

**TRENESMA LIMITED**

REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS  
31 December 2020

# TRENESMA LIMITED

---

## REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 December 2020

CONTENTS	PAGE
Board of Directors and other officers	1
Management Report	2
Independent auditor's report	3 – 5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8 - 9
Consolidated statement of changes in equity	10 - 11
Consolidated cash flow statement	12 – 13
Notes to the consolidated financial statements	14 – 65

# TRENESMA LIMITED

---

## 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)  
Evriliki 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.  
Postova banka, a.s.

**Registration number:**

HE328741

# TRENESMA LIMITED

---

## 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 2020.

### **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 2020 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,



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

Nicosia, 16 December 2021

**KPSA**

P.O.Box 27040  
1641 Nicosia  
Cyprus

15 Themistokli Dervi street, 1<sup>st</sup> floor  
1066 Nicosia  
Cyprus

Telephone: +357 22 445500  
Telefax: +357 22 672000  
Internet: [www.kpsa.com.cy](http://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 2020, 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 2020, 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.

## **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, 16 December 2021

# TRENESMA LIMITED

---

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 December 2020

	Note	2020 €	2019 €
<b>Revenue</b>	8	58,499,291	78,110,621
Cost of sales		<u>(23,836,157)</u>	<u>(34,644,039)</u>
<b>Gross profit</b>		<b>34,663,134</b>	<b>43,466,582</b>
Other operating income	9	1,227,351	348,389
Net (loss)/profit from investing activities	10	(51,814,222)	(9,733,936)
Personnel expenses		(14,243)	(5,726)
Administration expenses		(455,561)	(349,129)
Depreciation and amortization		(532,480)	(416,052)
Net impairment profit/(loss) on financial assets		1,071,576	243,497
Other expenses	11	<u>(11,416,824)</u>	<u>(488,954)</u>
<b>Operating profit</b>	12	<b>(27,271,269)</b>	<b>33,064,671</b>
Finance income	13	101,419	23,284
Finance costs	13	<u>(27,950,991)</u>	<u>(29,120,448)</u>
<b>Profit before tax</b>		<b>(55,120,841)</b>	<b>3,967,507</b>
Tax	14	<u>(900,670)</u>	<u>(908,233)</u>
<b>Net (loss)/profit for the year</b>		<b>(56,021,511)</b>	<b>3,059,274</b>
Net profit for the year attributable to:			
Equity holders of the parent		(51,482,146)	3,202,922
Non-controlling interests		<u>(4,539,365)</u>	<u>(143,648)</u>
		<b>(56,021,511)</b>	<b>3,059,274</b>

---

The notes on pages 14 to 64 form an integral part of these consolidated financial statements.

# TRENESMA LIMITED

---

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 December 2020

	2020	2019
	€	€
<b>Net profit for the year</b>	<b>(56,021,511)</b>	<b>3,059,274</b>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified to profit or loss</i>		
Hedges	372,812	-
Foreign exchange translation differences	(1,763)	-
<b>Other comprehensive income</b>	<b>371,049</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(55,650,462)</b>	<b>3,059,274</b>
Attributable to:		
Equity holders of the parent	(51,076,896)	3,202,922
Non-controlling interests	(4,573,566)	(143,648)
<b>Total comprehensive income</b>	<b>(55,650,462)</b>	<b>3,059,274</b>

---

The notes on pages 14 to 64 form an integral part of these consolidated financial statements.

# TRENESMA LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Note	2020 €	2019 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	1,605,773	1,586,112
Investment properties	16	924,600,000	976,400,000
Intangible assets	17	18,695,139	18,854,027
Trade and other receivables	21	1,578,193	-
Derivatives designated as hedging instruments	18	89,386	295,363
Deferred tax assets	26	495,593	547,939
		<b>947,064,084</b>	<b>997,683,441</b>
<b>Current assets</b>			
Inventories	20	25,173	-
Trade and other receivables	21	7,911,347	9,529,841
Loans receivable	19	-	4,079,592
Other investments	22	642,155	531,391
Cash at bank and in hand	23	39,706,149	36,748,334
Current tax receivable	28	66,525	-
		<b>48,351,349</b>	<b>50,889,158</b>
<b>Total assets</b>		<b>995,415,433</b>	<b>1,048,572,599</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24	1,000	1,000
Attributed to the owners of the Parent		(12,714,433)	(12,714,433)
Retained earnings and reserves		126,866,010	180,869,717
		<b>114,152,577</b>	<b>168,156,284</b>
Non-controlling interests		29,539,396	32,127,408
<b>Total equity</b>		<b>143,691,973</b>	<b>200,283,692</b>
<b>Non-current liabilities</b>			
Borrowings	25	592,066,000	795,270,512
Trade and other payables	27	9,233,661	10,285,968
Derivative financial instruments	18	184,565	602,379
Deferred tax liabilities	26	12,541,374	12,306,802
		<b>614,025,600</b>	<b>818,465,661</b>
<b>Current liabilities</b>			
Trade and other payables	27	6,363,146	11,913,898
Borrowings	25	230,671,630	16,796,710
Derivative financial instruments	18	658,547	864,992
Current tax liabilities	28	4,537	247,646
		<b>237,697,860</b>	<b>29,823,246</b>
<b>Total liabilities</b>		<b>851,723,460</b>	<b>848,288,907</b>
<b>Total equity and liabilities</b>		<b>995,415,433</b>	<b>1,048,572,599</b>

The notes on pages 14 to 64 form an integral part of these consolidated financial statements.

## TRENESMA LIMITED

---

On 16 December 2021 the Board of Directors of Trenesma Limited authorised these consolidated financial statements for issue.

  
.....  
Zuzana Sabova  
Director

  
.....  
Michalis Hadjinestoros  
Director

---

The notes on pages 14 to 64 form an integral part of these consolidated financial statements.

# TRENESMA LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2020

	Attributable to equity holders of the Company			Total	Non-controlling interests	Total
	Share capital	Capital reserve	Retained earnings and reserves			
	€	€	€			
<b>Balance at 1 January 2019</b>	<b>1,000</b>	<b>(12,714,433)</b>	<b>177,810,443</b>	<b>165,097,010</b>	<b>31,983,760</b>	<b>197,080,770</b>
<b>Comprehensive income</b>						
Net profit for the year	-	-	3,059,274	3,059,274	143,648	3,202,922
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,059,274</b>	<b>3,059,274</b>	<b>143,648</b>	<b>3,202,922</b>
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>1,000</b>	<b>(12,714,433)</b>	<b>180,869,717</b>	<b>168,156,284</b>	<b>32,127,408</b>	<b>200,283,692</b>
<b>Comprehensive income</b>						
Net profit for the year	-	-	(51,482,146)	(51,482,146)	(4,539,365)	(56,021,511)
<i>Items that are or may be reclassified to profit or loss</i>						
Hedges	-	-	407,013	407,013	(34,201)	372,812
Foreign exchange translation differences	-	-	(1,763)	(1,763)	-	(1,763)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(51,076,896)</b>	<b>(51,076,896)</b>	<b>(4,573,566)</b>	<b>(55,650,462)</b>
<b>Transactions with owners</b>						
Transfer	-	-	(2,926,811)	(2,926,811)	2,926,811	-
Decrease related to non-controlling interests	-	-	-	-	(397,193)	(397,193)
Effect from business combination	-	-	-	-	750	750
Dividends to non-controlling interests	-	-	-	-	(544,814)	(544,814)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(2,926,811)</b>	<b>(2,926,811)</b>	<b>1,985,554</b>	<b>(941,257)</b>
<b>Balance at 31 December 2020</b>	<b>1,000</b>	<b>(12,714,433)</b>	<b>126,866,010</b>	<b>114,152,577</b>	<b>29,539,396</b>	<b>143,691,973</b>

The notes on pages 14 to 64 form an integral part of these consolidated financial statements.

