TRENESMA LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021

TRENESMA LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Zuzana Sabova (appointed on 1 February 2021) Michalis Hadjinestoros (appointed on 1 February 2021) Maria Skarpari (appointed on 26 March 2019 and resigned on 1 February 2021) Evridiki Havva (appointed on 2 December 2019 and resigned on 1 February 2021)
Company Secretary:	D.H. Nominees Ltd
Independent Auditors:	KPSA CHARTERED ACCOUNTANTS 15 Themistokli Dervi Street 1st Floor, P.O.Box 27040 1641, Nicosia Cyprus
Registered office:	Klimentos, 41-43, KLIMENTOS TOWER 1st floor, Flat/Office 11 1061, Nicosia Cyprus
Bankers:	J&T Banka, a.s.
Registration number:	HE328741

MANAGEMENT REPORT

The Board of Directors of Trenesma Limited (the "Company") presents to the members its Management Report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2021.

Principal activities and nature of operations of the Group
The principal activities of the Group are the holding of investments, the provision of financing, the letting of the shopping gallery and the shopping entertainment center to third parties based on lease agreements.

Review of current position, future developments and performance of the Group's business
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group are disclosed in Notes 6, 7 and 29 of the consolidated financial statements.

Results and Dividends
The Group's results for the year are set out on page 6.

Dividends
The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

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 Group's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 1. Mrs. Maria Skarpari who was appointed director on 26 March 2019, resigned on 1 February 2021 and Mrs. Evridiki Havva who appointed director on 2 December 2019, resigned on the same date, 1 February 2021. On the same date, 1 February 2021, Mrs. Zuzana Sabova and Mr. Michalis Hadjinestoros were appointed in their place.

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

Independent Auditors
The Independent Auditors, KPSA, 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, 15 February 2023

KPSA
Chartered Accountants

KPSA
P.O.Box 27040
1641 Nicosia
Cyprus

15 Themistokli Dervi street, 1st floor
1066 Nicosia
Cyprus

Telephone: +357 22 445500
Telefax: +357 22 672000
Internet: www.kpsa.com.cy

Independent Auditor's Report

To the Members of Trenesma Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Trenesma Limited (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus 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 "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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. We have nothing to report in this regard.

KPSA
Chartered Accountants

Independent Auditor's Report (continued)

To the Members of Trenesma Limited

Responsibilities of the Board of Directors 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 International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of 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 and appropriate audit evidence regarding the financial information of the entities or

Independent Auditor's Report (continued)

To the Members of Trenesma Limited

business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 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.

Stelios Saphiris
Certified Public Accountant and Registered Auditor
for and on behalf of
KPSA
CHARTERED ACCOUNTANTS

Nicosia, 15 February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2021

In thousands of EUR	Note	**2021**	2020
Revenue	8	48,882	58,499
Cost of sales		(9,412)	(23,836)
Gross profit		**39,470**	**34,663**
Other operating income	9	649	1,227
Net (loss)/profit from investing activities	10	13,697	(51,814)
Personnel expenses		(1,084)	(14)
Administration expenses		(495)	(455)
Depreciation and amortization		(649)	(533)
Net impairment profit/(loss) on financial assets		13	1,072
Other expenses	11	(990)	(11,417)
Operating profit	12	**50,611**	**(27,271)**
Finance income	13	-	101
Finance costs	13	(27,053)	(27,951)
Profit before tax		**23,558**	**(55,121)**
Tax	14	(389)	(901)
Net (loss)/profit for the year		**23,169**	**(56,022)**
Net profit for the year attributable to:			
Equity holders of the parent		20,969	(51,482)
Non-controlling interests		2,200	(4,540)
		23,169	**(56,022)**

The notes on pages 14 to 65 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
31 December 2021

In thousands of EUR	**2021**	2020
Net profit for the year	**23,169**	**(56,022)**
Other comprehensive income		
Effect of application of IFRS 9 - commitments	141	-
Items that are or may be reclassified to profit or loss		
Hedges	1,513	373
Foreign exchange translation differences	2	(2)
Other comprehensive income	**1,656**	**371**
Total comprehensive income	**24,825**	**(55,651)**
Attributable to:		
Equity holders of the parent	22,518	(51,077)
Non-controlling interests	2,307	(4,574)
Total comprehensive income	**24,825**	**(55,651)**

The notes on pages 14 to 65 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

In thousands of EUR	Note	**2021**	2020
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,824	1,606
Investment properties	16	949,843	924,600
Intangible assets	17	18,552	18,695
Trade and other receivables	21	4,728	1,578
Derivatives designated as hedging instruments	18	896	89
Deferred tax assets	26	496	496
		976,339	**947,064**
Current assets			
Inventories	20	-	25
Trade and other receivables	21	3,830	7,911
Loans receivable	19	-	-
Other investments	22	132	642
Cash at bank and in hand	23	41,999	39,706
Current tax receivable	28	52	67
		46,013	**48,351**
Total assets		**1,022,352**	**995,415**
EQUITY AND LIABILITIES			
Equity			
Share capital	24	1	1
Attributed to the owners of the Parent		(12,714)	(12,714)
Retained earnings and reserves		149,384	126,866
		136,671	**114,153**
Non-controlling interests		29,993	29,539
Total equity		**166,664**	**143,692**
Non-current liabilities			
Borrowings	25	704,738	592,066
Trade and other payables	27	9,958	9,234
Derivative financial instruments	18	28	184
Deferred tax liabilities	26	12,844	12,541
		727,568	**614,025**
Current liabilities			
Trade and other payables	27	10,043	6,363
Borrowings	25	117,926	230,672
Derivative financial instruments	18	72	658
Current tax liabilities	28	79	5
		128,120	**237,698**
Total liabilities		**855,688**	**851,723**
Total equity and liabilities		**1,022,352**	**995,415**

The notes on pages 14 to 65 form an integral part of these consolidated financial statements.

On 15 February 2023 the Board of Directors of Trenesma Limited authorised these consolidated financial statements for issue.

....	....
Zuzana Sabová	Michalis Hadjinestoros
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 December 2021

In thousands of EUR	Attributable to equity holders of the Company					
	Share capital	**Capital reserve**	**Retained earnings and reserves**	**Total**	**Non-controlling interests**	**Total**
Balance at 1 January 2020	**1**	**(12,714)**	**180,870**	**168,157**	**32,127**	**200,284**
Comprehensive income						
Net profit for the year	-	-	(51,482)	(51,482)	(4,539)	(56,021)
Items that are or may be reclassified to profit or loss						
Hedges	-	-	407	407	(34)	373
Foreign exchange translation differences	-	-	(2)	(2)	-	(2)
Total comprehensive income for the year	**-**	**-**	**(51,077)**	**(51,077)**	**(4,573)**	**(55,650)**
Transactions with owners						
Transfer	-	-	(2,927)	(2,927)	2,927	-
Decrease related to non-controlling interests	-	-	-	-	(397)	(397)
Effect from business combination	-	-	-	-	1	1
Dividends to non-controlling interests	-	-	-	-	(545)	(545)
Total transactions with owners	**-**	**-**	**(2,927)**	**(2,927)**	**1,986**	**(941)**
Balance at 31 December 2020	**1**	**(12,714)**	**126,866**	**114,153**	**29,540**	**143,693**

The notes on pages 14 to 65 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2021

In thousands of EUR

	Attributable to equity holders of the Company					
	Share capital	**Capital reserve**	**Retained earnings and reserves**	**Total**	**Non-controlling interests**	**Total**
Balance at 1 January 2021	**1**	**(12,714)**	**126,866**	**114,153**	**29,540**	**143,693**
Comprehensive income						
Net profit for the year	-	-	20,969	20,969	2,200	23,169
Effect of application of IFRS 9 - commitments	-	-	141	141	-	141
Items that are or may be reclassified to profit or loss						
Hedges	-	-	1,406	1,406	107	1,513
Foreign exchange translation differences	-	-	2	2	-	2
Total comprehensive income for the year	**-**	**-**	**22,518**	**22,518**	**2,307**	**24,825**
Transactions with owners						
Transfer	-	-	-	-	-	-
Decrease related to non-controlling interests	-	-	-	-	(1,854)	(1,854)
Total transactions with owners	**-**	**-**	**-**	**-**	**(1,854)**	**(1,854)**
Balance at 31 December 2021	**1**	**(12,714)**	**149,384**	**136,671**	**29,993**	**166,664**

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (31.12.2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 14 to 65 form an integral part of these consolidated financial statements.

TRENESMA LIMITED

CONSOLIDATED CASH FLOW STATEMENT
31 December 2021

In thousands of EUR	Note	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		23,558	(55,121)
Adjustments for:		-	-
Depreciation of property, plant and equipment	15	487	372
Exchange difference arising on the translation of non-current assets in foreign currencies		2	(2)
Unrealised exchange loss		2	1
Amortisation of computer software	17	8	7
Amortisation of trademarks and licences	17	154	154
Loss from the sale of property, plant and equipment and investment property		47	-
Fair value losses/(gains) on investment property	16	(13,712)	51,800
Discount on leases	25	(41)	-
Creation of provisions	11	141	-
Impairment charge/(reversal of impairment) - loans		3	(995)
Write off trade receivables		3	5
Value adjustments to receivables		(510)	-
(Reversal of impairment)/impairment charge - cash and cash equivalents	23	(16)	(77)
Interest income	8	(3)	(71)
Interest expense	13	26,448	27,454
		36,571	**23,527**
Changes in working capital:			
(Increase)/decrease in inventories		25	(25)
(Increase)/decrease in trade and other receivables		1,948	(290)
(Decrease)/increase in trade and other payables		4,406	(6,603)
Cash generated from operations		**42,950**	**16,609**
Interest received		-	145
Tax (paid)/refunded		(34)	(754)
Net cash generated from operating activities		**42,916**	**16,000**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	17	(19)	-
Payment for purchase of property, plant and equipment		(188)	(392)
Payment for purchase of investment property		(13,739)	-
Cash outflow from acquisition of subsidiary		-	(1)
Loans repayments received	19	-	4,000
Proceeds from disposal of property, plant and equipment and investment property		14	-
Proceeds from sale of investment properties		2,827	-
Set – off of loans receivable		-	1,000
Net cash (used in)/generated from investing activities		**(11,105)**	**4,607**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings	25	(18,363)	(10,129)
Proceeds from borrowings	25	13,312	14,585
Lease payments	25	(74)	-
Unrealised exchange (loss)		(2)	(1)
Decrease of equity related to non-controlling interests		(1,854)	(397)
Dividends paid to non-controlling interests		-	(545)
Interest paid	25	(22,553)	(21,239)
Net cash used in financing activities		**(29,534)**	**(17,726)**

The notes on pages 14 to 65 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
31 December 2021

In thousands of EUR	Note	**2021**	2020
Net (decrease)/increase in cash and cash equivalents		**2,277**	**2,881**
Cash and cash equivalents at beginning of the year		39,732	36,851
Impairment - cash and cash equivalents at the beginning		(26)	(103)
Reversal of impairment / (impairment charge) - cash and cash equivalents		16	77
Cash and cash equivalents at end of the year	23	**41,999**	**39,706**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021

1. Incorporation and principal activities

Country of incorporation

The Company Trenesma Limited (the "Company") was incorporated in Cyprus on 16 January 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Klimentos, 41-43 KLIMENTOS TOWER, 1st floor, Flat/Office 11, 1061, Nicosia, Cyprus.

