J&T SECURITIES MANAGEMENT PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Jarmila Janosova Baris John Nicolaides BGS Director I Limited
Company Secretary:	D. H. Nominees Ltd
Independent Auditors:	KPMG Limited 14, Esperidon Street 1087, Nicosia Cyprus
Registered office:	Klimentos, 41-43 Klimentos Tower, 1st floor, Flat/Office 18 1061, Nicosia Cyprus
Bankers:	J&T Banka, a.s. 365.bank, a.s. Raiffeisenbank a.s.
Legal Entity Identifier:	315700GBLUBZ50S45F53
Registration number:	HE260821

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the “Group”) for the year ended 31 December 2023.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, are the holding of investments and trading in listed securities, as well as the provision of financing.

Review of current position, future developments and performance of the Company's business

The Group 's development to date, financial results and position as presented in the financial statements are considered satisfactory.

As part of the Group 's plans for future development, is the use of the total net proceeds from the listed bonds issue for refinancing of present debts purposes and for developing its business activities. In addition, the provision of funding to companies coming from the group of the shareholder.
However, the bonds have been repaid in 2024 and the Company is no longer listed entity

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in notes 3 and 26 of the consolidated financial statements.

Use of financial instruments by the Group

The Company is exposed to credit risk, liquidity risk and market risk from the financial instruments it holds.

The Group 's financial risk management objectives and policies are to acquire ownership, investments and assets in financial markets and private equity. Nowadays, the Group also provides funding to companies in the shareholder group. In the future, the company will continue to do so, while planning to increase the share of the investment to the detriment of its own exposure to group companies.

Credit risk

Please refer to note 26.1

Liquidity risk

Please refer to note 26.2

Market risk

Please refer to note 26.3

Operational risk

Please refer to note 26.4

Results and dividends

The Group's results for the year are set out on page 11

Dividends

The Board of Directors may recommend the payment of a dividend after the financial statements are issued.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Significant events after the end of the financial year

Any significant events that occurred after the end of the reporting period are described in note 28 to the consolidated financial statements.

Independent Auditors

The Independent Auditors, KPMG Limited, were appointed in replacement of the previous auditors KPSA Chartered Accountants and have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

D.H. NOMINEES LTD

Michalis Hadjinestoros
for and on behalf of
D. H. Nominees Ltd
Secretary

Nicosia, 29 April 2024

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of J&T Securities Management Plc (the "Company" or " Group") for the year ended 31 December 2023, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group which are presented on pages 11 to 56:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Company and the entities included in the financial statements as a whole and

b) The management report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with α description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Jarmila Janosova

Baris John Nicolaides

BGS Director I Limited

Nicosia, 29 April 2024

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

J&T SECURITIES MANAGEMENT PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of J&T Securities Management Plc (the "Company") and its subsidiaries (the "Group"), which are presented on pages 11 to 56 and comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113 (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Code of Ethics (including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Valuation of Financial Assets</th></tr>
<tr><td colspan="2">Refer to notes 11, 12 and 13 to the financial statements</td></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>At 31 December 2023 the Group reported total Financial Assets measured at Fair value of €544.113 thousand.
Key judgments and estimates in respect of the timing and measurement of ECL include:
• Appropriate Valuation of fair value: Fair value of financial assets may involve complexities and judgement especially for certain type of investments.
• Some investments may involve complex structures or arrangements. Risks arises if there are challenges in understanding the nature of these investments, including their underlying assets, valuation methodologies, and associated risks, which may result in misstatement or inadequate disclosure in the financial statements.
• Non compliance with IFRS 13 requirements.
As a result of the significance of the amount and the judgements and estimates involved, we have determined that Valuation of Financial Assets is a key audit matter.</td><td>Our audit procedures in this area included, among others:
• Based on our risk assessment, with the assistance of our Valuation Specialists, we assessed the fair value of a sample of financial assets as well as correct application of IFRS 13 with regards to fair value hierarchy disclosures.
• For a sample of financial assets we performed detailed testing on the valuation methodologies and assumptions used to determine the fair values. This involved assessing the reasonableness of key inputs such as market prices, cashflows and discount rates among others and evaluating the appropriateness of the valuation techniques applied.
• We performed substantive procedures to confirm the existence and completeness of financial assets. This included confirming the existence and ownership of investments, reconciling investment records to external confirmations and third-party investments.
• We evaluated the adequacy and appropriateness of disclosures for compliance with the relevant accounting standards.</td></tr>
</table>

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated Management Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the consolidated management report, our report in this regard is presented in the *"Report on other legal and regulatory requirements"* section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements (cont.)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other regulatory and legal requirements

Other regulatory requirements

Requirements of Article 10(2) of European Union (EU) Regulation 537/2014:

Date of appointment and period of engagement

We were appointed auditors on 27 December 2023 by the Extraordinary General Meeting of the Company's members to audit the consolidated financial statements of the Group for the year ended 31 December 2023.

Consistency of auditors' report to the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 26 April 2024.

Provision of Non-audit Services ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L53(I)/2017").

Other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.

- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Comparative figures

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 April 2023.

The engagement partner on the audit resulting in this independent auditors' report is Constantinos N. Kallis.

Constantinos N. Kallis, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia, Cyprus

29 April 2024

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2023

In thousands of EUR	Note	2023	2022
Interest income calculated using effective interest rate		9,039	4,821
Interest expense and similar charges		(20,310)	(12,522)
Net interest income	5	**(11,271)**	**(7,701)**
Fee and commission income		-	-
Fee and commission expense		(870)	(863)
Net fee and commission expense	6	**(870)**	**(863)**
Net dealing profit	7	73,935	18,384
Other operating income		988	-
Total income		**74,923**	**18,384**
Personnel expenses	8	(26)	(10)
Other operating expenses	8	(1,250)	(605)
Net impairment losses on loans, loan commitments and financial guarantees and other financial assets	16	(1,832)	(233)
Total expenses		**(3,108)**	**(848)**
Profit from operations		**59,674**	8,972
Share of profit from equity accounted investees		(516)	-
Profit before tax		**59,158**	8,972
Income tax expense	9	(896)	(287)
Profit for the period		**58,262**	**8,685**
Attributable to:			
Equity holders of the parent		58,262	8,685
Non-controlling interests		-	-
Profit for the period		**58,262**	**8,685**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

In thousands of EUR	**2023**	**2022**
Profit for the period	**58,262**	**8,685**
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss		
Financial assets at fair value through other comprehensive income Fair value gains	(984)	1,021
Financial assets at fair value through other comprehensive income Loss transferred to net profit due to disposal	-	(252)
Foreign exchange translation differences	(39)	-
Total other comprehensive income for the period, net of income tax	**(1,023)**	**769**
Total comprehensive income for the period	**57,239**	**9,454**
Attributable to:		
Equity holders of the parent	57,239	9,454
Non-controlling interests	-	-
Total comprehensive income for the period	**57,239**	**9,454**

The notes presented on page 16 to page 56 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

In thousands of EUR

	Note	31 December 2023	31 December 2022
ASSETS			
Cash and cash balances	10	298	146
Financial assets for trading	11	31,978	69,192
Investment securities measured at fair value through profit or loss	12	508,365	254,210
Investment securities measured at fair value through other comprehensive income	13	3,770	78,535
Loans to customers	14	216,181	28,223
Trade receivables and other assets	15	24,160	4,538
Investments in equity accounted investees	17	984	1,537
Deferred tax assets		4	-
Total assets		**785,740**	**436,381**
LIABILITIES			
Bank loans	18	212,480	52,515
Loans from customers	19	32,723	27,191
Debt securities issued	20	207,547	144,437
Subordinated debt	21	76,889	13,774
Trade payables and other liabilities	22	399	188
Provisions	16	147	78
Current tax liability		125	7
Total liabilities		**530,310**	**238,190**
EQUITY			
Share capital		76	76
Share premium		151,864	151,864
Retained earnings and other reserves		103,490	46,251
Equity attributable to equity holders of the parent	23	**255,430**	**198,191**
Non-controlling interests		-	-
Total equity		**255,430**	**198,191**
Total equity and liabilities		**785,740**	**436,381**

The notes presented on page 16 to page 56 form an integral part of the consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 29 April 2024.
Signed on behalf of the Board of Directors:

....	....	....
Jarmila Janosova	**Baris John Nicolaides**	**Julius Zubor** for and on behalf of BGS Director I Limited
Director	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of EUR	Share capital	Share premium	Foreign exchange translation reserve	Other reserves and funds	Retained earnings	Total equity
Balance at 1 January 2023	**76**	**151,864**	**-**	**1,002**	**45,249**	**198,191**
Profit for the period	-	-	-	-	58,262	**58,262**
Other comprehensive income for the period, net of income tax - items that are or may be reclassified subsequently to profit or loss	-	-	(39)	(984)	-	**(1,023)**
Equity instruments measured at fair value through other comprehensive income - Net change in fair value	-	-	-	*(984)*	-	***(984)***
Foreign exchange translation differences	-	-	*(39)*	-	-	**(39)**
Total comprehensive income for the period	**-**	**-**	**(39)**	**(984)**	**58,262**	**57,239**
Dividends	-	-	-	-	-	-
Total transactions with owners of the Company, recognised directly in equity	**-**	-	-	**-**	**-**	**-**
Balance at 31 December 2023	**76**	**151,864**	**(39)**	**18**	**103,511**	**255,430**

In thousands of EUR	Share capital	Share premium	Foreign exchange translation reserve	Other reserves and funds	Retained earnings	Total equity
Balance at 1 January 2022	**76**	**151,864**	**-**	**233**	**36,564**	**188,737**
Profit for the period	-	-	-	-	8,685	**8,685**
Other comprehensive income for the period, net of income tax - items that are or may be reclassified subsequently to profit or loss						
Equity instruments measured at fair value through other comprehensive income - Net change in fair value	**-**	**-**	-	769	**-**	**769**
Total comprehensive income for the period	**-**	**-**	**-**	**769**	**8,685**	**9,454**
Dividends	**-**	-	**-**	**-**	-	**-**
Total transactions with owners of the Company, recognised directly in equity	**-**	-	**-**	**-**	**-**	**-**
Balance at 31 December 2022	**76**	**151,864**	**-**	**1,002**	**45,249**	**198,191**

The notes presented on page 16 to page 56 form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2023
In thousands of EUR

