WOOD & COMPANY FINANCIAL SERVICES, AS
FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2023

in accordance with the International Financial Reporting Standards as adopted by the European Union as amended by the law of the European Communities

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	December 31, 2023 thousand CZK	December 31, 202 2 thousand CZK
Interest income calculated using the effective interest rate method		144,552	136,377
Interest expense calculated using the effective interest rate method		-138,319	-122,586
Net interest income	**6**	**6,233**	**13,792**
Other financial income		13,772	124,980
Other financial costs		-9,594	-91,092
Net other financial income	**7**	**4 178**	**33,888**
Revenue from fees and commissions		846,663	785,279
Cost of fees and commissions		-265,752	-268,257
Net income from fees and commissions	**8**	**580 911**	**517,022**
Net profit from financial operations	9	109,096	182,423
Other operating income/expenses, net	10	55,489	6,768
Total operating income		**755,908**	**753,893**
Administrative expenses	11	-638,663	-647,498
Depreciation	11 , 19	-45,491	-44,227
Total operating costs		**-684 154**	**- 691,725**
Profit / (loss) before tax		**71,754**	**62 168**
Income tax	12	-17,578	-4,217
Deferred tax	12	95	-3,344
Net profit for the period from continuing operations		**54,271**	**54,607**
Net profit / (loss) for the period from discontinued operations	28	-251	-38,764
Net profit / (loss) for the period		**54,020**	**15,844**

Other full result		
Items that can be reclassified to income (or expenses) in the future:		
Conversion of foreign units to reporting currency	1,749	- 1,159
Full result total	**55,769**	**14,685**

The appendix is an integral part of these unconsolidated financial statements.

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 20 2 3

	NOTE	December 31, 2023 thousand CZK	December 31, 2022 thousand CZK
ASSETS			
Current assets			
Money and bank account balances	13	289,300	522 255
Financial assets for trading	14	149,908	240,644
Other financial assets measured at fair value against income or expenses	17	481,942	349,949
Trade receivables and other receivables	15	4,030,392	4,976,950
Income tax receivables	12	0	16,534
Deferred expenses and income and other assets	16	21,010	16,721
Assets held for distribution to owners and discontinued operations	28	49,886	44,527
Total current assets		**5,022,439**	**6,167,581**
Fixed assets			
Long-term receivables	18	7,322	7 173
Deferred tax asset	12	342	246
Intangible assets, net	19	69,014	76,502
Land, buildings and equipment, net	19	86,012	100,238
Total fixed assets		**162,690**	**184 159**
Total assets		**5,185,130**	**6,351,740**
EQUITY AND LIABILITIES			
Capital and funds			
Basic capital	20	445,500	445,500
Reserve fund formed from profit		15,293	15,293
Retained Earnings / (Loss)	21	434,850	419 006
Profit / (loss) for the accounting period		54,020	15,844
Fund from the revaluation of foreign units		263	- 1,487
Total capital and funds		**949,926**	**894 156**
Liabilities from issued debt securities	27	0	2 110
Liabilities from rental contracts	24	55,704	62,270
Reserves	26	4,611	3,827
Equity and long-term liabilities		**1,010,241**	**962 364**
Current liabilities			
Liabilities to banks	23	230 293	514,815
Financial commitments to trading	14	99,064	190 147
Liabilities from business relationships and other liabilities	22	3,826,003	4,658,343
Liabilities from rental contracts	24	9,407	14,800
Accruals and other liabilities	25	459	336
Income tax payable		5,984	0
Liabilities related to assets held for distribution to owners and discontinued operations	28	3,679	10,935
Total current liabilities		**4,174,889**	**5,389,377**
Total equity and liabilities		**5,185,130**	**6,351,740**

The appendix is an integral part of these unconsolidated financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Basic capital thousand CZK	Reserve fund formed from profit thousand CZK	Capital fund for share/option program thousand CZK	Retained earnings/loss thousand CZK	Fund from revaluation thousand CZK	In total thousand CZK
Note	**20**	**21**		**20**		
Status as of 1.1.2022 2	**445,500**	**15,293**	**0**	**419 006**	**-328**	**879,472**
Gain/loss from revaluation of foreign units	0	0	0	0	- 1,159	- 1,159
Profit for 2022	0	0	0	15,844	0	15,844
Status as of December 31, 2022	**445,500**	**15,293**	**0**	**434,849**	**- 1,487**	**894 156**
Status as of 1/1/2023	**445,500**	**15,293**	**0**	**434,849**	**- 1,487**	**894 156**
Gain/loss from revaluation of foreign units	0	0	0	0	1,749	1,749
Profit for 2023	0	0	0	54,020	0	54,020
Status as of December 31, 2023	**445,500**	**15,293**	**0**	**488,869**	**263**	**949,925**

The appendix is an integral part of these unconsolidated financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	December 31, 2023 thousand CZK	December 31, 2022 thousand CZK
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	**21**	**71,754**	**62 167**
Depreciation of tangible and intangible assets	19	45,491	44,227
Change in the value of adjustment items and reserves		296	- 1,197
Exchange rate changes		- 17,872	- 16,910
Operating profit before changes in operating assets and liabilities		**99,668**	**88,287**
Trade receivables and other receivables and Financial assets valued at amortized cost	15	940 909	1,133,540
Financial instruments for trading	14	- 348	199 117
Other assets		- 3,671	7,513
Liabilities from business relationships and other liabilities	22	- 839,173	-1,682,115
Other obligations		122	- 102
Payment of income tax	12	- 7,354	- 18,871
Other operational changes		12,389	8,973
NET CASH FLOW FROM OPERATING ACTIVITIES		**202,543**	**- 263,660**
CASH FLOW FROM INVESTING ACTIVITIES			
Expenditures for the purchase of other financial assets measured at fair value against income and expenses		-3,303,075	-2,177,887
Income from the sale and maturity of financial assets measured at fair value against income and expenses		3,171,081	2,249,795
Purchase of tangible and intangible assets	19	- 21,079	- 46,493
Long-term receivables		- 149	- 2,109
NET CASH FLOW USED IN INVESTING ACTIVITIES		**-153,222**	**23,306**
CASH FLOW FROM FINANCIAL ACTIVITIES			
Increase in short-term loans and credits		0	496,598
Reduced short-term loans and credits		- 284,521	
Expenditures for the redemption of own bonds	27	- 2,110	0
Lease principal repayments	24	- 15,268	- 23,876
NET CASH FLOW USED IN FINANCIAL ACTIVITIES		**-301,899**	**472,722**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**- 252,579**	**232,369**
Exchange differences in cash		**19,623**	**15,752**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**13**	**522 255**	**274 135**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**13**	**289,300**	**522 255**

Additional information on Operating Cashflow		
Interest received	144,790	130,712
Interest paid	-138,315	-118,815
Dividends from trading assets	10,329	13 192

The appendix is an integral part of the non-consolidated financial statements.

1. USE OF THE CZECH CROWN AS THE REPORTING CURRENCY

WOOD & Company Financial Services , as (hereinafter referred to as the "Company") publishes audited statutory financial statements including a statement of financial position as of December 31, 2023, a statement of comprehensive income, an overview of changes in equity and an overview of cash flows for the year ending on this date and an appendix to these financial statements , which contains a description of the material accounting methods used and other explanatory information.

This statement is prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) and adopted by the European Union.

The financial statements are drawn up in Czech crowns (CZK, CZK). The method of recalculation of assets, liabilities, revenues, costs and other items of the comprehensive income and equity of the Company's foreign units is given in chapter 3 .

Unless otherwise stated, all amounts are expressed in thousands of CZK.

The financial statements were approved for publication by the Company's board of directors on April 29, 2024. The financial statements are also subject to approval by the Company's shareholders.

2. INTRODUCTION

WOOD & Company Financial Services , as (hereinafter referred to as "WOOD & Co." or the "Company"), with its registered office at Náměstí Republiky 1079/1a, 110 00 Prague 1, is a joint-stock company that was officially registered in the commercial register maintained by the registry court in 2002. Subject activities are mainly trading, provision of investment services and trading in financial instruments on own account. The Company also includes the following branches

- WOOD & Company Financial Services United Kingdom with registered office at 1 Ropemaker Street, EC2Y 9HT London
- WOOD & Company Financial Services Romania with registered office Lamda Office Building , 7A Sos. Bucuresti-Ploiesti 013682 Bucharest 1
- WOOD & Company Financial Services Poland with registered office Marszałkowska , 7th floor, ul . Marszałkowska 126/134, 00-008 Warsaw
- WOOD & Company Financial Services Slovakia with headquarters at Gorkého 4 , 811 01 Bratislava
- WOOD & Company Financial Services Italy with registered office at Via Luigi Settembrini 35, 20124 Milan
- WOOD & Company Financial Services Ireland with registered office Suite 207 3013, Lake Drive, City West Campus, Dublin 24 D24 PPT3, Citywest , Dublin

Capital structure and financial resources of the Company

, 2023, the Company's equity was 949,925 thousand CZK (2022: CZK 894,156 thousand).

In addition to internal financing, the Company has secured revolving overdraft facilities from various commercial banks. In most cases, the use of these frameworks is limited to financing the daily settlement of trades only.

Shareholder structure

The final majority shareholders of the Company as of 31 December 2023 were Jan Sýkora, Vladimír Jaroš and Ľubomír Šoltýs (owners). These individuals are considered members of key management.

The sole shareholder of the Company at the date of this report is WOOD & Company Group SA, with registered office at 17 boulevard FW Raiffeisen , L-2411 Luxembourg , Grand Duchy of Luxembourg.

Board of Directors as of 31/12/2023:

The basic rule agreed between the main shareholders and the members of the Board of Directors of the Company is that the shareholders/members of the Board of Directors of the Company will be represented on the Board of Directors as follows:

Chairman – Vladimír Jaroš
Vice-chairman – Petr Musil
Member – Petr Beneš
Member – Ondřej Jedlička
Member – Jan Teplý
Member – Zuzana Mora

Supervisory Board as of 31 December 2023:

Chairman – Jan Sýkora
Vice-chairman - Ľubomír Šoltýs
Member – Vojtěch Láska
Member – Marek Herold

In 2023, there were changes in the Company's board of directors. There were no changes in the Company's supervisory board in 2023.

3. BASICS OF COMPILING FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) adopted by the European Union.

Non-consolidated financial statements are compiled on the basis of accruals of costs and revenues, where transactions and other facts are recognized at the time of their occurrence and accounted for in the financial statements for the period to which they materially relate, assuming the entity's ability to continue its activities.

The Company's Board of Directors has considered the potential effects of the war in Ukraine on its activities and business and has concluded that they do not have a material impact on the entity's indefinite-lived assumption. Considering this, the financial statements as of 12/31/2023 were prepared on the assumption that the Company will continue to be able to continue its activities.

The financial statements consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and an appendix to the financial statements.

The non-consolidated financial statements are based on the principle of valuing assets at historical prices, adjusted for fair valuation of financial assets that are not valued at amortized cost and financial liabilities for trading and all derivative contracts at the date of the statement of financial position. Significant accounting rules are described in Chapter 5 .