Principal activities

The principal activities of the Group are the holding of investments, the provision of financing, the letting of the shopping gallery and the shopping entertainment center to third parties based on lease agreements.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of an investment property.

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Group.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

a) Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company Trenesma Limited (Cyprus) and the financial statements of the following subsidiaries and sub-subsidiaries, Eurovea, a.s. (Slovak Republic, subsidiary, shareholding 100%), EMX Plus CZ1, a.s. (Czech Republic, subsidiary, shareholding 100%), City-Arena PLUS a.s. (Slovak Republic, 100% subsidiary of EMX Plus CZ1, a.s.), Armati Limited (Cyprus, subsidiary, shareholding 100%), Trivium Real Estate SOCIMI, S.A. (Spain, 86.76% subsidiary of Armati Limited), Iberian Assets, S.A. (Spain, 100% subsidiary of Trivium Real Estate SOCIMI, S.A.), Retail Property Finance I, s.r.o. (Slovak Republic, shareholding 98.5%), Retail Property Finance II, s.r.o. (Slovak Republic, shareholding 98.5%), Retail Property Finance III, s.r.o. (Slovak Republic, shareholding 98.5%), Eurovea Retail Services, s.r.o. (Slovak Republic, subsidiary, shareholding 85%).

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. Significant accounting policies (continued)

b) Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4. Significant accounting policies (continued)

c) Goodwill

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 undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

d) Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a Customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a Customer.

- **Sale of products**

  Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

4. Significant accounting policies (continued)

d) Revenue recognition (continued)

- **Rendering of services**

Rendering of services - over time:
Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The input method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the services to the customer.

Rendering of services - at a point in time:
The Group concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2019 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity. When financial assets at fair value through other comprehensive income are sold or impaired, the accumulated fair value adjustments are transferred to retained earnings.

- **Work executed**

Work executed is recognised in the accounting period in which the work is carried out by reference to completion of the specific transaction assessed on the basis of the actual work executed provided as a proportion of the total work to be carried out.

- **Rental income**

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

4. Significant accounting policies (continued)

d) Revenue recognition (continued)

- **Financing component**

  The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

e) Finance income

Interest income is recognised on a time-proportion basis using the effective method.

f) Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

g) Foreign currency translation

(1) Functional and presentation currency
Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (EUR), which is the Group's functional and presentation currency. All financial information presented in EUR has been rounded to the nearest thousand.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

h) Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

i) Dividends

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Company's shareholders.

4. Significant accounting policies (continued)

j) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Eurovea, a.s.	
Plant and machinery	33.3 & 50

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

k) Investment properties

Investment property, principally comprising shops and office buildings, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss and are included in other operating income.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

4. Significant accounting policies (continued)

n) Intangible assets (continued)

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

m) Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

n) Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

o) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

4. Significant accounting policies (continued)

o) Leases (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

4. Significant accounting policies (continued)

o) Leases (continued)

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the consolidated statement of financial position.

The lease liabilities are presented in 'loans and borrowings' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

p) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

q) Financial instruments

Financial assets - Classification

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

4. Significant accounting policies (continued)

q) Financial instruments (continued)

Financial assets - Classification (continued)

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

4. Significant accounting policies (continued)

q) Financial instruments (continued)

Financial assets - Measurement (continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

The Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

4. Significant accounting policies (continued)

q) Financial instruments (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Additionally, the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to Note 6, Credit risk section for a description of how the Group determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

4. Significant accounting policies (continued)

q) Financial instruments (continued)

Financial assets - modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6, Credit risk section.

4. Significant accounting policies (continued)

q) Financial instruments (continued)

Classification as trade receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities - Modifications

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received 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 financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

4. Significant accounting policies (continued)

q) Financial instruments (continued)

Financial liabilities - Modifications (continued)

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

r) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

s) Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

t) Share capital

Ordinary shares are classified as equity.

u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

v) Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

w) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New accounting pronouncements

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

6. Financial risk management

Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Group has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.]

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Group to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- financial assets at amortised cost
- cash and cash equivalents
- credit commitments
- financial guarantees.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. (Note: there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. IFRS 7 para 35F(d) how it determined that financial assets are credit-impairment financial assets.)

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group's exposure to credit risk for each class of asset/instrument subject to the expected credit loss model is set out below:

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

There were no significant trade receivable and contract asset balances written off during the year that are subject to enforcement activity.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents

The Group assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2021 and 31 December 2020:

31 December 2021

In thousands of EUR		**2021**
Group internal credit rating	**External credit rating**	
Performing	Tatra banka, a.s. - A2	25,193
Performing	CaixaBank, S.A. - A3	8,441
Performing	Komercni banka, a.s. – Aa3	7,675
Performing	J&T Banka, a.s. – Ba3	538
Performing	Bankinter, S.A. - A2	115
Total		**41,962**

31 December 2020

In thousands of EUR		2020
Group internal credit rating	**External credit rating**	
Performing	J&T Banka, a.s. – Ba3	760
Performing	CaixaBank, S.A. - Baa1	5,484
Performing	Bankinter, S.A. - Baa3	293
Performing	Komercni banka, a.s. – A1	7,041
Performing	Tatra banka, a.s. - A3	26,126
Total		**39,704**

The Group does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

(iii) Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets and contract assets:

Impairment losses *In thousands of EUR*	**2021**	2020
Reversal of impairment on cash and cash equivalents	16	82
Impairment charge on loans granted	(3)	-
Impairment charge on cash and cash equivalents	-	(5)
Reversal of impairment on loans granted	-	995
Net impairment profit on financial and contract assets	**13**	**1,072**

6. Financial risk management (continued)

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

6. Financial risk management (continued)

6.3 Liquidity risk (continued)

As at **31 December 2021**:

In thousands of EUR	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Bank loans	587,881	587,881	3,344	9,376	208,422	366,739	-
Debentures	230,483	230,483	-	101,556	-	128,927	-
Lease liabilities	767	767	30	87	78	204	368
Borrowing from related party	2,000	2,000	2,000	-	-	-	-
Other borrowings	1,533	1,533	1,533	-	-	-	-
Trade and other payables	16,598	16,598	5,580	1,060	1,675	1,672	6,611
Derivative liabilities	100	100	-	72	28	-	-
	839,362	**839,362**	**12,487**	**112,151**	**210,203**	**497,542**	**6,979**

As at 31 December 2020:

In thousands of EUR	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Bank loans	593,429	593,429	1,339	224,567	2,850	364,673	-
Debentures	226,100	226,100	-	1,557	100,000	-	124,543
Other borrowings	3,209	3,209	-	3,209	-	-	-
Trade and other payables	15,351	15,351	942	5,175	819	2,313	6,102
Payables to related parties	166	166	166	-	-	-	-
Derivative liabilities	843	842	-	658	-	184	-
	839,097	**839,097**	**2,447**	**235,166**	**103,669**	**367,170**	**130,645**

6. Financial risk management (continued)

6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Czech Koruna. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. 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 amounts of assets and liabilities within the next financial year are discussed below.

- **Going concern basis**

  The Directors judge that it is appropriate to prepare the consolidated financial statements on the going concern basis.

- **Calculation of loss allowance**

  When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Group's accounting policies

- **Fair value of investment property**

  The fair value of investment property is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of their individual assets.

7. Critical accounting estimates and judgments (continued)

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of loans receivable**

The Group periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 6, Credit risk section.

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of intangible assets**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Valuation of non-listed investments**

The Group uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the reporting date.

- **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

8. Revenue

In thousands of EUR	**2021**	2020
Rental income	46,482	52,927
Revenues from contracts with customers		
Rendering of services	1,555	5,227
Other revenues	842	278
Loan interest income	3	67
	48,882	**58,499**

9. Other operating income

In thousands of EUR	**2021**	2020
Value adjustments to receivables	510	-
Other income	139	312
Profit from share derivatives	-	915
	649	**1,227**

10. Net profit/(loss) from investing activities

In thousands of EUR	Note	**2021**	2020
Fair value gains/(losses) on revaluation of investment property	16	13,712	(51 800)
(Expense)/income related to other investments		(15)	(14)
		13,697	**(51,814)**

During 2021, positive revaluations relate to all the real estate properties in the ownership of the Group, see Note 16.

During 2020, negative revaluations relate to the real estate properties of Trivium Real Estate SOCIMI, S.A., Max Centre, Max Ocio and Eurovea centre.

11. Other expenses

In thousands of EUR	**2021**	2020
Loss from share derivatives	(648)	(100)
Rental expenses	(151)	-
Creation of provisions	(141)	-
Loss on disposal of property, plant and equipment and investment property	(47)	-
Expenses from written off of receivables	(3)	(1,005)
Expenses relating to investment property	-	(10,278)
Value adjustments to receivables	-	(34)
	(990)	**(11,417)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021

12. Operating profit

In thousands of EUR	Note	**2021**	2020
Operating profit is stated after charging the following items:			
Depreciation of property, plant and equipment	15	(487)	(372)
Amortisation of trademarks and licences	17	(154)	(154)
Amortisation of computer software	17	(8)	(7)
Auditors' remuneration for other assurance services		(11)	(26)
Auditor's remuneration – prior years		(8)	(8)
Auditors' remuneration for the statutory audit of annual accounts		(134)	(102)
Auditors' remuneration for the consolidation audit of annual accounts		(26)	-

13. Finance income/(costs)

In thousands of EUR	**2021**	2020
Finance income		
Fee and commission income from guarantees	-	42
Other interest income	-	4
Other finance income	-	55
	-	**101**
Finance costs		
Interest expense		
Loan interest	(14,345)	(15,259)
Lease interest	(19)	-
Bank overdraft interest	-	(132)
Bond interest	(12,063)	(12,063)
Other interest	(21)	-
Sundry finance expenses		
Bank charges	(215)	(36)
Other finance expenses	(388)	(460)
Net foreign exchange losses		
Unrealised foreign exchange loss	(2)	(1)
	(27,053)	**(27,951)**

14. Tax

In thousands of EUR	**2021**	2020
Corporation tax	(123)	(53)
Overseas tax	-	(607)
Deferred tax - charge	(266)	(241)
Charge for the year	**(389)**	**(901)**

The corporation tax rate is 12.5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%. Under certain conditions interest income may be subject to defence 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 defence 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.