	Note	2023	2022
OPERATING ACTIVITIES			
Profit before tax		**59,158**	**8,972**
Adjustments for:			
(Gain)/Loss on disposal of financial assets at fair value through other comprehensive income	12	306	(10)
(Gain)/Loss on disposal of financial assets at fair value through profit or loss	12	(13,013)	3,434
Changes in fair value of financial assets at fair value through profit or loss		(25,108)	(1,819)
(Reversal of impairment)/impairment charge - debt investments at fair value through other comprehensive income	16	-	750
Increase (Decrease) in allowance for impairment of loans, loan commitments and financial guarantees and other financial assets	16	1,832	(517)
Interest income	9	(9,039)	(4,822)
Interest expense	9	20,310	12,522
Dividend income	12	(12,879)	(4,780)
Unrealised foreign exchange loss, net		(2,350)	718
Operating gain (loss) before changes in working capital		**19,217**	**14,448**
Changes in financial assets at fair value through profit or loss		(191,833)	(27,553)
Changes in trade receivables and other assets		(19,443)	9,366
Changes in bank deposits		-	(115)
Changes in trade payables and other liabilities		212	(34,268)
Cash generated from (used in) operations		**(191,847)**	**(38,122)**
Interest received		6,575	9,041
Dividends received		12,879	4,780
Income taxes paid		(782)	(287)
Cash flows used in operating activities		**(173,175)**	**(24,588)**
INVESTING ACTIVITIES			
Interest received		7,243	113
Purchase of financial assets at fair value through other comprehensive income		(137,175)	(189,651)
Proceeds from sale of financial assets at fair value through other comprehensive income		208,661	129,910
Loans granted		(370,250)	(134,950)
Loans repayments received		181,023	178,860
Establishment of subsidiaries		(260)	-
Cash flows generated from (used in) investing activities		**(110,758)**	**(15,718)**
FINANCING ACTIVITIES			
Repayments of borrowings		(1,210,227)	(1,185,284)
Proceeds from borrowings		1,356,151	1,219,493
Proceeds from debentures issued		152,403	-
Proceeds from sale of repurchased own debentures		19,006	128,387
Unrealised exchange (loss)		(1,409)	(1,505)
Interest paid		(7,842)	(12,550)
Repayment of repurchased and matured debentures		(104,412)	(123,886)
Payment of coupon of repurchased debentures		(402)	972
Repayment of expenses from issued debentures		-	(149)
Cash flows generated from financing activities		**203,268**	**25,479**
Net increase (decrease) in cash and cash equivalents		**(80,665)**	**(14,827)**
Cash and cash equivalents at beginning of the period	10	**(14,927)**	**(3)**
Effect of exchange rate fluctuations on cash held		**(156)**	**(97)**
Cash and cash equivalents at end of the period	10	**(95,436)**	**(14,927)**

The notes presented on page 16 to page 56 form an integral part of the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

J&T SECURITIES MANAGEMENT PLC (the "Parent Company" or "the Company" or "JTSEC") is a public limited company having its legal seat and domicile at 41-43 Klimentos street, KLIMENTOS TOWER, 1st floor, Flat/Office 18, P.C. 1061 Nicosia, Cyprus. The Company was incorporated on 14 January 2010.

The principal activities of the Company are the holding of investments and trading in listed securities, as well as the provision of financing.

The shareholders of the Company as at 31 December 2023 and 31 December 2022 were as follows:

Shareholders	**Voting rights**
	%
J&T PRIVATE EQUITY GROUP LIMITED	99.921
Berg Nominees Limited	0.013
Mrs. Evridiki Havva	0.013
Mrs. Maria Skarpari	0.013
Global Bridge Trustees Limited	0.013
Profel Corporate Limited	0.013
Mrs. Eleni Stylianou	0.013
Total	**100.00**

2. Material accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), as adopted by the European Union ("EU").

The following standards, amendments to standards and interpretations are effective for the first time for the year ended 31 December 2023, and have been applied in preparing the Group's consolidated financial statements.

- *IFRS 17: Insurance Contracts* and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023, with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been also applied; endorsed by the EU) requires insurance liabilities to be measured at a present value of the consideration rather than at historical cost and provides a more consistent approach to the measurement and presentation of all insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts as of 1 January 2023.
- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective for annual periods beginning on or after 1 January 2023; endorsed by the EU), which clarifies the exceptions to initial recognition of an asset or liability by requiring that taxable and deductible differences of the same amount do not arise in the same transaction.
- *Amendments to IAS 1 Preparation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies* (effective for annual periods beginning on or after 1 January 2023, endorsed by the EU) with amendments that are intended to help preparers in deciding which accounting policies to disclose in the financial statements. Newly IAS 1 will require entities to disclose their material accounting policies rather than their significant accounting policies.
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (*effective for annual periods beginning on or after 1 January 2023, endorsed by the EU) that replace definition of a change in accounting estimates is with a definition of accounting estimates to help entities distinguish between accounting policies and accounting estimates.
- *Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information* (effective for annual periods beginning on or after 1 January 2023, already endorsed in the EU) issued on 9 December 2021 providing insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17 and IFRS 9.
- *Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules* (effective for annual periods beginning on or after 1 January 2023; by the EU). The amendments introduce a temporary exemption to the requirements regarding deferred taxes under IAS 12, and an entity will not recognise or disclose information about deferred tax assets and liabilities related to pillar two income taxes.

These amendments, effective for the first time for the year ended 31 December 2023 Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

Issued but not yet effective International Financial Reporting Standards

A number of new standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2023, and have not been applied in preparing these financial statements:

- *Amendments to IAS 1 Preparation of Financial Statements: Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2024, endorsed by the EU) helps to determine whether debt and liabilities with an uncertain settlement date should be classified as current or non-current.

- *The amendment to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants* (effective for annual periods beginning on or after 1 January 2024, endorsed by the EU) aims to clarify how conditions that an entity must satisfy within 12 months after the end of the reporting period affect the classification of liabilities.

- *Amendments to IFRS 16 Leases: Lease Liabilities on Sale and Leaseback* (effective for annual periods beginning on or after 1 January 2024, endorsed by the EU). The amendments to the standard clarify how a seller (lessee) subsequently measures sale and leaseback transactions that meet the requirements of IFRS 15 for recognition as sales.

- *Amendments to IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU) add disclosure requirements for qualitative and quantitative information about supplier finance arrangements.
- *Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules* (effective for annual periods beginning on or after 1 January 2023; by the EU). The amendments introduce a temporary exemption to the requirements regarding deferred taxes under IAS 12, and an entity will not recognise or disclose information about deferred tax assets and liabilities related to pillar two income taxes. The Group decided to apply this exemption.
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (effective for annual periods beginning on or after 1 January 2025 or later, not yet endorsed by the EU). The amendment specifies when a currency is exchangeable into another currency and how an entity determines the exchange rate to apply when a currency is not exchangeable into another currency.

The Group expects that these new standards amendments and interpretations, issued but not yet effective, will not have a material impact on the Group's consolidated financial statements unless stated otherwise above.

Other new International Financial Reporting Standards and Interpretations not yet due

The Group has not early adopted any IFRS standards where adoption is not mandatory for IFRS issuers at the statement of financial position date. Where transition provisions in adopted IFRS give an entity the choice of whether to apply new standards prospectively or retrospectively, the Group elects to apply the standards prospectively from the date of transition. Management of the Group does not expect that these other new standards will have a significant effect on the consolidated financial statements of the Group.

(b) **Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and investment securities at fair value through other comprehensive income, which are at fair value.

The consolidated financial statements are presented in Euro, rounded to the nearest thousand. The functional currency of the parent company located in Cyprus and subsidiaries located in Slovakia is the Euro, the functional currency of the subsidiary located in the Czech Republic is the Czech crown. The accounting policies have been consistently applied by the Group enterprises.

The preparation of financial statements requires various judgements, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results will likely differ from these estimates. Critical accounting estimates and judgements made by management with a significant risk of material adjustment in the next year are discussed in Note 3. Critical accounting estimates and assumptions.

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

The Group presents an analysis of the expected recovery or settlement period within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) within the relevant notes.

(c) **Basis of consolidation**

(i) Subsidiaries

Subsidiaries are enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Consolidation scope

There are four fully consolidated companies as at 31 December 2023 (2022: none). All fully consolidated companies prepared their annual financial statements at 31 December 2023.

				December 2023	**December 2022**
Company name	**Country of incorporation**	**Ownership interest**	**Consolidation method**	**Consolidated %**	
J&T SECURITIES MANAGEMENT PLC	Cyprus			Parent Company	
Red Stone Now s.r.o	The Czech Republic	Direct	Equity	49.90	49.90
RED STONE NOW SK a.s.	Slovakia	Direct	Equity	49.75	49.75
JTSEC CZ Financing 1, a.s.	The Czech Republic	Direct	Full	100.00	-
JTSEC Financing I a. s.	Slovakia	Direct	Full	100.00	-
J&T ARCH BOND I., a. s.	Slovakia	Direct	Full	100.00	-

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains (losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent of the recoverable amount.

(v) Acquisition method of accounting

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Any non-controlling interest in an acquiree is measured as the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Goodwill arising in a business combination is recognised as an asset and is not amortised but is reviewed for impairment at least annually. Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

(vi) Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a fair value through other comprehensive income (FVOCI) asset depending on the level of influence retained.

(vii) Tax effect of inclusion of the consolidated subsidiaries' reserves

The consolidated financial statements do not include the tax effects that might arise from transferring the consolidated subsidiaries' reserves to the accounts of the Parent Company, since no distribution of profits, not taxed at the source, is expected in the foreseeable future, and the Group considers that these reserves will be used as self-financing resources at each consolidated subsidiary.

(viii) Unification of accounting principles

The accounting principles and procedures applied by the consolidated companies in their financial statements were unified in the consolidation and agree with the principles applied by the Parent Company.

(d) **Foreign currency**

(i) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate valid as at the statement of financial position date.

Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates ruling at the date fair value is determined.

(ii) Financial statements of foreign operations

The consolidated financial statements are presented in Euro, which is the Group's presentation currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euro at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated into Euro at the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

(e) **Financial instruments**

The Company adopted IFRS 9 on 1 January 2018. The relevant policies applicable to financial instruments are described below.

(i) Classification

Financial assets

On initial recognition a financial asset is classified as measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Classification of debt instruments is determined based on:

a) The business model under which the asset is held, and
b) The contractual cash flow characteristics of the instrument.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The Group considers information such as the stated policies and objectives for the portfolio and the operation of those policies, the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed, how managers of the business are compensated, or the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The assessment of the contractual cash flow characteristics means whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a lending arrangement, the SPPI test is not passed. When performing the SPPI test, the Group takes into consideration the following factors: non-standard interest rate, financial leverage, early repayment options, longer repayment options, non-recourse arrangement, contract-linked instruments, hybrid instruments, instruments purchased with a significant discount/premium.

The Group has more than one business model for managing its financial instruments, which reflects how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group defines business models as follows:

- "Hold and collect"
- "Hold, collect and sell"
- "Mandatorily at fair value"
- "Trading"
- "Fair value option"

The strategy "Hold and collect" has as its objective to hold financial assets in order to collect contractual cash flows of both principal and interest payments.

The strategy "Hold, collect and sell" has as its objective to both collect contractual cash flows and sell financial assets.

The strategy "Mandatorily at FV" is used for financial assets that are held for the purpose of holding and collecting or holding and collecting and selling, but that have not passed the SPPI test and cannot be measured at AC or FVOCI. The major investments of the Group are presented in this category.

The strategy "Trading" has active trading as its objective. Assets for which this strategy is used are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

The strategy "Fair value option" is used for assets that are at initial recognition irrevocably designated as measured at FVTPL in order to eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising gains and losses using different bases.