Comparable data in the statement of financial position represent balances as of December 31, 2022, in the statement of comprehensive income and statement of cash flows balances for the year ending December 31, 2022.

The non-consolidated financial statements are presented in Czech crowns (hereinafter referred to as "CZK"), which is the Company's reporting currency.

The functional currency of the Company, i.e. the currency of the economic environment in which the Company primarily develops its activities, is the Czech crown. As mentioned in Chapter 2 , the company has six branches abroad, which are considered foreign units from an accounting point of view. The functional currency of foreign units is the Polish zloty in Poland, the British pound in Great Britain, the Romanian new lei in Romania, and the euro in Italy, Ireland and Slovakia.

Disclosure of financial statements according to IFRS adopted by the European Union requires the Company's management to use estimates and assumptions that affect the reported values of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the period under review. These estimates are based on information available at the date of the financial statements and actual values in the future may differ from these estimates. A key source of estimation uncertainty at the end of the accounting period is the valuation of financial assets (see Section 5).

4. ADOPTION OF NEW AND AMENDED STANDARDS

4.1. Newly applied standards and interpretations, the application of which did not have a material effect on the financial statements

During the current period, amendments to the following standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union became effective for annual periods beginning on or after January 1, 2023:

- IFRS 17 Insurance contracts

This standard was originally intended to be binding from the regular accounting period beginning on January 1, 2021. At its meeting held in March 2020, the IASB decided to postpone the binding effect until 2023. Entities could already apply the standard before this date, but only if they simultaneously apply also IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments. IFRS 17 Insurance contracts defines the principles of accounting, valuation and reporting of issued insurance contracts and disclosure of related information in the annex to the financial statements. According to this standard, similar principles as for insurance contracts will also apply to reinsurance contracts and to investment contracts with elements of voluntary participation. The aim is for accounting entities to provide relevant and true information about insurance contracts that will enable users of the financial statements to assess the impact of contracts falling within the scope of IFRS 17 on the financial position, financial performance and cash flows of the accounting entity.

- 17 Insurance contracts (amendment)

The amendment to IFRS 17 is binding from the regular accounting period starting on January 1, 2023, but accounting entities could apply it before that date. The aim of the amendment is to help companies implement IFRS 17. In particular, the amendment reduces the costs of its adoption by simplifying some of its requirements and contributes to an easier explanation of financial performance. It also eases the transition to the new standard by postponing its effective date to 2023 and providing other reliefs aimed at reducing the effort required to initially apply IFRS 17.

The application of IFRS 17 and amendments has no impact on the Company's financial statements.

- IFRS 17 Insurance contracts – Initial application of IFRS 17 and IFRS 9 – comparative information (amendment)

The amendment is binding from the regular accounting period starting on January 1, 2023, but accounting entities can apply it before this date if they have also adopted IFRS 17. Accounting entities that simultaneously apply IFRS 17 and IFRS 9 for the first time will, in accordance with this amendment, have the possibility of using the classification adjustment (" classification overalls") removing possible contradictions in the accounting of financial assets and liabilities from insurance contracts presented for the previous (comparative) period. An accounting entity that uses this classification adjustment will report comparative information as if the relevant financial asset had already been classified and valued in previous accounting periods in accordance with the requirements of IFRS 9. Another advantage is that it will not have to follow the provisions of IFRS 9 regarding reduction the value of financial assets. The aim of the amendment is to avoid temporary accounting mismatches between financial assets and liabilities from insurance contracts, thereby increasing the benefit of comparative information for users of financial statements.

The application of the adjustments has no impact on the Company's financial statements.

- IAS 8 Accounting Rules, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendment)

The amendment applies to the regular accounting period starting on January 1, 2023, but accounting entities can apply it before this date. Applies to changes in accounting rules and changes in accounting estimates that occurred on or after the beginning of this accounting period. The amendment introduces a new definition of "accounting estimates", defining them as monetary amounts in financial statements that are subject to measurement uncertainty. It also explains what changes in accounting estimates are and how they differ from changes in accounting rules and corrections of errors.

The application of the adjustments has no impact on the Company's financial statements.

- IAS 12 Income taxes: Deferred tax related to receivables and payables that arise from a single transaction (amendment)

The amendment is effective from the regular accounting period starting on January 1, 2023, but accounting entities can apply it before this date. In May 2021, the IASB issued an amendment to IAS 12 that narrows the scope of the exemption from initial recognition under IAS 12 and explains how companies should account for deferred tax for, for example, leasing transactions or decommissioning liabilities. In accordance with the amendment, the exemption from initial recognition will not apply to transactions that give rise to equally large taxable and deductible temporary differences. It will only apply if the recognition of the lease asset and the lease liability (or the decommissioning liability and related asset) gives rise to taxable and deductible temporary differences that are not equal.

The application of the adjustments has no impact on the Company's financial statements.

- IAS 1 Preparation and publication of financial statements and Opinions on the application of IFRS No. 2: Publication of accounting rules

The amendments are effective for annual accounting periods beginning on January 1, 2023 and are applied prospectively. An earlier application is allowed. Once the accounting entity applies the amendments to the IAS 1 standard, it can also apply the amendments to the Opinion on the Application of IFRS No. 2.

The amendments change the requirements for disclosure of accounting policies. An entity is now required to disclose significant (material) accounting policies instead of substantive (significant) accounting rules. Further amendments explain how an entity can determine significant (material) accounting rules. At the same time, Opinion on the Application of IFRS No. 2 was amended by adding guidance and examples that explain and show how to apply the "four-step process of determining materiality" to information about accounting rules.

The application of the adjustments has no impact on the Company's financial statements.

4.2. Issued standards and interpretations that have not yet become effective

a) As of the date of this financial statement, the following amendments to existing standards adopted by the EU have been issued, which have not yet entered into force :

- IAS 1 Compilation and publication of financial statements: Classification of liabilities as short-term or long term (novel)

The amendments postpone the effective date of the January 2020 amendment so that entities apply the amendments for annual accounting periods beginning on or after January 1, 2024
The aim of the amendment is to ensure a more consistent application of the provisions of this standard by enabling accounting entities to better determine whether they should classify liabilities with an indefinite settlement date in the statement of financial position as short-term or long-term.

The application of the adjustments will have no impact on the Company's financial statements.

- IFRS 16 Leasing: Lease liabilities on sale and leaseback (amendments)

The amendments are effective for annual accounting periods beginning on or after January 1, 2024. Previous application is allowed. The seller-lessee applies the changes retrospectively in accordance with IAS 8 to sales and leasebacks concluded after the date of initial application, which is determined as the beginning of the annual accounting period in which the entity first applied IFRS 16.
The amendments clarify how a seller-lessee subsequently values a sale and leaseback that meets the requirements of IFRS 15 to be accounted for as a sale.

The application of the adjustments will have no impact on the Company's financial statements.

- IAS 1 Preparation and disclosure of financial statements: Non-current liabilities with covenants (adjustments)

The amendments are effective for annual accounting periods beginning on or after January 1, 2024. The adjustments are applied retrospectively in accordance with IAS 8 and earlier application is permitted.
The amendments clarify how the conditions that accounting entities must meet within twelve months after the end of the accounting period affect the classification of liabilities.

The application of the adjustments will have no impact on the Company's financial statements.

b) The following standards and adaptations of existing standards have not yet been approved for use in the EU :

- Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture

The amendments resolve the existing contradiction between the requirements of IFRS 10 and IAS 28 regarding accounting for the loss of control over a subsidiary in the event of its sale or investment in an associate or joint venture. The main consequence of the amendment is that if the assets that are the subject of the transaction represent a business (whether or not it is part of a subsidiary), the related gain or loss will be recognized in full. In contrast, if the transaction involves assets that are not a business (even if they are part of a subsidiary), the entity recognizes only a partial gain or loss. In December 2015, the IASB postponed the date of binding validity of the amendment indefinitely, its determination will depend on the outcome of a research project devoted to the equivalence method.

The amendment has not yet been approved by the European Union. The application of the adjustments will have no impact on the Company's financial statements.

- Arrangements for supplier financing (amendments to IAS 1 and IFRS 7)

These amendments complement the disclosure requirements and "indicators" under the existing disclosure requirements that require entities to provide qualitative and quantitative information about supplier financing arrangements. The amendments are effective for annual accounting periods beginning on or after January 1, 2024.

The amendment has not yet been approved by the European Union. The application of the adjustments will have no impact on the Company's financial statements.

- Insufficient convertibility (amendments to IAS 21)

These amendments provide guidance on specifying when a currency is convertible and how to determine the exchange rate when it is not. The amendments are effective for annual accounting periods beginning on or after January 1, 2025.

The amendment has not yet been approved by the European Union. The application of the adjustments will have no impact on the Company's financial statements.

The company has decided not to use new standards, amendments to existing standards and interpretations before their effective date. As stated above, the Company does not expect the application of the above standards and interpretations to have a material impact on the financial statements.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES AND PROCEDURES

5.1. Material accounting judgments and estimates

In applying accounting policies to prepare non-consolidated financial statements in accordance with IFRS, it is necessary for management to use professional judgement, make estimates and use assumptions affecting the amounts of assets and liabilities reported at the balance sheet date, as well as the revenues and expenses reported for given season. These estimates and accounting judgments are based on information available at the date of the financial statements and relate in particular to:

- Determining the fair values of financial instruments not listed on active markets that are classified as financial assets or financial liabilities at fair value through profit or loss or financial assets measured against other comprehensive income; the calculation of the fair value is based on market data (exchange rates, interest rates) and other information existing at the date of drawing up the financial statements.
- The assessment of the fulfillment of the contractual conditions in the provision of investment banking services is based on the information available to the Company's management as of the date of drawing up the financial statements.
- Valuation of tangible and intangible assets, including rights of use, is based on the expected use of this asset, the expected period of its economic usefulness, or the expected duration of lease agreements.
- Valuation of goodwill is based on an estimate of future cash flows and the required rate of return on equity and debt financing;
- The amount of reserves, which is based on the expected amount of payments,
- The amount of impairment of financial assets measured at amortized cost or fair value through comprehensive income, which is based on expected losses and the value of these assets at the date of failure.

5.2. Reporting interest income and expenses

Interest income and expenses are reported in the statement of comprehensive income as they arise based on accounting in a temporal and material context on the line "Interest income" and "Interest expense". The Company accounts for interest income and interest expense using the effective interest rate method. The effective interest rate is an interest rate that accurately discounts the estimated future cash payments (without the influence of credit states) over the expected duration of the financial instrument to the net book value of the financial asset or financial liability.

5.3. Reporting income and expenses from fees and commissions

Revenues from fees and commissions are charged at the moment when the company fulfills its contractual obligation towards the client. In the event that the contract contains several partial contractual obligations, the total contractual price is divided between the individual contractual obligations and the Company reports income upon fulfillment of each partial contractual obligation. Payments received before the contractual obligation is fulfilled are recognized as a liability. Costs incurred before the fulfillment of the contractual obligation are then reported as an asset in IFRS, if they are costs directly related to the fulfillment of the contract, the costs are aimed at fulfilling the contractual obligation and the Company expects that these costs will be reimbursed.