15. Property, plant and equipment

In thousands of EUR	Land and buildings	Plant and machinery	Total
Cost			
1 January 2020	-	3,397	3,397
Additions	-	392	392
Balance at 31 December 2020/1 January 2021	-	3,789	3,789
Additions	12	1,058	1,070
Disposals	-	(531)	(531)
Transfer to investment property	-	(351)	(351)
Balance at 31 December 2021	**12**	**3,965**	**3,977**
Depreciation			
1 January 2020	-	1,811	1,811
Charge for the year	-	372	372
Balance at 31 December 2020/1 January 2021	-	2,183	2,183
Charge for the year	6	481	487
Disposals	-	(517)	(517)
Balance at 31 December 2021	**6**	**2,147**	**2,153**
Net book amount			
Balance at 31 December 2020	-	1,606	1,606
Balance at 31 December 2021	**6**	**1,818**	**1,824**

16. Investment properties

In thousands of EUR	**2021**	2020
Balance at 1 January	924,600	976,400
Additions	14,054	-
Disposals	(2,874)	-
Transfer from property, plant and equipment	351	-
Fair value adjustments	13,712	(51,800)
Balance at 31 December	**949,843**	**924,600**

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's property portfolio every 12 months.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

16. Investment properties (continued)

Investment property relates to the following:

(A) Four shopping centres owned by Iberian Assets, S.A., the subsidiary of Trivium Real Estate SOCIMI, S.A., which are held to obtain rent over the long term and are not occupied by the Group.

Revaluation

According to the valuation prepared by the Cushman & Wakefield for 2021, the market value as at 31 December 2021 for the three shopping centres located in Spain amounts to EUR 466,103 thousand.

For the year ended 31 December 2021, a revaluation in the amount of EUR 3,200 thousand was made to increase the carrying value of the property to its market value.

According to the valuation prepared by the Cushman & Wakefield, the market value as at 31 December 2020 for the three shopping centres located in Spain amounts to EUR 450,000 thousand.
For the year ended 31 December 2020, a devaluation in the amount of EUR 35,000 thousand was made to decrease the carrying value of the property to its market value.

(B) Eurovea, a.s. owns EUROVEA shopping centre which consists of a shopping centre and office spaces.

Revaluation

According to the valuation prepared for Eurovea, a.s. by Jones Lang LaSalle s.r.o. for the Eurovea Phase I. shopping centre and office located in Bratislava, the market value of the property as at 31 December 2021 amounts to EUR 405,000 thousand.

For the year ended 31 December 2021, a revaluation in the amount of EUR 8,987 thousand was made to increase the carrying value of the property to its market value.

According to the valuation prepared for Eurovea, a.s. by Jones Lang LaSalle s.r.o. for the Eurovea Phase I. shopping centre and office located in Bratislava, the market value of the property as at 31 December 2020 amounts to EUR 397,800 thousand.

For the year ended 31 December 2020, a devaluation in the amount of – EUR 14,700 thousand was made to decrease the carrying value of the property to its market value.

(C) City-Arena PLUS a.s. owns a shopping - entertainment center City-Arena.

Revaluation

According to the valuation prepared for City-Arena Plus a.s. by Cushman & Wakefield for the shopping centre City Arena in Trnava, Slovakia, the market value of the property as at 31 December 2021 amounts to EUR 78,740 thousand.

For the year ended 31 December 2021, a revaluation in the amount of EUR 1,525 thousand was made to increase the carrying value to its market value.

According to the valuation prepared for City-Arena Plus a.s. by Cushman & Wakefield for the shopping centre City Arena in Trnava, Slovakia, the market value of the property as at 31 December 2020 amounts to EUR 76,800 thousand.

For the year ended 31 December 2020, a devaluation in the amount of – EUR 2,100 thousand was made to decrease the carrying value to its market value.

17. Intangible assets

In thousands of EUR	Goodwill	Computer software	Patents and trademarks	Total
Cost				
Balance at 1 January 2020	18,119	51	786	18,956
Additions through business combinations	2			2
Balance at 31 December 2020/ 1 January 2021	18,121	51	786	18,958
Additions through business combinations	-	14	5	19
Balance at 31 December 2021	**18,121**	**65**	**791**	**18,977**
Amortisation				
Balance at 1 January 2020	-	35	67	102
Amortisation for the year	-	7	154	161
Balance at 31 December 2020/ 1 January 2021	-	42	221	263
Amortisation for the year	-	8	154	162
Balance at 31 December 2021	**-**	**50**	**375**	**425**
Net book amount				
Balance at 31 December 2020	18,121	9	565	18,695
Balance at 31 December 2021	**18,121**	**15**	**416**	**18,552**

As at 31 December 2021 and 31 December 2020, Goodwill represents the premium paid to acquire the business of EMX Plus CZ1, a.s. and Eurovea Retail Services, s.r.o. and is measured at cost less any accumulated impairment losses.

18. Derivatives designated as hedging instruments

Interest rate swaps

In thousands of EUR	**2021**	2020
Assets		
Non-current portion	896	89
	896	**89**

In thousands of EUR	**2021**	2020
Liabilities		
Current portion	72	658
Non-current portion	28	184
	100	**842**

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of the borrowing from floating rates to fixed rates as follows:

Hedging derivatives, including:	Agreed price of the underlying instrument	Carrying value of asset / liability	
In thousands of EUR		**2021**	2020
Eurovea, a.s.			
Interest rate swap No.1	0.380%	-	357
Interest rate swap No.2	0.377%	-	92
Interest rate swap No.3	0.375%	-	121
City-Arena PLUS a.s.			
Interest rate swap No.4	0.250%	**100**	273
Trivium Real Estate SOCIMI, S.A.	0.808%	**896**	89

The calculation of the fair value of swaps is based on discounted cash flows of future anticipated interest payments on the swap agreements in place compared with the discounted cash flows of anticipated interest payments at market swap interest rates at the reporting date. The interest rate swap is designated and effective as cash flow hedge and the fair value thereof has been deferred in equity.

Interest rate swaps - Assets relate to the following:
a. Trivium Real Estate SOCIMI, S.A. entered into a CAP hedging contract with Caixa Bank for the full amount of the bank loan drawn down for which it was required to make a payment of EUR 1,700 thousand. This hedging contract matures on 19 December 2025. The changes in its value are recognised in equity. As at 31 December 2021 and 31 December 2020, the market value is recorded.

Interest rate swaps - Liabilities relate to the followng:
a. Eurovea, a.s. concluded three interest rate swaps with three banks for the hedging of the cash outflows related to a variable interest rate of the syndicated loan taken. As at t 31 December 2020, the market value was recorded. The contracts were valid until 30 September 2021.

b. On 2 May 2019, effective 28 June 2019, the City-Arena PLUS a.s. entered into an IRS interest rate swap. The counterparty to this hedging transaction is Komerční banka, a.s. The purpose of hedging is to fix the financial flows related to the variable portion of the interest rate of the received bank loan. The contract related to the interest rate swaps will expire on 18 March 2024. As at 31 December 2021 and 31 December 2020, the market value is recorded.

19. Loans receivable

In thousands of EUR	**2021**	2020
Loans receivable	2,161	2,157
Impairment of loans receivable	(2,161)	(2,157)
	-	-
Less current portion	-	-
Non-current portion	-	-

In thousands of EUR	**2021**	2020
Balance at 1 January	-	4,080
New loans granted	-	-
Repayments	-	(4,142)
Interest charged	3	67
Reversal of loss allowance on loans receivable	-	995
Loss allowance on loans receivable	(3)	-
Set-off of loans	-	(1,000)
Balance at 31 December	-	-

The exposure of the Group to credit risk in relation to loans receivable is reported in Note 6 of the consolidated financial statements.

The fair value of receivable loans approximates to their carrying amounts as presented above.

The effective interest rates on receivables (current and non-current) were as follows:

	2021	2020
Loans receivable to related parties	**0.15%**	0.15%

As at 31 December 2021 and 31 December 2020 Loans receivable relate to the following.

(A) Loans receivable to related parties relate to the loan receivable of City-Arena PLUS, a.s. from City-Arena a.s. The loan bears interest at the rate of 0.15% per annum and it is repayable not later than 30 days after the written request of the Lender. As at 31 December 2021 and 31 December 2020, the loan was fully impaired due to the adverse financial position of the Borrower.

As at 31 December 2020 Loans receivable relate to the following.

(A) On 6 February 2019, the Parent ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the provision of a loan in the amount of EUR 1,000 thousand, which carried interest at the rate of 8.5% per annum and was repayable until 30 March 2020.

19. Loans receivable (continued)

The loan should be provided upon the fulfilment of certain conditions, amongst others, the submission of the original contract on transfer of business shares concluded between two individuals Transferors, the Parent as Transferee 1 and the UBO as Transferee 2. Subject of the Contract was the transfer of the business share from Transferor 1 in the Debtor corresponding to the paid contribution in the company of the Debtor in the amount of EUR 4 thousand, which represents 80% share capital and voting rights in the company of the Debtor to the Creditor and the transfer of the business share of Transferor 2 in the company of the Debtor corresponding to the paid contribution in the amount of EUR 1,000 thousand, which represents 20% of the share capital of the Debtor.The final amount of remuneration should be calculated by the Purchasers based on the financial statement of the company (to the date of transfer), as the basic amount of remuneration decreased by the total amount of liabilities and increased by the total amount of receivables.

The Contract on transfer of business shares was concluded on the same day according to which the basic purchase price was EUR 8,500 thousand. The shares should be transferred only if the Debtor does not settle the loan on time.

The loan was settled in full on 27 March 2020.

(B) On 20 December 2019, City-Arena PLUS a.s. ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the provision of a loan in the amount of EUR 3,000 thousand, which carried interest at the rate of 4.5% per annum and was repayable until 30 April 2020.

The loan was settled in full on 23 April 2020.

20. Inventories

In thousands of EUR	**2021**	2020
Merchandise	-	25
	-	**25**

Inventories are stated at cost.

21. Trade and other receivables

In thousands of EUR	**2021**	2020
Legal guarantees	3,414	5,294
Trade receivables	2,789	1,525
Deposits, cash guarantees and prepayments	1,466	1,097
Deferred expenses	733	689
Other receivables	143	747
Tax receivables	12	137
Other assets	1	-
	8,558	**9,489**

The Group does not hold any collateral over the trading balances.

As at 31 December 2021 and 31 December 2020, Legal guarantees relate to Trivium Real Estate SOCIMI, S.A. and specifically to a legal obligation to declare and deposit 90% of the amount that the company receives from the tenants in the form of a legal guarantee to a government body. The amount will be recovered only when the contract is finished.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in Note 6 of the consolidated financial statements.

22. Other investments

In thousands of EUR	**2021**	2020
Balance at 1 January	642	531
Additions/Decreases	(510)	111
Balance at 31 December	**132**	**642**

One of the Group companies, Iberian Assets S.A. constituted a Joint Ownership for the operation of the parking facilities of the Gran Casa Shopping Centre, with its shareholding in this Joint Ownership totalling 62.37%. Ibearian Assets, S.A. has not proportionally integrated the assets and liabilities of said Joint Ownership, due to not being of a significant amount.

