



LETIŠTĚ PRAHA, A. S.

2022

ANNUAL REPORT



Foreword by the Chairman of the Board of Directors

Ladies and Gentlemen,

Letiště Praha, a. s. feels hopeful again and sees an opportunity to prepare for better days to come, as evidenced, among other things, by the birthday year of 2022, in which we achieved a number of successes. Not only did we celebrate the 85th anniversary with dignity, but we also managed the high season without major operational complications as compared to other airports in Europe. In addition, the number of handled passengers exceeded our initial expectations and thus accelerated the company's return to profitability. Moreover, we have once again proven that we are a safe airport for passengers, as confirmed by our obtaining of the international ACI Airport Health Accreditation certificate.

Although air transport is not yet at the pre-pandemic level due to the extraordinary loss of passengers from Russia, Ukraine, Asia and the reduced operations of Czech Airlines, we see a quick return to pre-pandemic performance in other segments. The numbers are proof. Václav Havel Prague Airport handled 10,734,880 passengers in 2022, which is 145 percent more than the previous year, but still 40 percent less compared to our strongest year in 2019. Nevertheless, it is still two million more than we predicted. The reason was the rapid relaxation of the Coronavirus measures, which outweighed the consequences of the conflict in Ukraine.

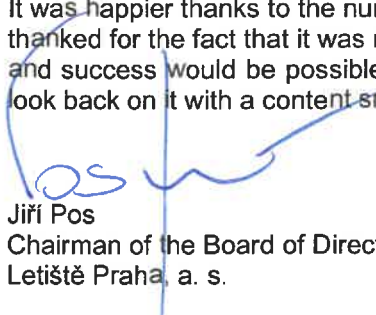
We welcomed eleven new carriers and added connections to sixteen new destinations, including a resumed long-haul service to the United States operated by Delta Air Lines to New York's John F. Kennedy Airport. At the World Routes Development Forum held in Las Vegas, we managed to agree on launches of many interesting destinations for the next season.

I am very happy that the renowned Moody's Investors Service agency confirmed the creditworthiness of the airport with the rating at the Aa3 level with a negative outlook. Considering the rating of the Czech Republic, this is the highest possible rating that Letiště Praha, a. s. could have achieved. The reason for re-awarding this high rating is primarily the Company's strong financial profile. Letiště Praha, a. s. defended its rating despite the impact of the pandemic and the energy crisis. This year, the Company returned to profitable management, and I am very happy that the high financial stability of our Company is confirmed by Moody's.

We continued to communicate more intensively with our neighbours in the airport vicinity, and we prepared another call withing the Ventilation programme. We provided sizeable financial support to the neighbouring municipalities and districts, i.e., to those that are affected by the operation of the airport. We also organised a "Meet Your Neighbour Afternoon" for our neighbours, carried out the necessary maintenance of the main runway, and awarded the best airlines for the first time.

In the past year, we also emphasised sustainable development, which is very important for our future direction. We have added fifteen electric cars to the fleet and have been implementing ESG principles in the responsible awarding of public contracts as well as the corporate culture of the entire Group. Our priority is to be a trustworthy, transparent, and responsible company that applies the principles of sustainable development in its business conduct.

The year 2022 was sad because of the war in Ukraine, but festive because of our special anniversary. It was happier thanks to the number of passengers and their appetite for travel. All employees must be thanked for the fact that it was managed without major operational complications. Without them, no joy and success would be possible. I believe that we will make it through the next year together and will look back on it with a content smile. We are on the right track.



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

1. Company Profile

Mission of the Company

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

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

Prague Airport co-operates closely with the Ministry of Transport of the Czech Republic, the Civil Aviation Authority, the Air Navigation Services of the Czech Republic, air carriers, public authorities within and outside the aviation sector, and other users of the airport. It also cooperates with the City of Prague and municipalities in the vicinity of the airport. Václav Havel Airport Prague is home base to four carriers, namely České aerolinie (hereinafter referred to as “Czech Airlines”), Smartwings, Ryanair and Eurowings.

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

Prague Airport is aware of its corporate social responsibility with regard to the impact of its operations on the environment and its surrounding areas.

Legal Status of the Company

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

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

The Company is the sole shareholder of B. aircraft, a.s. (hereinafter referred to as “B. aircraft”), Czech Airlines Handling, a.s. (hereinafter referred to as “Czech Airlines Handling”) and Czech Airlines Technics, a.s. (hereinafter referred to as “Czech Airlines Technics”).

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

Prague Airport is currently not pursuing any significant research and development activities.

The Company did not acquire its own shares.

2. Company Management and Governance

General Data

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

Shareholder

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

Administrative Bodies

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

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

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

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

Contact

Letiště Praha, a. s.
K letišti 1019/6
161 00 Prague 6
The Czech Republic

Telephone: +420 220 111 888
Data Box: ayqexy5
Internet: www.prg.aero

Board of Directors of the Company

As at 31 December 2022, the Company was managed by the Board of Directors, which had four members.

Chairman of the Board of Directors

Jiří Pos

Vice-Chairman of the Board of Directors

Jiří Kraus

Member of the Board of Directors

Jakub Puchalský

Personnel changes to the Board of Directors in 2022

Pavel Východský – membership commenced on 1 May 2022

Supervisory Board of the Company

As at 31 December 2022, the Supervisory Board had six members.

Chairman of the Supervisory Board

Stanislav Kouba

Vice-Chairman of the Supervisory Board

Petr Šobotník

Member of the Supervisory Board elected by employees

Jiří Hošek

Member of the Supervisory Board

Jaroslav Kláška

Member of the Supervisory Board

Martin Sekal

Member of the Supervisory Board elected by employees

Milan Suchý

Personnel changes to the Supervisory Board in 2022

Ondřej Landa – termination of the membership and of the position of Vice-Chairman as of 16 January 2022

Jaroslav Kláška – appointed Member as of 1 July 2022

Jan Švejnar – termination of the membership and of the position of Chairman as of 30 September 2022

Martin Sekal – appointed Member as of 1 October 2022

Stanislav Kouba – appointed Chairman as of 4 November 2022

Petr Šobotník – appointed Vice-Chairman as of 4 November 2022

Audit Committee

Chairman of the Audit Committee

Petr Šobotník

Vice-Chairperson of the Audit Committee

Andrea Lukasíková

Member of the Audit Committee

Ivo Středa

There were no changes to the Audit Committee in 2022.

3. Human Resources

As at 31 December 2022, Prague Airport employed a total of 2,465 employees.

In terms of the average number of employees in full-time equivalent units, the Company had 2,353,5 employees in 2022.

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

4. Selected 2022 Events and 2023 Outlook

2022 Business Conduct

At the beginning of 2022, Václav Havel Airport Prague was affected by the ongoing Covid-19 pandemic and the Russian aggression in Ukraine that began in February. However, the situation gradually improved during the year, and the total year-on-year increase in the number of passengers reached 145%, mainly thanks to outgoing tourism. Despite the gradual improvement of the situation, Václav Havel Airport Prague is still one of the most affected airports in Europe. The slower return to the 2019 traffic volume compared to other airports in Europe is caused by, among others, the following factors:

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

Václav Havel Airport Prague, unlike a number of European airports, managed the demanding 2022 operating season without critical operational disruptions or irregularities, despite the fact that it was not possible to completely fulfil the employee recruitment plan. Only thanks to extraordinary operational measures and motivational incentives for current employees, Václav Havel Airport Prague managed an annual increase in the number of passengers from 4.4 million in 2021 to approximately 10.7 million in 2022. The growth in 2022 was mainly driven by outbound tourism. Václav Havel Airport Prague has thus successfully mitigated the negative effects of the disrupted traffic from Ukraine and Russia.

In 2022, the renowned Moody's Investors Service agency reaffirmed Prague Airport's Aa3 rating with a negative outlook, which is the highest possible rating available in the Czech Republic, thus confirming that Prague Airport is a healthy and strong company. Prague Airport reached this high rating despite the impact of the pandemic, the disruptions in traffic from Ukraine and Russia, and the energy crisis effects.

Investments that were previously contracted or were necessary to ensure the safe operation of the airport also continued during the year. This mainly involved the reconstruction of the crossing of taxiways A, B, D, and G, the reconstruction of Terminal 3, and the demolition of the old aviation fuel depot.

Last but not least, during 2022, the Company intensively worked on the update of the Long-Term Concept and Development Strategy draft with an emphasis on key areas such as capacity development (both terminal buildings and the runway system) and Airport City (i.e. commercial development of a wider area around the airport).

2022 Development and Key Factors of Prague Airport 2022 Financial Results

After the negative effects of the spread of the new Covid-19 mutation in the first quarter of 2022 subsided, the second quarter was positively affected by the gradual relaxation of travel restrictions following the Covid-19 pandemic, mainly in Europe and selected countries around the world, excluding Asia. Thanks to this, direct flights to many destinations were resumed and relaunched, and air traffic continued to grow gradually compared to 2021. In 2022, the key demand comprised the area of outbound tourism, as well as inbound tourism from selected European countries in the second half of the year.