The main categories of revenues from customer contracts are, as discussed in Chapter 8, capital market transaction fees, analytical services revenues, asset management fees and investment services revenues. In the case of transactions on the capital market, the contractual obligation is usually fulfilled at the time of the transaction, and the income is also charged at that time.

Analytical services are usually provided on an ongoing basis and the price is fixed for a specific period. Fulfillment of contractual obligations occurs gradually during the duration of the contract. Revenues from these services are always charged at the end of the period (month or calendar year).

For services consisting of management, the contractual obligation is fulfilled continuously throughout the entire accounting period. A fixed part of the remuneration is charged to income regularly during the accounting period. If the remuneration includes a component dependent on the performance of the managed portfolio, such revenue is booked at the end of the accounting period if the conditions for the variable remuneration component have been met.

For investment banking analytical services, the moment of fulfillment of the contractual obligation is the moment agreed in the contract. Depending on the contractual arrangement, the contractual obligation may be fulfilled gradually during the duration of the contract or it may be fulfilled at the moment specified in the contract (e.g. the moment when a transaction occurs that relates to the provided services). If a variable component of the remuneration is agreed (e.g. upon successful implementation of the project and acquisitions), this part is charged as income only after the successful completion of the project.

Income from fees and commissions is reported on the line "Income from fees and commissions".

The costs of fees and commissions are reported in the period to which they are materially and temporally related (see above), on the line "Costs of fees and commissions".

5.4. Other financial costs/income

Other financial income/expenses are reported by the Company if they arise from an asset/liability that do not meet the definition established by the Conceptual Framework of International Accounting Standards, and from the receivable (asset) the Company receives an expense and, conversely, from the liability (liability) the Company receives income.

In the reported accounting period and the comparable accounting period, these were loans of securities to the client entered in the form of a repo trade with a negative interest rate.

5.5. Financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument (trade date).

Financial assets and financial liabilities are measured at fair value upon initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for financial assets and financial liabilities at fair value recognized in profit or loss) are added to the fair value of the financial asset or deducted from the fair value of the liability upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value recognized in profit or loss are recognized immediately in the statement of comprehensive income.

<u>Classification and valuation of financial assets</u>

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "financial assets at fair value through comprehensive income", "financial assets measured at amortized cost".

Financial assets valued at amortized cost:

Financial assets can be measured at amortized cost if they are held under a model that aims to hold financial assets for the purpose of collecting contractual cash flows and the cash flows are exclusively repayments of principal and interest on principal.

Analysis of the characteristics of contractual cash flows

As part of the analysis of the characteristics of the contractual cash flows, the Company evaluates whether the contractual cash flows from loans and debt securities represent only payments of principal and interest on the outstanding amount of principal. The principal is considered to be the real value of the financial asset at the time of its accounting. The interest includes the time value of money, a surcharge for credit risk resulting from the currently owed principal, a surcharge for other costs and risks arising from lending and the required profit margin.

When evaluating whether the cash flows consist exclusively of repayments of principal and interest, the Company evaluates the contractual terms of the given financial instrument. This includes evaluating whether the financial asset includes contractual arrangements that may change the timing and amount of the contractual cash flows. As part of the evaluation, the Company assesses:

- contingent events that may change the timing and amount of contractual cash flows;
- lever effect ;
- premature repayment and extension maturity ;
- conditions which they limit accountant unit at direct debit monetary flows from specific asset ;
- conditions which they modify payment for time value money .

Business model

The definition of the Company's business models reflects the way of jointly managing groups of financial assets in order to achieve a defined business objective. When assessing the objective of the business model, the Company takes into account the following information in particular:

- established methods and objectives for the portfolio
- way assessment performance commercial model and how it is given performance notified key knowledge Companies ;
- risks which they influence performance commercial model and financial assets held within this commercial model and method
- management these risks ;
- way rewarded managers and businessmen .

In the statement of financial position, financial assets at accrued value are reported in the items "Cash and deposits with banks", "Trade receivables and other receivables", "Long-term receivables" and "Securities valued at accrued value". and include loans and receivables from banks and debt securities that are not intended for trading. Accrued value is the purchase price less principal repayments, increased by accrued interest and reduced by expected impairment losses through an allowance. To calculate the accrued value, the Company uses the effective interest rate method. Fees and related transaction costs are an integral part of the effective interest rate. Interest income from financial assets measured at amortized cost is reported in the statement of comprehensive income under the item "Interest income". Impairment losses are reported in the statement of comprehensive income in the item "Other operating expenses".

Financial assets measured at fair value reported in other comprehensive income ("FVOCI")

Debt instruments can be valued at fair value reported in other comprehensive income if they are held in a business model whose goal is achieved by collection of contractual cash flows and sales, and at the same time the cash flows are exclusively repayments of principal and interest on principal. Unrealized gains and losses from debt securities are reported in other comprehensive income. At the time of sale, accumulated profits and losses from other economic results will be reclassified to profit and loss. In the accounting period 2023 or 2022, the company did not value any debt instrument at fair value reported in other comprehensive income.

For equity securities that are not held for trading, the Group may decide at the time of their initial recognition that subsequent changes in fair value will be reported against the equity accounts. This classification is irreversible. The Company did not use this option in 2023 or 2022.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets can be measured at fair value through profit or loss if the cash flows do not meet the conditions of the contractual cash flow characteristic test or are part of a business model whose objective is to hold financial assets for the purpose of realizing their value through sale. In addition, upon initial recognition, it is possible to irrevocably classify a financial asset that otherwise meets the requirements to be measured at amortized cost or fair value through other comprehensive income as measured at fair value through profit or loss, if it is excluded or significantly limited thereby valuation or accounting mismatch that would otherwise occur.

Financial assets valued at fair value through profit or loss are reported in the statement of financial position in the items "Financial assets held for trading" and "Other financial assets valued at fair value against income and expenses"

Capital instruments for which the Company decides that they are intended for trading or for which it does not exercise the option of accounting for movements in fair value in other comprehensive income are valued at fair value through profit or loss.

Changes in the net fair values of financial assets measured at fair value through profit or loss are reported in the statement of comprehensive income under the item "Net profit from financial operations".

Impairment loss of financial assets

For financial assets measured at amortized cost and debt financial assets measured at fair value through comprehensive income, the Company determines an impairment loss in the amount of expected losses. The amount of expected losses is based on historical experience and takes into account expected market developments.

IFRS 9 requires the use of a three-stage model for the calculation of adjustment items, which evaluates the change in credit risk at the date of the financial statements.

Level 1 – financial assets for which there has been no significant increase in credit risk since initial recognition or have a low credit risk as of the date of the financial statements. For all assets in this category, a twelve-month expected credit loss is recorded and the interest income is calculated from the gross book value of the financial asset.

Level 2 – financial assets for which there has been a significant increase in credit risk since initial recognition, but their impairment has not yet occurred. For these assets, the expected credit loss is booked for the entire duration of the asset and the interest income is calculated from the gross book value of the financial asset.

According to the Company's methodology, there is a significant increase in credit risk if one or more criteria are met. Quantitative criteria are based on changes in the probability of failure values, Qualitative criteria are changes in external market indicators, changes in contract conditions and changes in internal risk assessment.

Level 3 – financial assets for which there is objective evidence of impairment. For these assets, expected credit losses are booked over the life of the asset and interest income is calculated based on the net book value of the assets. According to the Company's methodology, the receivable is impaired especially if the debtor is in arrears for more than 180 days, the debtor has died or the debtor is insolvent.

For trade receivables and receivables from outstanding securities transactions with an original maturity of less than one year, the Company uses a simplified model; impairment losses are set at the amount of expected losses over the entire lifetime of the receivable.

When calculating the current value of expected credit losses, the Company is based on the values of probability of default (Probability of Default - "PD"), loss at default (Loss Given Default - "LGD"), exposure at default (Exposure at Default - "EAD") and discount factor ("D"). For receivables from unsettled securities transactions and receivables from trade relations, the impairment loss is determined as a percentage of the value of the receivables divided by the time past due. For receivables from reverse repo loans and loans to non-bank entities, the Company then determines the expected loss based on an individual assessment of the borrower's credit risk after taking collateral into account.

Classification and valuation of financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are classified as at fair value through profit or loss if the financial liability is held for trading or is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are reported at fair value, with any revaluation gains or losses reported in the statement of comprehensive income under the item "Net profit from financial operations" . Other financial liabilities (including loans) are subsequently valued at residual value using the effective interest rate method.

Accounting for financial assets and financial liabilities

All regular purchases and sales of financial assets (spot transactions) are reported or written off on the date of the transaction (trade date). Regular purchases or sales are purchases or sales of financial assets that require delivery of the asset within a time frame set by regulation or market convention. Purchases and sales of financial assets with a settlement period longer than usual for spot transactions are considered financial derivatives (see subsection financial derivative instruments).

5.6. Repurchase Agreements

Securities sold on the basis of repurchase agreements (repo operations) are not debited and continue to be reported as assets on the line "Financial assets for trading" in the Statement of Financial Positions. Securities provided as collateral are recorded on the sub-balance sheet. The value of securities from the category "Financial assets for trading", which are provided as collateral, is calculated in the appendix to the financial statements. At the same time, the Company reports a liability in the amount of the received performance, which is included in the relevant line "Liabilities to banks" or "Liabilities from business relations and other liabilities".

For repurchase agreements, the difference between the purchase and sale price is considered an interest expense, which is reported as part of the Interest expense item and is determined using the effective interest rate method.

Securities bought on the basis of resale contracts (reverse repo operations) are not reported in the statement of financial position and are recorded in off-balance sheet records. The corresponding claim arising from the granted loan is reported in the Statement of Financial Position as an asset on the appropriate line "Cash and deposits with banks" or "Receivables from trade relations and other receivables".

For resale contracts, the difference between the sale and purchase price is considered as interest income, which is reported as part of the item Interest income and is determined using the effective interest rate method.

In the case of the sale of securities acquired as collateral within the framework of a reverse repo operation, the Company reports the amount due from the short sale revalued to fair value in the relevant line "Trading liabilities" in the statement of financial position.

5.7. Financial derivative instruments

The Company enters into a number of derivative financial instruments to manage its exposure to currency risks. All financial derivatives are classified as trading financial instruments.

Derivatives are initially recognized at fair value on the date of conclusion of the derivative contract and are subsequently revalued to fair value at the end of each accounting period. The resulting profit or loss is reported immediately in the statement of comprehensive income as "Net profit from financial operations".

5.8. Conversions of data in foreign currencies to Czech currency

All transactions denominated in foreign currency are charged and converted to Czech crowns at the official exchange rate announced by the CNB valid at the time of the transaction.

At the end of the accounting period, assets and liabilities representing monetary items in foreign currency are converted to Czech crowns at the exchange rate announced by the CNB valid on that date. Assets and liabilities representing the right to receive (or the obligation to pay) a fixed or determinable number of foreign currency units are considered to be foreign currency monetary units Realized and unrealized profits and losses from the translation of foreign currency assets and liabilities into Czech crowns are reported in the statement of comprehensive income as "Net profit from financial operations".