The Trenesma Group percentage as at 31 December 2021 and 31 December 2020, is 54.11% (i.e. 62.37 * 86.76%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021

23. Cash at bank and in hand

In thousands of EUR	**2021**	2020
Cash in hand	37	28
Cash at bank	41,972	39,704
Accumulated impairment losses on cash and cash equivalents	(10)	(26)
Cash and cash equivalents for the purposes of the consolidated cash flow statement	**41,999**	**39,706**

24. Share capital

	2021 Number of shares	**2021 EUR**	2020 Number of shares	2020 EUR
Authorised				
Ordinary shares of EUR 1 each	**1,000**	**1,000**	1,000	1,000
Issued and fully paid				
Balance at 1 January	**1,000**	**1,000**	1,000	1,000
Balance at 31 December	**1,000**	**1,000**	1,000	1,000

25. Borrowings

In thousands of EUR	**2021**	2020
Balance at 1 January	822,738	812,067
Additions	13,312	14,585
Repayments - principal	(18,363)	(10,251)
New leases	882	-
Lease payments	(74)	-
Repayments - lease interest	(19)	-
Repayments - other interest	(22,513)	(21,107)
Interest charged	26,427	27,322
Borrowing costs	315	122
Discount on leases	(41)	-
Balance at 31 December	**822,664**	822,738

In thousands of EUR	**2021**	2020
Current borrowings		
Bank loans	12,720	225,905
Debentures	101,556	1,558
Lease liabilities	117	-
Borrowing from related party	2,000	-
Other borrowings	1,533	3,209
	117,926	230,672
Non-current borrowings		
Bank loans	575,161	367,523
Debentures	128,927	224,543
Lease liabilities	650	-
	704,738	592,066
Total	**822,664**	822,738

25. Borrowings (continued)

Movement table for lease liabilities :

	2021	2020
Balance at 1 January	-	-
New leases	882	-
Lease payments	(74)	-
Repayments - lease interest	(19)	-
Interest charged	19	-
Discount on leases	(41)	-
Balance at 31 December	**767**	**-**

For maturity of non-current borrowings see Note 6.3.

The bank loans are secured as follows:

Eurovea, a.s.

- By a pledge on movable and non-movable non-current assets, receivables and shares of Eurovea, a.s.
- By the issue of 4.5% bonds of EUR 100,000 thousand, which are payable in 2022.

Armati Limited

- By a blank promissory note. Based on the Agreement on Right to Complete Blank Promissory Note signed on 14 December 2018, the secured obligation of the Company is up to the maximum amount of EUR 330,990 thousand arising in the time period of twenty two years after the date of the Facility Agreement.
- Each Lender may charge, assign or create Security at any time in or over all or any of its rights under any Finance Document to secure obligations of that Lender
- On 06 May 2020, Armati Limited ("Borrower") concluded an Intercreditor Agreement with J&T Banka, a.s. ("Senior Agent", "Senior Arranger", "Security Agent", "Senior Lender"), Postova banka, a.s. ("Senior Arranger", "Senior Lender"), Retail Property Finance II, s.r.o. ("Funding Loan Lender") and Trenesma Limited ("Subordinated Lender") for the appointment of J&T Banka, a.s. as a Security Agent in relation to any amount that Armati Limited owes to any Secured Party. The Security Agent is entitled to claim from Armati Limited, the payment of any amount which Armati Limited is obliged to pay to any Secured Party under any Debt Document or in connection therewith.
- On the same day, the Company ("Pledgor") concluded an Agreement on Pledge of Bank Accounts Receivables with J&T Banka, a.s. ("Pledgee") for the creation of a Pledge over the Pledged Receivables to secure all Secured Receivables.
  The Pledged Receivables are free and clear of any Security and no contract or arrangement exists.
- On the same date, Trenesma Limited ("Pledgor") concluded a Deed of Pledge of Share Certificates and Charge of Shares with J&T Banka, a.s. ("Pledgee") for the creation of a Pledge over the shares held in Armati Limited to secure all Secured Receivables.
- On the same day, Armati Limited ("Borrower") concluded a Project Support Agreement with Trenesma Limited ("Sponsor") and J&T Banka, a.s. ("Security Agent") as it was one of the conditions of the Facilities Agreement and the Funding Loan Agreement. Any payment to be made by the Parent shall be made by way of disbursement of a New Shareholder Injection to the Borrower, an increase of the registered capital of the Borrower by way of a cash contribution or a capital contribution outside the registered capital of the Borrower by way of a cash contribution. This Agreement was concluded as a prerequisite of the Facilities Agreement signed on 14 December 2018 and the Funding Loan Agreement signed on 18 December 2019.
- In addition, on 6 May 2020, the shareholder, Trenesma Limited ("Pledgor") entered into a Deed of Pledge of Share Certificates and Charge of Shares in Armati Limited ("Borrower") with J&T Banka, a.s. ("Pledgee") according to which, the Pledgor as the registered and beneficial holder and owner of the shares in Armati Limited, pledges to the Pledgee all the shares held as a first ranking pledge.

25. Borrowings (continued)

- This security shall be held as a continuing security for the due and punctual payment, discharge and satisfaction of the Secured obligations of the Borrower.

City-Arena PLUS a.s.

- By real estate
  - a multifunctional center/ structure registered on the deed no. 12056 with census number 8834 on land of the Register CKN with plot numbers 6341/4, 6341/16, 6341/17, 6341/21, 6341/23 registered with the District Court Trnava, cadastral department, for cadastral territory of Trnava, municipality of Trnava, district Trnava;
  - non-residential space, located on the -2.floor at the entrance: non-residential space no. 15 (parking) in the building with census number 8833, built on land with plot number 6341/5, 6341/19, 6344/17m 6344/21, registered on the deed no. 12344, registered with the District Court Trnava, cadastral department, for cadastral territory of Trnava, municipality of Trnava, district Trnava, where part of the space is located on shared property 543469/3480574;
  - land registered on the deed no. 12056: 5671/350, 5671/363, 5671/364, 6303/11, 6303/12, 6341/1, 6341/4, 6341/5, 6341/7, 6341/8, 6341/9, 6341/15, 6341/16, 6341/17, 6341/19, 6341/21, 6341/23, registered with the District Court Trnava, cadastral department, for cadastral territory of Trnava, municipality of Trnava, district Trnava.
- By own shares
- By current and future receivables of the Company
- By own blank bill of exchange.
- By non-residential space and land. The non-residential space is located on land registered with no.12344 with the District Court Trnava.

Trivium Real Estate SOCIMI, S.A.

- By a first mortgage taken out on the land upon which the four Shopping Centres are located in favour of the credit entities.

The weighted average effective interest rates at the reporting date were as follows:

	2021 %	2020 %
Bank loans	Eurovea, a.s.: 3month Euribor + 1.85% / City-Arena PLUS, a.s.: Euribor or 1.65% / Armati Limited: 3month Euribor + 4.5% / Trivium Real Estate SOCIMI, S.A.: 3month Euribor + 1.6%	Eurovea, a.s. 3month Euribor + 1.85% / City-Arena PLUS, a.s.: Euribor or 1.65% / Armati Limited: 3month Euribor + 4.5% / Trivium Real Estate SOCIMI, S.A.: 3month Euribor + 1.6%
Debentures	Eurovea, a.s.: 4.5% / Retail Property Finance I, s.r.o.: 0% / Retail Property Finance II, s.r.o.: 5.30% / Retail Property Finance III, s.r.o.: 0%	Eurovea, a.s.: 4.5% / Retail Property Finance I, s.r.o.: 0% / Retail Property Finance II, s.r.o.: 5.30% / Retail Property Finance III, s.r.o.: 0%
Lease liabilities	Eurovea, a.s.: 2.42% / Eurovea Retail Services, s.r.o.: 2.13%	-
Other loans	Trenesma Limited: 5.5%	Trenesma Limited: 5.5%

(I) Other loans relate to the following:

A. Trenesma Limited

(i) On 14 December 2020, the Parent ("Debtor") entered into a Credit Contract with RMS Mezzanine, a.s. ("Creditor") for the granting of a loan in the amount of EUR 3,200 thousand, which bears interest at the rate of 5.5% per annum and is repayable until 14 December 2021.

25. Borrowings (continued)

The loan was provided for the increase of the share capital of Armati Limited.

Per Amendment No.1 signed on 28 January 2021, the credit limit increased to the amount of EUR 3,850 thousand.

Per Amendment No.2 signed on 14 December 2021, the repayment date was extended until 31 March 2022.

Per Amendment No 3. signed on 3 March 2021, the repayment date was extended until 31 March 2024.

Per Amendment No 4. signed on 6 December 2022, the credit limit increased to the amount of EUR 5,810 thousand.

(ii) On 30 December 2021, the Parent ("Debtor") entered into a Loan Contract with Lazarah Holding Ltd ("Creditor") for the granting of a loan in the amount of EUR 2,000 thousand, which bears interest at the rate of 5.5% per annum and is repayable until 15 March 2022.

The loan was fully repaid on 3 March 2022.

(II) Bank loans relate to the following:

A. Armati Limited

On 14 December 2018, Armati Limited ("Borrower", "Armati") concluded a Facilities Agreement with J&T Banka, a.s. ("Arranger", "Original Lender", "Agent" and "Security Agent") and 365.bank, a.s. (former Postova banka, a.s.) ("Arranger", "Original Lender") for the provision of a loan up to the amount of EUR 165,495 thousand which is provided by two loans:

(i) Facility A Loan in the amount of EUR 53,438 thousand from J&T Banka, a.s. and EUR 53,438 thousand from 365.bank, a.s. (former Postova banka, a.s.) which bears interest at 5% per annum plus three months Euribor rate and is payable as follow:

a. The first instalment is payable on the First Repayment date, i.e. 30 June 2019.

b. Any subsequent instalment is payable in the amount set forth opposite the relevant Repayment date in the Repayment Schedule and

c. The last instalment which shall be equal to the balance of the then outstanding amount is payable until the Termination Date, i.e. 15 December 2025.

d. The amount of interest is payable on each Repayment date.

(ii) Facility B Loan in the amount of EUR 29,310 thousand from J&T Banka, a.s. and 29,310 thousand from 365.bank, a.s. (former Postova banka, a.s.) which bears interest at 5% per annum plus twelve months Euribor rate and the principal amount is payable until the Termination Date, i.e. 15 December 2025. The amount of interest is payable on each anniversary of this Agreement.

The purpose of the Facilities is for the Borrower to only use the funds for providing:
a. Contribution to the other capital funds of Trivium Real Estate Socimi, S.A. (former Global Tarpeya, s.l.),
b. an amount up to EUR 321 thousand under Facility A toward payment of up-front fee and
c. an amount up to EUR 176 thousand under Facility B toward payment of up-front fee.

Armati shall pay to the Agent an up-front fee in the amount of EUR 248 thousand for each Arranger (i.e. total amount of EUR 496 thousand) which is payable up to ten business days after the date of this Agreement (i.e. 24 December 2018) or on the Utilitsation Date (i.e. 17 December 2018).

Also, Armati shall pay to the Agent an agency fee in the amount of EUR 5 thousand which must be paid annually in advance from the date of this Agreement.

The first payment of the agency fee shall be paid on the first Utiltisation Date, i.e. 17 December 2018.

The Agent fees in the total amount of EUR 496 thousand were settled on 17 December 2018.

Based on this Agreement, the interest under the Facility B Loan payable will be capitalised on each Interest Payment date (each Anniversary date of this Agreement) and added to the principal amount of the Facility B Loan with a consent of the Agent.