The development of air transport was negatively affected by the Russian invasion of Ukraine. Effective the end of February 2022, there were no direct flights to/from Russia (11 destinations) and Ukraine (4 destinations). The resumption of routes to destinations in Asia was also affected due to the closure of Russian airspace.

After a two-year period of travel restrictions during the Covid-19 pandemic, the high demand for travel was demonstrated in the strong 2022 summer season, especially in the outbound tourism segment (typical holiday destinations in Greece, Italy, Turkey, Egypt, Spain, or Bulgaria).

In 2022, Prague Airport was directly connected with 163 destinations by 72 carriers (regular and charter flights). New routes and destinations were resumed / launched, for example, New York/JFK (Delta Air Lines), Kuwait City (Jazeera Airways), Riyadh (Flynas), Keflavik (Play), Alicante (Eurowings), Tivat (Air Montenegro), or Turin (Ryanair).

10.7 million passengers were handled in 2022, an increase of 145% year-on-year, with aircraft movements up 64% year-on-year.

Total operating revenues increased year-on-year by 2,695 million crowns (year-on-year increase of 83%), from 3,233 million crowns in 2021 to 5,928 million crowns in 2022, of which:

- 1,972 million crowns (year-on-year increase of 106%) represent year-on-year increase in aviation revenues based on the above-mentioned air traffic development.
- 723 million crowns (year-on-year increase of 53%) represent year-on-year increase in the area of non-aviation revenues due to the increase in the number of passengers (higher revenues from turnover rent, higher revenues from parking, and other segments affected by the growth in the number of passengers).

Total operating costs increased year-on-year by 689 million crowns (year-on-year increase of 23%), from 2,993 million crowns in 2021 to 3,682 million crowns in 2022, of which:

- 384 million crowns (year-on-year increase of 20%) represent year-on-year increase in personnel costs. Václav Havel Airport Prague managed the demanding 2022 operating season without critical operational disruptions or irregularities, despite the fact that it was not possible to completely fulfil the employee recruitment plan. Only thanks to extraordinary operational measures and motivational incentives for current employees, Václav Havel Airport Prague managed an annual increase in the number of passengers from 4.4 million in 2021 to approximately 10.7 million in 2022.
- CZK 305 million (year-on-year increase of 28%) represent year-on-year increase in other operating costs primarily the increase in energy costs due to the energy crisis and increased cost of fuel.

The total operating profit (excluding depreciation) increased year-on-year by 2,006 million crowns (year-on-year increase of 836%), from 240 million crowns in 2021 to 2,246 million crowns in 2022.

In 2022, the total capital expenditures amounted to 1,169 million crowns, with the largest projects including the reconstruction of Terminal 3 (237 million crowns), the reconstruction of taxiways (120 million crowns) and the replacement of back-up power generators for the main runway (68 million crowns).

In October 2021, Prague Airport contracted sufficient financial capacity to overcome the negative impact of the Covid-19 pandemic. At the end of 2021, the amount of the Company's external debt was 1,874 million crowns. Due to the excellent economic results in 2022, Prague Airport repaid 974 million crowns during the year. At the end of 2022, the Company's total debt amounted to 900 million crowns.

Prague Airport - 2022 in numbers



TOP 5 CITIES



TOP 5 COUNTRIES PER NO. OF PAX



2022 Main Events

January

- On 16 January 2022, following his own request, Ondřej Landa, Vice-Chairman of the Supervisory Board of Letiště Praha, a. s. steps down from his position.
- The Board of Directors decides to continue the project work aimed at obtaining the Land Use Management Documentation for the Parking Building B, Parking Building A (demolition of the building), the Plaza project, and the 1st stage of the SkyWalk project. Project preparation of the Overpass Modification and Completion is also to continue.
- Our airport once again welcomes Korean Air. A charter flight operated by an A330-300 aircraft is booked by the Czech Olympic Committee to transport the Czech delegation to Beijing.
- We are discussing the launch of a route to Vietnam with Bamboo Airways. The connection to New York (JFK) has already been confirmed with Delta Air Lines. Resumption of the Korean Air route to Seoul is also under discussion. However, the start date depends on the development of the epidemic situation.

February

- The sole shareholder within the scope of the General Meeting approves the Company's 2022 Business and Financial Plan, including the 2022 and 2023 Investment Plans. The plan reviewed by the Supervisory Board is based on the assumption of handling 8.6 million passengers.
- We manage to defend the carbon footprint certification Level 3 – Optimisation. In Level 3, airports also involve their partners in reducing carbon dioxide emissions. We are thus among 20 European airports that have committed to reducing the carbon footprint of not only their operations, but also of their partners, namely airlines or handling and catering service providers.
- By lighting up Terminal 1 in the national colours and hoisting Ukrainian flags, Prague Airport and its subsidiaries express solidarity with Ukraine in its defence against Russian aggression.

March

- The main runway 06/24 and related tarmac areas are closed due to scheduled maintenance and deferred repairs. During the maintenance period, air traffic at the airport is to be redirected to runway 12/30 for three months.
- On Sunday, 27 March 2022, the summer flight schedule comes into effect. During the summer season, passengers can choose from 147 destinations, including 25 charter routes. A total of 58 airlines is to provide air connections to / from Prague. New connections are added, for example, New York or Riyadh. A number of other destinations, such as London, Madrid, and Paris, are to see an increase in flight frequencies. In the number of destinations and carriers, the airport reaches three quarters of the offer from the record year 2019.

April

- The sole shareholder within the scope of the General Meeting elects Pavel Východský to the Board of Directors of the Company with effect from 1 May 2022.

May

- The sole shareholder within the scope of the General Meeting approves the Company's regular financial statements for the year 2021, decides to transfer the loss to the Retained Earnings of Previous Years account, and acknowledges the 2021 Letiště Praha, a. s. Annual Report.
- Employees of the entire Group donate 867,573 crowns as part of the employee fundraiser to help Ukraine affected by the war. After Prague Airport doubles the amount, the humanitarian organization People in Need is to receive 1,735,146 crowns from us.

- Prague Airport is presented through a special livery on Smartwings, a.s. aircraft with the OK-TVF registration mark. The aim is to commemorate the 85th anniversary since the launch of operations at our airport and to boost the interest of foreign tourists in travelling to Prague with the "Prague Loves You" logo.
- Delta Air Lines lands back at Václav Havel Airport Prague, restoring the only direct air connection between the Czech Republic and the United States.

June

- The sole shareholder within the scope of the General Meeting approves the Company's Consolidated Financial Statements for the year 2021 and acknowledges the Consolidated Annual Report for the year 2021. Further, the sole shareholder elects Jaroslav Klačka to the Supervisory Board of the Company with effect from 1 July 2022.
- Under the close supervision of the auditor of the Bureau Veritas certification company, we successfully pass the EMS supervisory audit.

July

- From July 2022, traffic is redirected back to the main runway 06/24.
- Compared to significant complications experienced by passengers across Europe, Prague Airport is successful in managing operational irregularities and complications, mainly thanks to the considerable effort and determination of the Company's operational units.
- Our airport is ranked among the TOP 10 best European airports according to Google users.

August

- With the resumption of flights, Prague Airport resumes its direct financial support for municipalities and other entities located in the immediate vicinity of the airport through its transparent *Good Neighbour* grant programme.
- The sole shareholder within the scope of the General Meeting removes Jan Švejnár from the Supervisory Board of the Company with effect from 30 September 2022 and elects Martin Sekal to the Supervisory Board of the Company as of 1 October 2022.

September

- As part of its sustainable development strategy, the Company strives long-term to reduce its carbon footprint, including the use of electric cars. Fifteen of them are currently added to the airport fleet.

October

- Prague Airport continues to be highly financially stable. The renowned Moody's Investors Service agency confirms its creditworthiness rating at the Aa3 level with a negative outlook. Considering the rating of the Czech Republic, this is the highest possible rating that the Company could have achieved.
- On Sunday, 30 October 2022, the winter flight schedule, which will be valid until 25 March 2023, comes in effect. A total of 50 airlines are to offer direct flights from our airport to approximately 90 destinations. In addition to popular European routes, there are also exotic destinations such as Thailand, Madagascar, Zanzibar, and Oman. At the same time, the frequencies of a number of services are to be increased.

November

- Stanislav Kouba is elected Chairman of the Company's Supervisory Board. Petr Šobotník assumes the role of Vice-Chairman.
- Airport blossom honey receives the ninth gold medal in row in the Czech Honey competition run by the Czech Beekeepers Association.

- Icelandair is to offer direct flights from Prague to Keflavík. It will be possible to fly to Keflavík from our airport four times a week from June 2023.
- Vueling has launched ticket sales from the route connecting our airport with Bilbao, which the carrier is to operate every Thursday and Sunday from July 2023.
- On 28 March 2023, Air Cairo is to launch a new year-round route to Marsa Alam.