## TRENESMA LIMITED

---

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2020

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 64 form an integral part of these consolidated financial statements.

# TRENESMA LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

31 December 2020

	Note	2020 €	2019 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>(55,120,841)</b>	3,967,507
Adjustments for:			
Depreciation of property, plant and equipment	15	<b>371,688</b>	382,858
Exchange difference arising on the translation of non-current assets in foreign currencies		<b>(1,762)</b>	-
Unrealised exchange loss		<b>532</b>	620
Amortisation of computer software	17	<b>6,909</b>	2,906
Amortisation of trademarks and licences	17	<b>153,883</b>	30,288
Loss from the sale of property, plant and equipment		-	5,752
Fair value losses/(gains) on investment property	16	<b>51,800,000</b>	9,755,781
(Reversal of impairment) - loans		<b>(995,266)</b>	(346,327)
Write off trade receivables		<b>4,920</b>	-
(Reversal of impairment) / Impairment charge - cash and cash equivalents	23	<b>(76,310)</b>	102,830
Interest income	13	<b>(70,802)</b>	(141,500)
Interest expense	13	<b>27,454,018</b>	27,029,981
		<b>23,526,969</b>	40,790,696
<b>Changes in working capital:</b>			
(Increase)/Decrease in inventories		<b>(25,173)</b>	54,662
Increase in trade and other receivables		<b>(291,820)</b>	(122,640)
Decrease/(increase) in derivative financial instruments		-	727,443
(Decrease)/increase in trade and other payables		<b>(6,603,059)</b>	(5,299,266)
		<b>16,606,917</b>	36,150,895
<b>Cash generated from operations</b>			
Interest received		<b>145,660</b>	33,447
Tax (paid)/refunded		<b>(752,420)</b>	(402,938)
		<b>16,000,157</b>	35,781,404
<b>Net cash generated from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of intangible assets	17	-	(2,460,952)
Payment for purchase of property, plant and equipment	15	<b>(391,349)</b>	(152,938)
Payment for purchase of investment property	16	-	(8,959,966)
Cash outflow from acquisition of subsidiary		<b>(1,154)</b>	-
Loans granted	19	-	(6,160,496)
Loans repayments received	19	<b>4,000,000</b>	2,512,000
Payment for purchase of other investments	22	-	(525,889)
Proceeds from disposal of property, plant and equipment		-	(5,752)
Proceeds from sale of investment properties	16	-	39,862
Interest received	19	-	23,284
Movement in goodwill / NCI		-	143,648
Set - off of loans receivable		<b>1,000,000</b>	-
		<b>4,607,497</b>	(15,547,199)
<b>Net cash used in investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings	25	<b>(10,128,836)</b>	(218,193,798)
Proceeds from borrowings	25	<b>14,584,627</b>	213,333,261
Unrealised exchange (loss)		<b>(532)</b>	(620)
Decrease of equity related to non-controlling interests		<b>(397,193)</b>	-
Dividends paid to non-controlling interests		<b>(544,814)</b>	-
Interest paid	25	<b>(21,239,401)</b>	(20,373,420)
		<b>(17,726,149)</b>	(25,234,577)
<b>Net cash (used in)/generated from financing activities</b>			

The notes on pages 14 to 64 form an integral part of these consolidated financial statements.

## TRENESMA LIMITED

---

### CONSOLIDATED CASH FLOW STATEMENT

31 December 2020

	2020	2019
Note	€	€
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>2,881,505</b>	<b>(5,000,372)</b>
Cash and cash equivalents at beginning of the year	<b>36,851,164</b>	41,851,536
Impairment - cash and cash equivalents at the beginning	<b>(102,830)</b>	-
Reversal of impairment / (Impairment charge) - cash and cash equivalents	<b>76,310</b>	(102,830)
<b>Cash and cash equivalents at end of the year</b>	<b>39,706,149</b>	36,748,334

---

The notes on pages 14 to 64 form an integral part of these consolidated financial statements.

# TRENESMA LIMITED

---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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 and 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 2020. 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%, 2019: N/A).

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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 (€), which is the Group's functional and presentation currency.

##### (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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 2020 and 31 December 2019:

#### 31 December 2020

Group internal credit rating	External credit rating	2020 €
Performing	J&T Banka, a.s. – Ba3	760,065
Performing	CaixaBank, S.A. - Baa1	5,484,106
Performing	Bankinter, S.A. - Baa3	293,051
Performing	Komerčni banka, a.s. – A1	7,041,154
Performing	Tatra banka, a.s. - A3	26,126,037
<b>Total</b>		<b>39,704,413</b>

#### 31 December 2019

Group internal credit rating	External credit rating	2019 €
Performing	J&T Banka, a.s. - B2	3.807.746
Performing	CaixaBank, S.A. - Baa1	3.688.119
Performing	Bankinter, S.A. - Baa3	149.998
Performing	Komerčni banka, a.s. - A2	4.403.915
Performing	Tatra banka, a.s. - A3	24.632.511
<b>Total</b>		<b>36.682.289</b>

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	2020 €	2019 €
Impairment charge on cash and cash equivalents	(5,357)	(102,830)
Reversal of impairment on cash and cash equivalents	81,667	-
Reversal of impairment on loans granted	995,266	346,327
<b>Net impairment profit on financial and contract assets</b>	<b>1,071,576</b>	<b>243,497</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 6. Financial risk management (continued)

#### 6.3 Liquidity risk (continued)

As at **31 December 2020:**

	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	593,428,238	593,428,238	1,338,433	224,567,018	2,849,866	364,672,921	-
Debentures	226,100,713	226,100,713	-	1,557,500	100,000,000	-	124,543,213
Other loans	3,208,679	3,208,679	-	3,208,679	-	-	-
Trade and other payables	15,351,515	15,351,515	942,123	5,175,731	818,978	2,313,088	6,101,595
Payables to related parties	165,594	165,594	165,594	-	-	-	-
	<b>838,254,739</b>	<b>838,254,739</b>	<b>2,446,150</b>	<b>234,508,928</b>	<b>103,668,844</b>	<b>366,986,009</b>	<b>130,644,808</b>

As at 31 December 2019:

	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	587,424,900	587,424,900	13,857	12,300,408	218,982,958	59,532,641	296,595,036
Debentures	221,717,377	221,717,377	-	1,557,500	-	100,000,000	120,159,877
Other loans	2,924,945	2,924,945	-	2,924,945	-	-	-
Trade and other payables	21,931,431	21,931,431	61,640	11,583,823	1,126,746	1,963,356	7,195,866
Payables to related parties	199,881	199,881	-	199,881	-	-	-
	<b>834,198,534</b>	<b>834,198,534</b>	<b>75,497</b>	<b>28,566,557</b>	<b>220,109,704</b>	<b>161,495,997</b>	<b>423,950,779</b>