Assets and liabilities that do not represent monetary units and equity items are translated at the historical exchange rate.

Assets, liabilities, income, expenses and equity transactions of foreign subsidiaries representing the foreign unit are translated into the reporting currency as follows:

- assets and liabilities including data for a comparable period at the exchange rate on the date of the financial statements
- revenues and expenses including data for a comparable period at the exchange rate on the date of the transaction
- equity transactions at the exchange rate on the date of the transaction.

Differences arising from the translation of foreign units from the functional currency to the Company's reporting currency are reported as part of other comprehensive income on the line Conversion of foreign units to reporting currency.

5.9. Income tax

Tax payable for the current period represents tax calculated on the basis of taxable income for the year using the tax rate in effect at the date of the statement of financial position and any adjustments to the income tax liability for the previous period.

Deferred tax is charged on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences only up to the amount of probable future taxable income.

The carrying amount of deferred tax assets is revised at the end of each accounting period and reduced to the level where it is no longer probable that sufficient taxable profit will arise against which all or part of the asset could be set off.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates (and tax laws) enacted or substantively enacted at the end of the accounting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would result from the manner in which the Company expects to recover or offset the carrying amount of its assets and liabilities at the end of the accounting period.
Tax for the period and deferred tax is reported in the statement of comprehensive income, unless it relates to items that are reported in other comprehensive income or directly in equity; in this case, tax for the period and deferred tax is reported in other comprehensive income or directly in equity.

5.10. Fixed tangible and intangible assets

Long-term tangible and intangible assets are reported at historical acquisition prices less depreciation and accumulated impairment losses. The acquisition price includes fees to experts and other costs directly related to the acquisition of the asset. Fixed assets are depreciated using the indirect method using accumulated copies. Depreciation is calculated using the straight-line method so that the acquisition value of long-term tangible and intangible assets is written off over the estimated useful life of the asset.

Goodwill represents the difference between the consideration transferred, the value of all non-controlling interests
in the acquired company and any shares held so far in the acquired company and the fair value of any equity share held by the acquirer in the acquired company and the amount of acquired identifiable assets and assumed liabilities valued at the date of acquisition.

During the accounting period, the Company used the following estimated useful lives of assets expressed in years:

Property type	Depreciation period (in years)
Technical evaluation	10 – 30
Inventory	3 – 10
Automobiles	4
Hardware equipment	3
Software	3-7
Right of use	2-5

At the end of each accounting period, the Company reviews the carrying amount of tangible and intangible assets to determine whether there is any indication that the asset may be impaired. If any such indication exists, the recoverable amount of such asset is estimated to determine the extent of any impairment losses. If it is not possible to determine the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. Enterprise-wide assets are allocated to a separate cash-generating unit if a reasonable and consistent basis for their allocation can be determined. Otherwise, enterprise-wide assets are assigned to the smallest group of cash-generating units for which a reasonable and consistent basis for their assignment can be determined.

The recoverable amount is equal to the higher of the asset's fair value less costs to sell or value in use. When assessing value in use, the estimate of future cash flows is discounted to their present value using a pre-tax discount rate that reflects the normal market assessment of the time value of money and the specific risks for the given asset that have not been adjusted for the estimates of future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is reflected directly in the economic result.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to a revised estimate of its recoverable amount, but such that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined had it not been recognized in previous years no impairment loss on the asset (or cash-generating unit). The reversal of the impairment loss is reflected directly in profit or loss.

Intangible assets with indefinite useful lives, intangible assets not yet in use and goodwill are assessed for impairment each year regardless of whether there is any indication of impairment.

5.11. Leasing contracts

Company as lessor

The company acts as a lessor only to related companies when subleasing office space. Both the head lease and the sublease are considered two separate contracts and charged separately. None of these contracts meet the criteria of a finance lease. Income from sublease is charged evenly over the duration of the contract.

Company as lessee

For short-term leases and leases involving low-value assets, the costs are charged to the Company's expenses on a straight-line basis over the term of the lease. The Company considers lease agreements concluded for a period of less than 12 months to be short-term, and assets with a purchase price of less than 100,000 as low-value assets. CZK.

When determining the rental period, the Company bases it on the non-cancellable rental period agreed in the contract. If part of the lease agreement includes the Company's right to extend the agreement or the right to terminate the agreement, the Company takes these factors into account when determining the expected lease term, depending on whether it anticipates their use.

For other leases, the Company accounts for the right of use and obligation from the lease as of the lease commencement date.

The liability from lease agreements is valued at the lease commencement date at the current value of the expected contractual rent payments. In the case of the Company, these payments include fixed or variable rent depending on the index or rate. The variable component of the rent depending on the development of the price index is determined at the start of the lease according to the value of the index on the date of the start of the lease. To determine the present value, the Company uses the Company's current borrowing rate as the discount rate, unless the implicit lease interest rate is known. For 2023, the company's borrowing rate was determined based on external financing rates. The subject of lease agreements, from which the right of use flows, is exclusively the lease of office space, therefore the Company used a uniform discount rate of 2.06% pa in 2023 . (2022: 2% pa) .

The lease liability is subsequently increased by the accrued interest and decreased by the rent paid.

The short-term and long-term part of the lease liability are reported on separate lines of the Statement of Financial Position.

If, after the start of the lease, there is a change in the expected payments included in the valuation of the lease liability, the Company will adjust the value of the liability and at the same time adjust the valuation of the right of use.

The right of use is valued at the lease commencement date at an amount corresponding to the initial value of the lease liability adjusted for rent payments made prior to the commencement of the lease, incentives and costs incurred to conclude the lease agreement. Subsequently, the value of the right of use is reduced by depreciation and any impairment loss. Right-of-use is depreciated on a straight-line basis over the expected term of the lease (or over the useful life of the asset, if shorter); the duration also takes into account the contractual right to unilaterally extend or terminate the rental agreement.

In the event of a change in the expected payments included in the valuation of the lease liability, the Company will adjust the value of the lease liability to reflect the new expected payments and at the same time adjust the value of the right of use.

5.12. Reserves

A company creates a provision if:

- has a current obligation (legal or material) resulting from a past event,
- it is probable that an outflow of resources representing economic benefits will occur to settle the liability;
- it is possible to make a reliable estimate of the amount of the liability.

A provision is recognized at an amount that represents the best estimate of the amount necessary to settle the current liability.

5.13. Post-employment benefits

For employees in the Italian branch, the Company creates a mandatory severance fund for post-employment benefits. Severance pay, according to Italian labor law terminology, is paid on the basis of accumulated funds. The procedures for the correct calculation of severance pay are set out in Article 1 of Law No. 297/1982 and Article 2.120 of the Italian Civil Code, which can be summarized as follows:

1. the monthly statement includes all remuneration, including benefits in kind paid to the worker depending on the employment relationship, unless it is a casual employment relationship and unless otherwise stated in collective agreements .
2. the sum of the respective salaries paid monthly is divided by a coefficient of 13.5 at the end of each year or at the end of the employment relationship.
3. the amount not collected in the previous year is always valorized based on the valorization coefficient established by the National Statistical Office in Italy (ISTAT).
4. Each year, a deduction of 0.50 is calculated, paid monthly by the employer per employee in the form of a deposit to the Italian State Social Security Administration (INPS) together with contributions;
5. By adding the amount specified in point 2) to the amount obtained in point 3) and subtracting the amount specified in point 4), we get the amount that will be set aside as an expense of the Company and as a liability reported as a Reserve for post-employment benefits.
6. The new legislation, which has been in force since March 2015, provides for the possibility of:
   - pay the worker monthly the amount of severance pay accumulated for the given month or
   - collect these funds on the Company's account,
   - transfer funds to the pension fund, according to the employee's choice

The company reports the costs of creating the fund in "Administrative expenses" in the statement of comprehensive income and reports the value of the fund in the statement of financial position as "Reserve for post-employment benefits ". After the end of the employment, the amount is paid out by reducing the value of the fund (reserve) and the loss of funds. The value of the fund is revalued using the actuarial method in accordance with the requirements of IAS 19, and gains or losses from revaluation are reported in other comprehensive income.

5.14. Securities operations for clients

Securities accepted by the Company for safekeeping, management or storage are charged in market or nominal values, if the market value is not available and recorded on the sub-balance sheet under the item "Assets accepted for administration and safekeeping".

Securities taken over by the Company for the purpose of their management are accounted for in market or nominal values, if the market value is not available and recorded on the sub-balance sheet under the item "Assets accepted for management".

5.15. Issued debt securities

Issued debt securities are classified as other financial liabilities measured at amortized cost. Issued debt securities are valued upon initial reporting at the issue price, including the direct costs of the issue. Subsequently, liabilities from the issued bonds are increased by accrued interest costs determined by the effective interest rate method. In the statement of financial position, the bonds are recorded in the item "Liabilities from issued bonds". Accrued interest is recorded in the item "Interest expenses" in the statement of comprehensive income.

5.16. Method of determination of fair value

The Company classifies fair value measurements using a fair value hierarchy that reflects the materiality of the inputs used in the measurement. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for the same assets or liabilities (level 1),
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (level 3).

See Chapter 36 for details.

5.17. Cash and bank account balances

The item Cash and bank account balances also includes restricted cash, the use of which by the Company is limited by contractual conditions. Restricted funds are not included in the Statement of Cash Flows. Cash on hand, deposits with central banks and deposits with other banks with maturity within one day are considered cash equivalents.

Client funds received as part of client property management are not part of the item, they are reported in the sub-balance sheet.

5.18. Non-current assets held for sale or distribution to owners and discontinued operations

Non-current assets and disposal groups of assets classified as held for sale or distribution to owners are valued at the lower of book value less costs to sell. These assets (and related liabilities) are reported separately in the Statement of Financial Position.

Non-current assets and disposal groups are classified as held for sale if their carrying amount is realized by way of sale and not by their use.

A non-current asset or disposal group is classified as held for distribution to owners if the company undertakes to distribute the asset or disposal group to owners. The condition for classification is that the assets are available for immediate distribution in their current state and that distribution must be highly probable.

A discontinued operation is that part of the company that is classified as held for sale or for distribution to owners that:

- It represents a separate main field or territorial area of activity
- It is part of one coordinated plan to eliminate a separate major field or territorial area of activity, or
- It is a subsidiary acquired solely with the intention of selling it.

The company discloses the profit or loss from discontinued operations as a separate line item in the Statement of Comprehensive Income. Detailed information on non-current assets held for distribution to owners and discontinued operations is provided in Chapter 28.

5.19. The impact of climate change

The Company assessed the possibility of the impact of climate change on its assumptions and guesswork with an increased degree of uncertainty. Due to the nature of the Company's activity - trading on financial markets for clients - no material impact was identified.

6. NET INTEREST INCOME

Interest income in the amount of 144,552 thousand CZK (2022: CZK 136,377 thousand) is generated mainly from provided repo loans and money market loans.