December

- Uber wins the tender for the provision of airport taxi services. We expect the launch of the service following the formal conclusion of the tender procedure in the spring of 2023.
- On Sunday, 25 December 2022, the first charter flight of the Čedok travel agency in co-operation with the LOT airline departs to Krabi, Thailand. The route will be operated once a week by Boeing 787-9 Dreamliners for 294 passengers.
- The Board of Directors presents the final draft of the 2023 Business and Financial Plan, which is based on the assumption of handling approximately 12.7 million passengers. This proposal was reviewed by the Supervisory Board, which recommended that the Company's sole shareholder approves it.

2023 Subsequent Events Prior to the Annual Report Signing Date

January

- The sole shareholder within the scope of the General Meeting appoints PricewaterhouseCoopers Audit, s.r.o. as the Company's auditor for the years 2023-2025.
- Effective 27 March 2023, Prague Airport is to once again offer a direct connection with Asia, which will be provided by Korean Air. A regular service on the route was last in operation in March 2020.
- Our airport reconfirms that it still meets the information and cyber security requirements set by the international ISO/IEC 27001:2013 standard. A surveillance audit has confirmed that the implemented measures are at a high level and as a result, we are a safe place for both passengers and employees.
- In January 2023 the Company signed an amendment to the syndicated loan agreement concluded with a syndicate of banks Česká obchodní banka, a.s., Všeobecná úvěrová banka a.s. and Raiffeisenbank a.s. in October 2021. The amendment focuses on financing according to ESG principles and establishes specific parameters that will be regularly evaluated and when met, the existing loan interest margin will be reduced. The basic pillar of the amendment is gradual reduction of the carbon footprint, beyond which the Company further identifies itself with specific social and governance principles.

February

- The sole shareholder within the scope of the General Meeting approves the Company's 2023 Business and Financial Plan, including the 2023 and 2024 Investment Plans.
- The Supreme Administrative Court annuls the decision of the Prague Regional Court that nullified the updated Principles of Regional Development of the Central Bohemian Region affecting the planned parallel runway and sends the case back to the Regional Court for further proceedings. This decision is crucial for planned development activities of the Airport and enables the continuation of project preparations regarding the parallel runway.

March

- The sole shareholder within the scope of the General Meeting dismisses with effect from March 31, 2023 Petr Šobotník from the Supervisory Board of the Company and with effect from April 1, 2023 elects Pavel Dobeš to the Supervisory Board of the Company.

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

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

2023 Outlook

Economic Situation

The macroeconomic assumptions of the 2023 Financial Plan are based on a document published by the Ministry of Finance of the Czech Republic – 53rd Colloquium – a review of forecasts of the Czech Republic macroeconomic development trends (2022–2025) – average review results and on the Czech National Bank's forecast.

The key assumption upon drafting the outlook was that the number of passengers handled equals to 12.7 million. This assumption reflected the most up-to-date information from air carriers and at the same time corresponded to the conservative version of air traffic development presented by the Airports Council International association. At the time of drafting this annual report, we record slightly lower than planned performances due to capacity restrictions on the part of some carriers. However, we continue to expect a strong summer season, which should compensate the current weaker performances. Regarding the fulfilment of the planned number of passengers, it should be added that although the level of uncertainty for planning of aviation revenues has decreased compared to previous years, some risks still remain. These mainly include the potential effects of the worsening economic situation on the level of demand for air transport. Another risk would be a more significant escalation of the war in Ukraine or the reintroduction of travel restrictions in the event of another wave of the Covid-19 pandemic.

2023 Main Objectives

- Smooth operations during the high season and the safe and reliable operation of the airport in general
- Necessary increase in the number of employees to the level required to ensure safe operation in view of the expected 2023 traffic increase
- Further development of air connections from Prague airport in accordance with the Aviation Business Team Development Concept
- Launch of the preparatory stages of projects within the framework of airport capacity development according to the agreed Prague Airport Long-term Development Concept and Strategy
- Emphasis on the preparation of the first projects within the Airport City framework
- Repairs and investments in taxiways and handling areas necessary to ensure Safety Compliance
- F&B tender and preparation of the commercial zone realization at Terminal 2
- Emphasis on increasing customer satisfaction

2023–2024 Key Investment Projects

- Reconfiguration of stands in the A2 sector and boarding bridges in the B1 and B2 sectors
- Reconstruction of the Terminal 1 administrative building
- North – South cable duct
- Reconstruction of the H and Z taxiways
- Perimeter security upgrade / modernisation
- Replacements of existing lighting systems with LED sources

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

In the period from 1 January 2022 to 31 December 2022, Prague Airport received thirty-eight (38) submissions identified as requests for information under Act. No. 106/1999 Coll., on Free Access to Information, as amended (hereinafter referred to as "the Act").

The number of approved requests to provide information: 36

The number of rejected requests to provide information: 2

The number of issued rulings to defer the request to provide information: 1

The number of appeals lodged against the ruling declining the request: 1

The number of complaints regarding the process of handling the request to provide information: 1

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

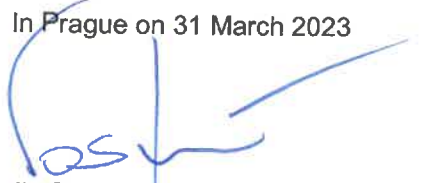
During the reporting period, Prague Airport was involved in litigation regarding requests to provide information pursuant to the Act, namely with the GO parking s. r. o. company.

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

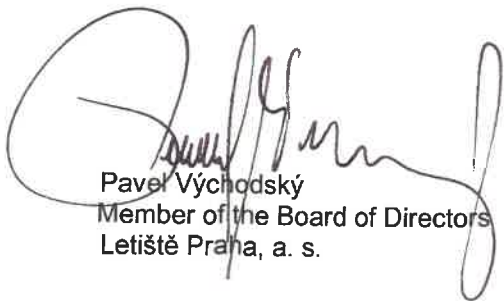
6. Responsibility for the Annual Report

The Board of Directors hereby declares that the information included in the 2022 Annual Report corresponds to the real situation and gives a true and fair view of the Company's financial situation, business activities and results of its operations for the previous accounting period and that no fundamental circumstances were omitted that might affect the precise and correct assessment of the performance, activities and economic position of Letiště Praha, a. s.

In Prague on 31 March 2023



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



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

7. Appendices

- Report on the Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and other Entities Controlled by the Same Controlling Entity
- Report of the Supervisory Board of the Company
- Report of the Audit Committee of the Company
- Financial Statements for the Year Ended 31 December 2022
 - Balance Sheet as at 31 December 2022
 - Profit and Loss Account for the Year 2022
 - Cash-Flow Statement for the Year 2022
 - Statement of Changes in Equity for the Year 2022
 - Notes to the Financial Statements for the Year Ended 31 December 2022
- Independent Auditor's Report to the Shareholder of the Company

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

Drafted by Letiště Praha, a. s. Board of Directors pursuant to Section 82, Chapter 1 of Act No. 90/2012 Coll., as amended, on Business Corporations and Cooperatives (the Business Corporations Act) for the reference period from 1 January 2022 to 31 December 2022.

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

1. Controlled Entity

Letiště Praha, a. s.

With its registered seat at: K letišti 1019/6, Ruzyně, 161 00 Prague 6,
Company Identification Number: 282 44 532,
Registered in the Commercial Register administered by the Municipal Court in Prague, Section B,
Entry 14003

(hereinafter referred to as "**the Controlled Entity**").

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

2. Controlling Entity

The Ministry of Finance

With its registered seat at: Letenská 525/15, Malá Strana, 118 00 Prague 1,
Identification Number: 000 06 947

(hereinafter referred to as "**the Controlling Entity**").

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

3. Role of the Controlled Entity

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

4. Other Entities Controlled by the Same Controlling Entity

(hereinafter referred to as "**the Related Entities**")

1. ČEPRO, a.s.

With its registered seat at: Dělnická 213/12, Holešovice, Post Code: 170 00 Prague 7
Company Identification Number: 601 93 531
Registered in the Commercial Register administered by the Municipal Court in Prague, Section B,
Entry 2341.

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

2. Česká exportní banka, a.s.

With its registered seat at: Prague 1, Vodičkova 34 č.p. 701, Post Code: 11121
Company Identification Number: 630 78 333

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

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

3. ČEZ, a. s.

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

Company Identification Number: 452 74 649

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

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

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

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

Company Identification Number: 452 79 314

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

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

5. GALILEO REAL, k.s. v likvidaci

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

Company Identification Number: 261 75 291

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

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

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

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

Company Identification Number: 451 44 419

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

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

7. IMOB a.s. v likvidaci

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

Company Identification Number: 601 97 901

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

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

8. Kongresové centrum Praha, a.s.

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

Company Identification Number: 630 80 249

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

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

9. MERO ČR, a.s.

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

Company Identification Number: 601 93 468

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

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

10. MUFIS a.s.

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

Company Identification Number: 601 96 696

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

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

11. PRISKO a.s.

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

Company Identification Number: 463 55 901

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

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

12. Severočeské mlékárny, a.s. Teplice

With its registered seat at: Teplice 41503, Libušina 2154

Company Identification Number: 482 91 749

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

The company focuses primarily on production of dairy products. Its scope of business is outlined in detail in company Articles of Association.