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 8. Revenue

The Group derives its revenue from contracts with Customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	2020	2019
	€	€
Rendering of services	58,154,003	77,976,838
Loan interest income	67,070	118,216
Sales of products	-	6,653
Other revenues	278,218	8,914
	<b>58,499,291</b>	<b>78,110,621</b>

### 9. Other operating income

	2020	2019
	€	€
Profit from share derivatives	915,000	-
Other income	312,351	348,389
	<b>1,227,351</b>	<b>348,389</b>

### 10. Net (loss)/profit from investing activities

	Note	2020	2019
		€	€
Fair value losses on revaluation of investment property	16	(51,800,000)	(11,648,280)
(Expense)/income related to other investments		(14,222)	21,845
Fair value gains on revaluation of investment property	16	-	1,892,499
		<b>(51,814,222)</b>	<b>(9,733,936)</b>

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

During 2019, negative revaluations related to the real estate properties of Trivium Real Estate SOCIMI, S.A., Max Centre and Max Ocio.

### 11. Other expenses

	2020	2019
	€	€
Expenses relating to investment property	(10,277,907)	-
Value adjustments to receivables	(34,408)	(139,354)
Expenses from written off of receivables	(1,004,920)	-
Loss on disposal of property, plant and equipment	-	(5,752)
Loss from share derivatives	(99,589)	-
Other operating expenses	-	(343,848)
	<b>(11,416,824)</b>	<b>(488,954)</b>

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 12. Operating profit

	Note	2020 €	2019 €
Operating profit is stated after charging the following items:			
Amortisation of computer software	17	(6,909)	(2,906)
Amortisation of trademarks and licences	17	(153,883)	(30,288)
Depreciation of property, plant, and equipment	15	(371,688)	(382,858)
Auditors' remuneration for other assurance services		(26,500)	(30,000)
Auditor's remuneration – prior years		(8,360)	-
Auditors' remuneration for the statutory audit of annual accounts		(101,530)	-

### 13. Finance income/(costs)

	2020 €	2019 €
<b>Finance income</b>		
Fee and commission income from guarantees	41,814	-
Other interest income	3,732	23,284
Other finance income	55,873	-
	<b>101,419</b>	<b>23,284</b>
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	(15,258,587)	(26,240,191)
Bank overdraft interest	(132,095)	(11)
Other interest	(12,063,336)	(789,737)
Interest on taxes	-	(42)
<b>Sundry finance expenses</b>		
Bank charges	(36,001)	(4,304)
Other finance expenses	(460,440)	(2,085,543)
<b>Net foreign exchange losses</b>		
Unrealised foreign exchange loss	(532)	(620)
	<b>(27,950,991)</b>	<b>(29,120,448)</b>

### 14. Tax

	2020 €	2019 €
Corporation tax	(51,930)	(24,780)
Overseas tax	(607,293)	(375,980)
Deferred tax - charge	(241,447)	(507,473)
<b>Charge for the year</b>	<b>(900,670)</b>	<b>(908,233)</b>

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.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 15. Property, plant and equipment

	Land and buildings €	Plant and machinery €	Total €
<b>Cost</b>			
Balance at 1 January 2019	-	3,551,170	3,551,170
Additions	-	152,938	152,938
Disposals	-	(29,177)	(29,177)
Reclassification to investment property	-	(278,177)	(278,177)
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>-</b>	<b>3,396,754</b>	<b>3,396,754</b>
Additions	-	391,349	391,349
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>3,788,103</b>	<b>3,788,103</b>
<b>Depreciation</b>			
Balance at 1 January 2019	-	1,456,961	1,456,961
Charge for the year	-	382,858	382,858
On disposals	-	(29,177)	(29,177)
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>-</b>	<b>1,810,642</b>	<b>1,810,642</b>
Charge for the year	-	371,688	371,688
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>2,182,330</b>	<b>2,182,330</b>
<b>Net book amount</b>			
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>1,586,112</b>	<b>1,586,112</b>
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>1,605,773</b>	<b>1,605,773</b>

### 16. Investment properties

	2020 €	2019 €
Balance at 1 January	976,400,000	976,957,501
Additions	-	8,959,966
Disposals	-	(39,862)
Transfer from property, plant and equipment	-	278,176
Fair value adjustment	(51,800,000)	(9,755,781)
<b>Balance at 31 December</b>	<b>924,600,000</b>	<b>976,400,000</b>

#### *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.

Investment property relates to the following:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 16. Investment properties (continued)

(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 for Trivium Real Estate SOCIMI, S.A. by Savills Aguirre Newman for the three shopping centres located in Spain (Maliano, Zaragoza, Barakaldo), the market value of the property as at 31 December 2018 amounts to €488,050,000.

A revaluation in the amount of €18,579,515 was made to increase the carrying value of the property to its market value.

According to the valuation prepared for Trivium Real Estate SOCIMI, S.A. by Savills Aguirre Newman for the three shopping centres located in Spain (Maliano, Zaragoza, Barakaldo), the market value of the property as at 31 December 2019 amounts to €485,000,000.

A revaluation in the amount of €10,903,253 was made to decrease the carrying value of the property to its market value.

According to the valuation prepared by the Cushman & Wakefield for 2020, the market value as at 31 December 2020 for the three shopping centres located in Spain amounts to €450,000,000.

A devaluation in the amount of -€35,000,000 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 2018 amounts to €411,900,000.

A revaluation in the amount of €17,415,826 was made to increase the carrying value of the property to its market value on 31 December 2018.

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 2019 amounts to €412,500,000 and as at 31 December 2020 amounts to €397,800,000.

A devaluation in the amount of -€745,028 was made to increase the carrying value of the property to its market value on 31 December 2019 and a devaluation in the amount of -€14,700,000 as at 31 December 2020.

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

#### Revaluation

The property has been revalued. 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 2018 amounts to €77,000,000.

A revaluation in the amount of €30,378,739 was made to increase the carrying value of the property to its market value as at 31 December 2018.

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 2019 amounts to €78,900,000 and as at 31 December 2020 amounts to €76,800,000.

A revaluation in the amount of €1,892,499 was made to increase the carrying value of the property to its market value as at 31 December 2019 and a devaluation in the amount of -€2,100,000 to decrease the carrying value to its market value as at 31 December 2020.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 17. Intangible assets

	Goodwill	Computer software	Patents and trademarks	Total
	€	€	€	€
<b>Cost</b>				
Balance at 1 January 2019	16,119,476	36,284	340,143	16,495,903
Additions	2,000,000	14,662	446,290	2,460,952
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>18,119,476</b>	<b>50,946</b>	<b>786,433</b>	<b>18,956,855</b>
Additions through business combinations	1,904	-	-	1,904
<b>Balance at 31 December 2020</b>	<b>18,121,380</b>	<b>50,946</b>	<b>786,433</b>	<b>18,958,759</b>
<b>Amortisation</b>				
Balance at 1 January 2019	-	31,961	37,673	69,634
Amortisation for the year	-	2,906	30,288	33,194
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>-</b>	<b>34,867</b>	<b>67,961</b>	<b>102,828</b>
Amortisation for the year	-	6,909	153,883	160,792
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>41,776</b>	<b>221,844</b>	<b>263,620</b>
<b>Net book amount</b>				
<b>Balance at 31 December 2019</b>	<b>18,119,476</b>	<b>16,079</b>	<b>718,472</b>	<b>18,854,027</b>
<b>Balance at 31 December 2020</b>	<b>18,121,380</b>	<b>9,170</b>	<b>564,589</b>	<b>18,695,139</b>

As at 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.