The assessment above being made, the financial assets are classified into one of the following measurement categories:

a) Financial assets at amortised cost (AC)

The relevant business model is to hold assets to collect contractual cash flows and the SPPI test is passed. Examples of such financial assets are loans, investment securities previously held to maturity or trade receivables. Expected credit losses ("ECL"; see below) are calculated and recognised in profit or loss for this category of financial assets. Foreign exchange ("FX") differences as well as interest revenues accrued using the effective interest rate ("EIR") method are also recognised in profit or loss.

b) Financial assets at fair value through other comprehensive income (FVOCI)

In order to be classified as FVOCI, the asset either i) meets the SPPI test and is held within the business model "Hold, collect and sell", which has the objective of both collecting contractual cash flows and selling the financial asset; or ii) the asset is an equity instrument that does not meet the SPPI test but is not held for trading and the Group elected to measure such instrument at fair value through other comprehensive income.

Thus, there are two types of instruments that can be classified as FVOCI and the accounting treatment for these financial assets is different:

i) Debt instruments meeting the SPPI test within the business model "Hold, collect and sell"

Under this accounting treatment ECLs are recognised in profit or loss and the changes in the fair value of the instrument are recognised in OCI. FX differences in relation to the amortised cost, including impairment, are recognised in profit or loss. Interest revenues calculated using EIR are recognised in profit or loss.

When the financial asset is derecognised, a gain or loss is recognised in profit loss as a result of reclassification of the gain or loss from OCI to profit or loss.

ii) Equity instruments not held for trading where the FVOCI option was elected

Under this treatment ECLs are not calculated, as these assets are already measured at fair value and changes in fair value are recognised in other comprehensive income (OCI) and will not be reclassified to profit or loss upon disposal. FX differences are recognised in OCI as part of the revaluation reserve.

When the equity instrument is sold, the corresponding gain or loss remains in OCI.

Dividends from these financial assets are recognised in profit or loss.

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

Financial assets that do not meet the conditions for being classified and measured under one of the two previous categories are classified and measured at fair value through profit or loss.

Financial assets that are acquired to be actively traded (trading business model) are also classified and measured at FVTPL, including derivatives.

Furthermore, an entity may at initial recognition irrevocably designate a financial asset to be measured at FVTPL in order to eliminate or significantly reduce a measurement or recognition inconsistency (also referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising gains and losses using different bases.

For this category of assets ECL are not calculated and recognised. Changes is fair value are recognised in profit or loss. FX differences are recognised in profit or loss as well.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Liabilities are classified and measured at amortized cost, with the exception of:

- Financial liabilities held for trading including derivatives – these are measured at FVTPL;
- Financial liabilities that use the option to be measured at FVTPL at acquisition – designated at FVTPL.

In case of liabilities at FVTPL, the change in fair value resulting from a change in the Group’s own credit risk is presented in OCI, while the remaining change in fair value is presented in profit or loss.

The following table provides a reconciliation between the line items in the statement of financial position and categories of financial instruments:31 December 2023

In thousands of EUR	**Ref. to Note**	**Mandatorily at FVTPL**	**Designated as at FVTPL**	**FVOCI - debt instruments**	**Designated as at FVOCI - equity instruments**	**Amortised cost**	**Total carrying amount**
Cash and cash equivalents	10	-	-	-	-	298	**298**
Financial assets for trading	11	31,978	-	-	-	-	**31,978**
Financial assets measured at fair value through profit or loss	12	508,365	-	-	-	-	**508,365**
Financial assets measured at fair value through other comprehensive income	13	-	-	3,372	398		**3,770**
Loans to customers	14	-	-	-	-	216,181	**216,181**
Trade receivables and other assets under risk management	15	-		-	-	23,949	**23,949**
Total financial assets		**540,343**	**-**	**3,372**	**398**	**240,428**	**784,541**
Bank loans	18		-	-	-	212,480	**212,480**
Loans from customers	19	-	-	-	-	32,723	**32,723**
Debt securities issued	20	-	-	-	-	207,547	**207,547**
Subordinated debt	21	-	-	-	-	76,889	**76,889**
Trade payables and other liabilities under risk management	22	-	-	-	-	319	**319**
Total financial liabilities		**-**	**-**	**-**	**-**	**529,958**	**529,958**

31 December 2022

In thousands of EUR	Ref. to Note	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI - debt instruments	Designated as at FVOCI - equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	10	-	-	-	-	146	**146**
Financial assets for trading	11	69,192	-	-	-	-	**69,192**
Financial assets measured at fair value through profit or loss	12	254,210	-	-	-	-	**254,210**
Financial assets measured at fair value through other comprehensive income	13	-	-	78,036	499	-	**78,535**
Loans to customers	14	-	-	-	-	28,223	**28,223**
Trade receivables and other financial assets under risk management	15	-		-	-	4,489	**4,489**
Total financial assets		**323,402**	**-**	**78,036**	**499**	**32,858**	**434,795**
Bank loans	18	-	-	-	-	52,515	**52,515**
Loans from customers	19	-	-	-	-	27,191	**27,191**
Debt securities issued	20	-	-	-	-	144,437	**144,437**
Subordinated debt	21	-	-	-	-	13,774	**13,774**
Trade payables and other liabilities under risk management	22	-	-	-	-	182	**182**
Total financial liabilities			**-**	**-**	**-**	**238,099**	**238,099**

(ii) Recognition

Financial assets for trading, investment securities at fair value through profit or loss and investment securities measured at fair value through other comprehensive income are recognised on the date the Group commits to purchase the assets. Regular way purchases and sales of financial assets are accounted for on the trade date. Loans and other receivables are recognised on the day they are provided by the Group.

(iii) Measurement

Financial instruments are measured upon initial recognition at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent to initial recognition, financial assets are measured at their fair value, except for loans and advances to customers, investment securities at amortised cost, and cash and cash equivalents. After initial recognition, financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. In measuring amortised cost, any difference between cost and redemption value is recognised in the income statement over the period of the asset or liability on an effective interest rate basis.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the statement of financial position date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market-related rate at the statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the statement of financial position date to the largest extent possible.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in Note 24. Fair value information.

Loans and advances: Fair value is calculated based on discounted expected future principal and interest cash flows using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.

Loans from customers and *Debt securities issued:* The estimated fair value of fixed-maturity instruments is based on discounted cash flows using an appropriate yield curve.

Trade receivables and Trade payables and other assets/ liabilities: For receivables/ payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. Other receivables/ payables are discounted to determine the fair value.

(v) Gains and losses on subsequent measurement

Gains and losses arising from changes in fair value are recognised in the income statement for assets held for trading or at fair value through profit or loss and directly in other comprehensive income as a revaluation difference for investment securities at fair value through other comprehensive income. The cumulative gain or loss on debt financial assets at fair value through other comprehensive income previously recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment when the asset at fair value through other comprehensive income is derecognised. In case of equity instruments the cumulative gain or loss from investment securities at fair value through other comprehensive income remains in the revaluation reserve and is not reclassified to profit or loss. Interest income and expense from debt financial assets are recorded in the income statement by applying the effective interest rate method.

(vi) Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Investment securities at fair value through other comprehensive income, financial assets for trading and investment securities measured at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as at the date the Group commits to sell the assets.

Loans and advances to banks and customers are derecognised on the day they are disposed of. If loans and advances do not meet the policy to be held at amortised cost anymore and the control is passed to third parties, the carrying amount of disposed receivable is first adjusted through creation or reversal of impairment in the income statement to the lower of selling price and gross value. Therefore, a gain from derecognition of a receivable can be recognised if and only if the selling price is higher than the gross value of the related receivable.

(vii) Modification

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

(f) **Cash and cash equivalents**

The Group includes into Cash and cash equivalents cash on hand and other short term highly liquid investments with original maturities of three months or less, such as Current account with banks and Loans and advances with original maturities of three months or less.

(g) **Loans and advances to customers**

Loans and advances granted by the Group are classified as originated loans and receivables. Loans and advances are reported net of impairment allowance (refer to accounting policy 2(j)).

Modifications of the contractual terms may result in derecognition of the original asset when the changes to the terms of the loans are considered substantial. The group considers modifications substantial, if the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 % different from the discounted present value of the remaining cash flows of the original loan. In such case, the original financial asset is derecognized and a new financial asset is recognized at its fair value. The difference between the carrying amount of the derecognized asset and the fair value of the new asset is recognized in the consolidated income statement.

For all loans, where the modification of terms did not result in the derecognition of the loan, the gross carrying amount of the modified loan is recalculated based on the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss from the modification is recorded in the consolidated income statement.

(h) **Sale and repurchase agreements**

Where securities are sold under a commitment to repurchase at a predetermined price (repos), they remain on the statement of financial position and a liability is recorded equal to the consideration received. Conversely, securities purchased under a commitment to resell (reverse repos) are not recorded on the statement of financial position and the consideration paid is recorded as a loan. The difference between the sale price and the purchase price is treated as interest and accrued evenly over the life of the transaction. Repos and reverse repos are recognised on a settlement date basis.

(i) **Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or to realise the asset and settle the liability simultaneously.

The Group has not offset any assets and liabilities as at 31 December 2023 and 2022.

(j) **Impairment of non-financial assets**

The carrying amounts of the Group's assets, other than deferred tax assets and financial instruments at fair value through profit and loss (refer to accounting policy 2(e) and (r)), are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment as part of the cash generating unit to which they belong.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of other assets is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment of financial assets and contract assets

The 'expected credit loss' (ECL) model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. It also applies to loan commitments measured at amortised cost and financial guarantees measured at amortised cost (refer to accounting policy 2 (m)).

Loss allowances are measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12-month period after the reporting date.
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition. 12-month ECL measurement is applied in other cases.

For the purposes of ECL calculation, financial assets are categorized into three stages (Stage 1, 2 ,3). Financial assets that are impaired at the date of initial recognition represent a separate category - Purchased or originated credit-impaired assets ("POCI"). At the date of first recognition, a financial asset is included in Stage 1 or POCI (recorded in stage 3 until derecognition of the financial asset). Subsequent reclassification is carried out according to the occurrence of a significant increase in credit risk (Stage 2) or impairment (default) of the asset (Stage 3).

Stage 1 (12-month ECL)

Financial assets that are not credit impaired and for which there has not been a significant increase in credit risk (SICR) since initial recognition remain classified in Stage 1. For financial assets in Stage 1 12-months expected credit losses are recognised. Interest revenue from these assets is calculated from the gross carrying amounts (“GCA”). An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has a low credit risk at the reporting date (further described in the section below).

Stage 2 (lifetime ECL not credit-impaired)

This stage is applicable when the credit risk has increased significantly since initial recognition of the financial asset, but the asset is not credit-impaired. The Group considers that a significant increase in credit risk occurs no later than when an assets is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment was not received.

Lifetime ECLs are calculated for this stage, i.e. ECLs that result from all possible default events over the expected life of a financial instrument. Interest revenue from these assets is calculated from the GCA.

Stage 3 (lifetime ECL credit-impaired)

In Stage 3, the credit quality of a financial asset has significantly deteriorated (financial instruments that are considered to be in default). Lifetime expected credit losses are recorded for Stage 3, however, interest revenue is calculated from the net amortised cost.

For trade receivables and contract assets without a significant financing component lifetime ECL measurement is used instead of the approach described above.

Financial assets with low credit risk

The credit risk of a financial instrument is considered to be low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. However, collateral does not influence whether a financial instrument has a low credit risk.