13. THERMAL-F, a.s.

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

Company Identification Number: 254 01 726

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

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

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

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

Company Identification Number: 000 10 669

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

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

5. Other Entities Controlled by the Controlled Entity**1. Czech Airlines Handling, a.s.**

With its registered seat at: Prague 6, Aviatická 1017/2, Post Code: 16008

Company Identification Number: 256 74 285

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

The company provides handling services at Václav Havel Airport Prague, including technical and operational dispatch of aircraft on aprons, handling of passengers including their baggage, cargo and

post. Its scope of business is outlined in detail in company's Articles of Association. The Controlled Entity owns 100 % shares of the company.

2. Czech Airlines Technics, a.s.

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

Company Identification Number: 271 45 573

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

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

3. B. aircraft, a.s.

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

Company Identification Number: 242 53 006

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

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

6. Other Entities Controlled by the Related Entities

IMOB a.s. v likvidaci

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

MERO ČR, a.s.

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

PRISKO a.s.

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

Výzkumný a zkušební letecký ústav, a.s.

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

Entities controlled by ČEZ, a. s.

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

SECTION II

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

1. Structure of Relations

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

Related Entity	Share
ČEPRO, a.s.	100.00%
Česká exportní banka, a.s.	84.00%
ČEZ, a.s.	69.78%
Exportní garanční a pojišťovací společnost, a.s.	100.00%
GALILEO REAL, k.s. v likvidaci	100.00%
HOLDING Kladno a.s., "v likvidaci"	96.85%
IMOB a.s. v likvidaci	100.00%
Kongresové centrum Praha, a.s.	54.35%
MERO ČR, a.s.	100.00%
MUFIS a.s.	49.00%
PRISKO a.s.	100.00%
Severočeské mlékárny, a.s. Teplice	40.78%
THERMAL-F, a.s.	100.00%
Výzkumný a zkušební letecký ústav, a.s.	100.00%

2. Methods and Means of Control

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

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

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

SECTION III. REFERENCE PERIOD

The report covers the last accounting period, i.e. the accounting period from 1st January 2022 to 31st December 2022.

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

No legal actions nor other measures were taken by the Controlled Entity in the reference period at the initiative or in the interest of the Controlling Entity or the Related Entities concerning assets exceeding 10% of the Controlled Entity's equity as determined from the financial statements for the period immediately preceding the accounting period immediately preceding the accounting period for which this report on relations is being processed (as at 31/12/2021 10% of the Controlled Entity's equity capital was CZK 3,186,378 thousand). The Controlled Entity was also not prevented from taking actions or making strategic decisions due to the control of the company motivated by the interests or initiatives of the Controlling Entity.

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

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

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

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

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

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

SECTION VI DAMAGE SETTLEMENT

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

SECTION VII RELATION CONSEQUENCES ASSESSMENT

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

SECTION VIII CONCLUSION

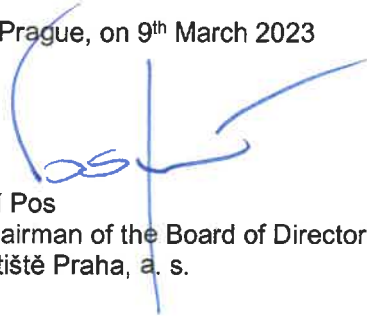
This report was discussed and approved by the Board of Directors of the Controlled Entity on 9th March 2023.

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

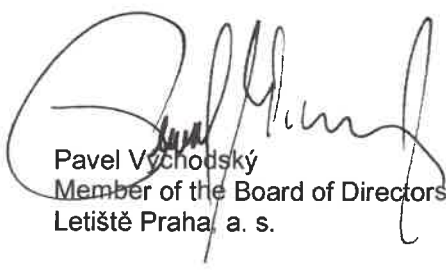
The required data was not made available to the statutory body of the Controlled Entity by the below-listed Related Entities:

- **HOLDING Kladno, a.s. v likvidaci**
- **Severočeské mlékárny a.s. Teplice**

In Prague, on 9th March 2023



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



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

Supervisory Board Report

1. Supervisory Board Meetings

In the course of 2022, the Supervisory Board of the company Letiště Praha, a. s. (hereinafter referred to as "the Company") met at thirteen meetings held at the Company's registered office, the last one being extraordinary.

2. Supervisory Board Members

Members of the Supervisory Board as of 31 December 2022

Supervisory Board	Position
Stanislav Kouba	Chairman
Petr Šobotník	Vice-Chairman
Jiří Hošek	Member
Jaroslav Kláška	Member
Martin Sekal	Member
Milan Suchý	Member

Personnel Changes in the Supervisory Board of the Company during the Year 2022

Ondřej Landa – termination of the membership and of the position of Vice-Chairman as of 16 January 2022

Jaroslav Kláška – appointed Member as of 1 July 2022

Jan Švejnár – termination of the membership and of the position of Chairman as of 30 September 2022

Martin Sekal – appointed Member as of 1 October 2022

Stanislav Kouba – appointed Chairman as of 4 November 2022

Petr Šobotník – appointed Vice-Chairman as of 4 November 2022

3. Work of the Supervisory Board in the Reporting Period

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

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

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

The Supervisory Board repeatedly discussed the impact of major events on the Company's economic performance and operations. At the beginning of the year, it was mainly the spreading of a new Covid-19 mutation and later the attention shifted to the impact of the Russian aggression against Ukraine launched in February 2022, the impact of the energy crisis and to the dealing with the demanding main season in terms of ensuring sufficient staffing levels. The Supervisory Board was also kept abreast of the latest air traffic and connectivity developments after travel related restrictions had been lifted.

When needed, the Supervisory Board consulted ad hoc issues that are, in accordance with the applicable legislation, subject to a decision by the sole shareholder acting in the capacity of the General Meeting of the Company, giving respective recommendations.

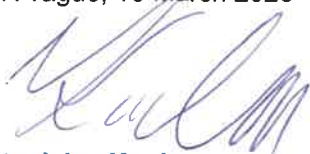
The Supervisory Board was actively engaged in the drafting of a 2023 financial plan and in an update of the Long-term Development Strategy of the Company. In this regard, the Board focused primarily on the area of terminal and runway capacity and on the Airport City Strategy.

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

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

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

In Prague, 16 March 2023



Stanislav Kouba

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

Audit Committee Report

1. Legal Status of Audit Committee

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

2. Audit Committee Meetings

In the course of 2022, the Audit Committee met at four meetings at the Company’s registered office and another two meetings were held via Microsoft Teams videoconference. The meetings took place on the following days:

- 14 March 2022
- 28 March 2022 (MS Teams)
- 13 May 2022
- 30 May 2022 (MS Teams)
- 20 September 2022
- 8 December 2022

Most of the Committee’s meetings in 2022 were also attended, besides its Members, by Mr. Jiří Pos, Chairman and Mr. Pavel Východský, Member of Letiště Praha, a. s., (hereinafter also referred to as “Prague Airport” or “the Company”) Board of Directors. Other regular participants were Mrs. Iveta Kašparová (Accounting and Taxes), Mr. Jan Vokoun (Finance) and Mr. Filip Zelingr (Audit, Risk Management and Compliance). Representatives of PricewaterhouseCoopers Audit, s.r.o., (hereinafter also referred to as “PwC”), which was appointed as an external auditor for the period from 2019 to 2022 by the sole shareholder in exercising the powers of the General Meeting, were invited to discuss topics and activities related to the external audit.

3. Members of the Audit Committee

Members of the Audit Committee as of 31 December 2022

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

There were no personnel changes in the Audit Committee during the year 2022.

4. Work of the Audit Committee in the Reporting Period

In 2022, the Audit Committee worked fully in compliance with applicable legal regulations, particularly with the Act on Auditors, the Articles of Association, the Rules of Procedure of the Audit Committee and the approved Plan of Activities of the Audit Committee for 2022.

At its meetings in 2022, the Committee was informed about current events and economic performance and operations of the Company. At the beginning of the year, it was mainly the spreading of a new Covid-19 mutation and later the impact of the Russian aggression against Ukraine. The Committee was also kept abreast of the increase in air traffic and latest connectivity developments after travel related restrictions had been lifted.