As at 31 December 2019 Goodwill represents the premium paid to acquire the business of EMX Plus CZ1, a.s.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 18. Derivatives designated as hedging instruments

#### Interest rate swaps

	2020 €	2019 €
<b>Assets</b>		
Non-current portion	89,386	295,363
	<b>89,386</b>	<b>295,363</b>
	2020 €	2019 €
<b>Liabilities</b>		
Current portion	658,547	864,992
Non-current portion	184,565	602,379
	<b>843,112</b>	<b>1,467,371</b>

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:

<u>Hedging derivatives, including:</u>	Agreed price of the underlying instrument	Carrying value of asset / liability	
		2020 €	2019 €
Eurovea, a.s.			
Interest rate swap No.1	0.380%	357,286	614,277
Interest rate swap No.2	0.377%	91,710	288,406
Interest rate swap No.3	0.375%	120,820	324,129
City-Arena PLUS a.s.			
Interest rate swap No.4	0.250%	273,296	240,559
Trivium Real Estate SOCIMI, S.A.	0.808%	89,386	295,363

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 €1,700,000. This hedging contract matures on 19 December 2023. The changes in its value are recognised in equity. As at 31 December 2019 and 2020, the market value is recorded.

#### **Interest rate swaps - Liabilities relate to the following:**

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. The contracts related to the interest rate swaps were valid until 30 September 2021. As at 31 December 2019 and 2020, the market value is recorded.

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 2019 and 2020, the market value is recorded.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 19. Loans receivable

	2020	2019
	€	€
Loans receivable	2,157,428	7,232,286
Impairment of loans receivable	<u>(2,157,428)</u>	<u>(3,152,694)</u>
	<b>-</b>	<b>4,079,592</b>
Less current portion	-	(4,079,592)
Non-current portion	-	-
	2020	2019
	€	€
Balance at 1 January	4,079,592	-
New loans granted	-	6,512,000
Repayments	(4,141,928)	(2,512,000)
Interest charged	67,070	118,216
Reversal of loss allowance on loans receivable	995,266	-
Loss allowance on loans receivable	-	(384,951)
Set-off of loans	<u>(1,000,000)</u>	<u>346,327</u>
<b>Balance at 31 December</b>	<b>-</b>	<b>4,079,592</b>

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:

	2020	2019
Loans receivable	-	8.50%, 4.50%
Loans receivable to related parties	<b>0.15%</b>	0.15%, 5.40%

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

Loans receivable to related parties relate to the loan receivable of City-Arena PLUS, a.s. from City-Arena a.s., with a principal amount of €7.382.000. 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 2018, 2019 and 2020, the loan is fully impaired due to the adverse financial position of the Borrower.

As at 31 December 2019, 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 2019, the loan is fully impaired due to the adverse financial position of the Borrower.

(B) On 02 January 2019, Armati Limited ("Creditor", "Armati") concluded a Credit Contract with Forestgate Enterprise Limited ("Debtor") for the provision of a loan with a credit limit in the amount of €2,512,000, bearing interest at 5.4% per annum, which was repayable until 30 April 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 19. Loans receivable (continued)

On 02 April 2019, the Company ("ARMATI") concluded an Agreement on Setting off Receivables with Forestgate Enterprise Limited ("FORESTGATE") according to which, the parties have the following receivables:

(i) The Company has a receivable in the amount of €33,447.45, which represents only the principal, resulting from the Credit Contract concluded on 02 January 2019 ("Receivable ARMATI").

(ii) Forestgate has a receivable in the amount of €71,265.58, which represents principal in the amount of €70,000 and interest in the amount of €1,265.58, arising from the Credit Contract signed on 09 November 2018 ("Receivable FORESTGATE").

The Parties agree to mutually set off their Claims. The receivable of the Company becomes extinct in the whole amount, whereas the receivable of Forestgate further exists in the amount of €37,818.13, which represents only the principal.

On 02 April 2019, there was a partial repayment of the principal in the amount of €2,478,552.55 and the accrued interest in the amount of €33,447.45 was fully settled.

(C) 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 €1,000,000, which carried interest at the rate of 8.5% per annum and was repayable until 30 March 2020.

The loan shall 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 is 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 €4,000, 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 €1,000, which represents 20% of the share capital of the Debtor.

The final amount of remuneration shall 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 is €8,500,000 and the final purchase price will be calculated. The shares will be transferred only if the Debtor does not settle the loan on time.

The loan was settled in full on 27 March 2020.

(D) 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 €3,000,000, 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.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 20. Inventories

	2020	2019
	€	€
Merchandise	25,173	-
	<b>25,173</b>	<b>-</b>

Inventories are stated at cost.

### 21. Trade and other receivables

	Note	2020	2019
		€	€
Trade receivables		1,524,339	2,436,232
Legal guarantees		5,294,468	5,383,509
Receivables from associates	30	-	439
Deposits, cash guarantees and prepayments		1,096,517	257,474
Deferred expenses		688,685	623,842
Tax receivables		136,617	-
Other receivables		748,914	828,345
		<b>9,489,540</b>	<b>9,529,841</b>

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

As at 31 December 2019 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

	2020	2019
	€	€
Balance at 1 January	531,391	5,502
Additions	110,764	525,889
<b>Balance at 31 December</b>	<b>642,155</b>	<b>531,391</b>

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%. Iberian 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 2019 and 31 December 2020, is 54.11% (i.e. 62.37 \* 86.76%).

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 23. Cash at bank and in hand

	2020	2019
	€	€
Cash in hand	28,257	66,052
Cash at bank	39,704,412	36,785,112
Accumulated impairment losses on cash and cash equivalents	(26,520)	(102,830)
<b>Cash and cash equivalents for the purposes of the consolidated cash flow statement</b>	<b>39,706,149</b>	<b>36,748,334</b>

### 24. Share capital

	2020	2020	2019	2019
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>1,000</u>	<u>1,000</u>	1,000	1,000
<b>Issued and fully paid</b>				
Balance at 1 January	<u>1,000</u>	<u>1,000</u>	1,000	1,000
<b>Balance at 31 December</b>	<u>1,000</u>	<u>1,000</u>	1,000	1,000

### 25. Borrowings

	2020	2019
	€	€
Balance at 1 January	812,067,222	810,304,646
Additions	14,584,627	213,319,403
Repayments	(31,358,265)	(237,763,572)
Interest charged	27,321,923	26,240,192
Borrowing costs	122,123	-
Set off of loans	-	(33,447)
<b>Balance at 31 December</b>	<b>822,737,630</b>	<b>812,067,222</b>

