (CZK 305 thousand as at 31.12.2021).

2.5. Short-Term Trade Receivables

Overdue receivables as at 31 December 2022 amount to CZK 5,310 thousand (as of 31 December 2021: CZK 45,485 thousand).

Aging of trade receivables

Year	Category	Before due date	Past due date					Total past due date	Total
			0 - 90 days	91 - 180 days	181 - 360 days	1 - 2 years	2 and more years		
2022	Gross	15,362	4,286	95	50	11	868	5,310	20,672
	Provisions	0	0	0	0	0	788	787	787
	Net	15,362	4,286	95	50	11	80	4,523	19,885
2021	Gross	31,887	5,353	475	73	13,352	26,232	45,485	77,372
	Provisions	0	0	0	67	13,075	25,510	38,652	38,652
	Net	31,887	5,353	475	6	277	722	6,833	38,720

Short-term trade receivables

Company name	(CZK '000)	
	Balance at 31 December 2022	Balance at 31 December 2021
Ministerstvo dopravy	4,433	6,176
Beacon Rail Finance SARL	4,051	4,972
ČSAD SVT Praha, s.r.o.	3,932	1,629
CZECH NEWS CENTER a.s.	902	1,628

STADLER Magyarország Vassúti Karbantartó	649	669
Ostatní	5,918	23,646
Total short-term trade receivables	19,885	38,720

2.6. Allowances

Allowances reflect temporary impairment of assets. As of 31 December 2022, the Group recognised provisions against receivables in the amount of CZK 787 thousand. As of 31 December 2021, provisions against receivables amounted CZK 38,652 thousand.

Provisioning movements can be analysed as follows:

	(CZK '000)	
	2022	2021
Opening balance at 1 January	38,652	24,001
Provisioning charge	0	14,651
Release	(37,865)	0
Closing balance at 31 December	787	38,652

2.7. Short-Term Prepayments

As of 31 December 2022, the Group reported short-term prepayments amounting CZK 10,385 thousand. (As at 31 December 2021, the short-term prepayments amounted CZK 2,817 thousand.)

In both periods, short-term prepayments primarily include operating prepayments provided.

2.8. Other short-term receivables

As of 31 December 2022, other short-term receivables amount CZK 7,671 thousand. (as at 31 December 2021, the value of other short-term receivables was CZK 1,245 thousand).

2.9. Deferred expenses

As of 31 December 2022, the Group reported prepaid expenses amounting CZK 138,178 thousand (In 2021, deferred costs amounted CZK 176,303 thousand).

Deferred expenses in 2022 consist mainly of accrued expenses for the first increased instalment due to leasing of FLIRT train units (CZK 128,221 thousand), and accrued expenses incurred before the start of the operation of the commitment service.

2.10. Equity

The Group's equity includes share capital of the consolidating company, contributions outside the Company's share capital (other capital funds), a reserve for cash flow hedges, profit/loss of prior periods and profit/loss of the current period and a share in profit under the equity method. The consolidated equity also includes minority interests.



The share capital is composed of 27,056,618 ordinary registered shares in certificate form in the nominal value of CZK 10, ISIN CZ0008209681.

2.11. Provisions

Other provisions

	(CZK '000)	
	Balance at 31 December 2022	Balance at 31 December 2021
Other provisions (provision for unused vacation days)	4,114	3,865
Other provisions (legal disputes)	68,659	78,878
Other provisions (distributed credit)	10,268	13,076
Other provisions (other)	8,077	16,456
Total other reserves	91,118	112,275

2.12. Long-Term Payables

Long-term payables in the amount of CZK 864 thousand (CZK 35,022 thousand in 2021) contains liabilities that have a maturity of more than one year at the time the consolidated financial statements are prepared.

2.13. Short-Term Payables

Short-term payables amounting CZK 142,487 thousand (CZK 120,772 thousand in 2021) consist mainly of commercial payables amounting CZK 56,231 thousand and bank loans amounting CZK 35,000 thousand.