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

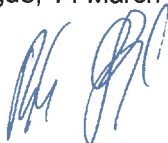
- Drafting of the Audit Committee's Activity Report for 2021 addressed to the sole shareholder (Annex of Letiště Praha, a. s., Annual Report for 2021);
- Monitoring of drafting process of financial statements and consolidated financial statements on a continuous basis (discussions with the representatives of the Company management);
- Monitoring of process of statutory audit of financial statements and consolidated financial statements on a continuous basis (external auditor's representatives (PwC) presentations of the audit process of the financial statements, and discussions with external auditor) and final assessment of compulsory audit outcome;
- Evaluation of the external auditor (especially in terms of the auditor's independence and quality of the audit);
- Discussing the Annual Reports of the Internal Audit, Risk Management and Compliance;
- Monitoring of effectiveness of internal control system, of internal audit and risk management of the Company;
- Oversight of performance, independence and objectivity of the internal audit;
- Approval or pre-approval regarding provision of "other non-audit services" pursuant to the Act on Auditors;
- Discussions on Quarterly Summary Reports on the Implementation of the Internal Audit Plan and on Implementation of Adopted Corrective Measures;
- Discussion on the report requested by the Committee regarding selected corrective measures from internal audit and the Civil Aviation Authority (CAA);
- Approval of a change in the Internal Audit and Risk Management Plan for 2022;
- Discussion on the Mid-term Plan of the Internal Audit and Risk Management;
- Approval of the Internal Audit and Risk Management Plan for 2023;
- Discussions on results of conducted internal audits and on implementation of adopted corrective measures;
- Approval of the Schedule of the Meetings and Plan of Activities of the Audit Committee for the year 2023;
- Discussing the results of the tender for external auditor for the period from 2023 to 2025 including the recommendation to the Supervisory Board regarding the selection of external auditor supported by respective arguments (the chairman of the Audit Committee was a member of the selection committee);
- Information on key developments in Prague Airport Group.

5. Conclusion

The Plan of Activities of the Audit Committee for the year 2022 was fully implemented. The Audit Committee regularly informed the Supervisory Board and, if applicable, it put forward its recommendations on the issues that were discussed during the AC meetings through the Chairman of the AC, who took part in the Supervisory Board meetings.

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

In Prague, 14 March 2023



Petr Šobotník

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

Financial Statements

For the Year Ended 31 December 2022

LETIŠTĚ PRAHA, A. S.
BALANCE SHEET
AS AT 31.12.2022 (IN THOUSAND CZK)

		31.12.2022			31.12.2021
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	60,230,172	(25,285,032)	34,945,140	35,381,351
B.	Fixed assets	58,951,891	(25,174,445)	33,777,446	34,469,617
B.I.	Intangible fixed assets	1,155,981	(954,514)	201,467	217,260
2.	Royalties	1,124,921	(954,499)	170,422	186,375
2.1.	Software	1,040,722	(887,476)	153,246	169,768
2.2.	Other royalties	84,199	(67,023)	17,176	16,607
4.	Other intangible fixed assets	1,181	-	1,181	-
5.	Advances paid and intangible fixed assets in the course of construction	29,879	(15)	29,864	30,885
5.2.	Intangible fixed assets in the course of construction	29,879	(15)	29,864	30,885
B.II.	Tangible fixed assets	55,059,903	(22,558,099)	32,501,804	32,826,721
1.	Land and constructions	45,469,119	(16,391,571)	29,077,548	29,472,931
1.1.	Land	18,203,922	-	18,203,922	18,195,223
1.2.	Constructions	27,265,197	(16,391,571)	10,873,626	11,277,708
2.	Equipment	8,341,762	(5,990,761)	2,351,001	2,637,747
3.	Adjustment to acquired fixed assets	216,274	(169,415)	46,859	61,278
4.	Other tangible fixed assets	19,778	(6,352)	13,426	15,012
4.3.	Tangible fixed assets - other	19,778	(6,352)	13,426	15,012
5.	Advances paid and tangible fixed assets in the course of construction	1,012,970	-	1,012,970	639,753
5.1.	Advances paid for tangible fixed assets	-	-	-	99
5.2.	Tangible fixed assets in the course of construction	1,012,970	-	1,012,970	639,654
B.III.	Long-term investments	2,736,007	(1,661,832)	1,074,175	1,425,636
1.	Investments - subsidiaries and controlling party	2,733,140	(1,661,832)	1,071,308	1,422,853
7.	Other long-term investments	2,867	-	2,867	2,783
7.1.	Long-term investments - other	2,867	-	2,867	2,783
C.	Current assets	1,241,343	(110,587)	1,130,756	880,383
C.I.	Inventories	70,376	(11,987)	58,389	53,553
1.	Raw materials	63,634	(11,987)	51,647	47,873
2.	Work in progress and semi-finished products	1,229	-	1,229	725
3.	Finished goods and goods for resale	4,425	-	4,425	4,006
3.1.	Finished goods	36	-	36	24
3.2.	Goods for resale	4,389	-	4,389	3,982
4.	Immature livestock	919	-	919	936
5.	Advances paid for inventory	169	-	169	13
C.II.	Receivables	1,066,868	(98,600)	968,268	814,333
1.	Long-term receivables	36,942	-	36,942	207,932
1.1.	Trade receivables	-	-	-	14,146
1.4.	Deferred tax asset	-	-	-	176,604
1.5.	Receivables - other	36,942	-	36,942	17,182
1.5.4.	Other receivables	36,942	-	36,942	17,182
2.	Short-term receivables	1,029,926	(98,600)	931,326	606,401
2.1.	Trade receivables	791,094	(96,581)	694,513	471,540
2.4.	Receivables - other	238,832	(2,019)	236,813	134,861
2.4.3.	Taxes - receivables from the state	15,846	-	15,846	56,464
2.4.4.	Short-term advances paid	19,893	-	19,893	13,555
2.4.5.	Estimated receivables	162,610	-	162,610	51,573
2.4.6.	Other receivables	40,483	(2,019)	38,464	13,269
C.IV.	Cash	104,099	-	104,099	12,497
1.	Cash in hand	4,961	-	4,961	4,481
2.	Cash at bank	99,138	-	99,138	8,016
D.	Prepayments and accrued income	36,938	-	36,938	31,351
1.	Prepaid expenses	36,938	-	36,938	31,351

LETIŠTĚ PRAHA, A. S.
BALANCE SHEET
AS AT 31.12.2022 (IN THOUSAND CZK)

		31.12.2022	31.12.2021
	TOTAL LIABILITIES AND EQUITY	34,945,140	35,381,351
A.	Equity	32,181,345	31,863,778
A.I.	Share capital	27,031,564	27,031,564
1.	Share capital	27,031,564	27,031,564
A.II.	Share premium and capital contributions	73,025	38,508
2.	Capital contributions	73,025	38,508
2.1.	<i>Other capital contributions</i>	14,494	14,317
2.2.	<i>Assets and liabilities revaluation</i>	58,531	24,191
A.IV.	Retained earnings / Accumulated losses	4,793,706	5,737,267
1.	Retained earnings	4,793,706	5,737,267
A.V.	Profit / (loss) for the current period	283,050	(943,561)
B.+C.	Liabilities	2,645,372	3,419,578
B.	Provisions	148,205	176,339
4.	Other provisions	148,205	176,339
C.	Liabilities	2,497,167	3,243,239
C.I.	Long-term liabilities	1,044,703	1,175,666
2.	Liabilities due to financial institutions	900,000	900,000
4.	Trade payables	132,564	275,666
8.	Deferred tax liability	12,139	-
C.II.	Short-term liabilities	1,452,464	2,067,573
2.	Liabilities due to financial institutions	-	973,909
3.	Short-term advances received	19,204	16,304
4.	Trade payables	540,594	566,245
6.	Liabilities - subsidiaries and controlling party	-	110,315
8.	Liabilities - other	892,666	400,800
8.3.	<i>Liabilities to employees</i>	110,667	93,131
8.4.	<i>Liabilities for social security and health insurance</i>	60,761	51,373
8.5.	<i>Taxes and state subsidies payable</i>	14,307	15,425
8.6.	<i>Estimated payables</i>	704,410	238,529
8.7.	<i>Other liabilities</i>	2,521	2,342
D.	Accruals and deferred income	118,423	97,995
1.	Accrued expenses	107,792	81,770
2.	Deferred income	10,631	16,225

LETIŠTĚ PRAHA, A. S.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR 2022 (IN THOUSAND CZK)