	2020	2019
	€	€
<b>Current borrowings</b>		
Bank loans	225,905,451	12,314,265
Debentures	1,557,500	1,557,500
Other loans	3,208,679	2,924,945
	<u>230,671,630</u>	<u>16,796,710</u>
<b>Non-current borrowings</b>		
Bank loans	367,522,787	575,110,635
Debentures	224,543,213	220,159,877
	<u>592,066,000</u>	<u>795,270,512</u>
<b>Total</b>	<b>822,737,630</b>	<b>812,067,222</b>

For maturity of non-current borrowings see Note 6.3

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

- 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 €100.000.000, 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 €330.990.000 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.  
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 a multifunctional center with the registered no. 8834, located on land of CKN Register in favour of Tatra banka a.s. - A real estate property pledge agreement
- 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.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

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

<u>_2020_2019_</u>	<u>%</u>	<u>%</u>
Bank loans	<b>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%</b>	<b>Eurovea, a.s. 3month Euribor + 1.85% / City-Arena PLUS, a.s.: Euribor or 1.65% / Armati Limited: 3month Euribor + 5%, 12month Euribor + 5% / Trivium Real Estate SOCIMI, S.A.: 3month Euribor + 1.6%</b>
Debentures	<b>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%</b>	<b>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%</b>
Other loans	<b>Trenesma Limited: 5.5%</b>	<b>Trenesma Limited: 5.5%, 8%</b>

(I) Other loans relate to the following:

(i) On 13 December 2018, Armati Limited ("Borrower", "Armati") concluded a Loan Agreement with J&T Mezzanine, a.s. ("Lender") for the provision of a loan in the amount of €30.500.000, bearing interest at 8% per annum which is payable until 13 December 2019.

Armati shall procure that the amount of proceeds acquired by Trenesma Limited ("Shareholder") under or in connection with

(a) sell and transfer of the Sheraton Hotel, and

(b) issuance of bonds by the Shareholder, will be applied in prepayment of the Loan, no later than within twenty business days upon their receipt by the Shareholder ("Mandatory Prepayment").

On the same date, J&T Mezzanine, a.s. ("J&T Mezzanine"), Trenesma Limited ("TRENESMA") and the Company ("ARMATI") concluded a Side Agreement according to which TRENESMA and ARMATI agree to confirm their intention to apply the Disposal Proceeds in prepayment of the Loan no later than 20 business days upon their receipt by TRENESMA.

The loan was fully settled by Armati on 26 June 2019.

(ii) On 29 November 2019, the Parent ("Debtor") entered into a Credit Contract with RMS Mezzanine, a.s. ("Creditor") for the provision of a loan in the amount of €2.000.000, which bears interest at the rate of 5,5% per annum and is repayable until 30 April 2020.

The loan was fully settled on 27 April 2020.

(iii) On 13 December 2019, the Parent ("Debtor") entered into a Loan Agreement with Stocklac Limited ("Creditor") for the provision of a loan in the amount of €32.967.000. Interest is payable on part of the loan in the amount of €32.052.000, at the rate of 8% per annum, which shall be increased by another 1% per annum by elapse of each month.

The loan in the amount of €915.000 bears no interest.

The loan is payable within three months from the execution of the Agreement.

The loan was fully settled on 14 January 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

(iv) 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 €3,200,000, which bears interest at the rate of 5.5% per annum and repayable until 14 December 2021.

The loan is 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 €3,850,000.

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

(II) Bank loans relate to the following:

#### A. Armati Limited

(i) On 14 December 2018, Armati Limited ("Borrower", "Armati") concluded a Facilities Agreement with J&T Banka, ("Arranger", "Original Lender", "Agent" and "Security Agent") and Postova banka, a.s. ("Arranger", "Original Lender" the provision of a loan up to the amount of €165,495,000 which is provided by two loans:

(i) Facility A Loan in the amount of €53,438,000 from J&T Banka, a.s. and €53,438,000 from Postova banka, a.s. w 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 Repayment Schedule and
- c. The last instalment which shall be equal to the balance of the then outstanding amount is payable until 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 €29,309,500 from J&T Banka, a.s. and €29,309,500 from 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 €320,628 under Facility A toward payment of up-front fee and
- c. an amount up to €175,857 under Facility B toward payment of up-front fee.

Armati shall pay to the Agent an up-front fee in the amount of €248,242.50 for each Arranger (i.e. total amount of €496,485) which is payable up to ten business days after the date of this Agreement (i.e. 24 December 2018) or on the Utilisation Date (i.e. 17 December 2018).

Also, Armati shall pay to the Agent an agency fee in the amount of €5,000 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 Utilisation Date, i.e. 17 December 2018.

The Agent fees in the total amount of €496,485 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.

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 (€87,842,806) under the Finance Documents shall be repaid on the Termination Date, i.e. 15 December 2025.

The first instalment in the amount of €1,245,000 was paid on 28 June 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

On 15 September 2019 Armati proceeded with extraordinary payments in the amount of €1,111,790 and €1,496,564.50, which are related to the partial payment of the principal.

The second instalment in the amount of €737,575 was paid on 20 September 2019.

The third instalment in the amount of €746,871 was paid on 30 December 2019.

(ii) Facility B Loan in the amount of €29,309,500 from J&T Banka, a.s. and €29,309,500 from 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. 5 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 €320,628 under Facility A toward payment of up-front fee and
- c. an amount up to €175,857 under Facility B toward payment of up-front fee. Armati shall pay to the Agent an up-front fee in the amount of €248,242.50 for each Arranger (i.e. total amount of €496,485) which is payable up to ten business days after the date of this Agreement (i.e. 24 December 2018) or on the Utilisation Date (i.e. 17 December 2018).

Also, Armati shall pay to the Agent an agency fee in the amount of €5,000 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 Utilisation Date, i.e. 17 December 2018.

The Agent fees in the total amount of €496,485 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.

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 (€87,842,806) under the Finance Documents shall be repaid on the Termination Date, i.e. 15 December 2025.

The first instalment in the amount of €1,245,000 was paid on 28 June 2019.

On 15 September 2019 Armati proceeded with extraordinary payments in the amount of €1,111,790 and €1,496,564.50, which are related to the partial payment of the principal.

The second instalment in the amount of €737,575 was paid on 20 September 2019.

The third instalment in the amount of €746,871 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 (€89,393,453) 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 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.

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 €1,000,000 or whole multiples of €1,000,000) 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 €100,000) 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.

(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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

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 €1,680,000 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.

#### B. Trenesma Limited

(i) On 18 May 2018, the Parent ("Client") entered into Credit Contract No. EUR 35/OAO/2018 with J&T Banka, a.s. ("Bank") for the provision of a loan exclusively for the purpose of the financing of the second, third and fourth part of the purchase price for the acquisition of 20 ordinary shares of EMX Plus CZ1, a.s. The loan is also provided for the settlement of some additional specific expenses indicated in the Credit Contract. The Bank shall grant the Parent a credit in the total amount of €21.000.000. The first tranche shall amount €15.000.000, the second up to the amount of €5.500.000, the third €500.000 and the fourth tranche shall be up to the amount of the difference between the credit line and the loan part used for any purpose pursuant to paragraph 1.3.4.