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 202 2 thousand CZK
Interest income calculated method effective interest rates	**144,552**	**136,377**
Credits and loans provided	142,627	130,974
Other	1 925	5,403
Interest expense calculated using the effective interest rate method	**-138,319**	**- 122,586**
Overdraft loans	-27,610	- 15,979
Accepted credits and loans	-109,255	- 105,045
Lease interest	-1,402	- 1,498
Other	-52	- 64
Net interest income	**6,233**	**13,792**

7. OTHER FINANCIAL INCOME/COSTS

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 2022 thousand CZK
Other financial income	13,772	124,980
Other financial costs	-9,594	-91,092
Net other financial income	**4 178**	**33,888**

Other financial income and expenses result from securities lending transactions of clients. Due to the unstable development on the capital market in 2022 and 2023, there was a sharp decrease in clients for the service of financing equity positions.

8. NET INCOME FROM FEES AND COMMISSIONS

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 202 2 thousand CZK
Income from fees and commissions:	**849,676**	**785,279**
Capital markets transactions	434,665	451,045
Analytical services	83,777	79,464
Property management	70,648	15,185
Investment banking	257,573	239,585
Other	3,013	0
Cost of fees and commissions:	**-268,765**	**-268,257**
Transactions with securities	-268,765	-259 158

Other	0	-9,099
Total net fee and commission income	**580 911**	**517,022**

9. NET PROFIT FROM FINANCIAL OPERATIONS

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 202 2 thousand CZK
Net profit from trading in securities for own account	86,296	155,604
Net profit from exchange rate revaluations	10,648	11,299
Dividend income	12 152	15,520
Net profit from financial operations	**109,096**	**182,423**

10. OTHER OPERATING INCOME/EXPENSES, NET

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 202 2 thousand CZK
Reinvoicing of operating costs	3,662	4007
Other operating income	759	3 139
Sale of QMD activities	50,581	0
Dissolution/(creation) of reserves for receivables	487	- 378
Other operating income/expenses, net	**55,489**	**6,768**

In May 2023, the company sold part of its quantitative market making activities to a company outside the ownership structure. Revenue from sales amounted to 50,581 thousand. CZK and is made up of the sales price and the estimated fair value of the discarded long-term tangible and intangible assets.

11. ADMINISTRATIVE EXPENSES

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 202 2 thousand CZK
Wages, salaries and rewards	-283,609	-271 137
Social security and health insurance costs	-79,211	-78,853
Contribution to the TFR fund	-1,829	-2,515
Employee costs	**-364,649**	**-352,504**
Other administrative costs	-274,014	-294,994
Total administrative costs	**-638,663**	**-647,498**
Depreciation	-45,491	-44,227
Total administrative and other costs	**-684 154**	**-691,725**
Number of employees at the end of the period	196	245
Average number of employees for the period	184	235
Average cost per employee per employee	**-1979**	**-1,503**

Other administrative costs mainly include IT costs (CZK 83,943 thousand; CZK 144,113 thousand in 2022), services related to the operation of office premises and costs related to leases classified as short-term or related to low-value assets (CZK 15,338 CZK 19,180,000 in 2022, legal expenses (CZK 7,140,000 in 2022), travel expenses (CZK 10,192,000 in 2022) .

The line Other administrative costs also includes the remuneration of the external auditor, which for the year 2023 amounts to 2,150,000. CZK. and is related to the mandatory verification of financial statements and annual reports and reports on the adequacy of measures taken to protect the customer's assets (so-called MiFID reports). The auditor's remuneration for the year 2022 amounted to 2,150,000 CZK. The Company's external auditor is Ernst & Young Audit, s.r.o. for both 2023 and 2022.

12. TAXES

The corporate income tax rate for the year ending December 31, 2023 is 19 percent. The Company's tax liability is calculated on the basis of accounting profit/(loss) according to Czech accounting standards, taking into account tax-deductible costs and exempt income or income subject to the final rate of withholding tax.

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 202 2 thousand CZK
Profit / (loss) before tax	71,754	62 168
Theoretical tax calculated using a tax rate of 19% (2022: 19%)	**13,633**	**11,812**
Tax effect of non-taxable income	-996	-825
Tax effect of tax-deductible costs	6,644	3,809
Tax effect of other deductions	-1,415	-1.564
Tax effect of loss from discontinued operations	0	-7,365
Tax effect of dividend income, income of foreign branches and tax of the previous period	-382	1,695
Income tax expense/(revenue).	**17,483**	**7,561**
- Deferred tax on it	-95	3,344

DEFERRED TAX

	Year ending December 31, 2023 thousand CZK	Year ending December 31, 202 2 thousand CZK
Deferred tax assets		
Estimates of labor costs	358	0
Reserves	3,079	2,685
The difference between the accounting and tax residual value of a fixed asset, including rights of use		0
Adjustments to receivables	40	73
Contract fines and penalties	34	338
Postponed tax commitments		
Difference between accounting and tax balance price long term property	-3,170	-2,850
Net deferred tax assets/(liabilities)		**246**
Movement of deferred tax assets/(liabilities)		
Status at the beginning of the period	246	3,591
Net change reported as revenue/(expense)	95	-3,344
Status at the end of the period	**341**	**246**

Deferred income taxes are calculated on all taxable and deductible differences between tax bases and book values using effective tax rates of 21% (2022: 19 %) applicable for 2023 and beyond. The change in the income tax rate from 19% to 21% from 2024 represents a higher deferred tax yield of CZK 33,000.

13. MONEY AND BANK ACCOUNT BALANCES

	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Cash on hand	263	1,065
Current bank accounts	289,036	521 190
Total money and bank account balances	**289,300**	**522 255**

Cash on hand and checking accounts with banks in total represent cash and cash equivalents for cash flow reporting purposes. The Restricted funds item represents funds contractually blocked on the account for the needs of a third party.

14. FINANCIAL ASSETS AND LIABILITIES FOR TRADING

Financial assets for trading

	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Shares and equity securities traded on regular markets	45,574	49,623
Fair value of financial derivatives	104,335	191,022
Total trading assets	**149,908**	**240,644**

Commitments to trade

	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Liabilities from short sales	0	1,665
Fair value of financial derivatives	99,064	188,483
Total trading liabilities	**99,064**	**190 147**

Shares are denominated in the currencies of individual local markets.

Nominal values of foreign exchange transactions	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Receivables from fixed term operations	10,408,025	11,038,558
Liabilities from fixed term operations	10,402,800	11,033,524

Information on risks arising from financial assets and financial liabilities for trading and methods of their management are described in chapters 29-34.

15. TRADE RECEIVABLES AND OTHER RECEIVABLES

	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Receivables from securities trading	2,010,615	951 672
Claims from repo / buy sell operations	1,406,586	3,259,515
Receivables from loans to non-bank entities without collateral	480 497	287,412
Receivables from loans to non-bank entities secured by collateral	0	382,734
Trade receivables and other receivables	61,685	49,034
Guess items active	55 303	33,030
Advances provided - short term	15,706	13,553
Trade receivables and other receivables in total	**4,030,392**	**4,976,950**

Receivables from securities trading in the amount of 2,010,615 thousand CZK mainly include capital transactions for clients that remained unpaid at the end of 2023 (2022: CZK 951,672 thousand). These transactions were subsequently fully settled at the beginning of January 2024. Due to the method of settlement of trades (delivery versus payment), these receivables carry minimal credit risk. For securities trading receivables, the impairment loss is set at the amount of the twelve-month expected loss. Based on historical experience and the nature of the receivables, the Company assessed the risk of expected twelve-month losses as insignificant. In neither 2023 nor 2022 did any of the receivables reported in this category experience a significant increase in credit risk. The Company has not recognized any impairment loss on these receivables.

Receivables from reverse repo operations represent short-term loans secured by securities. For receivables from reverse repo operations and buy-sell operations, the impairment loss is primarily determined at the amount of the twelve-month expected loss. Claims are always secured by securities with a value higher than the value of the claim. The credit risk of the borrower and the value of the collateral are regularly evaluated by the Company. The company assessed the risk of expected twelve-month losses on existing receivables as insignificant. In neither 2023 nor 2022 did any of the receivables reported in this category experience a significant increase in credit risk. The Company has not recognized any impairment loss on these receivables. Securities accepted as collateral within the framework of reverse repo operations amount to 2,061,007 thousand. CZK (4,457,549 thousand CZK in 2022). Securities are valued at fair value. All securities accepted as collateral may be sold or further pledged.

Receivables from unsecured loans to non-bank entities represent loans granted to selected business partners, including related parties. For receivables from loans to non-bank entities, the impairment loss is primarily determined at the amount of the twelve-month expected loss. Expected losses are based on an individual assessment of individual borrowers. Considering that the majority of loans are provided to related companies, the Company assesses the risk of expected credit losses on existing receivables as insignificant. In 2022 and 2023 there was no deterioration in credit risk and the Company reported no loss.

Receivables from loans to non-bank entities secured by financial collateral amount to 0 thousand. CZK as of December 31, 2023 (2022: CZK 382,734 thousand).

Receivables from business relationships and other receivables in the amount of 61,685 thousand. CZK includes receivables from issued invoices for asset management services, investment banking and analytical services (CZK 38,783 thousand, 2022: CZK 46,307 thousand). It also includes relationships within the group (CZK 174,000 , 2022: CZK 45,000) due to cost re-invoicing. For trade receivables, the impairment loss is determined in the amount of the expected loss for the remaining lifetime of the receivable, when the expected loss is based on the period after the validity of the receivable. Based on historical experience and the nature of the receivables, the Company assessed the risk of expected losses as insignificant.

As of 31/12/2023, the Company calculated expected losses from the impairment of financial assets. The total expected amount of impairment did not exceed 1,000 thousand. CZK. The method of credit risk management is described in chapter 32.

16. DEFERRED EXPENSES AND INCOME AND OTHER ASSETS

Deferred costs as of 31 December 2023 in the amount of 21,010 thousand CZK (2022: CZK 16,721 thousand) mainly include prepaid maintenance of IT systems and rent.

17. OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE AGAINST INCOME AND EXPENSES

	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Unlisted bonds	513	66,295
Unlisted stocks and shares	481 429	283,654
Other financial assets measured at fair value in total	**481,942**	**349,949**

The unlisted bonds item as of 31/12/2022 contains bonds of Czech companies maturing in 2024.

The item unlisted shares and shares as of 31 December 2023 and 31 December 2022 mainly includes shares in funds of qualified investors. As of 12/31/2023, the item contains an investment certificate for the Alfons Mucha Collection of Works in the amount of 176,331 thousand. CZK. (2022: CZK 0 thousand).

Information on risks arising from other financial assets valued at fair value and methods of their management are described in chapters 29-34.

18. LONG-TERM RECEIVABLES

Long-term receivables in the total amount of 7,322 thousand CZK (CZK 7,173,000 in 2022) are primarily made up of long-term advances paid for rent.

As of 12/31/2023, the Company calculated expected losses from the impairment of financial assets. The total expected amount of impairment did not exceed 1,000 thousand. CZK. The method of credit risk management is described in chapter 32.