	2022	2021
I. Sales of products and services	5,731,966	3,064,192
II. Sales of goods	16,268	12,155
A. Cost of sales	1,320,176	1,114,210
1. Cost of goods sold	8,823	6,446
2. Raw materials and consumables used	596,123	408,125
3. Services	715,230	699,639
B. Changes in inventories of finished goods and work in progress	757	846
C. Own work capitalised	(34,661)	(29,001)
D. Staff costs	2,298,602	1,914,340
1. Wages and salaries	1,651,588	1,381,654
2. Social security, health insurance and other social costs	647,014	532,686
2.1. Social security and health insurance costs	571,600	471,185
2.2. Other costs	75,414	61,501
E. Value adjustments in operating activities	1,304,820	1,327,550
1. Value adjustments of fixed assets	1,304,444	1,343,439
1.1. Depreciation, amortisation and write off of fixed assets	1,342,350	1,393,595
1.2. Provision for impairment of fixed assets	(37,906)	(50,156)
2. Provision for impairment of inventories	2,364	(132)
3. Provision for impairment of receivables	(1,988)	(15,757)
III. Operating income - other	179,954	156,211
1. Sales of fixed assets	5,778	7,473
2. Sales of raw materials	55,734	22,782
3. Other operating income	118,442	125,956
F. Operating expenses - other	134,524	58,440
1. Net book value of fixed assets sold	50	651
2. Material sold	52,886	21,206
3. Taxes and charges from operating activities	11,300	14,247
4. Operating provisions and complex prepaid expenses	(28,134)	(30,792)
5. Other operating expenses	98,422	53,128
* Operating result	903,970	(1,153,827)
VI. Interest and similar income	1,617	62
2. Other interest and similar income	1,617	62
I. Value adjustments and provisions from financial operations	351,545	(41,182)
J. Interest and similar expenses	77,216	24,507
1. Interest and similar income - subsidiaries or controlling party	4,592	7,124
2. Other interest and similar income	72,624	17,383
VII. Other financial income	18	9
K. Other financial expenses	13,086	5,594
* Financial result	(440,212)	11,152
** Net profit / (loss) before taxation	463,758	(1,142,675)
L. Tax on profit or loss	180,708	(199,114)
1. Tax on profit or loss - current	-	(5,700)
2. Tax on profit or loss - deferred	180,708	(193,414)
** Net profit / (loss) after taxation	283,050	(943,561)
*** Net profit / (loss) for the financial period	283,050	(943,561)
* Net sales for the financial period	5,929,823	3,232,629

LETIŠTĚ PRAHA, A. S.
CASH FLOW STATEMENT
FOR THE YEAR 2022 (IN THOUSAND CZK)

		2022	2021
	Cash flows from operating activities		
	Net profit before tax	463,758	(1,142,675)
A.1	Adjustments for non-cash movements	1,700,980	1,284,229
A.1.1	Depreciation and amortisation of fixed assets and receivables written off	1,346,498	1,402,669
A.1.2	Change in provisions	285,881	(138,019)
A.1.3	(Profit)/loss from disposal of fixed assets	(5,728)	(6,822)
A.1.5	Net interest expense/(income)	75,599	24,445
A.1.6	Other non-cash movements	(1,270)	1,956
A*	Net cash flow from operating activities before tax and changes in working capital	2,164,738	141,554
A.2	Working capital changes	269,964	(252,225)
A.2.1	Change in receivables and prepayments	(318,761)	(156,932)
A.2.2	Change in short-term payables and accruals	595,924	(74,049)
A.2.3	Change in inventories	(7,199)	(21,244)
A**	Net cash flow from operating activities before tax	2,434,702	(110,671)
A.4	Interest received	1,617	62
A.5	Income tax paid	5,700	5,700
A***	Net cash flow from operating activities	2,442,019	(104,909)
	Cash flows from investing activities		
B.1	Acquisition of fixed assets	(1,168,536)	(1,346,643)
B.2	Proceeds from sale of fixed assets	5,778	7,473
B.4	Dividends and capital reduction proceeds *)	-	1,007,409
B***	Net cash flow from investing activities	(1,162,758)	(331,761)
	Cash flows from financing activities		
C.1	Change in long- and short-term liabilities	(136,300)	(276,563)
C.3	Interest paid	(77,450)	(23,653)
C***	Net cash flow from financing activities	(213,750)	(300,216)
	Net increase/(decrease) in cash and cash equivalents	1,065,511	(736,886)
	Cash and cash equivalents at the beginning of the year	(961,412)	(224,526)
	Cash and cash equivalents at the end of the year	104,099	(961,412)

*) The capital reduction was settled against received loan.

LETIŠTĚ PRAHA, A. S.
STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR 2022 (IN THOUSAND CZK)

	Share capital	Share premium and capital contributions	Assets and liabilities revaluation	Retained earnings and profit or loss for the current period	Total
Balance as at 1 January 2021	27,031,564	13,354	790	5,737,267	32,782,975
Equity transactions with owners	-	-	-	-	-
Other transactions	-	963	23,401	(943,561)	(919,197)
Assets acquired free of charge		963			963
Revaluation of shares value			72		72
Income tax impact			28,802		28,802
			(5,473)		(5,473)
Net profit / (loss) for the financial period				(943,561)	(943,561)
Balance as at 31 December 2021	27,031,564	14,317	24,191	4,793,706	31,863,778
Equity transactions with owners	-	-	-	-	-
Other transactions	-	177	34,340	283,050	317,567
Assets acquired free of charge		177			177
Revaluation of shares value			84		84
			42,291		42,291
Income tax impact			(8,035)		(8,035)
Net profit / (loss) for the financial period				283,050	283,050
Balance as at 31 December 2022	27,031,564	14,494	58,531	5,076,756	32,181,345

Notes to the Financial Statements

For the Year Ended 31 December 2022

1. General Information

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

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

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

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

The Company cooperates closely with the Ministry of Transport of the Czech Republic, the Civil Aviation Authority, the Air Navigation Services of the Czech Republic, air carriers, public authorities within and outside the aviation sector, and other users of the airport. It also enjoys close cooperation with the City of Prague and municipalities in the vicinity of the airport. Václav Havel Airport Prague is home base to four carriers - Ryanair, Smartwings, a.s., Eurowings and České aerolinie a.s.

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

The Company is aware of its corporate social responsibility with regard to the impact of its operations on the environment and its surrounding areas. Therefore, it pursues its business activities in a way which is considerate and responsible to the environment and the lives of people in the areas surrounding the airport.

2. Accounting Principles

a) Basis of Preparation of Financial Statements

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

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

The current economic situation is being impacted mainly by the war in Ukraine which broke out on 24 February 2022, including the related sanctions against Russia, then by disrupted supply chains, an energy crisis, uncertainty on the commodities and financial markets and finally by negative trends in key macroeconomic indicators with consequences on business, such as the inflation rate, growth of interest rates, volatility of foreign exchange rates and others.

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

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

b) Intangible Fixed Assets

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

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

Upon recognition, purchased intangible fixed assets are recorded at acquisition cost less accumulated amortisation and impairment.

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

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

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

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

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

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

2. Accounting Principles (continued)

b) Intangible Fixed Assets (continued)

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

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

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

c) Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life longer than one year and an acquisition cost exceeding CZK 20 thousand on an individual basis. Tangible assets with an acquisition cost of CZK 1 thousand to CZK 20 thousand on an individual basis are expensed upon acquisition and are recorded in the off-balance sheet.

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

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

Tangible fixed assets manufactured internally are recorded at own cost.

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

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

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

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

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

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

2. Accounting Principles (continued)

d) Long-term investments

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

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

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

e) Inventories

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

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

Work in progress represents construction contracts and it is recorded at direct costs, which include direct material and payroll costs and production overheads.

f) Receivables

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

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

g) Cash Flow

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

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

h) Foreign Currency Translations

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

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

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

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

2. Accounting Principles (continued)

i) Revenue and Expense Recognition

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

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

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

j) Subsidies

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

k) Provisions

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

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

l) Employee Benefits

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

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

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

m) Liabilities

Trade payables are recorded in their nominal value.

n) Loans

Loans are stated at their nominal value.

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

o) Interest Costs

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

All other interest costs are expensed on an accrual basis.

2. Accounting Principles (continued)

p) Derivative Financial Instruments

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

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

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

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

q) Taxation

Depreciation of Fixed Assets for Tax Purposes

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

Current Tax Payable

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

Deferred Taxation

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

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

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

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

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

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

r) Estimates

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

2. Accounting Principles (continued)

s) Related Parties

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

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

t) Equity

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

u) Subsequent Events

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

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

3. Intangible Fixed Assets

Cost CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
1 January 2021	943,900	77,486	2,781	27,562	1,051,729
Addition/transfers	78,974	-	5,220	3,402	87,596
Disposals	(8,411)	(250)	(8,001)	(64)	(16,726)
31 December 2021	1,014,463	77,236	-	30,900	1,122,599
Addition/transfers	44,140	7,032	20,792	(1,021)	70,943
Disposals	(17,881)	(69)	(19,611)	-	(37,561)
31 December 2022	1,040,722	84,199	1,181	29,879	1,155,981

Accumulated amortisation and impairment CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
1 January 2021	(798,390)	(51,069)	-	(15)	(849,474)
Amortisation	(54,716)	(10,551)	-	-	(65,267)
Disposals	8,411	250	-	-	8,661
Decrease of impairment	-	741	-	-	741
31 December 2021	(844,695)	(60,629)	-	(15)	(905,339)
Amortisation	(60,662)	(6,613)	-	-	(67,275)
Disposals	17,881	70	-	-	17,951
Decrease of impairment	-	149	-	-	149
31 December 2022	(887,476)	(67,023)	-	(15)	(954,514)

Net book value CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
31 December 2021	169,768	16,607	-	30,885	217,260
31 December 2022	153,246	17,176	1,181	29,864	201,467