For the provision of the first tranche of the loan the following are required:

- (i) issuance of a blank promissory note,
- (ii) conclusion of a contract of lien establishment over the certificated securities of EMX Plus CZ1, a.s.,
- (iii) payment of the fee for the granting of the loan, and
- (iv) payment of the cost of loan processing.

The interest rate shall be set as follows:

- (i) 12month Euribor plus a fixed rate of 6% per annum until the last day of the calendar month in the month of making the last two planned extraordinary loan instalments,
- (ii) 12month Euribor plus a fixed rate of 5% per annum as at the first day after the month of making the last two planned extraordinary loan instalments.

The extraordinary loan instalments relate to the following:

- (i) In case of sale of the real estate owned by Eurovea, in which the Sheraton Bratislava Hotel is operated, the Parent shall immediately make a payment of an extraordinary instalment of €7.000.000.
- (ii) In case of refinancing of the syndicated loan provided to City Arena Plus a.s. (after it gains control over it) from Tatra banka, a.s. and Unicredit Bank Czech Republic and Slovakia, a.s., the finances of a loan newly granted by other bank, whose principal is higher than the principal of the syndicated loan, are used as an extraordinary instalment for this loan, which, the Parent shall ensure to be €5.000.000.

The bank fee for the granting of the loan amounts to 0,5% of the Credit line (€105.000) and was paid on 23 May 2018.

The repayment date of the loan is until 28 April 2023.

However, because of the sale of the real estate owned by Eurovea, in which the Sheraton Bratislava Hotel is operated, the Parent paid the extraordinary loan instalment of €7.000.000 to J&T Banka, a.s. on 20 December 2018.

For the purposes of the loan, all shares of the Parent have been pledged.

On 23 December 2019 all shares of the Parent were transferred back.

Per Amendment No.1 signed on 30 April 2019, the fourth tranche of the loan shall be paid no later than by 30 May 2019.

The interest for the interest periods shall be due on 30.05.2019, 01.05.2020, 01.05.2021, 01.05.2022, 01.05.2023 and the last payment of the interest for the last interest period shall be due on 30.04.2024.

The client shall be obligated to repay the loan to the Bank as follows:

- Instalment of loan in the amount of €7,000,000, on 20 December 2018,
- Instalment of loan in the amount of €5,000,000, on 8 April 2019,
- Instalment of loan in the amount of €355,551.11, on 1 May 2020,
- Instalment of loan in the amount of €355,551.11, on 1 May 2021,

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

Instalment of loan in the amount of €355,551.11, on 1 May 2022,  
Instalment of loan in the amount of €355,551.11, on 1 May 2023, and  
the remaining part of the loan principal on 30 April 2024.

The fourth tranche was eventually not used.

On 8 April 2019, there was a partial settlement of €5,000,000.

On 17 December 2019, the Parent requested an early credit repayment.  
The loan was fully settled on 20 December 2019.

On 18 May 2018, the UBO ("Pledgor") entered into a Deed of Pledge of Shares with J&T Banka, a.s. ("Pledgee") for the pledge of the total issued shares of the Parent ("Debtor"), which are all held by the Pledgor, under the Loan Agreement entered into on the same day between the Pledgee as the Creditor and the Parent as the Borrower.

The Charged assets shall be the initial issued shares of the Parent, any further shares issued at any time to the Pledgor, all dividends, interest and other distributions and returns paid or payable in respect of the initial shares and further shares.

The Pledgor shall hand over as Security documents the Share Pledge Agreement and a Blank Promissory Note.

The Share Pledge shall be terminated following the full satisfaction of the Secured Liabilities resulting from the Loan Agreement.

The Pledgor will on demand pay and reimburse the Pledgee all costs and expenses properly incurred by the Pledgee.

On 23 December 2019, the Bill of Exchange was transferred back to the Parent.

On 30 May 2018, the Parent ("Pledgor") entered into an Agreement on Pledge over Securities with J&T Banka, a.s. ("Bank"), to secure the proper and timely repayment of all Secured receivables resulting from the Loan Agreement entered into on 18 May 2018 between the Parent ("Borrower") and the Bank ("Lender"), for the granting of a loan in the initial amount of €21,000,000.

The Parent for this reason pledges all 20 pieces held in EMX Plus CZ1, a.s.

The Secured receivables shall be all existing and future contingent or not contingent receivables owed by the Parent to the Bank, which have originated or will originate under the Loan Agreement. The receivables shall be up to the amount of €42,000,000, which shall originate in the period from the execution date of this Agreement until 28 March 2038.

The Pledge is established for the entire period of existence of the Secured Receivables until all Secured Receivables have been repaid and no further Secured Receivables may arise.

The fees imposed in connection with the registration of the Prohibition of Disposal and Encumbering shall be paid by the Parent.

On 23 December 2019, these shares were transferred back to the Parent.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

(ii) On 14 December 2018, the Parent ("Borrower") entered into an Agreement for Credit Facility with PPF banka a.s. ("Lender") for the provision of a short term credit facility in the amount of €30,500,000. The loan bears interest at 8% per annum and is repayable on the first anniversary of the first Utilisation (i.e. 14 December 2019) and not later than 31 December 2019.

The purpose of the loan is for the Borrower to only use the funds for providing a bridge loan to Armati Limited for the purpose of refinancing a part of the acquisition price of the Property (three shopping centres) and related expenses. The acquisition is realised through Global Tarpeya S.L., a 87.5% subsidiary of Armati Limited. Global Tarpeya S.L. acquired 100% of shares in Iberian Assets, S.A. which is the legal owner of the shopping centres.

The loan is secured by:

(i) a Promissory Note issued by the Borrower and corresponding Agreement on Right to Exercise Promissory Note (concluded on 14 December 2018) for security up to the maximum amount of €30,500,000, and

(ii) Security Assignment Deed of Loan Receivables concluded on 14 December 2018 between the Borrower as Assignor, Armati Limited as Debtor and PPF banka a.s. as Assignee, according to which in case of an event of default, the Company assigns with full title guarantee the assigned rights in relation to the Loan Contract dated 13 December 2018, to the Assignee as security for the payment and discharge of the secured obligations.

The loan was fully settled on 13 December 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

B. Eurovea, a.s.

Syndicated bank loan with a residual value of €220,000,000 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 €2,000,000 quarterly at the end of each quarter, beginning 30 September 2021 and the rest of the loan on termination date 30 September 2023.

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 €44,932,550 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 Komerčni banka, a.s. in the total amount of €54,000,000.

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 by the following pledged assets:

Real estate:

a) 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;

b) 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;

c) 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.

B) own shares;

C) current and future receivables of the Company;

D) own blank bill of exchange.

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 €249,288,000. 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 €210,479,000 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 €138,439.

The interest accrued and not paid at 31 December 2018 totalled €138,791.

The interest accrued during the year ending 31 December 2019 totalled €3,937,273.

Interest accruing and not paid at 31 December 2019 amounted to €142,311.

The interest accrued during the year ending 31 December 2020 totalled €3,948,060.