19. FIXED TANGIBLE AND INTANGIBLE ASSETS

	Goodwill	Software	Right to use - rent	Technical evaluation	Inventory	Other equipme nt	Means of transport	In total
	thousan d CZK	thousand CZK	thousand CZK	thousand CZK	thousand CZK	thousand CZK	thousand CZK	thousand CZK
Purchase price								
January 1, 2023	**6,788**	**270,619**	**145,678**	**28,690**	**29,175**	**53,360**	**13,246**	**547 556**
Increments	0	24,521	1 103	1,728	1,415	5,417	0	34 184
Transfer of assets from branch currencies to CZK	99	12	0	0	0	96	76	283
Losses	0	-2,883	0	0	-231	-3,930	0	-7,045
December 31, 2023	**6,887**	**292,269**	**146,781**	**30,418**	**30,359**	**54,943**	**13,322**	**574,978**
Corrections								
January 1, 2023	**0**	**176,577**	**63,893**	**15,893**	**25,059**	**46,986**	**12,994**	**341 402**
Depreciation	0	35,614	15,513	1,054	1,349	4 144	328	58,002
Transfer of assets from branch currencies to CZK	0	12	0	0	0	92	0	103
De-billing	0	-12,342	0	0	-231	-851	0	-13,425
December 31, 2023	**0**	**199,861**	**79,406**	**16,947**	**26,176**	**50,371**	**13,322**	**386,084**
Cumulative impairment	**4,729**	**0**	**0**	**0**	**0**	**0**	**0**	**4,729**
Net book value								
December 31, 2023	**2 158**	**92 408**	**67,374**	**13,471**	**4 182**	**4,572**	**0**	**184 165**
January 1, 2023	2,059	94,042	81,785	12,797	4 116	6,374	252	201 424

The right of use applies to leases for office space. The means of transport item also includes the right to use cars. The total value of the right to use cars in the item means of transport amounts to 0 thousand. CZK (2022: CZK 252 thousand). The total net book value of the right to use as of 31 December 2023 is 67,374 thousand. CZK (2022: CZK 82,037 thousand). The total depreciation of the right of use in 2023 is 15,765 thousand. CZK (2022: CZK 18,258 thousand).

In the course of 2023, the Company spent 6,372 thousand on research and development. CZK (2022: CZK 7,623 thousand).

The goodwill reported in the Statement of Financial Position is related to the acquisition of a branch in Italy in 2013. At the date of acquisition, the value of goodwill was determined as the difference between (i) the purchase price of the controlling interest and (ii) the fair value of the assets acquired less the fair value of the liabilities assumed at the date of acquisition .

The company has made an assessment of whether there has been a reduction in the value of goodwill. Recoverable value is determined as value in use and is based on a long-term cash flow plan. Based on the assessment of the recoverable amount of the cash-generating unit to which the goodwill is assigned (the Italian branch of the Company), the Company did not report a change in the value of goodwill in 2023 (2022: no change). The change is due only to the change in the EUR/CZK exchange rate. The book value of goodwill as of 31.12.2023 is 2,158 thousand. CZK (2022: CZK 2,059 thousand).

20. BASIC CAPITAL

The Company's share capital is 198,000 shares with a nominal value of CZK 2,250 per share. There was no change in the Company's share capital in 2023 or 2022. The share capital was fully paid.

21. UNDIVIDED PROFIT

The profit for the year 2022 was transferred to the Retained earnings of the Company based on the decision of the General Meeting of the Company. The Company's management assumes that the profit of 2023 will also be transferred to Retained earnings.

22. LIABILITIES FROM BUSINESS RELATIONSHIPS AND OTHER LIABILITIES

	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Obligations to suppliers	77,384	52,703
Liabilities from securities trading	2,030,623	1,077,166
Liabilities from repo operations	1,501,492	3,417,962
Liabilities from loans	110,877	4,864
Liabilities to the state budget	19,854	12,919
Unbilled	85,773	92,729
Liabilities from business relationships and other liabilities in total	**3,826,003**	**4,658,343**

Accounts payable to suppliers include obligations that remained unpaid at the end of 2023. No liabilities were overdue as of December 31, 2023.

Securities trading liabilities include capital transactions for clients that remained outstanding at the end of 2023 and were subsequently settled in January 2024.

Estimated accounts payable include, in particular, an estimate of the contribution to the guarantee fund, bonuses, reserve for unused vacation and estimated services not invoiced until December 31, 2023.

Securities provided as collateral within repo operations amounted to 2,307,320 thousand. CZK (4,452,297 thousand CZK in 2022).

23. LIABILITIES TO BANKS

Liabilities to banks in the amount of 230,293 thousand CZK (2022: CZK 514,815 thousand) represent short-term bank loans. These bank loans are mainly used to cover stock exchange collateral and settle trades.

The table below summarizes income and expenses related to liabilities to banks:

	2023 thousand CZK	2022 thousand CZK
Liabilities to banks 1.1.	**514,815**	**18,217**
Taking out bank loans	0	480,619
Prescribed interest	27,610	15,979
Repayments of bank loans	-312 131	0
Liabilities to banks 31.12.	**230 293**	**514,815**

24. LIABILITIES FROM RENTAL CONTRACTS

The table below summarizes the lease obligations:

	2023 thousand CZK	2022 thousand CZK

Liabilities from lease agreements as of January 1, 2023	**77,070**	**34,366**
Increments	1 103	64 101
Interest	1 401	1,498
Installments	-14,463	-22,896
Lease liabilities as of December 31, 2023	**65 111**	**77,070**
Short-term liabilities from rental contracts	*9,407*	*13,359*
Long-term liabilities from rental contracts	*55,704*	*63,711*

The lease liability is measured at the present value of the outstanding rent payments on the lease commencement date. In the case of the Company, these payments include fixed or variable rent. The variable component of the rent depending on the development of the price index is determined at the start of the lease according to the value of the index on the date of the start of the lease. To determine the present value, the Company uses the Company's current borrowing rate as a discount rate.

The lease liability is subsequently increased by the accrued interest and decreased by the rent paid.

The short-term part of the lease liability represents the present value of rent payments due within 12 months after the end of the current accounting period.

The amount of depreciation of rights of use is shown in chapter 19 , costs arising from short-term leases and contracts relating to low-value assets in chapter 11 , interest arising from leases in chapter 6 .

Obligations arise exclusively from contracts relating to office space and cars. The Company is not exposed to any potential payments that would not be included in the measurement of lease liabilities.

25. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities as of 12/31/2023 in the amount 459 thousand CZK (2022: CZK 336,000) they mainly represent the received commissions that belong to the contractual partners and the accrual of office space rent.

26. RESERVES

The most significant item of reserves is the reserve for benefits after the end of employment formed by the TFR fund for employees of the branch in Italy, formed mandatorily according to Italian law. It represents an estimate of the amount that will be paid to employees upon termination of employment. The company holds the same amount in cash (reported in the statement of financial position under the item "Cash and deposits with banks").

In 2023, it reported costs of 1,829,000. CZK (2022: CZK 2,514 thousand) related to these benefits. In total, it reported a reserve of 4,611 thousand. CZK (2022: CZK 3,827 thousand), representing the expected payments that the Company will be forced to make in the future in connection with these benefits.

27. LIABILITIES FROM ISSUED DEBT SECURITIES

In 2020, the Company issued bonds with a fixed interest rate of 3%, with a nominal value of 200,000 thousand. CZK and with a maturity date of November 2, 2023.
In 2021, the Company issued bonds with a fixed interest rate of 2.9%, with a nominal value of 250,000 thousand. CZK and with a maturity date of 4/30/2024.
In 2023, the Company issued bonds with a fixed interest rate of 7.5%, with a nominal value of 200,000 thousand. CZK and with a maturity date of October 18, 2026.
Liabilities from these issued bonds amounted to CZK 0,000 as of 12/31/2023 (as of 12/31/2022: CZK 2,110,000).

The company also provides its own issued bonds as collateral within the framework of concluded repo operations. The total amount of self-issued bonds provided in this way amounted to 77,130 thousand as of 12/31/2023 . CZK (as of December 31, 2022: CZK 98,624,000). Liabilities from these operations are reported in the item Liabilities from trade relations and other liabilities.

28. ASSETS AND LIABILITIES AND STATEMENT OF COMPREHENSIVE INCOME INTENDED FOR DISTRIBUTION TO OWNERS AND DISCONTINUED OPERATIONS

By the statutory body of WOOD & Company Financial Services , as, and WOOD Retail Investments as, a conversion project was developed with a decisive date of 1 January 2023 (the conversion start date). As part of this project, WOOD Retail Investments a.s. took over a part of the business activities (assets) of WOOD & Company as a result of the division by spin-off and merger Financial Services , as, which is specified in the conversion project. These are activities operated under the Portu trademark, which include in particular the operation of the retail investment platform www.portu.cz. The goal of the transformation is to economically separate the purely retail part of the Company's business, which is already operating under the separate brand of Port, and thus simplify its management and limit mutual contamination by the risks of the " whole-sale " business.

WOOD & Company Financial Services , as, and WOOD Retail Investments as have the same parent company (WOOD & Company Group SA) and the same real owners.

As of 31 December 2023, the spun-off assets and liabilities are reported as assets and liabilities intended for distribution to owners in accordance with the IFRS 5 standard. They meet the criteria for being reported as " Held for room ". The spun-off activity was classified as a discontinued activity because it represents a significant separable segment for the Company, which is transferred outside the Company within one year. The spin-off took place on the date of registration of the conversion in the commercial register on 1 January 2024. Until this date, the conversion (transfer of the split-off part of the assets) became legally effective, and therefore the Company chose it as the date of derecognition of assets and liabilities from the Company's balance sheet and transfer to WOOD Retail Investments a.s.

As of January 1, 2024, defined assets were transferred to WOOD Retail Investments a.s., namely intangible (software, licenses, own creations) and tangible (equipment, technology), employees, contracts relating to the lease of office space at the address Jihlavská 1558/21, Prague 4 – Michle, contracts concluded under the Portu brand, defined receivables and liabilities, items from accounting and equity (retained earnings).

The book value of assets intended for distribution to owners as of 31.12.2023 is 49,886 thousand. CZK, accounting value of liabilities related to these assets 3,679 thousand CZK. Assets are transferred at book values.

The Company reports in the tables below the balance/value of the assets and liabilities before the "adjustment" representing the reclassification to "held for distribution to owners" and the final balance/value after the reclassification .