2.13.1. Short-Term Trade Payables

Overdue commercial payables as at 31.12.2022 amount CZK 19,113 thousand (CZK 9,368 thousand as at 31.12.2021)

Short-Term Trade Payables

	(CZK '000)	
Company name	Year ended 31 December 2022	Year ended 31 December 2021
Správa železnic, státní organizace	12,151	10,134
STADLER Magyarország Vassúti Karbantartó	8,498	249
Beacon Rail Finance S.a r.l.	4,889	0
České dráhy, a.s.	4,832	3,189
Other	25,860	19,783
Total short-term payables	56,231	33,355

2.14. Deferred expenses

Deferred expenses in the amount of 6,289 thousand CZK (8,811 thousand CZK as of 31.12.2021) are made up of uninvoiced services for the year 2022.



2.15. Deferred income

Deferred income in the amount of 10,269 thousand CZK (11,602 thousand CZK as at 31.12.2021) is mainly an accrual adjustment of sales for tickets that were purchased in 2022 but will only be used in 2023.

2.16. Short-Term Prepayments Received

As at 31 December 2022, short-term prepayments received amount to CZK 32,413 thousand (as at 31 December 2021: CZK 51,113 thousand). In both periods, short-term prepayments received primarily include prepayments for the purchase of tickets from companies in the Group.

2.17. Bank Loans

Long-term bank loans include:

(CZK '000)				
Bank/creditor	Currency	Balance at 31 Dec 2022	Balance at 31 Dec 2021	Form of collateral
Raiffeisenbank, a.s.	CZK	0	30,000	Blank bill of exchange
Komerční banka a.s.	CZK	0	5,000	Blank bill of exchange
Total		0	35,000	

The portions of the above-stated loans maturing within one year from the consolidated balance sheet date are reported as part of short-term bank loans on the face of the balance sheet.

Short-term bank loans include:

(CZK '000)				
Bank/creditor	Currency	Balance at 31 Dec 2022	Balance at 31 Dec 2021	Form of collateral
Raiffeisenbank, a.s.	CZK	30,000	0	Blank bill of exchange
Komerční banka a.s.	CZK	5,000	0	Blank bill of exchange
Total		35,000	0	

2.18. Deferred tax

Due to the precautionary principle, the companies in the Group do not account for a deferred tax asset due to the uncertainty of its future application.

2.19. Income from Ordinary Activities

	Year ended 31 December 2022				Year ended 31 December 2021			
	In- country	Cross- border	In- country	Cross- border	In- country	Cross- border	In- country	Cross- border
Advertising	21,383	0	21,383	19,083	0	19,083		
Catering	22,365	1,348	23,713	14,695	495	15,190		
Travel fare	221,894	35,668	257,561	115,854	8,560	124,414		
Leasing	27,577	0	27,577	82,480	0	82,480		
Public service obligation - Pardubice region	102,094	0	102,094	97,564		97,564		

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	Year ended 31 December 2022		Year ended 31 December 2021			
	In- country	Cross- border	In- country	Cross- border	In- country	Cross- border
Other	468	0	468	6,602	0	6,602
Total sales of own products and services	395,781	37,016	432,797	336,278	9,055	345,333

2.20. Consumed material and energy

	(CZK '000)	
	Year ended 31 December 2022	Year ended 31 December 2021
Consumed material	110,794	44,992
Consumed energy	2,994	37,255
Total consumed purchases	113,788	82,247

2.21. Services

	(CZK '000)	
	Year ended 31 December 2022	Year ended 31 December 2021
Repairs and maintenance	10 441	3,717
Travel expenses	3 421	3,473
Representation costs	51	27
Telephone, fax and internet	6 701	5,330
Low value intangible assets put to use	21 195	3,812
Rental / Lease	11 858	8,371
Leases	105 763	146,732
Total other services	103 953	81,084
Fee for the use of infrastructure	44 423	38,493
Coach lines, km fee	6 983	1,117
Marketing	8 454	6,964
Interior and exterior cleaning	9 663	9,079
Advisory	11 137	11,979
Commission	4 324	2,310
Other services	18 969	11,142
Total	263,384	252,546

2.22. Employees, Management and Statutory Bodies of the Companies in the Group

The average recalculated headcount for the years ended 31 December 2022 and 31 December 2021 is as follows:

	2022	2021
Managers	16	10
Other employees	163	151
Total	179	161

Total salary costs in 2022 amounted CZK 101,356 thousand (2021: CZK 82,001 thousand).