Interest accruing and not paid at 31 December 2020 amounted to €125,983.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 25. Borrowings (continued)

#### ***(III) Debentures relate to the following:***

(i) As at 31 December 2019 and 2020, bonds relate to Dlhops Eurovea, a.s. bonds issued by Eurovea, a.s. on 7 September 2016, in the amount of €100,000,000, with a nominal value of €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.

(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 €100,000 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 €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 €100,000 per bond, bearing interest at the rate of 0% per annum, with a repayment date of 20 December 2026.

#### ***(IV) Loans from related companies relate to the following:***

(i) On 24 May 2017, the Parent ("Debtor") concluded a Credit Contract with Forestgate Enterprises Limited ("Creditor") for the provision of a loan with a credit limit of €100,000, which bears interest at the rate of 2.5% per annum and is repayable until 31 December 2018.

Per Amendment No.1 signed on 10 May 2018, the credit limit increased to €300,000 and the maturity date was extended until 31 December 2019.

Per Amendment No.2 signed on 1 February 2019, the credit limit increased to €600,000.

The loan was fully settled until 23 December 2019.

(ii) On 09 November 2018, Armati Limited ("Debtor", "Armati") concluded a Credit Contract with Forestgate Enterprise Limited ("Creditor") for the provision of a loan with a credit limit of €70,000, bearing interest at 5.25% per annum which is payable until 31 August 2019.

On 02 April 2019, Armati concluded an Agreement on Setting off Receivables with Forestgate Enterprise Limited ("FORESTGATE") according to which, the parties have the following receivables:

(i) Armati has a receivable in the amount of €33,447.45, which represents only the principal, resulting from the Credit Contract concluded on 02 January 2019 ("Receivable ARMATI").

(ii) Forestgate has a receivable in the amount of €71,265.58, which represents principal in the amount of €70,000 and interest in the amount of €1,265.58, arising from the Credit Contract signed on 09 November 2018 ("Receivable FORESTGATE").

The Parties agree to mutually set off their Claims. The receivable of Armati becomes extinct in the whole amount, whereas the receivable of Forestgate further exists in the amount of €37,818.13, which represents only the principal.

Per Amendment No.1 signed on 30 August 2019, the repayment date is extended until 20 September 2019.

The loan was fully settled on 13 September 2019.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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:

<b>Deferred tax liability</b>	<b>Fair value gains on investment property €</b>	<b>Temporary tax differences €</b>	<b>Total €</b>
Balance at 1 January 2019	11,350,699	449,307	11,800,006
Charged/(credited) to:			
Statement of profit or loss and other comprehensive income	-	506,796	506,796
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>11,350,699</b>	<b>956,103</b>	<b>12,306,802</b>
Charged/(credited) to:			
Statement of profit or loss and other comprehensive income	-	234,572	234,572
<b>Balance at 31 December 2020</b>	<b>11,350,699</b>	<b>1,190,675</b>	<b>12,541,374</b>

  

<b>Deferred tax assets</b>	<b>Fair value gains on investment property €</b>	<b>Temporary tax differences €</b>	<b>Total €</b>
Balance at 1 January 2019	-	547,939	547,939
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>-</b>	<b>547,939</b>	<b>547,939</b>
Charged/(credited) to:			
Statement of other comprehensive income	-	(52,346)	(52,346)
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>495,593</b>	<b>495,593</b>

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 27. Trade and other payables

	Note	2020 €	2019 €
Bonds from tenants Trivium Real Estate		4,879,936	5,695,224
Deposits as guarantees from tenants		3,928,611	4,423,025
Other creditors		2,298,135	5,512,161
Deferred income		1,887,461	1,988,557
Trade payables		1,333,580	3,856,147
Prepayments from clients		402,625	88,912
Other payables		621,167	367,405
Payables to associates	30	165,594	199,881
Accruals		79,698	68,554
		<b>15,596,807</b>	<b>22,199,866</b>
Less non-current payables		(9,233,661)	(10,285,968)
<b>Current portion</b>		<b>6,363,146</b>	<b>11,913,898</b>

Deferred income in 2020 and 2019 mainly relates to Eurovea, a.s. and mainly relates to rent invoiced in advance (2020: €1,188,161; 2019: €1,807,520).

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

### 28. Current tax liabilities

	2020 €	2019 €
Corporation tax	(61,988)	(720)
Special contribution for defence	-	(1)
Overseas tax	-	248,367
	<b>(61,988)</b>	<b>247,646</b>

### 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.

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 2020.

# TRENESMA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 29. Operating Environment of the Group (continued)

This operating environment may have a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

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.

The above conditions, along with other matters as set forth in note 4 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

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

	2020	2019
	€	€
Forestgate Enterprises Limited	-	33,447
Related party to City-Arena PLUS a.s.	4,734	-
	<b>4,734</b>	<b>33,447</b>

#### 30.2 Interest expense relating to loans from related parties

	2020	2019
	€	€
Forestgate Enterprises Limited	-	9,264
	-	<b>9,264</b>

#### 30.3 Other expenses with related parties

	2020	2019
Name	€	€
Related party to Eurovea, a.s. (Eurovea Services, s.r.o.)	1,611,557	-
Related party to Eurovea, a.s. (J&T REAL ESTATE, a. s.)	70,094	-
	<b>1,681,651</b>	-

#### 30.4 Operating income with related parties

	2020	2019
Name	€	€
Related party to Eurovea, a.s. (Eurovea 2, s. r. o.)	353,646	-
Related party to Eurovea, a.s. (Eurovea Services, s.r.o.)	190,516	-
	<b>544,162</b>	-

# TRENESMA LIMITED

---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 30. Related party transactions (continued)

#### 30.5 Receivables from related parties

Name	2020 €	2019 €
Related party to Eurovea, a.s. (Eurovea 2, s. r. o.)	10,140	-
Related party to Eurovea, a.s. (Eurovea Services, s.r.o.)	309	439
	<b>10,449</b>	<b>439</b>

#### 30.6 Payables to related parties

Name	2020 €	2019 €
Related party to Eurovea, a.s. (Eurovea Services, s.r.o.)	44	44
Related party of Retail Property Finance I, s.r.o. (Eurovea Services, s.r.o.)	7,200	-
Related party of Retail Property Finance II, s.r.o. (Eurovea Services, s.r.o.)	30,300	-
Related party of Retail Property Finance III, s.r.o. (Eurovea Services, s.r.o.)	30,321	-
Related parties of Trivium Real Estate SOCIMI, S.A.	165,594	199,881
	<b>233,459</b>	<b>199,925</b>

### 31. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 32. Commitments

The Group had no capital or other commitments as at 31 December 2020, 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 Komerčni banka, a.s. and Vseobecna uverova banka, a.s. as lenders and the Pledgee as lender and agent, for the amount of €250,000,000.

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

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 €89,556,000, 100 shares of total nominal value €101,572,000 and 100 shares of total nominal value of €33,108,700. The total nominal value of the shares pledged is €224,236,800. 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 €89,556,000 and 100 shares of total nominal value of €33,108,700.

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 €29,135,656 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 2021.

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 €29,135,656 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 2021.

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

As at 31 December 2020 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"), Komerčni banka, a.s., pobočka zahraničnej banky ("Original Lender") and Komerčni 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 €54,000,000.

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 €2,000,000. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 32. Commitments (continued)

(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 €25,000,000 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 €65,000,000 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 Agent"), 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.