Expected credit losses over the remaining life of a financial instrument are not recorded solely due to the fact that it was considered to be a low-risk financial instrument in the previous financial year but due to this assessment at the end of the reporting period.

At the end of the reporting period the Group assesses individual items classified in Stage 1 with low credit risk and if they do not meet the above characteristics, they are reclassified to the relevant stage.

Determining a significant increase in credit risk (SICR) from initial recognition

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers the change in the risk of default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information (available without undue cost or effort) that is indicative of significant increases in credit risk since initial recognition.

If there has been a significant increase in credit risk since initial recognition, the exposure is included in Stage 2 and the lifetime ECL is estimated. If there has been no significant increase in credit risk since initial recognition, the exposure remains in Stage 1 (12-months ECL). If the exposure is in default, it is classified to Stage 3.

Due to the variety of financial assets held, multiple criteria and assessment are used for determining transfers among stages:

- Rating: In case the debtor has a credit rating issued by a reputable agency, the movement among stages follows the changes in rating from initial recognition.
- Cash flows: In case the cash flows of the underlying asset or debtor can be estimated and the present value of these CF deteriorates by more than 20% from the original estimate upon recognition, the asset is transferred to Stage 2.
- LTI (Loan to Income): When ratings or cash flows are not available, the estimate of a change in the Loan to Income (LTI) is used. The Loan is the total exposure of the Company relating to the asset including all other liabilities that are in the same or higher seniority (pari passu) as with the Company. The Income corresponds with the estimate of the net assets value less liabilities that are senior to the Company. The movement between stages is determined based on the change in LTI, from the original LTI to LTI as at the balance sheet date according to the Group’s matrix, or net assets as appropriate in the specific circumstances of the debtor.
- Indicators of default can serve as another indicator for determining the appropriate impairment stage for the relevant asset (described below).

Indicators of default

To determine whether a financial asset is in default, the Group assesses the common indicators of default listed below:

- The situation when the Group filed a petition for declaring the bankruptcy of the debtor.
- The situation when the debtor has applied for bankruptcy announcement.
- The situation when the bankruptcy was announced.
- The debtor has entered or intends to enter into liquidation.
- The court has ruled that the debtor (legal person) was not founded (does not exist) or the debtor (natural person) has died.
- The final judgment of the court or administrative authority was ordered to enforce the decision to sell the debtor's assets or seize the debtor's assets.
- The situation when the debtor`s liability (or a significant portion) is overdue for more than 90 days.
- Manipulation with the financial statements is proven, seeking out the fulfilment of contractual conditions for accelerating the receivable (early repayment).
- It is proven that more than 30% of the funds provided to the debtor by the Group are used by the debtor for another purpose than stated in the contract.
- The debtor acquires external rating corresponding with rating D on the S&P scale.

Purchased or originated credit-impaired financial assets (POCI)

Purchased or newly originated credit-impaired assets are financial assets that are already in default or originated as part of a debtor’s loan restructuring that considerably changed the conditions of the loan.

To calculate the effective interest rate, it is necessary to determine the estimated cash flows, including the recoverability of the receivable upon settlement. The adjusted effective interest rate is calculated as implied interest from the value of the purchased receivable (net) and the estimated cash flows. This interest rate is subsequently used to recognise interest income.

Changes in expected credit losses are recorded against the carrying amount of the receivable and the gain or loss on the change is recorded through the income statement.

Determination of expected credit losses

ECLs are in fact the outcome from multiplication of the following parameters: probability of default (PD), expected loss given default (LGD) and exposure at default (EAD).

Determination of probability of default (PD)

Probability of default is from the interval (0;1] and, due to lack of historical data, PDs are taken from the financial stability reports from the national regulator or similar institution for the country of the counterparty. Lifetime PDs for Stage 2 are derived from the annual PDs. When calculating the ECL, forward looking information was considered by the Group by analysing the difference between point-in-time PD and through-the-cycle PD and assessed as not material.

Determination of loss given default (LGD)

LGD is an estimate of the loss arising when default occurs at a given time (expressed as a percentage).

For exposures above a given threshold, LGD is calculated on an individual basis in the form of scenario analyses.

The Group applies LGD at 45% given by Basel III as this sufficiently corresponds with the standard loss from the market default; usually the Group has its assets collateralized or applies other means of debt collection. If valuation of a project is available, the calculation of LGD for individually significant exposures is extended for scenarios which are described below.

Determination of Exposure at default (EAD)

EAD is determined as the total exposure at the time of calculation, i.e. the outstanding principal and accruals/deferrals. 50% (20% in case of maturity less than one year) of irrevocable undrawn commitments is included in EAD to take into consideration the uncertainty of drawing.

Scenarios

For individually significant exposures with available valuation based on cash flows three scenarios are used. Each scenario has a predetermined weight.

Scenario 1 represents a moderate performance/value deterioration and moderate PD increase. The weight assigned to this scenario is 70%.

Scenario 2 represents a significant performance/value deterioration and significant PD increase. The weight assigned to this scenario is 20%.

Scenario 3 represents a catastrophic value decrease and PD increase. The weight assigned to this scenario is 10%.

In case of Stage 3 exposures, scenario application may not be appropriate and thus ECL is determined as the difference between LTI of the exposure and LTI in amount of 1 or in the amount of net assets if negative, as appropriate in the specific circumstances of the debtor. LTI/net assets calculation already reflects the economic distress of the debtor.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets,
- For loan commitments and financial guarantee contracts generally as a provision,
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision, and
- For debt instruments measured at FVOCI, the ECL is not deducted from the carrying amount of the financial asset because the carrying amount is already measured at fair value. However, the loss allowance is recognised as reduction of the revaluation reserve in OCI, instead.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

In case of write-off, the Group directly reduces the gross carrying amount of a financial asset. Write-offs do not have an impact on profit or loss, because the amounts written off are already reflected in the loss allowance. A write-off constitutes a derecognition event. Nonetheless, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(k) **Intangible assets**

Goodwill acquired in a business combination

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included under intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill arising on an acquisition is reassessed and any excess remaining after the reassessment is recognised in the income statement.

(l) **Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

(m) **Financial guarantees and loan commitments**

Liabilities arising from financial guarantees and loan commitments are included within provisions.

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. An initial ECL is recognised as provision in the case of commitments and guarantees (refer to Note 16. Amounts arising from expected credit losses (ECL)). A change in ECL in subsequent periods (while holding commitments and guarantees and the expected cash flows from the financial asset has changed) will be recorded as expense/revenue through off-balance sheet provisions. At the end of the reporting period after an ECL for an off-balance sheet exposure is recorded, the total net exposure value is compared with the value of the acceptable collateral and the amount of acceptable collateral is adjusted to be equal or not to exceed the value of exposure to the client.

Provisions for financial guarantees and loan commitments represent the ECL on the related off-balance sheet liabilities. When it is probable that the Group will have to satisfy its contractual commitments, the ECL is transferred from Stage 1 or Stage 2 to Stage 3 and the amount is appropriately adjusted. When the Group makes the committed payments to the eligible parties, a loan asset is recognised and an ECL on this asset is recognised as well, while the provision for financial guarantees and loan commitments (ECL on the off-balance sheet asset) is released. Release as well as creation of the ECL are recognised in profit or loss under *Net impairment losses on loans, loan commitments and financial guarantees and other financial assets*.

(n) **Trade and other payables**

Trade and other payables are stated at amortised cost.

(o) **Derivatives**

The Group recognises financial derivates representing economic hedges but not qualifying for the hedge accounting as assets and liabilities held for trading. All changes in its fair value are recognised immediately in profit or loss.

(p) **Interest income and expense**

Interest income and expense is recognised in the income statement as it accrues. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. All borrowing costs are recognised in the income statement.

(q) **Dealing profits, net**

Dealing profits, net include gains and losses arising from disposals and changes in the fair value of financial assets and liabilities at fair value through profit or loss, as well as gains and losses from foreign exchange trading.

(r) **Income tax**

Income tax on the profit for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities, in a transaction that is not a business combination, that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future since the parent is able to control the reversal of the temporary difference. No taxable temporary differences are recognised on the initial recognition of goodwill. In addition, no deferred tax is recognised in respect of financial assets at fair value through profit or loss or other comprehensive income as the income from disposal of financial instruments as well as the revaluation gains or losses are not taxable nor tax deductible under current tax regulations in Cyprus. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(s) **Dividends**

Dividends are recognised in the statement of changes in equity and recorded as liabilities in the period in which they are declared.

(t) **Changes in accounting policies**

There were no changes in accounting policies, except for changes resulting from possible modifications of International Financial Reporting Standards (IFRS) as described in section 2.

3. Critical accounting estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1. Business combinations and purchase price allocations

In a business combination (see also Note 4. Acquisition and establishment of subsidiaries), the acquiree's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair values at the acquisition date. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes is performed by management with the support of professional advisors if necessary.

The valuation analysis is based on historical and prospective information available as of the date of the business combination. Any prospective information that may impact the fair value of the acquired assets is based on management's expectations of the competitive and economic environments that will prevail in the future.

The results of the valuation analyses are used as well for determining the amortisation and depreciation periods of the values allocated to specific intangible and tangible fixed assets.

There were no business combinations and no fair value adjustments resulting from business combinations in 2023 and 2022.

3.2. Financial instruments

When measuring the fair value of a financial asset or a financial liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor on a valuation technique for which any observable inputs are judged to be insignificant for the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, the difference is recognised in profit and loss on an appropriate basis but no later than when the valuation is wholly supported by observable market inputs or the transaction is closed out.

If the market for a financial instrument is not active, fair value is estimated using valuation techniques.

Valuation process and techniques

In applying valuation techniques, estimates and assumptions that are consistent with available information about estimates and assumptions that market participants would use in setting a price for the financial instrument are used.

The fair value of Level 3 investments is estimated using various valuation techniques, such as EBITDA multiples or discounted cash flow ("DCF") models. In case of DCF models input come from the specific investment's business plan or cash flow projections. The individual business plans and cash flow projections are critically reviewed by management before inclusion in the models. The discount rates are based on the specificities of the industries and countries in which the investments operate. The key assumptions used in the valuations are the expected cash flows and discount rates. For more detail refer to Note 12. Financial assets measured at fair value through profit or loss.

3.3. Expected credit losses

The measurement of ECL allowances for loans and receivables, measured at amortised cost, loan commitments and financial guarantees requires significant assumption about future economic conditions and credit behaviour and judgments are also required in applying the accounting requirements for measuring the ECL

Further information about determining ECL is included in note 2 (j) Impairment of non-financial assets.

4. Acquisitions and establishments of subsidiaries

In 2022 the Group established the following companies:

In thousands of EUR	Date of establishment	Capital contributed	Group's interest after establishment (%)
JTSEC Financing I a. s. (formerly JTPEG Financing a.s.)	9 February 2023	88	100.00
JTSEC CZ Financing 1, a.s.	14 March 2023	84	100.00
J&T ARCH BOND I., a. s. (formerly JTSEC Financing II a. s.)	18 April 2023	88	100.00

JTSEC Financing I a.s. is company with its seat in Slovak republic and JTSEC CZ Financing 1, a.s. is company with its seat in Czech republic, both were established for purpose of issuing bonds, that are listed on stock exchange (refer also to Note 20 – Debt securities issued).