4. Tangible Fixed Assets

Cost CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
1 January 2021	18,195,223	25,541,181	8,163,322	19,395	1,521,995	1	216,274	53,657,391
Additions/transfers	-	1,387,087	662,732	267	(879,689)	98	-	1,170,495
Disposals	-	(11,611)	(364,925)	(10)	(2,652)	-	-	(379,198)
31 December 2021	18,195,223	26,916,657	8,461,129	19,652	639,654	99	216,274	54,448,688
Additions/transfers	8,699	363,740	166,878	126	376,667	(99)	-	916,011
Disposals	-	(15,200)	(286,245)	-	(3,351)	-	-	(304,796)
31 December 2022	18,203,922	27,265,197	8,341,762	19,778	1,012,970	-	216,274	55,059,903

Accumulated depreciation and impairment CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
1 January 2021	-	(14,857,062)	(5,718,091)	(2,961)	(568)	-	(140,578)	(20,719,260)
Depreciation	-	(841,083)	(469,803)	(1,679)	-	-	(14,418)	(1,326,983)
Disposals	-	10,391	364,150	-	-	-	-	374,541
Other increase of depreciation	-	-	320	-	-	-	-	320
Decrease of impairment	-	48,805	42	-	568	-	-	49,415
31 December 2021	-	(15,638,949)	(5,823,382)	(4,640)	-	-	(154,996)	(21,621,967)
Depreciation	-	(805,499)	(453,352)	(1,712)	-	-	(14,419)	(1,274,982)
Disposals	-	15,123	286,072	-	-	-	-	301,195
Other increase of depreciation	-	(3)	(99)	-	-	-	-	(102)
Decrease of impairment	-	37,757	-	-	-	-	-	37,757
31 December 2022	-	(16,391,571)	(5,990,761)	(6,352)	-	-	(169,415)	(22,558,099)

Net book value CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
31 December 2021	18,195,223	11,277,708	2,637,747	15,012	639,654	99	61,278	32,826,721
31 December 2022	18,203,922	10,873,626	2,351,001	13,426	1,012,970	-	46,859	32,501,804

In 2022, the capital expenditures totalled CZK 1,168,536 thousand, with the largest projects including the reconstruction of Terminal 3 (CZK 237,203 thousand), the reconstruction of taxiways (CZK 120,297 thousand) and the replacement of back-up power generators for the main runway (CZK 67,856 thousand).

The most significant items on the account of tangible fixed assets in the course of construction as at 31 December 2022 are the costs of the reconstruction of Terminal 3 and the costs of preparatory works associated with the planned construction of parallel runway.

In 2022, line Depreciation, amortisation and write off of fixed assets in the profit and loss account includes the net book value of scrapped fixed assets in the amount of CZK 93 thousand (CZK 1,345 thousand in 2021).

The Company has no pledged assets as at 31 December 2022 and 2021.

4. Tangible Fixed Assets (continued)

As at 31 December 2022, land with a value of CZK 5,129,799 thousand was partly encumbered by easement (CZK 4,868,620 thousand as at 31 December 2021). However, the easements only related to an immaterial area of the land involved.

Based on an impairment review of constructions (with respect to their potential use either for its own purposes or for rent), the Company recorded an impairment of selected buildings, which equalled CZK 607,882 thousand as at 31 December 2022 (CZK 645,639 thousand as at 31 December 2021).

5. Investments in Subsidiaries

As at 31 December 2022 CZK '000	Acquisition date	Acquisition cost	Share in %	Net profit / (loss) in 2022	Equity
Czech Airlines Handling, a.s. (registered office: Praha 6, Aviatická 1017/2, post code 160 08)	26 October 2011	1,431,169	100	(74,334)	471,604
Czech Airlines Technics, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 160 08)	13 April 2012	1,085,000	100	(34,503)	699,176
B. aircraft, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 161 00)	27 November 2012	216,971	100	1,774	47,326
Total		2,733,140			

As at 31 December 2021 CZK '000	Acquisition date	Acquisition cost	Share in %	Net profit / (loss) in 2021	Equity
Czech Airlines Handling, a.s. (registered office: Praha 6, Aviatická 1017/2, post code 160 08)	26 October 2011	1,431,169	100	(58,599)	545,938
Czech Airlines Technics, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 160 08)	13 April 2012	1,085,000	100	(69,294)	724,951
B. aircraft, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 161 00)	27 November 2012	216,971	100	42,990	45,552
Total		2,733,140			

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

Management of the Company performed an impairment review of the investments in subsidiaries in 2022.

Based on the current business development of the subsidiaries and based on the probable future development scenarios the impairment to investments in subsidiaries was increased by CZK 351,545 thousand as at 31 December 2022.

5. Investments in Subsidiaries (continued)

The impairment to investments in subsidiaries equalled CZK 1,661,832 thousand as at 31 December 2022 (CZK 1,310,287 thousand as at 31 December 2021).

6. Inventories

A provision for obsolete and slow-moving inventory was recorded in the amount of CZK 11,987 thousand as at 31 December 2022 (CZK 9,623 thousand as at 31 December 2021).

7. Receivables

CZK '000		31 December 2022	31 December 2021
Long-term receivables			
Trade receivables		-	14,146
Deferred tax asset		-	176,604
Other receivables		36,942	17,182
Long-term receivables total		36,942	207,932
Short-term receivables			
Trade receivables	- not yet due	616,996	400,095
	- overdue	174,098	167,895
Other receivables	- not yet due	236,813	136,943
	- overdue	2,019	2,056
Short-term receivables total		1,029,926	706,989
Allowance for doubtful receivables		(98,600)	(100,588)
Net receivables total		968,268	814,333

Estimated receivables as at 31 December 2022 mainly include unbilled rent in the amount of CZK 127,153 thousand (CZK 36,666 thousand as at 31 December 2021), unbilled sale of heat in the amount of CZK 20,281 thousand (CZK 4,579 thousand as at 31 December 2021) and other unbilled operating revenues.

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

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

8. Equity

Authorised and Issued Share Capital:

31 December 2022			31 December 2021		
Nominal value	No.	Carrying value	Nominal value	No.	Carrying value
(CZK/share)	(pcs)	(CZK '000)	(CZK/share)	(pcs)	(CZK '000)
1,076	25,122,271	27,031,564	1,076	25,122,271	27,031,564

Based on the decision of the General Meeting of Shareholders held on 11 May 2022 the 2021 loss in the amount of CZK 943,561 thousand was settled against retained earnings.

Until the date of preparation of these financial statements, the Company has not proposed distribution of the profit earned in 2022.

9. Provision

CZK '000	Legal disputes and other business risks	Employee benefits and remuneration	Noise abatement measures	Emission allowances	Total
Opening balance as at 1 January 2021	13,327	47,792	146,012	-	207,131
Charge for the year	-	23,979	-	8,341	32,320
Reversed	(77)	(411)	-	-	(488)
Utilized	-	(47,430)	(15,194)	-	(62,624)
Closing balance as at 31 December 2021	13,250	23,930	130,818	8,341	176,339
Charge for the year	-	9,865	-	13,511	23,376
Reversed	(600)	(204)	-	(277)	(1,081)
Utilized	-	(10,872)	(17,982)	(21,575)	(50,429)
Closing balance as at 31 December 2022	12,650	22,719	112,836	-	148,205

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

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

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

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

10. Payables

CZK '000	31 December 2022	31 December 2021
Long-term liabilities		
Liabilities due to financial institutions	900,000	900,000
Trade payables	132,564	275,666
- of which payables within the consolidation group	683	7,934
Deferred tax liability	12,139	-
Long-term liabilities total	1,044,703	1,175,666
Short-term liabilities		
Trade payables - not yet due	539,998	565,430
- overdue	596	815
- of which payables within the consolidation group	25,798	887
Trade payables total	540,594	566,245
Liabilities due to financial institutions	-	973,909
Short-term advances received	19,204	16,304
Liabilities – subsidiaries and controlling party	-	110,315
Other liabilities - not yet due	892,666	400,800
- of which payables within the consolidation group	1,008	1,030
Short-term liabilities total	1,452,464	2,067,573
Short-term and long-term liabilities total	2,497,167	3,243,239

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

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

As at 31 December 2022 the Company has retainage payables in the amount of CZK 31,807 thousand (CZK 19,621 thousand as at 31 December 2021) due after more than 5 years.

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

As at 31 December 2022, short-term liabilities exceed short-term assets. However, it does not represent any endangerment of the financial position or the going concern of the Company, as the Company is able to revolve the short-term intercompany loans and has access to further external financing that exceeds the balance of short-term payables.

Estimated payables as at 31 December 2022 mainly include incentives for airlines in the amount of CZK 533,443 thousand (CZK 84,719 thousand as at 31 December 2021), the unbilled acquisition of fixed assets in the amount of CZK 26,192 thousand (CZK 36,448 thousand as at 31 December 2021), the expenses related to untaken vacation, quarterly and annual employees' bonuses in the amount of CZK 59,609 thousand (CZK 46,405 thousand as at 31 December 2021), unsettled donations to municipalities in the amount of CZK 28,647 thousand (CZK 5,512 thousand as at 31 December 2021), and other unbilled operating expenses.