(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 €57,200,000 and exist until 1 March 2026.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 32. Commitments (continued)

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

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.

(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 €5,775,000 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 €41,814. 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.

#### 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:

(iii) 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 €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:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 32. Commitments (continued)

- (b) 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.

The Pledgor undertakes to 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.

(iv) 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 initial shares, i.e. 4.338.111 shares of a nominal value of €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 €338.242.500, including the following Obligations:

(a) 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 €165.495.000;

(b) Obligations arising under the Funding Loan Agreement (Loan Agreement dated 18 December 2019) for the repayment of any loans utilised up to €60.000.000; and

(c) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 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 1 February 2021, the Parent ("Tenant") entered into a Tenancy Agreement with Bridge Global Solutions Services Limited ("Landlord") for the rent of the premises for a period of two years commencing on 1 February 2021 and ending on 31 January 2023 for a rent of €6,000 per year, corresponding to a monthly rent of €500. At the end of the tenancy period, the Tenancy will be renewed automatically with the same terms for two years. In this case, the rent will be increased to €6,600 per year.

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 €19,300,000.

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 €2,000,000.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

### 33. Events after the reporting period (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 €150,000,000 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.

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have 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.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures.

Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

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 outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020.

Management has considered the unique circumstances and the risk exposures of Group and has concluded that the main impact in the Group's profitability position may arise from the last quarterly results of 2020, Q4. Management will continue to monitor the situation closely and will assess the need for additional measures in case the period of disruption becomes prolonged.

According to the resolution signed on 15 March 2021, the share premium of Trivium Real Estate Socimi, S.A. will be reduced and Trivium Real Estate Socimi, S.A. will return to its shareholders the amount of €3,500,000, based on their percentage of participation (euros/share: €0.70041226).

On 23 March 2021, the Armati Limited received the amount of €3,038,465.

According to the resolution signed on 15 June 2021, the share premium of Trivium Real Estate Socimi, S.A. will be reduced and Trivium Real Estate Socimi, S.A. will return to its shareholders the amount of €3,500,000, based on their percentage of participation (euros/share: €0.70041226).

On 23 June 2021, Armati Limited received the amount of €3,038,465.

On 14 September 2021, the Eurovea, a.s. signed an amendment to the syndicated loan agreement in which the new maturity of the syndicated loan was set to 30 September 2023. See also Note 25.

On 14 December 2021, the Parent signed an amendment to the loan with RMS Mezzanine, a.s. Per this amendment, the repayment date is extended until 31 March 2022.

# TRENESMA LIMITED

---

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

CONTENTS	PAGE
Detailed income statement	2
Cost of sales	3
Operating expenses	4
Finance income/cost	5

# TRENESMA LIMITED

## DETAILED INCOME STATEMENT

31 December 2020

	Page	2020 €	2019 €
<b>Revenue</b>			
Sales of products		-	6,653
Credit sales		<b>278,218</b>	8,914
Rendering of services		<b>58,154,003</b>	77,976,838
Loan interest income		<b>67,070</b>	118,216
Cost of sales	3	<b>(23,836,157)</b>	(34,644,039)
<b>Gross profit</b>		<b>34,663,134</b>	43,466,582
<b>Other operating income</b>			
Other income		<b>312,351</b>	348,389
Profit from share derivatives		<b>915,000</b>	-
Fair value gains on investment property		-	1,892,499
Income related to other investments		-	21,845
Reversal of impairment loans granted		<b>995,266</b>	346,327
Reversal of impairment on cash and cash equivalents		<b>81,667</b>	-
		<b>36,967,418</b>	46,075,642
<b>Operating expenses</b>			
Administration expenses	4	<b>(455,561)</b>	(349,129)
Depreciation and amortization	4	<b>(532,480)</b>	(416,052)
Personnel expenses		<b>(14,243)</b>	(5,726)
		<b>35,965,134</b>	45,304,735
<b>Other operating expenses</b>			
Fair value losses on investment property		<b>(51,800,000)</b>	(11,648,280)
Expenses relating to investment property		<b>(10,277,907)</b>	-
Value adjustments to receivables		<b>(34,408)</b>	(139,354)
Expenses from write off of receivables		<b>(1,004,920)</b>	-
Expenses related to other investments		<b>(14,222)</b>	-
Other operating expenses		-	(343,848)
Impairment charge on cash and cash equivalents		<b>(5,357)</b>	(102,830)
Loss from share derivatives		<b>(99,589)</b>	-
Loss on disposal of property, plant and equipment		-	(5,752)
		<b>(27,271,269)</b>	33,064,671
<b>Operating profit</b>		<b>(27,271,269)</b>	33,064,671
Finance income	5	<b>101,419</b>	23,284
Finance costs	5	<b>(27,950,991)</b>	(29,120,448)
<b>Net profit for the year before tax</b>		<b>(55,120,841)</b>	3,967,507

## TRENESMA LIMITED

---

### COST OF SALES 31 December 2020

	2020	2019
	€	€
<b>Direct costs</b>		
Consumed raw materials	<b>(4,214,613)</b>	(6,457,988)
Services	<b>(5,043,257)</b>	(13,425,416)
Outsourcing	<b>(14,575,357)</b>	(14,753,851)
	<b>(23,833,227)</b>	(34,637,255)
<b>Production cost</b>		
Purchases of finished goods	<b>(2,930)</b>	(6,784)
	<b>(23,836,157)</b>	(34,644,039)

# TRENESMA LIMITED

---

## OPERATING EXPENSES

31 December 2020

	2020	2019
	€	€
<b>Administration expenses</b>		
Auditors' remuneration for other assurance services	<b>(26,500)</b>	(30,000)
Auditor's remuneration – prior years	<b>(8,360)</b>	-
Auditors' remuneration for the statutory audit of annual accounts	<b>(101,530)</b>	-
Other professional fees	<b>(319,171)</b>	(319,129)
	<b>(455,561)</b>	(349,129)
<b>Depreciation and amortization</b>		
Amortisation of computer software	<b>(6,909)</b>	(2,906)
Amortisation of trademarks and licences	<b>(153,883)</b>	(30,288)
Depreciation	<b>(371,688)</b>	(382,858)
	<b>(532,480)</b>	(416,052)

# TRENESMA LIMITED

---

## FINANCE INCOME/COST

31 December 2020

	2020	2019
	€	€
<b>Finance income</b>		
Fee and commission income from guarantees	<b>41,814</b>	-
Other interest income	<b>3,732</b>	23,284
Other finance income	<b>55,873</b>	-
	<b>101,419</b>	23,284
	2020	2019
	€	€
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	<b>(15,258,587)</b>	(26,240,191)
Bank overdraft interest	<b>(132,095)</b>	(11)
Other interest	<b>(12,063,336)</b>	(789,737)
Interest on taxes	-	(42)
<b>Sundry finance expenses</b>		
Bank charges	<b>(36,001)</b>	(4,304)
Other finance expenses	<b>(460,440)</b>	(2,085,543)
<b>Net foreign exchange losses</b>		
Unrealised foreign exchange loss	<b>(532)</b>	(620)
	<b>(27,950,991)</b>	(29,120,448)