25. Borrowings (continued)

Per Amendment No.1 signed on 20 May 2019, Armati shall repay the Facility A Loan in regular quarterly instalments payable on each Repayment Date and in the amounts set forth opposite the relevant Repayment Date in the Repayment Schedule.

All amounts then outstanding (EUR 87,843 thousand) under the Finance Documents shall be repaid on the Termination Date, i.e. 15 December 2025.

The first instalment in the amount of EUR 1,245 thousand was paid on 28 June 2019.

On 15 September 2019 Armati proceeded with extraordinary payments in the amount of EUR 1,112 thousand and EUR 1,497 thousand, which are related to the partial payment of the principal.

The second instalment in the amount of EUR 738 thousand was paid on 20 September 2019.

The third instalment in the amount of EUR 747 thousand was paid on 30 December 2019.

Per Amendment No.2 signed on 30 March 2020, Armati shall repay the Facility A Loan in regular quarterly instalments payable on each Repayment Date and in the amounts set forth opposite the relevant Repayment Date in the Repayment Schedule. All amounts then outstanding (EUR 89,393 thousand) under the Finance Documents shall be repaid on the Termination Date, i.e. 15 December 2025.

In addition, the Facility A Loan bears interest at 5% per annum up until 12 February 2020 (inclusive) and 4.5% per annum plus 12 months Euribor rate from 13 February 2020 (inclusive).

Per Amendment No.3 signed on 06 May 2020, with the effect from the Effective Date, the wording of the Facilities Agreement shall be amended based on the Schedule 1.

Per Amendment No.4 signed on 19 October 2021, the outstanding principal amount is EUR 96,365 thousand, as of the date of this Amendment.

The availability period has already terminated, and the lenders have no further obligation to provide to the borrower any funds under the Facilities Agreement.

In addition, Armati shall pay the amount of EUR 500 to J&T Banka, a.s. and the amount of EUR 500 to 365.bank, a.s. (former Postova banka, a.s.) within ten days after the date of this Amendment. The payable was settled on 21 October 2021.

On 31 March 2022, Armati proceeded with the payment of the following instalment in the amount of EUR 741,883.

On 30 June 2022, Armati proceeded with the payment of the following instalment in the amount of EUR 719,917.

As at 31 December 2021, there was a breach of Financial Covenant Net Operating Income related to the Facilities Agreement with J&T Banka, a.s. ("Arranger", "Original Lender", "Agent" and "Security Agent") and 365.bank, a.s. (former Postova banka, a.s.) ("Arranger", "Original Lender") for the provision of a loan up to the amount of EUR 165,495 thousand which is provided by two loans.
As of 1 September 2022, J&T Banka, a.s. issued a Waiver, that the lenders accept and waive the breach.

In addition, on 30 December 2022, the Company paid the amount of EUR 690,317 which was the final instalment for 2022.

Per Amendment No.5 signed on 12 January 2023, the former lender 365.bank, a.s. is no longer an arranger, original lender and any possible party of the Facilities Agreement as from 10 October 2022.

Some of the changes are mentioned below:

(i) Armati may proceed with a prepayment of the whole or any part of the Loan (minimum amount of EUR 1,000 thousand or whole multiples of EUR 1,000 thousand) or any other amount as may be agreed between Armati and the Agent.

(ii) On 18 February 2020 and on 15 January of each subsequent calendar year, Armati shall apply the balance standing to the credit of the General Account (in excess of the sum of EUR 100 thousand) towards the prepayment of the Facility A Loan. Any prepayment shall be applied in prepayment of the Facility A Loans and when the Facility A Loan has been prepaid in full, in prepayment of the Facility B Loan.

25. Borrowings (continued)

(iii) Upon the request of Armati (15 business days prior request) and with the consent of the Agent, the interest under the Facility A Loan which is payable on 30 June 2020 will be capitalised on that interest payment date and added to the principal amount of the Facility A Loan.

(iv) Armati shall not declare, make or pay any distribution, except for repayment of up to EUR 1,680 thousand of principal of the loan provide by Trenesma pursuant to the Sponsor Loan Agreement, provide that such repayment is made not later than on 31 December 2019.

Per Amendment No.4 signed on 19 October 2021, the outstanding principal amount is EUR 96,365 thousand, as of the date of this Amendment.

The availability period has already terminated and the lenders have no further obligation to provide to the borrower any funds under the Facilities Agreement._In addition, the Company shall pay the amount of EUR 500 to J&T Banka, a.s. and the amount of EUR 500 to 365.bank, a.s. (former Postova banka, a.s.) within ten days after the date of this Amendment.

The payable was settled on 21 October 2021.

B. Eurovea, a.s.

Syndicated bank loan with a residual value of EUR 220,000 thousand was due on 30 September 2021. The loan bears interest at the rate of the 3month Euribor plus a fixed rate of 1.85% per annum and it was repayable until 2021.

On 14 September 2021 an amendment to the loan agreement was signed and the new maturity of the loan is 30 September 2023. The borrower must repay the loan in instalments by repaying EUR 2,000 thousand quarterly at the end of each quarter, beginning 30 September 2021 and the rest of the loan on termination date 30 September 2023.

On 2 June 2022 an amendment to the loan agreement was signed and the new maturity of the loan is 7 July 2026. The borrower undertakes to repay the loan and to pay the corresponding interests until 7 July 2026 at the latest.

C. City Arena PLUS, a.s.

Loan Contracts on the long-term investment bank loan (syndicated loan Tatra bank, Unicredit bank). The loan serves to finance a construction of multifunctional centre City Arena Trnava and amounts to EUR 44,933 thousand as at 31 December 2018. The loan bears interest at the rate of 3month Euribor + 2% per annum and it is repayable until 30 September 2021.

The above loan was prematurely repaid with a new bank loan on 18 March 2019 provided by Komercni banka, a.s. in the total amount of EUR 54,000 thousand.

The rate of interest of each loan for each interest period is the percentage rate per annum, which is the aggregate of the applicable Margin (1.65% per annum) or Euribor (i.e. the applicable screen rate as of the specified time for euro for a period of 3 months). The termination date of the loan is 18 March 2024.

The loan is secured, see above.

25. Borrowings (continued)

D. Trivium Real Estate SOCIMI, S.A.

On 19 December 2018, the Group took out a syndicated loan with Aareal Bank and Banco Santander for a maximum amount of EUR 249,288 thousand. The term of the loan is seven years and it matures on 19 December 2025. The loan accrues interest at the rate of Euribor at 3 months plus a spread of 1.60%, with the exception of the amount of EUR 210,479 thousand which accrued a quarterly interest rate of 0.245% plus a spread of 1.60% from 19 December 2018 to 19 December 2023.

The interest periods will have a duration of three months. The first period commences on 19 December 2018 and will mature on 19 March 2019.

The interest accrued during the period comprising 19 December 2018 to 3 December 2018 totalled EUR 138,439. The interest accrued and not paid at 31 December 2018 totalled EUR 138,791.

The interest accrued during the year ending 31 December 2019 totalled EUR 3,937,273.
Interest accruing and not paid at 31 December 2019 amounted to EUR 142,311.

The interest accrued during the year ending 31 December 2020 totalled EUR 3,948,060.
Interest accruing and not paid at 31 December 2020 amounted to EUR 125,983.

The interest accrued during the year ending 31 December 2021 totalled EUR 3,937,273.
Interest accruing and not paid at 31 December 2021 amounted to EUR 150,143.

(III) Debentures relate to the following:

(i) As at 31 December 2020 and 2021, bonds relate to Dlhopis Eurovea, a.s. bonds issued by Eurovea, a.s. on 7 September 2016, in the amount of EUR 100,000 thousand, with a nominal value of EUR 1,000 each, maturing on 7 September 2022, with a coupon payment to be made annually and with interest borne at 4.5% per annum. The bonds are registered on the Bratislava Stock Exchange.

On 01 July 2022, Eurovea, a.s. issued subordinate bonds (Dlhopis Eurovea 5.50/2027) in the amount of EUR 100,000 thousand, with a nominal value of EUR 1,000 each, maturing on 1 July 2027 with a coupon payment to be made annually and with interest borne at 5.5% per annum. The first payment of interest income will be made on 1 July 2023. The bonds are registered on the Bratislava Stock Exchange.

(ii) On 27 May 2019, Retail Property Finance I, s.r.o. issued 250 bonds, at an issue price of 64% of their nominal value which is EUR 100 thousand per bond, bearing interest at the rate of 0% per annum, with a repayment date of 27 May 2026.

(iii) On 16 December 2019, Retail Property Finance II, s.r.o. issued 60,000 bonds, at an issue price of 100% of their nominal value which is EUR 1,000 per bond, bearing interest at the rate of 5.3% per annum, with a repayment date of 16 December 2026. The interest was settled on 16 December 2020 for the first time.

(iv) On 20 December 2019, Retail Property Finance III, s.r.o. issued 650 bonds, at an issue price of 66.506% of their nominal value which is EUR 100 thousand per bond, bearing interest at the rate of 0% per annum, with a repayment date of 20 December 2026.

26. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 14). The applicable corporation tax rate in the case of tax losses is 12.5%.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax liability

In thousands of EUR	**Fair value gains on investment property**	**Temporary tax differences**	**Total**
Balance at 1 January 2020	11,351	956	12,307
Charged/(credited) to:			
Statement of profit or loss and other comprehensive income	-	234	234
Balance at 31 December 2020/ 1 January 2021	**11,351**	**1,190**	**12,541**
Charged/(credited) to:			
Statement of profit or loss and other comprehensive income	-	303	303
Balance at 31 December 2021	**11,351**	**1,493**	**12,844**

Deferred tax assets

In thousands of EUR	**Fair value gains on investment property**	**Temporary tax differences**	**Total**
Balance at 1 January 2020		548	548
Charged/(credited) to:			
Statement of other comprehensive income		(52)	(52)
Balance at 31 December 2020/ 1 January 2021	**-**	**496**	**496**
Charged/(credited) to:			
Statement of other comprehensive income	-	-	-
Balance at 31 December 2021	**-**	**496**	**496**

27. Trade and other payables

In thousands of EUR	**2021**	2020
Deposits as guarantees from tenants	10,433	8,809
Trade payables	4,761	1,499
Deferred income	2,532	1,887
Other payables	1,259	621
Tax payables	607	-
Prepayments from clients	172	403
Other liabilities	92	-
Other creditors	76	2,298
Accruals	69	80
	20,001	**15,597**
Less non-current payables	(9,958)	(9,234)
Current portion	**10,043**	**6,363**

As at 31 December 2021 and 31 December 2020, Deferred income mainly relates to Eurovea, a.s. and mainly relates to rent invoiced in advance (2021: EUR 1,975 thousand; 2020: EUR 1,188 thousand).

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

28. Current tax liabilities

In thousands of EUR	**2021**	2020
Corporation tax	27	(62)
	27	**(62)**

29. Operating Environment of the Group

The World Health Organization declared on 11 March 2020 the coronavirus outbreak a pandemic. Many countries adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures. The governments were struggling to contain the second wave and despite running a mass population testing programme that temporarily reduced infection rates, cases have started to increase again.