In 2022, the Group did not provide any bonuses, advances, prepayments, loans or borrowings to members of statutory, supervisory or administrative bodies.

2.23. Other Operating Income and Expenses**2.23.1. Sundry Operating Income**

	(CZK '000)	
	Year ended 31 December 2022	Year ended 31 December 2021
Contractual penalties and default interest	11,060	17,160
Compensation from the Ministry of Transport	66,626	68,576
Received insurance benefits	8,716	5,174
Other operating income	1,960	357,293
Total	88,362	448,203

Other operating income in 2021 was significantly positively affected by subsidies compensating for losses from the pandemic period and also by the assignment of the dispute with Czech Railways.

2.23.2. Sundry Operating Expenses

	(CZK '000)	
	Year ended 31 December 2022	Year ended 31 December 2021
Gifts	0	25
Contractual penalties and default interest	782	8,087
Other penalties and fines	19	153
Insurance	11,223	8,307
Receivable write-off	57,931	2,057
Other operating expenses	12,277	32,483
Total	82,232	51,112

2.23.3. Other Interest Income and Similar Income

	(CZK '000)	
	Year ended 31 December 2022	Year ended 31 December 2021
Interest on current bank accounts	1 655	6
Total	1 655	6

2.24. Interest Expenses and Similar Expenses

	(CZK '000)	
	Year ended 31 December 2022	Year ended 31 December 2021
Interest on loans	0	24,086
Interest on bank accounts	3,541	1,719
Interest on bonds	0	0
Other interest expenses	0	0
Total	3,541	25,805

All non-bank loans of the Leo Express group were repaid or capitalized at the end of 2021, and interest costs in 2022 are thus significantly lower.

2.25. Other Financial Income

(CZK '000)

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	Year ended 31 December 2022	Year ended 31 December 2021
Foreign exchange rate gains	3,195	3,619
Other financial income	0	0
Total	3,195	3,619

2.26. Other Financial Expenses

	Year ended 31 December 2022	Year ended 31 December 2021
		(CZK '000)
Foreign exchange rate losses	4,830	4,006
Expenses arising from financial assets	0	0
Banking fees	144	155
Other financial expenses	2,509	1,300
Total	7,483	5,461

2.27. Fee to the Auditors

In 2022 the remuneration to the statutory auditor was CZK 680 thousand.

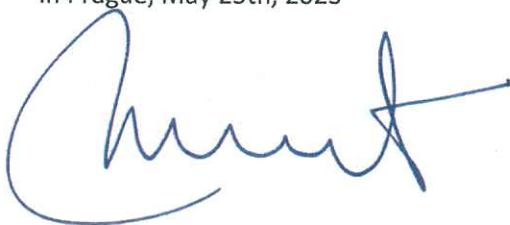
2.28. Post Balance Sheet Events

On January 23rd 2023, the role of member of Board of directors of Zdeněk Beránek ceased to exist

On January 24th 2023, Heinz Grossmann became a new member of the Board of directors.

On January 23rd 2023, Manuel Geyer became a new member of Supervisory board.

In Prague, May 25th, 2023



Manuel Villalante Llauradó
Chairman of the Board of Directors of Leo Express Global a.s.



Martin Bala
Member the Board of Directors of Leo Express Global a.s.



BALANCE SHEET
full version

Leo Express Global a.s.
Corporate ID 290 16 002

As of
31.12.2022
(in CZK thousand)