J&T ARCH BOND I., a. s. was established for the future projects of the Group and as at 31 December 2023 there were no significant activities.

5. Net interest expense

In thousands of EUR

	2023	2022
Interest income calculated using effective interest rate		
Loans customers	6,875	3,213
Bonds and other securities	1,286	1,174
Other	878	434
Total interest income using effective interest rate	**9,039**	**4,821**
Interest income according to classes of instruments:		
Financial instruments measured at amortised cost	7,753	3,647
Financial instruments measured at FVOCI	1,286	1,174
Total interest income using effective interest rate	**9,039**	**4,821**
Financial assets for trading	-	-
Total other interest income	**-**	**-**
Total interest income	**9,039**	**4,821**
Interest expense		
Loans from banks and customers	(4,756)	(2,458)
Bonds and other securities	(10,443)	(7,325)
Repo transactions	(5,111)	(2,739)
Total interest expense	**(20,310)**	**(12,522)**
Interest expense according to classes of instruments:		
Financial instruments measured at amortised cost	(20,310)	(12,522)
Total interest expense	**(20,310)**	**(12,522)**
Total net interest expense	**(11,271)**	**(7,701)**

6. Net fee and commission expense

In thousands of EUR	2023	2022
Fee and commission expense		
Fees on financial instrument operations	(445)	(359)
Intermediation fees	(11)	(250)
Other fees and commission expenses	(414)	(254)
Total fee and commission expense	**(870)**	**(863)**

7. Net dealing profit

In thousands of EUR	2023	2022
Dividend income from financial assets measured at fair value through profit or loss	12,841	4,663
Dividend income from financial assets measured at FVOCI	38	117
Net gains (losses) from financial instruments held for trading		
- derivatives	*5,699*	*(2,784)*
- equity instruments	*18,586*	*8,348*
Net gain from disposal of investment at fair value through profit or loss	13,013	2,864
Net gains from non-trading financial assets at FVTPL	20,333	4,141
Net gains (losses) from financial assets measured at FVOCI		
-debt instruments	(306)	1,393
Exchange rate gains (losses)	4,116	(358)
Total net dealing profit (loss)	**73,935**	**18,384**

8. Expenses by nature

In thousands of EUR	2023	2022
Consulting expenses	(643)	(401)
Repairs and maintenance expenses	(329)	(2)
Other expenses	(278)	(202)
Total other operating expenses	**1,250**	**605**
Personell expenses	(26)	(10)
Total expenses by nature	**(1,276)**	**(615)**

Consulting expenses include fees for statutory audit in amount EUR 138 thousand (2022: EUR 40 thousand).

9. Income tax

In thousands of EUR	2023	2022
Current tax expense		
Current year	(185)	(84)
Adjustments for prior periods	(6)	-
Withheld on interest	(709)	(203)
Total income tax expense	**(900)**	**(287)**
Deferred tax income	**4**	**-**
	-	-
Total income tax expense	**(896)**	**(287)**

The corporate income tax rate in Cyprus for 2023 and 2022 is 12.5%.

Under certain conditions interest income may be subject to defense contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

The corporate income tax rate in the Czech Republic for 2023 and 2023 is 19 %. The corporate income tax rate in Slovakia for 2023 and 2022 is 21%.

Reconciliation of the effective tax rate:

In thousands of EUR	**2023**		**2022**	
	%		%	
Profit before tax		**59,158**		**8,972**
Income tax at 12.5%	(12.5)	(7,395)	(12.5)	(1,122)
Effect of tax rates in foreign jurisdictions	(6.5)	(3,844)	(6.5)	(583)
Non-deductible expenses	(0.1)	(72)	-	-
Non-taxable income	18.8	11,145	18.1	1,621
Tax withheld on interest	(1.2)	(709)	(2.3)	(203)
Current year losses for which no deferred tax asset was recognised	0.0	(15)	0.0	-
(Underprovided)/overprovided in prior years tax charges	0.0	(6)	0.0	-
Total tax	**(1.5)**	**(896)**	**(3.2)**	**(287)**

10. Cash and cash equivalents

In thousands of EUR	**31 December 2023**	**31 December 2022**
Current accounts at banks	179	31
Short-term deposits at banks	119	115
Less impairment loss allowance	**-**	**-**
Total cash and cash equivalents	**298**	**146**

As at 31 December 2023 and 2022, expected credit losses related to cash and cash equivalents were recognised in amount of EUR 481 (2022: nil).

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

Cash and cash equivalents	298	146
Bank overdrafts (refer to note 18)	(95,734)	(15,073)
	(95,436)	**(14,927)**

11. Financial assets for trading

In thousands of EUR	**31 December 2023**	**31 December 2022**
Shares for trading	23,725	66,650
Option contracts for share purchase	8,253	2,530
Foreign exchange contracts	-	12
Total financial assets for trading	**31,978**	**69,192**

Fair value measurement of assets for trading

In thousands of EUR	**31 December 2023**	**31 December 2022**
Fair value of assets for trading		
Level 1 – quoted market prices	23,725	66,650
Level 2 – derived from quoted prices	-	-
Non-derivative assets for trading	**23,725**	**66,650**
Fair value of derivatives		
Level 2 – derived from quoted prices	-	12
Level 3 – calculated using valuation techniques	8,253	2,530
Derivative assets for trading	**8,253**	**2,542**
Total assets for trading	**31,978**	**69,192**

Fair value of option contract was determined based on transaction price that occurred after the balance sheet date. For the valuation method and inputs used by the Group refer also to Note 3.2 - Financial instruments.

As at 31 December 2023 all financial assets for trading are expected to be settled less than 12 months after the reporting date (2022: 69,192).

12. Financial assets measured at fair value through profit or loss

In thousands of EUR	**31 December 2023**	**31 December 2022**
Shares and other equity instruments	508,096	253,946
Investment funds units	269	264
Total investment securities measured at fair value through profit or loss	**508,365**	**254,210**

Investment securities measured at fair value through profit or loss consists mainly of investment shares of several sub-funds of J&T ARCH INVESTMENTS SICAV in amount of EUR 391,262 thousand, out of which EUR 380,668 thousand are traded on Prague Stock Exchange (2022: EUR 199,733 thousand, all traded on Prague Stock Exchange).

(i) Fair value measurement of investment securities measured at fair value through profit or loss

In thousands of EUR	**31 December 2023**	**31 December 2022**
Level 1 – quoted market prices	-	-
Level 2 – derived from quoted prices	380,668	121,326
Level 3 – calculated using valuation techniques	127,697	132,884
	508,365	**254,210**

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	**2023**	**2022**
Balance at 1 January	132,884	82,022
Additions	10,000	45,632
Disposal	(14,725)	(12)
Total gains/(losses) recognised in profit or loss	(462)	5,242
Balance at 31 December	**127,697**	**132,884**

Quantitative information about significant unobservable inputs – Level 3 of the fair value hierarchy

The enterprise value of some underlying investments was estimated by way of the sum of parts principle. Thus, the discount rate employed for individual cash generating units of the underlying investments varies depending on size, cyclicality, geographic location, etc.

In thousands of EUR

Financial asset	2023	Valuation technique	Unobservable input	Input value/Range
Best Hotel Properties a.s.	1,807	DCF/Recent transaction	Discount rate	8.87% - 16.56%
			Terminal growth	2.0% - 4.1%
J&T ARCH INVESTMENTS, podfond J&T ARCH INV. - dividend. EUR	10,594	NAV of the fund		
J&T Investment Pool – I – CZK, a.s.	84,562	NAV of the fund		
J&T Investment Pool - I - SKK, a.s.	24,490	NAV of the fund		
J&T OSTRAVICE ACTIVE LIFE, closed mutual fund	269	NAV of the fund		

Financial asset	2022	Valuation technique	Unobservable input	Input value/Range
Best Hotel Properties a.s.	3,554	DCF	Discount rate	9.89% - 20.18%
			Terminal growth	2.0% - 4.0%
J&T Investment Pool - I - CZK, a.s.	82,892	NAV of the fund		
J&T Investment Pool - I - SKK, a.s.	45,197	NAV of the fund		
J&T OSTRAVICE ACTIVE LIFE, closed mutual fund	264	NAV of the fund		

In thousands of EUR		2023			
Financial asset	**Input**	**Adverse effects**		**Favourable effects**	
		Sensitivity used	**Effect on FV**	**Sensitivity used**	**Effect on FV**
Shares of Best Hotel Properties a.s. (BHP)	EBITDA	(5.0%)	(714)	5.0%	714
	Discount rate	0.5pp	(681)	(0.5pp)	773

In thousands of EUR		2022			
Financial asset	**Input**	**Adverse effects**		**Favourable effects**	
		Sensitivity used	**Effect on FV**	**Sensitivity used**	**Effect on FV**
Shares of Best Hotel Properties a.s.(BHP)	EBITDA	(5.0%)	(923)	5.0%	923
	Discount rate	0.5pp	(1,064)	(0.5pp)	1,215

The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The sensitivities are shown under the adverse or favourable effect headings based on whether the particular change in an input has an adverse (negative) or favourable (positive) impact on the fair value of the investment. As per this analysis, EBITDA relates to the projected EBITDA for the entire projected period (including perpetuity). For example, the 5% favourable sensitivity for BHP's EBITDA in amount of EUR 714 thousand (2022: EUR thousand) means for the Group that if BHP's EBITDA was to increase by 5% consistently over the entire projected period (and perpetuity), the isolated favourable effect of such a change in the fair value of the investment as at the valuation date would equal the stated amount. Similarly, the 0.5pp favourable sensitivity for BHP's Discount rate in amount of EUR 773 thousand (2022: EUR thousand) means for the Group that if 0.5% was deducted from the discount rate used in the management's DCF valuation of BHP (i.e., the discount rate was decreased by 0.5 percentage point), the isolated favourable effect of such a change on the fair value of the investment as at the valuation date would equal the stated amount.

13. Financial assets measured at fair value through other comprehensive income

In thousands of EUR	**31 December 2023**	**31 December 2022**
Debt instruments	3,372	78,036
Equity instruments	398	499
Total financial assets at fair value through other comprehensive income	**3,770**	**78,535**

Debt instruments measured at fair value through other comprehensive income present bonds listed on stock exchange with maturity between 2025 and 2026 (2022: between 2023 and 2027).

Equity instrument measured at fair value through other comprehensive income present perpetual certificates (subordinated unsecured certificates) with no maturity and yield that is fully discretionary and subject to approval of the issuer.

In thousands of EUR	**31 December 2023**	**31 December 2022**
Level 1 – quoted market prices	-	-
Level 2 – derived from quoted prices	3,770	78,535
Level 3 – calculated using valuation techniques	-	-
	3,770	**78,535**

	31 December 2023		**31 December 2022**	
In thousands of EUR	**Fair value**	**Dividend income**	**Fair value**	**Dividend income**
Banks and financial institution	398	38	499	117
Other	-	-	-	-
Total	**398**	**38**	**499**	**117**

During the year 2023 equity instruments at fair value through other comprehensive income totalling EUR 97 thousand were derecognised. During 2023 the Board of Directors after a resolution, decided to decrease the value of investment held in certificates of J&T BANKA 10% PERP. Received funds in amount of EUR 100 thousand were used for current needs for purchase of another investments.