The shopping centre activities have been effected by restrictions implemented by the governments in order to contain the pandemic. The potential impact on cashflow of COVID-19 outbreak was estimated and valuations have considered the price-adjustment in order to reflect short-term discounts, a decrease of the turnover rents and decrease in Mall income as result of the decrease in temporary units.

The impact of the COVID-19 pandemic has been more severe than in other OECD countries due in part to the high share of services and tourism in the economy. Tourism activity dropped by an estimated 75% from April 2020 to March 2021, and some service activities were hit hard by contact restrictions, either due to their nature or because of low take-up of digital technologies.

Spain no longer has any COVID-19 entry requirements for anyone arriving into the country from the EU or Schengen area. In order to be considered fully vaccinated by the Spanish government, all travellers must have received their second jab at least 14 days prior to their trip.

After 700 days, Spain finally dropped its indoor mask wearing rule on 20 April. By royal decree, masks are no longer mandatory in the vast majority of settings - from bars and cafes to museums and cinemas. There are currently no additional restrictions in Madrid. Just like in the rest of Spain, masks are only compulsory on public transport, in hospitals, nursing homes and chemists.

Hotels are filling up again with Spaniards and tourists after a bleak period because of COVID-19 related restrictions, some companies are returning to pre-pandemic production levels and unleashed pent-up demand is boosting retail sales. Tourism will be the main driver of growth. Household consumption is also a major driver.

Inflation was running at an annual rate of 8.4% in April 2022, though down from 9.8% in March, and unemployment is still high at over 13%. Spaniards, can take comfort from the fact that although unemployment is much lower in the UK, inflation is not much higher in Spain, and the country does not face the spectre of stagflation as the economy is still growing.

Management has considered the unique circumstances and the risk exposures of Group and due to progress in vaccination programme, the management believes the Group is in good place and able to continue with its business activities. COVID-19 is reflected in the measurement of the assets and liabilities in the financial statements as at 31 December 2021. Management is taking necessary measures to ensure sustainability of the Group's operations.

The Company's/Group's Management has assessed:

(1) The ability of the Group to continue as a going concern

The Company's/Group's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group.

On the basis of the evaluation performed, the Group's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Group and the smooth conduct of its operations in the current business and economic environment.

30. Related party transactions

The Company is controlled by Mr. Peter Korbacka, resident in the Slovak Republic, who owns 100% of the Company's shares.

The following transactions were carried out with related parties:

30.1 Interest income relating to loans to related parties

In thousands of EUR	**2021**	2020
Related party to City-Arena PLUS a.s. (City Arena, a.s.)	**3**	**5**
	3	**5**

30.2 Other expenses with related parties

In thousands of EUR	**2021**	2020
Name		
Related parties of Trivium Real Estate SOCIMI, S.A. (Sierra Spain, Shopping Centers Services, S.A.U.)	(2,448)	-
Related party to Eurovea, a.s. (EUROVEA Services, s.r.o.)	(731)	-
Related party of Trenesma Limited (Directors' remuneration)	(61)	
Related party to Retail Property Finance II, s.r.o. (Eurovea Services, s.r.o.)	(13)	-
Related party to Retail Property Finance III, s.r.o. (Eurovea Services, s.r.o.)	(13)	-
Related party to Retail Property Finance I, s.r.o. (Eurovea Services, s.r.o.)	(3)	-
Related party of Armati Limited (Directors' remuneration)	(3)	-
Related party to Eurovea, a.s. (J&T REAL ESTATE, a. s.)	-	(70)
Related party to Eurovea, a.s. (Eurovea Services, s.r.o.)	-	(1,612)
	(3,272)	(1,682)

30.3 Operating income with related parties

In thousands of EUR	**2021**	2020
Name		
Related party to Eurovea, a.s. (Eurovea 2, s. r. o.)	413	354
Related party to Eurovea, a.s. (EUROVEA Services, s.r.o.)	80	-
Related party of Trenesma Limited (EVAX Holding GmbH)	23	-
Related party to City-Arena PLUS a.s. (City Arena, a.s.)	11	-
Related party to Eurovea, a.s. (Eurovea Services, s.r.o.)	-	191
	527	545

30.4 Receivables from related parties

In thousands of EUR	**2021**	2020
Name		
Related party to Eurovea, a.s. (Eurovea 2, s. r. o.)	54	10
Related party to City-Arena PLUS a.s. (City Arena, a.s.)	8	-
	62	10

30.5 Payables to related parties

In thousands of EUR	**2021**	2020
Name		
Related parties of Trivium Real Estate SOCIMI, S.A. (Sierra Spain, Shopping Centers Services, S.A.U.)	137	166
Related party of Retail Property Finance I, s.r.o. (Eurovea Services, s.r.o.)	-	7
Related party of Retail Property Finance II, s.r.o. (Eurovea Services, s.r.o.)	-	30
Related party of Retail Property Finance III, s.r.o. (Eurovea Services, s.r.o.)	-	30
	137	233

30. Related party transactions (continued)

30.6 Loans from related parties

In thousands of EUR	**2021**	2020
Name		
Related party of Trenesma Limited (Lazarah Holding Limited)	2,000	-
	2,000	-

31. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021.

32. Commitments

The Group had no capital or other commitments as at 31 December 2021, except from the following.

(i) Many parts of Slovak tax legislation remain untested in practice and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved when legislative precedents are set or when official interpretations of the authorities are available. Management is not aware of any circumstances that would cause any significant costs for the Group, in relation to the subsidiary, Eurovea, a.s.

(ii) On 18 July 2016, the Parent ("Pledgor") entered into a Subordinated Receivables Pledge Agreement with Tatra banka, a.s. ("Pledgee") and Eurovea, a.s. ("Underlying Obligor") for the creation of a pledge over the Collateral for the benefit of the Pledgee to secure the Secured Receivables resulting from the Facility Agreement signed on 23 June 2016 between the Underlying Obligor as the borrower and Komercni banka, a.s. and Vseobecna uverova banka, a.s. as lenders and the Pledgee as lender and agent, for the amount of EUR 250,000 thousand.

The maximum amount of principal for which the Secured Receivables are secured is EUR 350,000 thousand.

Per the Confirmation of Content of the Share Pledge Agreement signed on 29 July 2016, between the Parent ("Pledgor") and Tatra banka, a.s. ("Pledgee") the whole share of the Parent in Eurovea, a.s. is pledged. Specifically, 100 shares of total nominal value of EUR 89,556 thousand, 100 shares of total nominal value EUR 101,572 thousand and 100 shares of total nominal value of EUR 33,109 thousand. The total nominal value of the shares pledged is EUR 224,237 thousand. The Pledged shares relate to the Facility Agreement signed on 23 July 2016 (refer to above), which has a maturity of 30 September 2021.

The above Pledged shares correspond to the share capital of Eurovea, a.s. before the withdrawal of shares from circulation.

On 20 September 2016, there was a partial discharge of the secured property of 100 shares of total nominal value of EUR 89,556 thousand and 100 shares of total nominal value of EUR 33,109 thousand.

Per the Confirmation of Content of the Share Pledge Agreement signed on 19 December 2016, between the Parent ("Pledgor") and Tatra banka, a.s. ("Pledgee"), 88 shares of total nominal value of EUR 29,136 thousand are pledged (i.e. 22.29%) under the Facility Agreement signed on 23 July 2016 (referred to above), which has a maturity of 30 September 2023.

Per the Confirmation of Content of the Share Pledge Agreement signed on 25 January 2017, between the Parent ("Pledgor") and Tatra banka, a.s. ("Pledgee"), the 88 shares of total nominal value of EUR 29,136 thousand are still pledged (i.e. 22.29%) under the Facility Agreement signed on 23 June 2016 (referred to above), which has a maturity of 30 September 2023.

Per Amendment No.4 to the Facility Agreement signed on 14 September 2021, the repayment date was extended until 30 September 2023.The maximum amount of principal for which the Secured Receivables are secured is EUR 350,000 thousand.

As at 31 December 2021 the shares of Eurovea, a.s. are still pledged to Tatra banka, a.s.

(iii) On 19 March 2019, the Parent signed a Comfort Letter with City Arena PLUS a.s. ("Borrower"), Komercni banka, a.s., pobocka zahranicnej banky ("Original Lender") and Komercni banka, a.s. ("Agent"), according to which the Parent agrees to undertake towards the Parties assurances and obligations. This Comfort Letter is a result of the Facility Agreement that the Parties (except the Company) entered into on 18 March 2019, to provide the Borrower a facility up to the amount of EUR 54,000 thousand.

32. Commitments (continued)

Per this Letter, the Parent assures that it will pay timely the additional purchase price resulting from the Share Purchase Agreement for the acquisition of EMX Plus CZ1, a.s. in the amount of EUR 2,000 thousand. In addition, the Parent confirms that it will not transfer any of the shares in EMX Plus CZ1, a.s. without prior written consent of the Parties.

Moreover, the Parent is obliged to pay any Compensation arising from the Pending Disputes existing before the European Commission in relation to City Arena a.s. in the manner of a loan to the Borrower.

The Parent also assures to provide additional Transaction Security in favour of the Parties at least in the extend and value of the Transaction Security created over the Disputed Land.

The additional purchase price was timely settled in 2019 and the Comfort Letter no longer applies.

(iv) On 17 May 2019, the Parent ("Guarantor") entered into a Guarantee in relation to the bonds issued by Retail Property Finance I, s.r.o. ("Issuer") with aggregate nominal value of EUR 25,000 thousand due in 2026. J&T Banka, a.s. ("Bank") is the Administrator in relation to the Bonds. The Company wishes to secure the Issuer's obligations from the Bonds by a guarantee, which is provided to the Bondholders defined in the Bonds terms.

The Parent undertakes that if, for any reason, the Issuer fails to fulfil any of the Secured obligations when it becomes due, the Parent shall, upon written request of a Bondholder, pay such amount unconditionally and without any delay instead of the Issuer.

Secured obligations are any payment obligations of the Issuer towards the Bondholders arising in connection to the Bonds, in particular to pay the nominal value of the Bonds and any monetary obligations of the Issuer towards the Bondholders that may arise as a result of ineffectiveness.

(v) On 5 December 2019, the Parent ("Guarantor") entered into a Guarantee in relation to the bonds issued by Retail Property Finance III, s.r.o. ("Issuer") with aggregate nominal value of EUR 65,000 thousand due in 2026. J&T Banka, a.s. ("Bank") is the Administrator in relation to the Bonds. The Parent wishes to secure the Issuer's obligations from the Bonds by a guarantee, which is provided to the Bondholders defined in the Bonds terms.

The Parent undertakes that if, for any reason, the Issuer fails to fulfil any of the Secured obligations when it becomes due, the Parent shall, upon written request of a Bondholder, pay such amount unconditionally and without any delay instead of the Issuer.

Secured obligations are any payment obligations of the Issuer towards the Bondholders arising in connection to the Bonds, in particular to pay the nominal value of the Bonds and any monetary obligations of the Issuer towards the Bondholders that may arise as a result of ineffectiveness.