Řehořova 908/4, Žižkov
130 00 Praha 3

		31.12.2022	31.12.2021
		Netto	Netto
	CONSOLIDATED TOTAL ASSETS	431 178	471 908
A.	Receivables for subscribed capital		
B.	Fixed assets	116 744	76 612
B.I.	<i>Intangible fixed assets</i>	1 538	2 100
	Development		
B.I.1.			
B.I.2.	<i>Valuable rights</i>	1 036	1 161
B.I.2.1.	Software	1 036	1 161
B.I.2.2.	Other valuable rights		
	Goodwill		
B.I.3.			
B.I.4.	Positive goodwill arising on consolidation		
B.I.5.	Other intangible fixed assets	502	705
B.I.6.	<i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i>		234
B.I.6.1.	Prepayments for intangible fixed assets		72
B.I.6.2.	Intangible fixed assets under construction		162
B.II.	<i>Tangible fixed assets</i>	115 206	74 512
B.II.1.	<i>Land and structures</i>	1 735	2 029
	Land		
B.II.1.1.			
B.II.1.2.	Structures	1 735	2 029
B.II.2.	Tangible movable assets and sets of tangible movable assets	82 169	38 271
	Valuation difference on acquired assets		
B.II.3.			
B.II.4.	<i>Other tangible fixed assets</i>		
	Perennial crops		
B.II.4.1.			
B.II.4.2.	Breeding animals and their groups		
B.II.4.3.	Other tangible fixed assets		
B.II.5.	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	31 302	34 212
B.II.5.1.	Prepayments for tangible fixed assets	31 302	34 212
B.II.5.2.	Tangible fixed assets under construction		
B.III.	<i>Non-current financial assets</i>		
B.III.1.	Equity investments - controlled or controlling entity		
B.III.2.	Loans and borrowings - controlled or controlling entity		
B.III.3.	Equity investments in associates		
B.III.4.	Loans and borrowings - associates		
B.III.5.	Other non-current securities and investments		
B.III.6.	Loans and borrowings - other		
B.III.7.	<i>Other non-current financial assets</i>		
	Sundry non-current financial assets		
B.III.7.1.			
B.III.7.2.	Prepayments for non-current financial assets		
C.	Current assets	172 402	218 382
C.I.	<i>Inventories</i>	35 980	30 806
C.I.1.	Material	35 840	28 666
	Work in progress and semifinished goods		
C.I.2.			
C.I.3.	<i>Products and goods</i>		754
	Products		
C.I.3.1.			
C.I.3.2.	Goods		754
C.I.4.	Young and other animals and their groups		
	Prepayments for inventories	140	1 386
C.I.5.		58 526	52 550
C.II.	<i>Receivables</i>	294	480
C.II.1.	Long-term receivables	48	175
C.II.1.1.	Trade receivables		



C.II.1.2.	Receivables - controlled or controlling entity		
C.II.1.3.	Receivables - associates		
C.II.1.4.	Deferred tax asset		
C.II.1.5.	Receivables - other	246	305
C.II.1.5.1.	Receivables from partners		
C.II.1.5.2.	Long-term prepayments made	246	305
C.II.1.5.3.	Estimated receivables		
C.II.1.5.4.	Sundry receivables		
C.II.2.	Short-term receivables	58 232	52 070
C.II.2.1.	Trade receivables	19 885	38 720
C.II.2.2.	Receivables - controlled or controlling entity		
C.II.2.3.	Receivables - associates		
C.II.2.4.	Receivables - other	38 346	13 350
C.II.2.4.1.	Receivables from partners		
C.II.2.4.2.	Social security and health insurance contributions		
C.II.2.4.3.	State - tax receivables	8 656	4 432
C.II.2.4.4.	Short-term prepayments made	10 385	2 817
C.II.2.4.5.	Estimated receivables	11 633	4 856
C.II.2.4.6.	Sundry receivables	7 672	1 245
C.III.	Current financial assets		
C.III.1.	Investments - controlled or controlling entity		
C.III.2.	Other current financial assets		
C.IV.	Cash	77 896	135 026
C.IV.1.	Cash on hand	225	153
C.IV.2.	Cash at bank	77 671	134 873
D.	Other assets	142 032	176 914
D.1.	Deferred expenses	138 178	176 303
D.2.	Complex deferred expenses		
D.3.	Accrued income	3 854	611