14. Loans to customers

In thousands of EUR	**31 December 2023**	**31 December 2022**
Loans provided	170,002	18,510
Loans - reverse repurchase agreements	48,030	9,790
Less impairment loss allowance for loans (refer to Note 16)	(1,851)	(77)
Total loans and advances to customers	**216,181**	**28,223**

Loans – reversed repurchase agreements *In thousands of EUR*	**Fair value of assets held as collateral**	**Carrying amount of receivable**	**Repurchase price**
31 December 2023			
- maturity up to 1 month	67,103	48,030	48,104
31 December 2022			
- maturity up to 1 month	13,725	9,790	9,793

At 31 December 2023 EUR 29,821 thousand of loans and advances to customers are expected to be recovered more than 12 months after the reporting date (2022: EUR 3,600 thousand).

15. Trade receivables and other assets

In thousands of EUR	**31 December 2023**	**31 December 2022**
Securities settlement balances	23,947	4,489
- gross	*23,949*	*4,502*
- allowance	*(2)*	*(13)*
Trade and other receivables	2	-
- gross	*2*	-
- allowance	-	-
Total receivables presented under risk management (see Note 24)	**23,949**	**4,489**
Advance payments	88	-
Deferred expenses	123	49
Total non-financial receivables and other assets	**211**	**49**
Total trade receivables and other assets	**24,160**	**4,538**

For details on ECL refer to Note16.

At 31 December 2023 and 2022 all trade receivables and other assets are expected to be recovered less than 12 months after the reporting date.

Securities settlement balances as at 31 December 2023 include payments for subscription of investment shares in JTPEG INVESTMENTS FUND I SICAV, a.s.in the amount of EUR 21,800 thousand.

16. Amounts arising from expected credit losses (ECL)

The following tables show a reconciliation from the opening to the closing balance of the loss allowance and provisions by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2. Material accounting policies

(a) Loans and advances to customers at amortised cost

	2023			**2022**		
In thousands of EUR	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Total**
Balance at 1 January	**77**	**-**	**77**	**619**	**-**	**619**
Net remeasurement of loss allowance	673		673	(542)	-	(542)
New financial assets originated or purchased	1,101	-	1,101	-	-	**-**
Balance at 31 December	**1,851**	**-**	**1,851**	**77**	**-**	**77**

(b) **Trade receivables and other assets**

	2023			2022		
In thousands of EUR	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Total**
Balance at 1 January	**-**	**13**	**13**	**-**	**5**	**5**
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	8	**8**
Financial assets that have been derecognised	-	(11)	**(11)**	-	-	-
Balance at 31 December	**-**	**2**	**2**	**-**	**13**	**13**

(c) **Financial assets measured at fair value through other comprehensive income**

	2023			2022		
In thousands of EUR	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Total**
Balance at 1 January	**1,013**	**-**	**1,013**	**263**	**-**	**263**
Net remeasurement of loss allowance	-	-	-	750	-	**750**
New financial assets originated or purchased	2	-	2	-	-	-
Financial assets that have been derecognised	(985)	-	(985)	-	-	-
Write-offs and use	(5)	-	(5)			
Balance at 31 December	**25**	**-**	**25**	**1,013**	**-**	**1,013**

(d) **Loan commitments and financial guarantee contracts**

	2023			2022		
In thousands of EUR	**12-month ECL**	**Lifetime ECL credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL credit-impaired**	**Total**
Balance at 1 January	**78**	**-**	**78**	**61**	**-**	**61**
Net remeasurement of loss allowance	68	-	**68**	17	-	**17**
New commitments and financial guarantees issued	1	-	**1**	-	-	**-**
Balance at 31 December	**147**	**-**	**147**	**78**	**-**	**78**

(e) **Sensitivity analysis of impairment losses**

An analysis of the sensitivity of ECL calculation to a decrease or increase in PDs or LGDs by 10% is as follows:

31 December 2023

In thousands of EUR	Decrease of PD or LGD by 10%			
	Impairment allowances	**Impairment allowances**	**Absolute change**	**Relative change**
Loans and advances to customers (12-month ECL)	1,851	1,666	(185)	(10%)
Trade receivables and other assets (Lifetime ECL not credit-impaired)	2	2	-	0%
Financial assets measured at fair value through other comprehensive income (12 – month ECL)	25	22	(3)	(12%)
Loan commitments and financial guarantee contracts (12-month ECL)	147	132	(15)	(10%)
Total	**2,025**	**1,822**	**(203)**	**(10%)**

In thousands of EUR	Increase of PD or LGD by 10%			
	Impairment allowances	**Impairment allowances**	**Absolute change**	**Relative change**
Loans and advances to customers (12-month ECL)	1,851	2,037	186	10%
Trade receivables and other assets (Lifetime ECL not credit-impaired)	2	2	-	0%
Financial assets measured at fair value through other comprehensive income (12 – month ECL)	25	27	2	8%
Loan commitments and financial guarantee contracts (12-month ECL)	147	162	15	0%
Total	**2,025**	**2,228**	**203**	**10%**

31 December 2022

In thousands of EUR	Decrease of PD or LGD by 10%			
	Impairment allowances	**Impairment allowances**	**Absolute change**	**Relative change**
Loans and advances to customers (12-month ECL)	77	70	(7)	(9%)
Trade receivables and other assets (Lifetime ECL not credit-impaired)	13	12	(1)	(8%)
Financial assets measured at fair value through other comprehensive income (12 – month ECL)	1,013	911	(102)	(10%)
Loan commitments and financial guarantee contracts (12-month ECL)	78	70	(8)	(10%)
Total	**1,181**	**1,063**	**(118)**	**(10%)**

In thousands of EUR	Increase of PD or LGD by 10%			
	Impairment allowances	**Impairment allowances**	**Absolute change**	**Relative change**
Loans and advances to customers (12-month ECL)	77	85	8	10%
Trade receivables and other assets (Lifetime ECL not credit-impaired)	13	15	2	15%
Financial assets measured at fair value through other comprehensive income (12 – month ECL)	1,013	1,114	101	10%
Loan commitments and financial guarantee contracts (12-month ECL)	78	86	8	0%
Total	**1,181**	**1,300**	**119**	**10%**

17. Investments in equity accounted investees

In thousands of EUR	31 December 2023	31 December 2022
Red Stone Now s.r.o.	984	1,537
RED STONE NOW SK a.s.	-	-
Total interests in equity accounted investees	**984**	**1,537**

The table below analyses the share of profit and other comprehensive income from associates:

In thousands of EUR	31 December 2023	31 December 2022
Carrying amount of interests in associates	984	1,537
Group´s share of:		
Profit for the year	(516)	(201)
Other comprehensive income	-	-
Total share of comprehensive income from associates	**516**	**-**

The following table summarises the financial information of Red Stone Now s.r.o. as included in its own financial statements, The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Red Stone Now s.r.o.

In thousands of EUR	2023	2022
Percentage of ownership interest	**49.9%**	**49.9%**
Non-current assets	256	321
Current assets	11,929	10,273
Non-current liabilities	(7,140)	(4,556)
Current liabilities	(3,073)	(2,957)
Net assets (100%)	**1,972**	**3,081**
Group's share of net assets (49.9%)	984	1,537
Carrying amount of interest in associate	**984**	**1,537**
Interest and fee income	1,809	1,480
Other income	60	62
Expenses	(2,903)	(1,944)
Total comprehensive income (100%)	(1,034)	(402)
Total comprehensive income (49.9%)	**(516)**	**(201)**
Group's share of total comprehensive income (49.9%)	**(516)**	**-**

18. Bank loans

In thousands of EUR	31 December 2023	31 December 2022
Overdrafts	95,734	15,073
Received loans from repurchase agreements	76,284	37,442
Other received loans at amortised cost	40,462	-
Total bank loans	**212,480**	**52,515**

Received loans from repurchase agreements *In thousands of EUR*	**Fair value of assets held as collateral**	**Carrying amount of liability**	**Repurchase price**
31 December 2023			
- maturity up to 1 month	114,960	76,284	76,457
31 December 2022			
- maturity up to 1 month	58,087	37,442	37,461

As at 31 December 2023 EUR 38,049 thousand of the bank loans are expected to be recovered more than 12 months after the reporting date (2022: none).

19. Loans from customers

In thousands of EUR	**31 December 2023**	**31 December 2022**
Received loans from repurchase agreements	32,723	27,191
Total Loans from customers	**32,723**	**27,191**

Received loans from repurchase agreements *In thousands of EUR*	**Fair value of assets held as collateral**	**Carrying amount of liability**	**Repurchase price**
31 December 2023			
- maturity up to 1 month	39,369	31,338	31,437
- maturity 1-6 months	1,740	1,385	1,406
Total	41,109	32,723	32,843
31 December 2022			
- maturity up to 1 month	13,725	9,790	9,793

At 31 December 2023 none of Loans from customers are expected to be settled more than 12 months (2022: none) after the reporting date.

20. Debt securities issued

In thousands of EUR

Name	**ISIN**	**Date of issue**	**Nominal value in original currency**	**Interest rate**	**Maturity date**	**31 December 2023**	**31 December 2022**
JTSEC F. 1 8,25/28	CZ0003552929	27.09.2023	10 000 CZK	8.25 %	27.09.2028	121,200	-
JTSEC 4,60/2024	SK4000016846	06.03.2020	100 000 EUR	4.60 %	06.03.2024	56,787	87,298
JTSEC 5,00/23	CZ0000001094	16.10.2018	3 000 000 CZK	5.00 %	16.10.2023	-	57,139
JTSEC VAR/2028	SK4000022950	30.05.2023	1 000 EUR	6M Euribor +3.25 %	30.05.2028	29,560	-
Total issued debt securities at amortised cost						**207,547**	**144,437**

Debt securities issued present debentures issued by Group companies and listed on Bratislava Stock Exchange and Prague Stock Exchange.

The interest from all issues is paid regularly twice a year.

The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities during the years ended 31 December 2023 and 2022.

The total carrying amount of the bonds issued does not include the amount of the bonds held by companies within the Group.

At 31 December 2023 EUR 147,770 thousand of issued debt securities are expected to be settled more than 12 months after the reporting date (2022: 81,974 thousand).

21. Subordinated debt

In thousands of EUR	**31 December 2023**	**31 December 2022**
Subordinated debt	76,889	13,774
Total subordinated debt	**76,889**	**13,774**

As at 31 December 2023 and 2022 subordinated debt presents a loan from related party with maturity in 2024.

22. Trade payables and other liabilities

In thousands of EUR	**31 December 2023**	**31 December 2022**
Trade payables	125	103
Uninvoiced supplies	40	-
Employee benefits	6	-
Other liabilities	148	79
Total payables presented under risk management (see Note 26)	**319**	**182**
Current tax payables other than income tax	6	-
Other non-financial liabilities	74	6
Total non-financial payables and other liabilities	**80**	**6**
Total	**399**	**188**

At 31 December 2023 EUR none of the trade payables and other liabilities are expected to be paid more than 12 months after the reporting date (2022: none).