(vi) On 6 May 2020, the Parent ("Pledgor") entered into a Deed of Pledge of Share Certificates and Charge of Shares in Armati Limited ("Borrower") with J&T Banka, a.s. ("Pledgee") according to which, the Company as the registered and beneficial holder and owner of the shares in Armati Limited, pledges to the Pledgee all the shares held as a first ranking pledge.

This security shall be held as a continuing security for the due and punctual payment, discharge and satisfaction of the Secured obligations of the Borrower.

On the same date, the Parent ("Sponsor") entered into a Project Support Agreement with Armati Limited ("Borrower") and J&T Banka, a.s. ("Security Agrent"), according to which, the Company undertakes with the Security Agent that it shall immediately upon demand by the Borrower or by the Security Agent make a contribution in case of occurrence of a cash deficiency.

Any payment to be made by the Parent shall be made by way of disbursement of a New Shareholder Injection to the Borrower, an increase of the registered capital of the Borrower by way of a cash contribution or a capital contribution outside the registered capital of the Borrower by way of a cash contribution.

This Agreement was concluded as a prerequisite of the Facilities Agreement signed on 14 December 2018 and the Funding Loan Agreement signed on 18 December 2019.

32. Commitments (continued)

Per the Non-Extinctive Amendment to the Shareholders' Agreement signed on 03 September 2020 between Armati Limited (represented by "Trenesma"), Sierra Iberian Assets Holding S.A.U. ("Sierra") and Trivium Real Estate Socimi, S.A. (the "JV SPV" or the "Company"), the Parties approve and agree that the Parent shall pledge its shares in the Company to secure:

(i) A Facilities Agreement signed on 14 December 2018 among Armati Limited ("Borrower"), J&T Banka, a.s. and Postova banka, a.s. ("Arrangers" and "Original Lenders") and J&T Banka, a.s. ("Agent" and "Security Agent"),

(ii) Loan Agreement between Armati Limited ("Borrower") and Retail Property Finance II, s.r.o. ("Lender") and

(iii) An Intercreditor Agreement signed on 06 May 2020 between J&T Banka, a.s. ("Senior Agent", "Senior Lenders") and Retail Property Finance II, s.r.o. ("Lender"), Armati Limited ("Borrower", "Subordinated Lenders") and J&T Banka, a.s. ("Security Agent").

In addition, the shareholders shall ensure that the Business continues to be run as a going concern during the process of any Transfer of shares and each shareholder shall procure that the Transfer of shares is not approved for registration with the Share accounting registry unless this Agreement and the Articles of Association have been complied with.

(vii) On 13 May 2020, the Parent ("Guarantor") entered into a Guarantee Agreement with J&T Banka, a.s. ("Bank") according to which, the Company will satisfy the Bank if RPPK Immo GmbH ("Client") fails to meet a debt corresponding to any of the Secured Receivables, which are up to the total amount of EUR 57,200 thousand and exist until 1 March 2026.

Part of the secured receivables is a loan provided by the Bank to the Client with an initial amount of EUR 114,000 thousand.

Any Secured Receivables in default shall be paid by the Parent within fifteen days of delivery of the Bank's written request to the Parent.

Until the Secured Receivables are fully discharged all rights of the Parent shall be subordinated to the Bank's receivables for repayment of debts corresponding to the Secured Receivables. The Subordination Rights will be satisfied only after the Secured Receivables have been satisfied.

The Guarantee Agreement ceased to exist, as the loan was fully settled during 2020.

A Termination Agreement was signed on 30 December 2021.

(viii) On 11 November 2020, the Parent ("Guarantor") entered into a Provision of Guarantee Agreement with EVAX Holding GmbH ("Client"), according to which, the Parent provides the Bank with a Guarantee for punctual performance by the Borrower of all of its Guaranteed Liabilities resulting from the Facility Agreement that the Borrower originally entered into with the Bank on 19 November 2019. The maximum guarantee amount is EUR 5,775 thousand minus any amount paid as specified in the Agreement.

For the provision of the Guarantee, the Client shall pay to the Parent every year, a remuneration in the amount of 1% from the average Maximum Guarantee Amount calculated yearly as of 31st December of each calendar year. A preliminary remuneration for the first year of the Guarantee period until 30 November 2021 in the amount of EUR 42 thousand. The remuneration payment for the second year from 1 December 2021 until 30 November 2022 shall be due on 31 October 2021.

The remuneration was settled on 11 November 2020.

The Remuneration for the second year is in the amount of EUR 22,857.

Per the Amended and Restated Secured Credit Facility Agreement signed on 11 November 2020, the termination date of the Facility is on the third anniversary of the signing date, i.e. 11 November 2023.

32. Commitments (continued)

(ix) On 27 May 2021, the Parent ("Sponsor") entered into a Cost Overrun Guarantee Agreement with Eurovea 2, s.r.o. ("Borrower") and Tatra banka, a.s. ("Agent"), according to which, if:

(i) at any time during the development of the Project; and

(ii) at the time the Borrower does not have sufficient own resources to be able to pay the amount of the Cost Overrun and in the manner specified in the Facilities Agreement on its own,

the Parent shall make the funds available to the Borrower by transferring the funds in a form of Subordinated Debt ("Additional Financing").

The Facilities Agreement is the Term and Overdraft Facility Agreement dated 31 March 2021 entered between the Borrower and three financial institutions (the Agent is one of them).

The amount of the Additional Financing to be provided to the Borrower shall be limited by an amount of EUR 19,300 thousand.

The consideration for the satisfaction of obligations by the Parent shall be the origination of a receivable of the Parent against the Borrower for repayment of the funds made available to the Borrower together with interest.

This Agreement is concluded for definite term that is the period from its execution until the full discharge of any and all obligations of the Borrower under the Finance Documents.

On the same day, a Subordination Agreement was concluded between Eurovea 2, s.r.o. ("Subordinated Debtor"), Trenesma Development Limited ("Original Subordinated Creditor A"), the Parent ("Original Subordinated Creditor B"), three financial institutions ("Lenders") and Tatra banka, a.s. ("Agent"). The Subordinated Debtor is, pursuant to the Facilities Agreement, entitled to obtain loans from third parties which loans must be subordinated to the Senior Debt. The Senior Debt are all present and future obligations owed to the Finance Parties by the Subordinated Debt or for payment of any present or future claims and receivables.

Subordinated debt means any and all present or future payment obligations payable or owing by the Subordinated Debtor to a Subordinated Creditor (and not only), except for payment obligations under the Permitted Intragroup Revolving Loan Agreement, the total outstanding principal amount of which does not exceed EUR 2,000 thousand.

Subordination period is the period beginning on the date of this Agreement and ending on the date on which, all of the Senior Debt has been irrevocably paid and discharged in full.

According to the Accession Agreement signed on 20 December 2021, 365.bank, a.s. is added as an Additional Subordinated Creditor to the above Agreement. On the same day, a Subordinated Receivables Pledge Agreement was concluded between the Parent ("Pledgor"), Tatra banka, a.s. ("Pledgee") and Eurovea 2, s.r.o. ("Underlying Obligor"), according to which, the Parent created a Pledge over the Collateral for the benefit of the Pledgee to secure the Secured Receivables.

The Collateral means, all rights and future rights of the Pledgor to claim monetary performance from the Underlying Obligor existing at that time, in connection with each document that the Pledgor is a party or to which the Pledgor becomes a party after the registration of the Pledge.

Secured receivables are each and any claim of the Pledgor for due and timely performance of all present and future obligations owed to the Pledgee by the Pledgor together with any interest.

The maximum amount of principal to which the Secured receivables are secured shall be EUR 150,000 thousand or any other amount determined at any time by the Pledgee and not exceeding the Maximum principal amount.

The Pledgee itself is entitled to demand from the Underlying Obligor performance of its payment obligations in the full extent.

The Pledgor may not create any Security or any other third party right over the Collateral without the prior written consent of the Pledgee.

The Pledgor shall deliver to the Pledgee semi-annually, a current list of the receivables of which the Pledgor is the creditor or the beneficiary.

The Pledge shall expire and be released only if all Secured receivables cease to exist, or if the Pledgee has issued a written waiver of the Pledge in full, or if the entire Collateral has ceased to exist.

32. Commitments (continued)

On the same day, a Subordinated Receivables Pledge Agreement was concluded between the Parent ("Pledgor"), Tatra banka, a.s. ("Pledgee") and Eurovea 2, s.r.o. ("Underlying Obligor"), according to which, the Parent created a Pledge over the Collateral for the benefit of the Pledgee to secure the Secured Receivables.

The Collateral means, all rights and future rights of the Pledgor to claim monetary performance from the Underlying Obligor existing at that time, in connection with each document that the Pledgor is a party or to which the Pledgor becomes a party after the registration of the Pledge.

Secured receivables are each and any claim of the Pledgor for due and timely performance of all present and future obligations owed to the Pledgee by the Pledgor together with any interest.

The maximum amount of principal to which the Secured receivables are secured shall be EUR 150,000 thousand or any other amount determined at any time by the Pledgee and not exceeding the Maximum principal amount.

The Pledgee itself is entitled to demand from the Underlying Obligor performance of its payment obligations in the full extent.

The Pledgor may not create any Security or any other third party right over the Collateral without the prior written consent of the Pledgee.

The Pledgor shall deliver to the Pledgee semi-annually, a current list of the receivables of which the Pledgor is the creditor or the beneficiary.

The Pledge shall expire and be released only if all Secured receivables cease to exist, or if the Pledgee has issued a written waiver of the Pledge in full, or if the entire Collateral has ceased to exist.

ARMATI LIMITED

(i) On 06 May 2020, the company ("Borrower") concluded an Intercreditor Agreement with J&T Banka, a.s. ("Senior Agent", "Senior Arranger", "Security Agent", "Senior Lender"), Postova banka, a.s. ("Senior Arranger", "Senior Lender"), Retail Property Finance II, s.r.o. ("Funding Loan Lender") and Trenesma Limited ("Subordinated Lender") for the appointment of J&T Banka, a.s. as a Security Agent in relation to any amount that the company owes to any Secured Party.

The Security Agent is entitled to claim from the company, the payment of any amount which the company is obliged to pay to any Secured Party under any Debt Document or in connection therewith.

(ii) On the same date, the company ("Pledgor") concluded an Agreement on Pledge of Bank Accounts Receivables with J&T Banka, a.s. ("Pledgee") for the creation of a Pledge over the Pledged Receivables to secure all Secured Receivables.

The Pledged Receivables are free and clear of any Security and no contract or arrangement exists.

The bank loans and the loan payable from Retail Property Finance II, s.r.o. are secured as follows:

(A) On 29 September 2020, the company ("Pledgor") concluded a Financial security interest agreement over shares in Trivium Real Estate SOCIMI, S.A. with certain entities ("Secured Creditors"), J&T Banka, a.s. ("Security Agent") and Trivium Real Estate SOCIMI, S.A. ("Company") for the creation of the in rem right of the financial security interest or pledge over the 4,338,111 shares of a nominal value of EUR 1 each, of the Pledgor (representing 86.76%) in the company ("Pledge") as a security for the full and timely performance of the Secured Obligations by the Pledgor in favour of the Secured Parties, represented by the Security Agent.