The profit from discontinued operations reported as a separate item in the statement of profit and loss and other comprehensive income was as follows:

Discontinued business	December 31, 2023 thousand CZK	December 31, 202 2 thousand CZK
Interest income calculated using the effective interest rate method	0	0
Interest expense calculated using the effective interest rate method	-55	-71
Net interest income	**-55**	**-71**
Other financial income	0	0
Other financial costs	0	0
Net other financial income	**0**	**0**
Revenue from fees and commissions	235,030	166,867
Cost of fees and commissions	-118,693	-96,792
Net income from fees and commissions	**116,337**	**70,075**
Net profit from financial operations	4,618	905
Other operating income/expenses, net	1	-286

Total operating income	**120,901**	**70,623**
Administrative expenses	-108,315	-98,435
Depreciation	-12,511	-10,951
Total operating costs	**-120,826**	**-109,387**
Profit / (loss) before tax	**74**	**-38,764**
Income tax	-325	0
Deferred tax	0	0
Net profit / (loss) for the period	**-254**	**-38,764**

Assets designated for distribution to owners and related liabilities, which are reported on separate lines in the statement of financial position, include the following categories:

	December 31, 2023 thousand CZK	December 31, 2022 thousand CZK
ASSETS		
Trade receivables and other receivables	20,627	19,011
Deferred expenses and income and other assets	119	832
Intangible assets, net	25,552	19,598
Land, buildings and equipment, net	3,588	5,086
Total assets held for distribution to owners and discontinued operations	**49,886**	**44,527**
COMMITMENTS		
Liabilities from long-term leases	1,464	2,249
Liabilities from short-term leases	844	808
Liabilities from business relationships and other liabilities	1,046	7,878
Income tax payable	325	0
Liabilities related to assets held for distribution to owners and discontinued operations total	**3,679**	**10,935**

Impact of individual activities on individual categories of cash flows for 2023 The company estimates: cash flows from operating activities in the amount of 12,511 thousand CZK and cash flows from investment activity in the amount of -17,105 thousand. CZK.

29. RISK MANAGEMENT

The Company's management regularly assesses and evaluates possible risks to which the Company is exposed. Among the key risks arising from financial assets and financial liabilities, the Company includes currency risk, liquidity risk, credit risk and market risk. The Company's goal is to minimize risks. For this, the Company uses a system of internal rules (including a system of limits for maximum risk exposure); in selected cases, the Company uses financial derivatives to hedge risks. Compliance with internal rules is regularly evaluated by the Company's management and the internal audit department.

30. CURRENCY RISK

The company conducts business in Czech crowns and other important currencies of the Central and Eastern European region. The company has established rules for holding current assets, primarily cash in individual currencies, in accordance with its internal guidelines for exchange rate risk management.

Currency risk management is entrusted to the Treasury department , which continuously monitors currency positions against current assets and decides on their structure and amount specifically in relation to the monetary structure of long-term liabilities.

The company regularly evaluates the possible impact of currency exchange rate changes on the operating result and equity. The following table summarizes the impact of changes in exchange rates on the Company's operating results and equity (in thousands of CZK) when the exchange rate of the CZK against other currencies changes by +/- 10 percent.

2023	Strengthening CZK (+10%)	Weakening of CZK (-10%)
Impact on the economic result (+increase/-decrease)	-19,650	19,650
Impact on equity	0	0

202 2	Strengthening CZK (+10%)	Weakening of CZK (-10%)
Impact on the economic result (+increase/-decrease)	-17,277	17,277
Impact on equity	0	0

31. LIQUIDITY RISK MANAGEMENT

The Company's liquidity management is based on the fact that the majority of business operations and transactions negotiated by the Company adhere to the T+2 or T+3 settlement convention (negotiation date + 2 or 3 business days). The Treasury Department , which works closely with the Settlement Department, is responsible for managing the Company's liquidity . In particular, the Treasury Department analyzes the time and monetary structure of future receivables and liabilities so that the Company always has a sufficient amount of readily liquid funds available.

The internal regulations also determine the volume of purchases and sales that the trader may make on his own account during the day and the value of the portfolio of securities that the trader may hold on his own account of the Company at the end of the trading day.

Relevant checks of compliance with the established limits take place throughout the day and are attended by authorized employees of the Trading , Treasury and Settlement departments.

Below is an analysis of the Company's financial obligations as of December 31, 2023 (or December 31, 2022) according to the remaining maturity period in thous. CZK. Items with an unspecified maturity date are included in the "Unspecified" column.

Maturity:	On request	< 3 months	< 1 year	< than 5 years	> 5 years	In total
Liabilities from issued debt securities	0	0	0	0	0	**0**
Liabilities to banks	0	230 293	0	0	0	**230 293**
Financial obligations for trading-derivatives	0	99,064	0	0	0	**99,064**
Liabilities from business relationships and other liabilities	0	3,740,229	85,773	0	0	**3,826,003**
Liabilities from rental contracts	0	1,482	9,298	55,704	0	**66,484**
Accruals and other liabilities	0	459	0	0	0	**459**
Income tax payable	0	0	5,984	0	0	**5,984**
Liabilities related to assets held for distribution to owners and discontinued operations	0	1.046	1,170	1,464	0	**3,679**
Total December 31, 2023	**0**	**4,072,573**	**102,225**	**57 168**	**0**	**4,231,966**

Maturity:	On request	< 3 months	< 1 year	< than 5 years	> 5 years	In total
Liabilities from issued debt securities	0	0	45	2,065	0	**2 110**
Liabilities to banks	0	514,815	0	0	0	**514,815**
Financial obligations for trading - shares	0	1,665	0	0	0	**190 147**
Financial obligations for trading - derivatives	0	188,483				
Liabilities from business relationships and other liabilities	0	4,565,614	92,729	0	0	**4,658,343**
Liabilities from rental contracts	0	1 113	13,687	62,270	0	**77,070**
Accruals and other liabilities	0	336	0	0	0	**336**
Income tax payable	0	0	0	0	0	**0**
Liabilities related to assets held for distribution to owners and discontinued operations	0	7,878	808	2,249	0	**10,935**
Total December 31, 2022	**0**	**5,279,904**	**107,269**	**66,584**	**0**	**5,453,756**

The book value does not differ significantly from the contractual cash flows of financial liabilities . The expected maturity of financial assets and financial liabilities does not differ significantly from the contractual maturity.

32. CREDIT RISK

Credit risk arises mainly from receivables from unsettled securities transactions, from receivables from loans and repo loans, from trade receivables and from debt securities. The company manages and evaluates credit risk separately for each of the above categories. The Company's goal is to minimize losses resulting from the debtors' inability to pay the Company's claim, by evaluating the creditworthiness and regular monitoring of counterparties with whom the Company negotiates transactions and/or provides its services. The company methodically manages and continuously evaluates the credit risk of counterparties. New clients go through the so-called account opening procedure, when after obtaining and analyzing information, an internal (or external) assessment of creditworthiness takes place. After that, the counterparty is assigned a limit on the total open position. The Treasury and Compliance departments continuously monitor the provision and assessment of the level of risks of loans provided .

For receivables from securities trading, the Company takes into account the method of settlement of trades (delivery versus payment) when assessing credit risk. Due to this, these receivables carry minimal credit risk. Based on historical experience and the nature of the receivables, the Company assessed the risk of expected twelve-month losses as insignificant. In neither 2023 nor 2022 did any of the receivables reported in this category experience a significant increase in credit risk. The Company has not recognized any impairment loss on these receivables.

For receivables from reverse repo operations and buy-sell operations, the Company assesses the creditworthiness of the debtor and the value of the securities that will be used to secure the receivable before negotiating the deal. The company always requires that the value of the collateral exceeds the value of the claim when negotiating a deal. For receivables from reverse repo operations and buy-sell operations, the impairment loss is primarily determined at the amount of the twelve-month expected loss. In neither 2023 nor 2022 did any of the receivables reported in this category experience a significant increase in credit risk. The Company has not recognized any impairment loss on these receivables.

The company provides loans to selected business partners. Loans are provided after prior assessment of the borrower and, unless related party loans are involved, the company requires adequate collateral. All loans are granted only after the approval of the Company's statutory body. For receivables from loans to non-bank entities, the impairment loss is primarily determined at the

amount of the twelve-month expected loss. Expected losses are based on an individual assessment of individual borrowers. Considering that the majority of loans are provided to related companies, the Company assesses the risk of expected credit losses on existing receivables as insignificant. In 2023, there was no significant increase in credit risk for any of the receivables, nor was an impairment loss reported. In 2023, there was no significant increase in credit risk for any of the receivables, nor was an impairment loss reported.
Receivables from business relationships mainly represent receivables for asset management services, investment banking and analytical services. Before accepting an order, the Company always assesses the client's ability to pay the fee. In the case of trade receivables, the impairment loss is based on the period after the receivable is due. Based on historical experience and the nature of the receivables, the Company assessed the risk of expected losses as insignificant (2023: CZK 197,000; 2022: CZK 2,595,000) .

As of 31 December 2023, the Company is exposed to credit risk, which is due to:

(i) the book value of receivables reported in the statement of financial position
(ii) the maximum value of performance from the provided financial guarantees.

The company did not provide any financial guarantees in 2023. The company assessed the risk of expected losses from the provided guarantees as negligible. Therefore, the Company does not report any impairment loss for the provided financial guarantees.

The company also evaluates credit risk when purchasing debt securities. As of 12/31/2023 and 12/31/2022, all debt securities were classified as financial assets for trading; potential credit losses were thus reflected through the fair value directly in the Company's costs.

The company is obliged to comply with the rules limiting credit concentration in accordance with the rules of credit exposure. As of 12/31/2023 and 12/31/2022, the credit exposure to one borrower did not exceed 10% of the total value of all the Company's receivables.

33. INTEREST RATE RISK

Interest rate risk represents the risk of a change in the value of a financial instrument as a result of a change in market interest rates. The period of time for which the interest rate of a financial instrument is fixed indicates the extent to which the instrument is exposed to interest rate risk. Most of the transactions that the Company concludes with an interest component have a fixed interest rate. Therefore, the company is not exposed to the risk of duration mismatch.

Given the nature of the operation and the contractual maturity of financial assets and liabilities, the Company is not exposed to a significant interest rate risk. The impact of changes in interest rates on the Company's results of operations and equity would not be significant.

34. MARKET RISK

Market risk is the risk of changes in the prices of securities that the Company holds in its portfolios. To measure and manage market risks, the Company mainly uses a system of limits that result from the Company's needs and external requirements.

The company trades in the following instruments associated with market risk:

- shares traded on the Prague Stock Exchange,
- selected foreign shares traded on foreign exchanges and derivative contracts.

The following table calculates the equity sensitivity analysis (Delta) in thous. CZK. The sensitivity represents a shift of +/- 10 percent of all securities in the portfolio.

2023	Sensitivity Long position	Sensitivity Short position	Total sensitivity
Impact on equity	+/- 52,700	+/- 0	+/- 52,700
Impact on the economic result (+increase/-decrease)	+/- 4,557	+/- 0	+/- 4,557

2022	Sensitivity Long position	Sensitivity Short position	Total sensitivity
Impact on equity	+/- 33,328	+/- 166	+/- 33,161
Impact on the economic result (+increase/-decrease)	+/- 4,962	+/- 166	+/- 4,796

34.1. Management capital

The Company's basic tool for capital management is monitoring and compliance with the capital adequacy limit.

The company further manages its capital to be able to continue business operations while maximizing returns for shareholders through the optimization of debt and equity balances.

For the purposes of management, the Company considers as capital all the components that make up the so-called regulatory capital of a securities trader (in particular, share capital, retained earnings, operating result of the current period and funds from the revaluation of financial assets valued at fair value through other comprehensive income). The value of the regulatory capital as of 31.12.2023 amounts to 798,797 thousand. CZK (2022: CZK 781,966 thousand).