23. Shareholders' equity

(i) Share capital

	2023 and 2022 Number of shares	2023 and 2022 TEUR
Authorised		
Ordinary shares of EUR 1 each	11,000	11
Increase of Authorised share capital in 2019 - Ordinary shares of EUR 1 each	21.000	21
Increase of Authorised share capital in 2020 - Ordinary shares of EUR 1 each	38.970	39
Increase of Authorised share capital in 2021 - Ordinary shares of EUR 1 each	5.000	5
	75,970	76
Issued and fully paid	**75,970**	**76**

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

24. Fair value information

The following table is a comparison of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value:

As at 31 December 2023

In thousands of EUR	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash balances	298	-	298	-	298
Loans to customers	216,181	-	217,529	-	217,529
Trade receivables and other financial assets under risk management (see Note 26)	23,949	-	-	23,949	23,949
Financial liabilities					
Bank loans	212,480	-	212,674	-	212,674
Loans from customers	32,723	-	32,725	-	32,725
Debt securities issued	207,547	255,240	-	-	255,240
Subordinated debt	76,889	-	75,276	-	75,276
Trade payables and other financial liabilities under risk management (see Note 26)	319	-	319	-	319

As at 31 December 2022

In thousands of EUR	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash balances	146	-	146	-	146
Loans to customers	28,223	-	28,036	-	28,036
Trade receivables and other financial assets under risk management (see Note 26)	4,489	-	-	4,489	4,489
Financial liabilities					
Bank loans	52,515	-	52,359	-	52,359
Loans from customers	27,191	-	27,187	-	27,187
Debt securities issued	144,437	156,508	-	-	156,508
Subordinated debt	13,774	-	13,041	-	13,041
Trade payables and other financial liabilities under risk management (see Note 26)	182	-	182	-	182

25. Financial commitments and contingencies

In thousands of EUR	31 December 2023	31 December 2022
Guarantees given	-	-
Loan commitments	107,838	96,401
Total	**107,838**	**96,401**

26. Risk management policies and disclosures

The Group has exposure to the following risks:

- credit risk,
- liquidity risk,
- market risk,
- operational risks,
- performance risk of investees (refer to Note 12. Investment securities measured at fair value through profit or loss).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

26.1. Credit risk

The Group's primary exposure to credit risk arises through the loans and advances provided. The maximum amount of credit exposure is represented by the respective carrying amounts in the statement of financial position. In addition, the Group is exposed to off-balance sheet credit risk through commitments to extend credit (refer to Note 25. Financial commitments and contingencies).

The carrying amount of loans and advances and the off-balance sheet amounts represent the maximum accounting loss that would be recognised on these items at the statement of financial position date if counterparties failed to perform completely as contracted and any collateral or security proved to be of no value.

The assessment of credit risk in respect of a counterparty or an issued debt is based on the Group's internal approach that combines both external credit assessments by rating agencies and the Group's internal scoring performed by the responsible financial analyst.

The Group monitors concentrations of credit risk by sector and by geographic location.

(i) Concentration of credit risk by sector

As at 31 December 2023

In thousands of EUR	**Corporate**	**State, government**	**Financial institutions**	**Individuals**	**Total**
Assets					
Cash and cash equivalents	-	-	298	-	**298**
Financial assets for trading	31,978	-	-	-	**31,978**
Financial assets measured at fair value through profit or loss	508,365	-	-	-	**508,365**
Financial assets measured at fair value through other comprehensive income	3,372	-	398	-	**3,770**
Loans to customers	9,893	-	206,288	-	**216,181**
Trade receivables and other financial assets under risk management	2	-	23,947	-	**23,949**
	553,610	**-**	**230,931**	**-**	**784,541**
Liabilities (for informational purposes)					
Trading liabilities	-	-	-	-	**-**
Bank loans	-	-	212,480	-	**212,480**
Loans from customers	31,635	-	-	1,088	**32,723**
Debt securities issued	93,793	-	30,117	83,637	**207,547**
Subordinated debt	-	-	76,889	-	**76,889**
Other financial liabilities under risk management	288	-	25	6	**319**
	125,716	**-**	**319,511**	**84,731**	**529,958**

As at 31 December 2022

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Total
Assets					
Cash and cash equivalents	-	-	146	-	**146**
Financial assets for trading	69,180	-	12	-	**69,192**
Financial assets measured at fair value through profit or loss	254,210	-	-	-	**254,210**
Financial assets measured at fair value through other comprehensive income	78,036	-	499		**78,535**
Loans to customers	9,790	-	18,433	-	**28,223**
Trade receivables and other financial assets under risk management	-	-	4,489	-	**4,489**
	411,216	**-**	**23,579**	**-**	**434,795**
Liabilities (for informational purposes)					
Trading liabilities	-	-	-	-	**-**
Bank loans	-	-	52,515	-	**52,515**
Loans from customers	22,124	5,067	-	-	**27,191**
Debt securities issued	14,128	8,002	89,549	32,758	**144,437**
Subordinated debt	-	-	13,774	-	**13,774**
Other financial liabilities under risk management	101	38	43	-	**182**
	36,353	**13,107**	**155,881**	**32,758**	**238,099**

(ii) Concentration of credit risk by location

As at 31 December 2023

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Other	Total
Assets					
Cash and cash balances	146	152	-	-	**298**
Financial assets for trading	8,253	17,468	-	6,257	**31,978**
Financial assets measured at fair value through profit or loss	31,297	477,068	-	-	**508,365**
Financial assets measured at fair value through other comprehensive income	1,117	1,879	-	774	**3,770**
Loans to customers	-	1	38,139	178,041	**216,181**
Trade receivables and other financial assets under risk management	-	23,947	2	-	**23,949**
	40,813	**520,515**	**38,141**	**185,072**	**784,541**
Liabilities (for informational purposes)					
Trading liabilities	-	-	-	-	**-**
Bank loans	58,707	153,773	-	-	**212,480**
Loans from customers	-	32,723	-	-	**32,723**
Debt securities issued	89,791	112,914	3,007	1,835	**207,547**
Subordinated debt	-	-	-	76,889	**76,889**
Other financial liabilities under risk management	34	70	215	-	**319**
	148,532	**299,480**	**3,222**	**78,724**	**529,958**

As at 31 December 2022

In thousands of EUR	**Slovakia**	**Czech Republic**	**Cyprus**	**Other**	**Total**
Assets					
Cash and cash balances	31	115	-	-	**146**
Financial assets for trading	2,530	66,323	-	339	**69,192**
Financial assets at fair value through profit or loss	50,345	203,865	-	-	**254,210**
Financial assets measured at fair value through other comprehensive income	25,421	52,323	-	791	**78,535**
Loans to customers	-	-	-	28,223	**28,223**
Trade receivables and other financial assets under risk management	-	4,489	-	-	**4,489**
Liabilities (for informational purposes)	**78,327**	**327,115**	**-**	**29,353**	**434,795**
Trading liabilities	-	-	-	-	**-**
Bank loans	17,741	34,774	-	-	**52,515**
Loans from customers	-	27,191	-	-	**27,191**
Debt securities issued	78,846	60,813	375	4,403	**144,437**
Subordinated debt	-	-	-	13,774	**13,774**
Other financial liabilities under risk management	-	42	140	-	**182**
	96,587	**122,820**	**515**	**18,177**	**238,099**

(iii) Credit risk - collaterals

The Group mitigates the credit risk of loans and advances to customers by holding collateral in the form of securities. As at 31 December 2023 and as at 31 December 2022 the fair value of financial assets accepted as collateral does not differ significantly from the carrying amounts of the collateralized receivable. The Group applies a cap to the disclosed value of the collateral equal to the receivable amount.

Loans and advances to customers are secured by collateral with the fair values below:

	31 December 2023		**31 December 2022**	
In thousands of EUR	**Fair value of collateral**	**Carrying amount of receivable**	**Fair value of collateral**	**Carrying amount of receivable**
Securities	47,943	47,943	9,788	9,788
Other	-	-	-	-
Total	**47,943**	**47,943**	**9,788**	**9,788**

There were no loans and advances to customers in 2023 for which the expected credit loss would not be recognised due to received collateral (2022: none).

26.2. Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of not being able to meet the obligations when they fall due, as well as the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Various methods of managing liquidity risks are used by individual companies in the Group, including individual monitoring of large deposits. The Group's management focuses on methods used by financial institutions, that is, diversification of sources of funds. This diversification makes the Group flexible and limits its dependency on one financing source. Liquidity risk is evaluated in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy. The Group also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds being cash and term deposits held by the Group.

The table below provides an analysis of assets and liabilities into relevant contractual maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The analysis is presented under the most prudent consideration of maturity dates, where options or repayment schedules allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is disclosed. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "undefined maturity" category. The amounts disclosed are the contractual undiscounted cash flows and therefore may not agree with the carrying amounts in the statement of financial position.

Contractual maturities of financial assets and liabilities, including estimated interest payments:

As at December 2023

In thousands of EUR	**Carrying amount**	**Contractual cash flows**	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Undefined maturity**
Non-derivative financial assets							
Cash and cash balances	298	298	298	-	-	-	-
Financial assets for trading	23,725	23,725	-	-	-	-	23,725
Investment securities measured at FV through profit or loss	508,365	508,365	-	-	-	-	508,365
Investment securities measured at fair value through other comprehensive income	3,770	3,770	-	-	3,372	-	398
Loans to customers	216,181	231,216	101,370	90,289	39,557	-	-
Trade receivables and other financial assets under risk management	23,949	23,949	2,149	-	-	-	21,800
	776,288	**791,323**	**103,817**	**90,289**	**42,929**	**-**	**554,288**
Derivative financial assets							
Bonds & equity derivatives							
- outflow	-	-	-	-	-	-	-
- inflow	8,253	-	-	-	-	-	6,506
	8,253	**-**	**-**	**-**	**-**	**-**	**6,506**
TOTAL	**784,541**	**791,323**	**103,817**	**90,289**	**42,929**	**-**	**560,794**
Non-derivative financial liabilities							
Bank loans	212,480	(223,117)	(85,142)	(90,838)	(47,137)	-	-
Loans from customers	32,723	(32,848)	(32,848)	-	-	-	-
Debt securities issued	207,547	(266,192)	(62,626)	(7,235)	(196,331)	-	-
Subordinated debt	76,889	(78,420)	-	(78,420)	-	-	-
Other financial liabilities under risk management	319	(319)	(48)	(14)	-	-	(257)
TOTAL	**529,958**	**(600,896)**	**(180,664)**	**(176,507)**	**(243,468)**	**-**	**(257)**
Loan commitments and financial guarantees	**107,838**	**-**	**(106,935)**	**-**	**(903)**	**-**	**-**

As at December 2022

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
Non-derivative financial assets							
Cash and cash balances	146	146	146	-	-	-	-
Financial assets for trading	66,650	66,650	-	-	-	-	66,650
Investment securities measured at FV through profit or loss	254,210	254,210	-	-	-	-	254,210
Investment securities measured at fair value through other comprehensive income	78,535	78,535	-	9,935	68,101	-	499
Loans to customers	28,223	29,163	9,795	15,577	3,791	-	-
Trade receivables and other financial assets under risk management	4,489	4,489	4,502	(13)	-	-	-
	432,253	**433,193**	**14,443**	**25,499**	**71,892**	**-**	**321,359**
Derivative financial assets							
Foreign exchange contracts							
- outflow	-	-	-	-	-	-	-
- inflow	12	-	-	-	-	-	12
Bonds & equity derivatives							
- outflow	-	-	-	-	-	-	-
- inflow	2,530	-	-	-	-	-	2,530
	2,542	**-**	**-**	**-**	**-**	**-**	**2,542**
TOTAL	**434,795**	**433,193**	**14,443**	**25,499**	**71,892**	**-**	**323,901**
Non-derivative financial liabilities							
Bank loans	52,515	(53,146)	(37,560)	(15,586)	-	-	-
Loans from customers	27,191	(27,249)	(27,249)	-	-	-	-
Debt securities issued	144,437	(152,327)	-	(64,904)	(87,423)	-	-
Subordinated debt	13,774	(14,600)	-	-	(14,600)	-	-
Other financial liabilities under risk management	182	(182)	(79)	(103)	-	-	-
TOTAL	**238,099**	**(247,504)**	**(64,888)**	**(80,593)**	**(102,023)**	**-**	**-**
Loan commitments and financial guarantees	**96,401**	**96,401**	**-**	**-**	**96,401**	**-**	**-**

26.3. Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. Those assets and liabilities that do not have a contractual maturity date or are non interest-bearing are grouped together in the "maturity undefined" category.