		31.12.2022	31.12.2021
	CONSOLIDATED TOTAL LIABILITIES & EQUITY	431 178	471 908
A.	Equity	180 151	183 426
<i>A.I.</i>	<i>Share capital</i>	<i>270 566</i>	<i>270 566</i>
A.I.1.	Share capital	270 566	270 566
<i>A.II.</i>	<i>Share premium and capital funds</i>	<i>1 029 151</i>	<i>1 029 151</i>
A.II.1.	Share premium	66 162	66 162
A.II.2.	<i>Capital funds</i>	<i>962 989</i>	<i>962 989</i>
A.II.2.1.	Other capital funds	962 989	962 989
A.II.2.6.	Consolidation reserve fund		
<i>A.III.</i>	<i>Funds from profit</i>	<i>11</i>	<i>11</i>
A.III.1.	Other reserve funds	11	11
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	<i>-1 116 506</i>	<i>-1 307 208</i>
A.IV.1.	Accumulated profits or losses brought forward (+/-)	-1 103 712	-1 294 414
A.IV.2.	Minority interest in profit or loss of prior years (+/-)		
A.IV.3.	Other profit or loss from prior years (+/-)	-12 794	-12 794
A.V.	Consolidated profit or loss for the current period (+/-)	-3 071	190 906
A.V.1.	Consolidated profit or loss for the current period attributable to the parent company's shareholders (+/-)	-3 071	190 936
A.V.2.	Minority interest in profit or loss for the current period (+/-)	0	-30
A.VI.	Interest in profit under the equity method (+/-)		
A.VI.1.	Interest in profit or loss for the current period under the equity method attributable to the parent company's shareholders (+/-)	0	0
A.VI.2.	Minority interest in profit or loss under the equity method (+/-)	0	0
A.VIII.	Other minority equity		
A.VIII.1.	Minority interest in share capital		
A.VIII.2.	Minority interest in other capital funds		
B.+C.	Liabilities	234 469	268 069
B.	Reserves	91 118	112 275
B.IV.	Other reserves	91 118	112 275
C.	Payables	143 351	155 794
C.I.	Long-term payables	864	35 022
C.I.2.	Payables to credit institutions		35 000
C.I.3.	Long-term prepayments received		
C.I.6.	Payables - controlled or controlling entity		
C.I.9.	<i>Payables - other</i>	<i>864</i>	<i>22</i>
C.I.9.3.	Sundry payables	864	22
C.II.	Short-term payables	142 487	120 772
C.II.2.	Payables to credit institutions	35 000	15 000
C.II.3.	Short-term prepayments received	32 413	51 113
C.II.4.	Trade payables	56 231	33 355
C.II.6.	Payables - controlled or controlling entity		
C.II.8.	Other payables	18 843	21 304
C.II.8.2.	Short-term financial borrowings		
C.II.8.3.	Payables to employees	7 752	7 275
C.II.8.4.	Social security and health insurance payables	3 945	3 533
C.II.8.5.	State - tax payables and subsidies	3 993	903
C.II.8.6.	Estimated payables	618	7 430
C.II.8.7.	Sundry payables	2 535	2 163
D.	Other liabilities	16 558	20 413
D.1.	Accrued expenses	6 289	8 811
D.2.	Deferred income	10 269	11 602



CONSOLIDATED PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

Leo Express Global a.s.
Corporate ID 290 16 002

Year ended
31.12.2022
(in CZK thousand)