10. Payables (continued)

Loans and Other Debt

CZK '000	31 December 2022	31 December 2021
Bank loan - long term	900,000	900,000
- overdraft	-	973,909
Short term intercompany loans	-	110,315
of which <i>principal</i>	-	110,000
<i>accrued interest</i>	-	315
Loans and other debt total	900,000	1,984,224

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

The loan has certain financial covenants attached to it. Violation of these covenants can lead to immediate maturity of the debt. The Company has not violated these covenants as at 31 December 2022.

The Company drew the loan in the total amount of CZK 900,000 thousand as at 31 December 2022 (CZK 900,000 thousand as at 31 December 2021).

In 2022 and 2021, the Company drew a bank overdraft from Komerční banka, a.s. The overdraft interest rate is defined as PRIBOR plus margin. The overdraft is not secured. The overdraft was not drawn as at 31 December 2022.

Interest expenses related to bank loans equalled CZK 72,624 thousand in 2021 (CZK 17,383 thousand in 2021).

On 15 January 2020, the Company concluded framework loan agreements with B. aircraft, a.s. and Czech Airlines Handling, a.s. Based on these agreements the Company drew a loan in the total amount of CZK 0 thousand as at 31 December 2022 (CZK 110,000 thousand as at 31 December 2021). The interest rate for the intercompany loans is defined as PRIBOR plus margin.

Interest expenses related to intercompany loans equalled CZK 4,592 thousand in 2022 (CZK 7,124 thousand in 2021).

11. Derivative Financial Instruments

Hedging derivatives

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

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

As at 31 December 2021, the Company has concluded the following cash-flow hedging derivatives:

CZK '000	Fair value		Nominal amount
	Positive	Negative	
Swap	29,002	-	900,000
Cash-flow hedging derivatives total	29,002	-	900,000

11. Derivative Financial Instruments (continued)

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

CZK '000	2022	2021
As at 1 January	23,329	-
Fair value transferred during the year from equity to income statement	(23,996)	(200)
Fair value increase / (decrease)	66,287	29,002
Income tax related to cash flow hedging	(8,035)	(5,473)
As at 31 December	57,585	23,329

12. Other Liabilities

Accrued expenses as at 31 December 2022 mainly include unbilled acquisition of fixed assets in the amount of CZK 63,202 thousand (CZK 47,898 thousand as at 31 December 2021).

Deferred income mainly includes accrued rent and parking revenues.

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

Deferred income relating to the companies within the consolidation group as at 31 December 2022 equalled CZK 517 thousand (CZK 197 thousand as at 31 December 2021).

13. Income Tax

The income tax expense analysis:

CZK '000	2022	2021
Current tax expense	-	-
Retrospective utilisation of tax loss	-	(5,700)
Deferred tax expense/(revenue)	180,708	(193,414)
Total income tax expense/(revenue)	180,708	(199,114)

Current tax expense analysis:

CZK '000	2022	2021
Profit before tax	463,758	(1,142,675)
Non-deductible expenses	509,791	1,281,741
Tax-exempt revenues	(312,367)	(169,066)
Tax base before deductible items	661,182	(30,000)
Deductible items	(1,331)	-
Utilization of tax loss	(659,851)	-
Tax base	-	(30,000)
Corporate income tax (19%)	-	-

13. Income Tax (continued)

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

CZK '000	31 December 2022	31 December 2021
Deferred liability arising from:		
Difference between accounting and tax net book value of fixed assets	(349,061)	(294,260)
Derivative financial instruments	(13,508)	(5,472)
Deferred tax asset arising from:		
Provision and estimated payables	18,046	17,466
Allowances and other temporary differences	124,009	136,776
Tax loss	208,375	322,094
Net deferred tax asset/(liability)	(12,139)	176,604

As at 31 December 2022 the Company had tax losses in the amount of CZK 1,035,382 thousand which can be utilized until 2025 and tax losses in the amount of CZK 61,329 thousand which can be utilized until 2026.

14. Revenue Analysis

Revenues from the main activities:

CZK '000	2022	2021
Air traffic operations (mainly airline fees)	3,831,772	1,859,082
Commercial and other rent	894,963	525,515
Other revenues (parking, VIP lounges, restaurants, energy)	1,021,499	691,750
Total	5,748,234	3,076,347

All revenues are generated in the Czech Republic.

15. Employees

Staff costs in 2022:

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

Staff costs in 2021:

	Average recalculated number of employees	CZK '000
Salaries of the members of Board of Directors, Supervisory Board and Audit Committee	13	44,645
Wages and salaries of employees	2,260	1,321,684
Wages – temporary workers	46	15,325
Social security and health insurance costs		471,185
Social costs		61,501
Staff costs total	2,319	1,914,340

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

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

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

In 2022, the members of the Supervisory Board, the members of the Board of Directors and the members of the Audit Committee received regular monthly remuneration in accordance with applicable agreements, which were approved by the Ministry of Finance. Furthermore, in 2022, after prior approval by the Supervisory Board, the members of the Board of Directors received a remuneration based on the fulfilment of assigned annual and medium-term KPIs. Provision had been created for the medium-term KPIs on an ongoing basis (provisions are included in Note 9). In 2022, one member of the Board of Director received a compensation for post-termination non-compete.

Except for the benefits mentioned above, no other financial or non-financial benefits were provided in 2022 to the founder, members of statutory and supervisory bodies, Audit Committee, or the Company's management.

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

16. Related Party Transactions

Purchases and sales within the consolidation group:

CZK '000	2022		2021	
	Purchases / Interest	Sales	Purchases / Interest	Sales
Czech Airlines Handling, a.s.	9,684	213,111	8,973	150,144
Czech Airlines Technics, a.s.	842	214,634	1,769	204,163
B. aircraft, a.s.	2,175	326	8,761	994

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

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

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

17. Fees Paid and Payable to the Audit Company

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

18. Commitments

As at 31 December 2022 the Company had contracted investment commitments in total amount of CZK 307,397 thousand (CZK 432,640 thousand as at 31 December 2021).

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

19. Contingent Liabilities

Management of the Company is not aware of any contingent liabilities as at 31 December 2022.

20. Cash Flow Statement

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

CZK '000	31 December 2022	31 December 2021
Cash in hand, vouchers and cash in transit	4,961	4,481
Cash at bank	99,138	8,016
Overdraft bank loan	-	(973,909)
Total	104,099	(961,412)

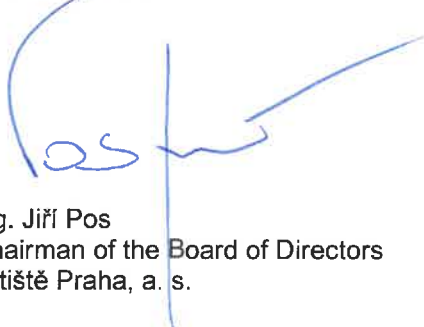
21. Subsequent Events

In January 2023 an amendment was signed to the syndicated loan agreement with the syndicate of banks Československá obchodní banka, a.s., Raiffeisenbank a.s. and Všeobecná úverová banka, a.s. originally concluded in October 2021. The amendment focuses on financing according to ESG principles and establishes specific parameters that will be regularly evaluated and when met, the existing loan interest margin will be reduced. The basic pillar of the amendment is the gradual reduction of the carbon footprint, beyond which the Company further identifies with specific social and governance principles.

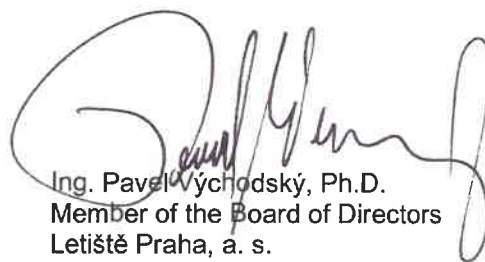
On 10 March 2023, Ing. Petr Šobotník was removed from the position of a Supervisory Board member with effect from 31 March 2023 and Mgr. Pavel Dobeš was appointed as new Supervisory Board member with effect from 1 April 2023. Until the date of preparation of these financial statements the change was not registered in the Commercial Register.

No other events have occurred subsequent to year-end that would have a material impact on the financial statements for the year 2022.

31 March 2023



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



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



Independent Auditor's Report

To the shareholder of Letiště Praha, a. s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Letiště Praha, a. s., with its registered office at K letišti 1019/6, Praha 6 - Ruzyně (the "Company") as at 31 December 2022, and of the Company's financial performance and cash flows for the year ended 31 December 2022 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2022,
- the profit and loss account for the year ended 31 December 2022,
- the statement of changes of equity for the year ended 31 December 2022,
- the cash flow statement for the year ended 31 December 2022, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

31 March 2023

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

A handwritten signature in blue ink, appearing to read 'Jiří Zouhar'.

Jiří Zouhar
Statutory Auditor, Licence No. 2542