A summary of the Group´s interest rate gap position as per the carrying amounts is as follows:

As at 31 December 2023

In thousands of EUR	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Undefined maturity**	**Total**
Assets						
Cash and cash balances	298	-	-	-	-	**298**
Financial assets for trading	-	-	-	-	31,978	**31,978**
Financial assets measured at fair value through profit or loss	-	-	-	-	508,365	**508,365**
Financial assets measured at fair value through other comprehensive income	-	-	3,372	-	398	**3,770**
Loans to customers	100,864	86,392	28,925	-	-	**216,181**
Trade receivables and other financial assets under risk management	2,147	-	-	-	21,802	**23,949**
	103,309	**86,392**	**32,297**	**-**	**562,543**	**784,541**
Liabilities						
Bank loans	84,917	87,102	40,461	-	-	**212,480**
Loans from customers	32,723	-	-	-	-	**32,723**
Debt securities issued	56,787	299	150,461	-	-	**207,547**
Subordinated debt	-	76,889	-	-	-	**76,889**
Other financial liabilities under risk management	8	-	-	-	311	**319**
	174,435	**164,290**	**190,922**	**-**	**311**	**529,958**

An analysis of the Group's sensitivity to an increase or decrease in market interest rates on the non-trading portfolio, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

In thousands of EUR	**Impact on profit or loss**	**Impact on other comprehensive income**	**Total impact on equity**
decrease in interest rates by 100 bp	(3,674)	65	(3,609)
increase in interest rates by 100 bp	3,674	(65)	3,609

As at 31 December 2022

In thousands of EUR	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
Assets						
Cash and cash balances	146	-	-	-	-	**146**
Financial assets for trading	-	-	-	-	69,192	**69,192**
Financial assets measured at fair value through profit or loss	-	-	-	-	254,210	**254,210**
Financial assets measured at fair value through other comprehensive	-	9,935	68,101	-	499	**78,535**
Loans to customers	9,791	14,909	3,523	-	-	**28,223**
Trade receivables and other financial assets under risk management	-	-	-	-	4,489	**4,489**
	9,937	**24,844**	**71,624**	**-**	**328,390**	**434,795**
Liabilities						
Bank loans	37,442	14,979	-	-	94	**52,515**
Loans from customers	27,191	-	-	-	-	**27,191**
Debt securities issued	-	57,139	87,298	-	-	**144,437**
Subordinated debt	-	-	13,774	-	-	**13,774**
Other financial liabilities under risk management	-	-	-	-	182	**182**
	64,633	**72,118**	**101,072**	**-**	**276**	**238,099**

An analysis of the Group's sensitivity to an increase or decrease in market interest rates on the non-trading portfolio, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

In thousands of EUR	Impact on profit or loss	Impact on other comprehensive income	Total impact on equity
decrease in interest rates by 100 bp	(2,248)	1,336	(912)
increase in interest rates by 100 bp	2,248	(1,336)	912

(ii) Foreign exchange risk

The breakdown of the carrying amounts by currency translated to thousands EUR is as follows:

As at 31 December 2023

In thousands of EUR	**EUR**	**CZK**	**USD**	**GBP**	**Total**
Assets					
Cash and cash equivalents	125	173	-	-	298
Financial assets for trading	13,401	17,468	1,109	-	31,978
Financial assets measured at fair value through profit or loss	230,019	278,346	-	-	508,365
Financial assets measured at fair value through other comprehensive	1,390	2,380	-	-	3,770
Loans to customers	216,181	-	-	-	216,181
Trade receivables and other financial assets under risk management	23,434	411	-	104	23,949
	484,550	**298,778**	**1,109**	**104**	**784,541**
Off balance sheet assets	147,388	84,562	-	-	**231,950**
Liabilities					
Bank loans	212,477	3	-	-	212,480
Loans from customers	-	32,723	-	-	32,723
Debt securities issued	86,347	121,200	-	-	207,547
Subordinated debt	76,889	-	-	-	76,889
Other financial liabilities under risk management	252	67	-	-	319
	375,965	**153,993**	**-**	**-**	**529,958**
Off balance sheet liabilities	137,351	84,562	-	-	**221,913**

As at 31 December 2022

In thousands of EUR	**EUR**	**CZK**	**USD**	**GBP**	**Total**
Assets					
Cash and cash equivalents	5	141	-	-	146
Financial assets for trading	2,530	66,323	339	-	69,192
Financial assets measured at fair value through profit or loss	131,674	122,536	-	-	254,210
Financial assets measured at fair value through other comprehensive	25,500	53,035	-	-	78,535
Loans to customers	28,223	-	-	-	28,223
Trade receivables and other financial assets under risk management	1,617	2,767	-	105	4,489
	189,549	**244,802**	**339**	**105**	**434,795**
Off balance sheet assets	113,258	24,973	469	-	**138,700**

As at 31 December 2022

In thousands of EUR	EUR	CZK	USD	Other	Total
Liabilities					
Trading liabilities	-	-	-	-	-
Bank loans	52,423	-	92	-	52,515
Loans from customers	2,503	24,688	-	-	27,191
Debt securities issued	87,298	57,139	-	-	144,437
Subordinated debt	13,774	-	-	-	13,774
Other financial liabilities under risk management	140	42	-	-	182
	156,138	**81,869**	**92**	**-**	**238,099**
Off balance sheet liabilities	140,147	25,455	-	-	**165,602**

Off balance sheet items mostly relate to provided and received loan commitments and guarantees, currency forwards and equity options contracts.

The analysis of the Group's sensitivity to an increase or decrease in foreign exchange rates is presented in the table below. The impact on profit or loss represents a strengthening or weakening of foreign currencies compared to local functional currencies of the Group entities. The impact on other comprehensive income represents the risk of change in values of assets and liabilities of subsidiaries with a functional currency different from the Group's functional currency.

A one percent strengthening in foreign currencies would have had the following effects on profit or loss and other comprehensive income:

As at 31 December 2023

In thousands of EUR	Impact on profit or loss	Impact on other comprehensive income	Total impact on equity
EUR	-	-	-
CZK	(1,262)	-	(1,262)
USD	-	-	-

As at 31 December 2022

In thousands of EUR	Impact on profit or loss	Impact on other comprehensive income	Total impact on equity
CZK	(957)	-	(957)
USD	1	-	1

26.4. Operational risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Group's activities and is a risk faced by all business organisations. Operational risk includes legal risk.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and avoid control procedures that would restrict initiative and creativity.

The primary responsibility for the implementation of controls to address operational risk is assigned to management within each subsidiary. This responsibility is supported by the development of overall standards for the management of operational risk within the Group, which cover the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Identification of operational risk within the framework of each subsidiary's control system and development of conditions for decreasing and limiting operational risk (while the required level of activities is secured), as well as its impacts and consequences; recommendations for appropriate solutions in this area.

26.5. Capital management

J&T SECURITIES MANAGEMENT PLC is not a part of the regulated sector, therefore no regulatory capital requirements are applicable for the Group. The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to sustain the future development of the business.

27. Related Parties

J&T PRIVATE EQUITY GROUP LIMITED is the ultimate controlling party, that prepares annually the consolidated financial statements.

Identity of related parties

The Group had a related party relationship either at 31 December 2023 and 2023 or during 2023 and 2022 with parties as identified below:

(1) Key management personnel of the Company (Directors of the Company) and companies they control

(2) Companies related through the Ultimate Parent Company

Transactions with related parties are realised on terms equivalent to those that prevail in arm's length transactions.

The summary of balances with related parties during at 31 December 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
In thousands of EUR	**Accounts receivable**	**Accounts payable**	**Accounts receivable**	**Accounts payable**
Key management personnel of the Company and companies they control	-	85	-	67
Companies related through the ultimate parent company	345,508	191,945	23,141	46,631
Total	**345,508**	**192,030**	**23,141**	**46,698**

Provision for doubtful debts due from the "Companies related through the ultimate parent company" as at 31 December 2023 amounted 1,854 EUR thousand (2022: 78 EUR).

Total remuneration provided to key management included in personal expense amounted to 8 EUR thousand in 2023 (2022: EUR 8 thousand).

The summary of transactions with related parties during 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
In thousands of EUR	**Revenues**	**Expenses**	**Revenues**	**Expenses**
Key management personnel of the Company and companies they control	-	(305)	-	(220)
Companies related through the ultimate parent company	14,358	(12,537)	2,495	(4,411)
Total	**14,358**	**(12,842)**	**2,495**	**(4,631)**

	31 December 2023		31 December 2022	
In thousands of EUR	**Loan commitments received**	**Loan commitments given**	**Loan commitments received**	**Loan commitments given**
Companies related through the ultimate parent company	76,433	107,838	123,772	96,870
Total	**76,433**	**107,838**	**123,772**	**96,870**

28. Subsequent events

On 4 January 2024, new subsidiary of J&T SECURITIES MANAGEMENT PLC, JTSEC Financing III a.s., with its seat in Slovak republic, was incorporated.

On 29 March 2024, J&T SECURITIES MANAGEMENT PLC founded a subsidiary JTSEC ARCH BOND II., a.s., with its seat in Slovak republic.

In January and February 2024 J&T SECURITIES MANAGEMENT PLC repurchased its own issued bonds JTSEC 4,60/2024 with total nominal value EUR 27,300 thousand for total amount of EUR 27,775 thousand and remaining bonds with total nominal value EUR 28,700 thousand were repaid upon its maturity on 6 March 2024 (refer also to Note 20 – Debt securities issued).

In March 2024 J&T SECURITIES MANAGEMENT PLC sold all shares of Best Hotel Properties a.s. (refer to Note 12 - Financial assets measured at fair value through profit or loss) to a third party and at the same time Call and Put Option Agreement concluded with J&T Private Equity Group Limited (JTPEG) was terminated, while parties agreed that JTPEG shall compensate to the Company the loss incurred on sale of share to a third party.