In regulatory capital, the Company includes all items of Equity, with the exception of Profit for the current period. Regulatory capital is reduced by the amount of intangible assets (goodwill and software) and the amount of deferred tax assets. No other instruments enter the regulatory capital.

In 2023 and 2022, there was no decrease in capital that would lead to non-fulfillment of the capital ratio conditions according to the applicable IFR/IFD regulation.

35. THE ESTIMATED FAIR VALUE OF THE COMPANY'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The book values of financial assets and liabilities measured at amortized cost do not differ significantly from their fair value. In most cases, these are short-term receivables and liabilities with an original maturity of less than one year.

The fair value of these assets and liabilities (with the exception of receivables from restitution claims) is determined as the present value of future cash flows. Since the time value is negligible and the credit risk is reflected in the impairment loss, the difference between the book value and the fair value is insignificant.

The fair value of receivables from Romanian restitution claims is determined based on the last available prices at which these receivables were acquired. The difference between the market price and the accrued value is not significant.

36. FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE

Financial assets and financial liabilities for trading and other financial assets valued at fair value against income and expenses are reported at fair value in accordance with accounting rules.

The Company classifies fair value measurements using a fair value hierarchy that reflects the materiality of the inputs used in the measurement. The fair value hierarchy has the following levels:

a. quoted prices (unadjusted) in active markets for the same assets or liabilities (level 1),
b. inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
c. inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (level 3).

2023	In total	Level 1	Level 2	Level 3

	thousand CZK	thousand CZK	thousand CZK	thousand CZK
Financial assets measured at fair value				
Financial assets for trading				
- Listed shares and equity securities	**45,574**	45,574	0	0
- Fair value of financial derivatives	**104,335**	0	104,335	0
Other financial assets valued at fair value				
-Unlisted bonds	**513**	0	0	513
- Unlisted shares	**481 429**	0	0	481 429
Financial commitments to trading				
- Liabilities from short sales of shares	**0**	0	0	0
- Fair value of financial derivatives	**-99,064**	0	-99,064	0
In total	**532,787**	**45,573**	**5,271**	**481,942**

2022	In total thousand CZK	Level 1 thousand CZK	Level 2 thousand CZK	Level 3 thousand CZK
Financial assets measured at fair value				
Financial assets for trading				
- Listed shares and equity securities	**49,623**	49,623	0	0
- Fair value of financial derivatives	**191,022**	0	191,022	0
Other financial assets valued at fair value				
-Unlisted bonds	**66,295**	0	0	66,295
- Unlisted shares	**283,654**	0	0	283,654
Financial commitments to trading				
- Liabilities from short sales of shares	**-1,665**	-1,665	0	0
- Fair value of financial derivatives	**-188,483**	0	-188,483	0
In total	**400,446**	**47,958**	**2,539**	**349,949**

Financial instruments measured at fair value based on level 3

2023	Unlisted bonds thousand CZK	Unlisted shares thousand CZK
Opening balance	**66,295**	**283,654**
Purchase	2,448,506	854,568
Maturing bonds	0	0
Sales	2,514,288	656,794
Final balance	**513**	**481 429**

2022	Unlisted bonds thousand CZK	Unlisted shares thousand CZK
Opening balance	7,327	414,530
Purchase	521 008	1,656,879
Maturing bonds	0	0
Sales	462,040	1,787,755
Final balance	**66,295**	**283,654**

Unlisted shares, for which level 3 fair value determination is used, mainly represent shares of real estate sub-funds that the Company sells to investors.

The following table summarizes the way in which the fair value is determined for financial assets and financial liabilities (in particular, the fair value determination method and the inputs used for valuation):

Financial assets / financial commitments	Level	Way determination real values	Significant unobservable inputs	Sensitivity real values on unobservable inputs
Listed shares and equity securities	1	Market prices on regulated markets	ON	ON

Liabilities from short sales	1	Market prices on regulated markets	ON	ON
Financial derivatives	2	Discounted monetary flows based on forwards currency courses	ON	ON
Unlisted shares leaves	3	Profitable method based on the expected monetary flows discounted average ones costs on capital (WACC)	Value the WACC parameter determined using the CAPM model Above expected monetary flows based on the expected growth sales	Increase the WACC parameter would lead to a decrease real values unlisted shares leaves Reduction expected growth sales would lead to a decline real values unlisted shares leaves
Unlisted bonds	3	Profitable method based on the expected monetary flows discounted rate inclusive risk-free and risky component (risk issuer , risk underlying assets , etc.).	Above expected monetary flows based on money flows underlying assets Above risk free individual rates currency and others folders determinants market discount rate	Decrease expected monetary flows from the underlying assets or increase discount rates would lead to a decline market prices unlisted bonds .

The impact of changes in the fair value of financial assets, for which level 3 is used to determine the fair value, on the Company's revenues and expenses in 2023 was 24,697 thousand. CZK (2022: CZK 29,484 thousand).

37. RELATED PARTIES

During the year, the Company carried out the following transactions with related parties of the WOOD & Company Group SA

37.1. Key management of the Company

The Company's key management includes the Company's ultimate owners. During the accounting period, short-term bonuses to key members of management amounted to 5,147,000. CZK (2022: CZK 5,147 thousand). The members of the key management are three persons who have the authority and responsibility for the planning, management and control activities of the Company. Key management received no other compensation.

37.2. WOOD & Company Group SA ("WOOD SA")

As of December 31, 2023, the Company reports a receivable from WOOD SA in the amount of DKK 78,391,000. CZK (2022: CZK 161,229 thousand), which is contained in the item "Receivables from money market loans" in item 15.

As of December 31, 2023, the Company does not have a liability towards WOOD SA.

The company reports interest income in the amount of 7,788 thousand. CZK (2022: CZK 601 thousand) from the loan provided by WOOD SA.

37.3. Other related parties

As of 12/31/2023 and 12/31/2022, the Company reports the following transactions with Other Related Parties, for which the Company considers companies in the same holding group according to [IAS 24.9b vi .], with the exception of the parent company WOOD & Company Group SA

	2023 thousand CZK	2022 thousand CZK
Trade receivables and other receivables	173	45
Liabilities from business relationships and other liabilities	16	143
Interest income	0	622
Interest expense	0	72
Costs from fees and commissions	0	292
Operating costs	725	654
Other revenues	491	504

37.4. Related parties outside WOOD & Company Group SA

As of December 31, 2023, the Company reports the below transactions outside the WOOD & Company Group SA group in accordance with the IAS 24 standard.

2023	Closely connected persons according to IAS 24.9a (iii) thousand CZK	Other connected persons according to IAS 24.9b thousand CZK
Trade receivables and other receivables	447 291	285,408
Liabilities from business relationships and other liabilities	2,663	51
Interest income	0	0
Interest expense	196	0
Revenue from fees and commissions	568	345

2022	Closely connected persons according to IAS 24.9a (iii)	Other connected persons according to IAS 24.9b

	thousand CZK	thousand CZK
Trade receivables and other receivables	404,714	256,694
Liabilities from business relationships and other liabilities	21,574	164
Interest income	10,114	10,068
Interest expense	233	0
Revenue from fees and commissions	611	153

38. Results of organizational components

The company has organizational components in the following countries: Great Britain, Romania, Poland, Slovakia, Italy, Ireland.

Overview of the results of the organizational components of WOOD & Company Financial Services as

	31/12/2023	31/12/2022
Great Britain:		
net turnover, thousand CZK	44,068	47,318
profit or loss before taxation, thous. CZK	34	-1965
income tax, thous. CZK	0	-53
state support	0	0
average number of employees	7	9
Romania:		
net turnover, thousand CZK	20,918	11,779
profit or loss before taxation, thous. CZK	950	2,445
income tax, thous. CZK	142	-428
state support	0	0
average number of employees	5	4
Poland:		
net turnover, thousand CZK	72,868	65,943
profit or loss before taxation, thous. CZK	-2,957	-2,675
income tax, thous. CZK	0	0
state support	0	0
average number of employees	22	24
Slovakia:		
net turnover, thousand CZK	22,895	10,529
profit or loss before taxation, thous. CZK	-7,458	-12,447
income tax, thous. CZK	0	0
state support	0	0
average number of employees	10	10
Italy:		
net turnover, thousand CZK	118,419	104,949
profit or loss before taxation, thous. CZK	6,486	2,801
income tax, thous. CZK	-991	-2,814
state support	0	0
average number of employees	16	16
Ireland:		
net turnover, thousand CZK	6 181	3,055
profit or loss before taxation, thous. CZK	-127	-1 199

income tax, thous. CZK	0	-24
state support	0	0
average number of employees	1	1

39. Assets in administration, custody and management

The Company's total portfolios	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Assets received into administration and custody	45,661,099	37,964,866
Assets accepted for management	25,466,159	12,985,066

Assets accepted for administration and safekeeping do not include 15,107,482 ths. CZK assets (2022: CZK 6,458,277 thousand), which are accepted for management and, at the same time, for administration and safekeeping by the Company.

The company will transfer the values received for administration and safekeeping as of 31 December 2023 to the sister company WOOD Retail Investments as:

Portfolios within the PORTU project	As of December 31, 2023 thousand CZK	As of December 31, 2022 thousand CZK
Assets received into administration and custody	13,278,161	10,344,422
Assets accepted for management	23,884,508	11,755,053

40. Offsetting of financial assets and liabilities

The company concludes contracts with counterparties that include an agreement on the final settlement of profits and losses.

The company concludes foreign exchange transactions with counterparties – banks with which it may have cash accounts. The fair value of these short-term foreign exchange transactions is insignificant in relation to the volume of funds deposited with the given bank. The fair values of foreign exchange transactions reported in point 14 may be set off in the event of counterparty default.

The company concludes repo operations and reverse repo operations with counterparties where securities are used as collateral. As of 31/12/2023, no repo operation has been concluded that could be set off with another operation of the given counterparty reported in the company's financial position.

The company concludes securities purchase and sale transactions. These operations are recorded in the statement of financial position as receivables or payables from securities trading. Receivables and liabilities from securities trading are kept in the accounting records according to individual currencies and counterparties. In the statement of financial positions, they are therefore reported at net value.

The company obligatorily deposits part of the funds as collateral for the closed volume of trades with the settlement counterparties. This collateral cannot be withdrawn for specific trades, therefore it cannot be included in the statement of financial position.

41. CONTINGENT LIABILITIES

The members of the Board of Directors of the Company believe that the Company is not exposed to any contingent liabilities of any kind as at the date of the Company's financial statements and no provisions have been made for them.

42. SUBSEQUENT EVENTS

On January 1, 2024, a part of the Company was split off into a sister company, WOOD Retail Investments as. The change was entered in the commercial register on January 1, 2024, and on this date the transition of control according to IFRS is determined, and the Company handed over part of the investment activities of WOOD Retail Investments as.

After the date of the financial statements, there have been no other significant events that would have a material impact on the financial statements for the year ending 31 December 2023.

Vladimir Jaros
Chairman of the Board