The Pledge shall be extended and shall comprise:

(i) Distributions and dividends which may be payable in respect of the Shares; and

(ii) Any shares, quotas, security, right, asset or funds that may substitute or correspond to any of the Shares by subrogation in case of merger, winding-up, increase or decrease of share capital, conversion or exchange, transformation, de-merger split or any other circumstance affecting the company or Shares.

32. Commitments (continued)

The Pledgor undertakes not to vote in favour of any share capital increase that could result in the Pledgor owing less than 86.76% of the share capital of the company. In case of any new shares subscribed for by the Pledgor, the Pledge created will be extended automatically.

The Pledgor shall not sell, transfer, assign, substitute, pledge, encumber, charge or in any manner dispose of the Shares nor create a third party's right over them or any restriction to their transferability.

Once all the Secured Obligations have been unconditionally and irrecoverably discharged in full, the Pledge shall be cancelled.

(B) In addition, on 19 October 2021, the Company ("Pledgor") concluded an Agreement on Pledge of Securities Account with J&T Banka, a.s. ("Pledgee") for the creation of a Pledge over shares in Trivium Real Estate SOCIMI, S.A. ("Trivium") relating to the initital shares, i.e. 4,338,111 shares of a nominal value of EUR 1 each (representing 86.76% holding) in the Company Trivium and any other book entry shares deposited on the Securities Account ("Pledge") as a security for the full and timely performance of the Secured Obligations by the Pledgor in favour of the Secured Parties, represented by the Security Agent, up to the maximum amount of EUR 338.243 thousand, including the following Obligations:

(i) Obligations arising under the Senior Facilities Agreement (Facilities Agreement dated 14 December 2018, as amended on 20 May 2019 and 30 March 2020 and amended and restated on 6 May 2020) for the repayment of the principal amount of any loans utilised up to EUR 165,495 thousand;

(ii) Obligations arising under the Funding Loan Agreement (Loan Agreement dated 18 December 2019) for the repayment of any loans utilised up to EUR 60,000 thousand; and

(iii) any other Obligations due but unpaid by and Debtor pursuant to or in connection with the Senior Facility Agreement, this Agreement or any other Debt Document

This Pledge was registered with the Cyprus Registrar of Companies on 3 November 2021.

33. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements, except from the following.

On 01 July 2022, Eurovea, a.s. issued subordinate bonds (Dlhopis Eurovea 5.50/2027) in the amount of EUR 100,000 thousand, with a nominal value of EUR 1,000 each, maturing on 1 July 2027 with a coupon payment to be made annually and with interest borne at 5.5% per annum. The first payment of interest income will be made on 1 July 2023. The bonds are registered on the Bratislava Stock Exchange.

Per the minutes of the Extraordinary General Shareholders Meeting of Trivium Real Estate SOCIMI, s.a. signed on 14 July 2022, it was resolved to increase the share capital of the entity in the sum of EUR 40,911, through the issuance of 40,911 new shares of the Company of EUR 1 of nominal value each.
As a result, the share capital will be EUR 5,040,911 divided in 5,040,911 registered shares of the same class and series and of EUR 1 of nominal value each.
The objective of the share capital increase is to compensate the following credit rights:

(i) a credit right in the sum of EUR 1,689 thousand ("Armati Credit") which derives from the promissory note issued by the entity on 14 June 2022 ("the Armati Promissory Note"), and
(ii) a credit right in the sum of EUR 241 thousand ("the Sierra Credit") which derives from the promissory note issued by the entity on 14 June 2022 ("Sierra Promissory Note").

In addition, the General Shareholders Meeting agrees as subscription price of the new shares issued under this resolution the amount of EUR 47.19 per each share, which implies a nominal amount of EUR 1 and a share premium of EUR 46.19 per each share and which corresponds to a total share premium of EUR 1.890 thousand and a total subscription price of EUR 1.931 thousand.
The payment of the entire subscription price of the new shares is paid through the compensation of all Credit Rights. Armati Limited subscribes 35,796 newly issued shares and Sierra subscribes 5,115 newly issues shares.

33. Events after the reporting period (continued)

On 21 November 2022, the Group acquired additional 0.34% share (17,157 shares) in the subsidiary TRIVIUM REAL ESTATE SOCIMI, S.A., for the purchase price of EUR 875 thousand.

On 9 December 2022, the Group acquired additional 0.34% share (17,157 shares) in the subsidiary TRIVIUM REAL ESTATE SOCIMI, S.A., for the purchase price of EUR 912 thousand.

Group's share on the subsidiary TRIVIUM REAL ESTATE SOCIMI, S.A. as at 31 December 2021 was 86.76%, as from 21 November 2022 87.1% and as from 9 December 2022 87.44%.

According to the resolution signed on 21 March 2022, the subsidiary – Trivium Real Estate Socimi, S.A. distributed to its shareholders an interim dividend for the year ended 31 December 2021, in the amount of EUR 3,500 thousand, based on the percentage of participation of the shareholders (euros/share: EUR 0.70034079).

According to the resolution signed on 14 June 2022, the subsidiary – Trivium Real Estate Socimi, S.A. will distribute to its shareholders a complementary dividend in the total amount of EUR 11,644 thousand which shall be paid through the distribution of three different dividends in conformity with the following dates:

(i) The amount of EUR 3,500 was distributed on 22 June 2022, based on the percentage of participation of the shareholders (euros/share: EUR 0.70041226),

(ii) The amount of EUR 5,742 thousand was distributed on 11 July 2022, based on the percentage of participation of the shareholders (euros/share: EUR 1.14897821) and

(iii) The amount of EUR 2,402 thousand was distributed on 13 July 2022, based on the percentage of participation of the shareholders (euros/share: EUR 0.48073824).

It is offered to all shareholders to opt to receive the payment of the third complementary dividend in cash or in kind in the form of promissory notes.

The Group wishes to receive such payment in the form of promissory note not to the order and payable on demand and also it wishes to capitalise the framework of the share capital increase by compensation of credits. In addition, the Group undertakes to not sell or otherwise dispose of the shares that it holds in the subsidiary until the date of falling after the 16 June 2022, i.e. the record date for the distribution of the Third Complementary dividend.

The Group shall receive the amount of EUR 1,689 thousand as a promissory note which corresponds to the shares held by the Company under the Third Complementary Dividend after deducting the applicable withholding tax.

On 9 December 2022, subsidiary TRIVIUM REAL ESTATE SOCIMI, S.A. paid dividends in the amount of EUR 787 thousand, per the Minutes of the Board of Directors signed on 2 December 2022.

33. Events after the reporting period (continued)

Covid-19 pandemic in Europe

The COVID-19 pandemic and measures to contain its outbreak continued in 2021 and was again one of the main drivers of macroeconomic developments. Last year's sharp drop in GDP was halted, and the European Union returned to economic growth. Unemployment remained low as well.

A new shock that came took the form of inflation. Due to disrupted supply chains, strong domestic demand supported by government spending and a tight labour market in some countries, inflation rates climbed to double digits. In December, the year-on-year inflation rate in the European Union reached 5.3%, with differences between EU countries, with e.g. Cyprus's rate was only 2.25%, Spain´s annual inflation jumped to 6,7% at the end of 2021. The inflation rate in the Czech Republic reached 6.6%. Moreover, data for the first months of 2022 showed that these figures were not the highest point.

During 2021, the Group monitored the development of the pandemic, measures of the state authorities, and recommendations by health experts. The Group did not register any restrictions in the availability of its services, also thanks to the enhanced use of digital and telecommunication channels.

The Group did not experience any significant direct impact of the COVID-19 pandemic on its liquidity, market, or credit risk.

Conflict between Russia and Ukraine

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021 as it is considered as a non-adjusting event. The Group has no direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries. Despite no direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact in the Group's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any actions in case the crisis becomes prolonged.

ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONTENTS

TRENESMA LIMITED

DETAILED INCOME STATEMENT
31 December 2021

In thousands of EUR	Page	2021	2020
Revenue			
Credit sales		**842**	278
Rental income		**46,482**	52,927
Rendering of services		**1,555**	5,227
Loan interest income		**3**	67
Cost of sales	3	**(9,412)**	(23,836)
Gross profit		**39,470**	34,663
Other operating income			
Other income		**139**	312
Profit from share derivatives		**-**	915
Fair value gains on investment property		**13,712**	-
Value adjustments to receivables		**510**	
Reversal of impairment loans granted		**-**	995
Reversal of impairment on cash and cash equivalents		**16**	82
		53,847	36,967
Operating expenses			
Administration expenses	4	**(495)**	(455)
Depreciation and amortization	4	**(649)**	(533)
Personnel expenses		**(1,084)**	(14)
		51,619	35,965
Other operating expenses			
Fair value losses on investment property		**-**	(51,800)
Expenses relating to investment property		**-**	(10,278)
Value adjustments to receivables		**-**	(34)
Expenses from write of receivables		**(3)**	(1,005)
Expenses related to other investments		**(15)**	(14)
Rental expenses		**(151)**	-
Creation of provisions		**(141)**	-
Impairment charge on cash and cash equivalents		**-**	(5)
Impairment charge on loans granted		**(3)**	-
Loss from share derivatives		**(648)**	(100)
Loss on disposal of property, plant and equipment and investment property		**(47)**	-
Operating profit		**50,611**	(27,271)
Finance income	5	**-**	101
Finance costs	5	**(27,053)**	(27,951)
Net profit for the year before tax		**23,558**	(55,121)

COST OF SALES
31 December 2021

In thousands of EUR	**2021**	2020
Direct costs		
Outsourcing	**(4,950)**	(14,575)
Services	**(4,363)**	(5,043)
Consumed raw materials	**(83)**	(4,215)
Consumed energies	**(10)**	-
	(9,406)	(23,833)
Production cost		
Purchases of finished goods	**(6)**	(3)
	(9,412)	(23,836)

OPERATING EXPENSES
31 December 2021

In thousands of EUR	**2021**	2020
Administration expenses		
Auditors' remuneration for other assurance services	**(11)**	-
Auditor's remuneration – prior years	**(8)**	(8)
Auditors' remuneration for the statutory audit of annual accounts	**(134)**	(102)
Auditors' remuneration for the consolidation audit of annual accounts	**(26)**	(26)
Other professional fees	**(316)**	(319)
	(495)	(455)
Depreciation and amortization		
Amortisation of computer software	**(8)**	(7)
Amortisation of trademarks and licences	**(154)**	(154)
Depreciation	**(487)**	(372)
	(649)	(533)

FINANCE INCOME/COST
31 December 2021

In thousands of EUR	**2021**	2020
Finance income		
Fee and commission income from guarantees	-	42
Other interest income	-	4
Other finance income	-	55
	-	101

In thousands of EUR	**2021**	2020
Finance costs		
Interest expense		
Loan interest	**(14,345)**	(15,259)
Bank overdraft interest	-	(132)
Lease interest	**(19)**	
Bond interest	**(12,063)**	(12,063)
Other interest	**(21)**	-
Sundry finance expenses		
Bank charges	**(215)**	(36)
Other finance expenses	**(388)**	(460)
Net foreign exchange losses		
Unrealised foreign exchange loss	**(2)**	(1)
	(27,053)	(27,951)