Řehořova 908/4, Žižkov
130 00 Praha 3

		Year ended 31.12.2022	Year ended 31.12.2021
I.	Sales of products and services	432 797	345 333
II.	Sales of goods		
A.	Purchased consumables and services	377 172	334 793
A.1.	Costs of goods sold		
A.2.	Consumed material and energy	113 788	82 247
A.3.	Services	263 384	252 546
D.	Staff costs	133 870	107 902
D.1.	Payroll costs	101 356	82 001
D.2.	Social security and health insurance costs and other charges	32 514	25 901
D.2.1.	Social security and health insurance costs	32 428	25 876
D.2.2.	Other charges	86	25
E.	Adjustments to values in operating activities	-58 835	50 193
E.1.	Adjustments to values of intangible and tangible fixed assets	-1 852	54 038
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	27 860	22 308
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-29 712	31 730
E.3.	Adjustments to values of receivables	-56 983	-3 845
III.	Other operating income	88 362	448 239
III.1.	Sales of fixed assets		35
III.2.	Sales of material		1
III.3.	Sundry operating income	88 362	448 203
F.	Other operating expenses	65 820	81 735
F.1.	Net book value of sold fixed assets	4 438	85
F.3.	Taxes and charges	398	248
F.4.	Reserves relating to operating activities and complex deferred expenses	-21 248	30 290
F.5.	Sundry operating expenses	82 232	51 112
*	Operating profit or loss (+/-)	3 132	218 949
IV.	Income from non-current financial assets - equity investments		230
IV.1.	Income from equity investments - controlled or controlling entity		230
G.	Costs of equity investments sold		632
VI.	Interest income and similar income	1 655	6
VI.2.	Other interest income and similar income	1 655	6
J.	Interest expenses and similar expenses	3 541	25 805
J.1.	Interest expenses and similar expenses - controlled or controlling entity		14 132
J.2.	Other interest expenses and similar expenses	3 541	11 673
VII.	Other financial income	3 195	3 619
K.	Other financial expenses	7 483	5 461
*	Financial profit or loss (+/-)	-6 174	-28 043
**	Profit or loss before tax (+/-)	-3 042	190 906
L.	Income tax	29	
L.1.	Due income tax	29	
L.2.	Deferred income tax (+/-)		
**	Profit or loss net of tax (+/-)	-3 071	190 906
***	Consolidated profit or loss for the current period (+/-)	-3 071	190 906
*	Net consolidated turnover for the current period	526 009	797 427
	Profit or loss for the current period (+/-) attributable to shareholders of the parent company	-3 071	190 936
	Minority interest in profit or loss for the current period (+/-)		-30
****	Interest in profit or loss under the equity method		
	Profit or loss for the current period (+/-) attributable to shareholders of the parent company		
	Minority interest in profit or loss for the current period (+/-)		





Independent Auditor's Report

Leo Express Global a.s.

Accounting period
from 1.1.2022 to 31.12.2022

Identification of the Accounting Unit

Company:	Leo Express Global a.s.
Identification No.:	290 16 002
Registered Office:	Řehořova 908/4, 130 00 Praha 3 - Žižkov
Legal Form:	Joint Stock Company
File Number:	B 15847, Trade Register Court Prague

TPA Audit s.r.o.

140 00 Praha 4, Antala Staška 2027/79
Tel.: +420 222 826 311, E-mail: audit@tpa-group.cz, www.tpa-group.cz
Pobočky: 746 01 Opava, Veleslavínova 240/8, Tel.: +420 553 622 565
IČO: 60203480, Městský soud v Praze, spisová zn. C.25463
Číslo oprávnění 80 Komory auditorů ČR

Albánie | Bulharsko | Černá Hora | Česká republika | Chorvatsko | Maďarsko
Polsko | Rakousko | Rumunsko | Slovensko | Slovinsko | Srbsko



The auditor's report is determined for shareholders of the company

Auditor's Opinion

We have audited the accompanying the consolidated financial statements of the company Leo Express Global a.s. and its subsidiaries (the Group) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise of the consolidated balance sheet as at 31.12.2022, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company Leo Express Global a.s. see Note 1 to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31.12.2022, and of its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical 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 opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in consolidated financial statements is, in all material respects, consistent with consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.



Responsibility of Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the consolidated financial statements

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

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

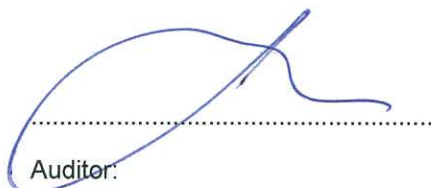
- Identify and assess the risks of material misstatement of consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the 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 auditor's report to the related disclosures in or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of consolidated financial statements, including the disclosures, and whether represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the Board of Directors 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.

In Prague, on 26.5.2023

A handwritten signature in blue ink, consisting of a large loop followed by a horizontal line and a small flourish at the end.

Auditor:

Ing. Radek Stein

Certificate No. 2193 KAČR



TPA Audit s.r.o.

Antala Staška 2027/79, Praha 4

Certificate No. 080 KAČR