Savarin P.L.C.

CONSOLIDATED HALF-YEAR REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

30 June 2022

The directors present consolidated half-year report of Savarin P.L.C. (the Company) and its subsidiaries (together the Group), for the six-months period ended 30 June 2022.

Board of Directors

The following have served as directors of the Company during the period under review:

FJV Management Limited

Omar Koleilat

Auditors

PricewaterhouseCoopers have been appointed as auditors of the Company. However, the consolidated half - year report as at and for the six-months period ended 30 June 2022 is not subject to audit.

Narrative information about financial situation, business activities and financial results of the Group for past 6 months and comparison of the information about the financial situation, business activities and financial results of the Group with the comparable period of the previous period

The Group operates in real estate development with a portfolio in the Czech Republic. The Group is principally involved in rental of retail and office spaces (commercial buildings and shopping malls) and in commercial development.

During the reporting period, the Group registered a consolidated loss before income tax amounting to EUR (2,680) thousand (2021: profit amounting to EUR 51,756 thousand) and consolidated loss for the year amounting to EUR (2,540) thousand (2021: profit of EUR 41,452 thousand). Consolidated loss for the six-months period ended 30 June 2022 consists primarily of operating loss in the amount of EUR (485) thousand and net finance expense in the amount of EUR (2,195) thousand. Split of net finance expense is included in Note 7 Profit and loss information of condensed consolidated interim financial statement.

Consolidated profit before income tax for the six-months period ended 30 June 2021 was significantly affected by the valuation gain in the amount of EUR 55,288 thousand and income tax expense in the amount of EUR (10,304) thousand that were recorded after the acquisition of control in WELWYN COMPANY, a.s. and Palace Savarin, s.r.o. through acquisition of shares in Savarin HoldCo.s.r.o. and Palace Savarin HoldCo, s.r.o. from CRESTYL SAVARIN Ltd. Consideration, paid in cash, consisted of EUR 2 thousand for transfer of ownership interest and EUR 51,155 thousand for assignment of the amount receivable by CRESTYL SAVARIN Ltd. from Savarin HoldCo.s.r.o. and Palace Savarin HoldCo, s.r.o. in the amount of EUR 76,900 thousand. Both contracts were treated as a single transaction as they had a single economic objective and substance. This represents reassessment of the treatment of the acquisition of shares and assignment of the amounts receivable since it was previously presented as two separate transactions in the consolidated financial statements as at 30 June 2021 issued on 30 September 2021. For more information on restatement of comparative financial information for the six-months period ended 30 June 2021 please refer to the Note 2 Summary of significant accounting policies in condensed consolidated interim financial statements.

Consolidated shareholders' equity amounted to EUR 35,292 thousand as at 30 June 2022 (31 December 2021: EUR 37,621 thousand). Decrease was caused primarily by the consolidated loss of the six-months period ended 30 June 2022.

Total consolidated assets as at 30 June 2022 increased to EUR 207,903 thousand compared to EUR 206,161 thousand as at 31 December 2021. Total consolidated assets as at 30 June 2022 consist primarily of investment property in the amount of EUR 196,520 thousand and cash and restricted cash in the amount of EUR 8,618 thousand.

Total consolidated liabilities as at 30 June 2022 increased to EUR 172,611 thousand compared to EUR 168,540 thousand as at 31 December 2021, primarily due to increase in bank loans and borrowings, bonds issued and trade payables and decrease in the amount of financial instruments - derivatives. Total consolidated liabilities as at 30 June 2022 consist primarily of bank loans and borrowings in the amount of EUR 88,795 thousand, bonds issued in the amount of EUR 68,495 thousand and deferred tax in the amount of EUR 10,540 thousand.

Basic average interest rate PRIBOR increased significantly subsequent to 31 December 2021. EUR 17,698 thousand of the Group's bank loans bore an interest rate based on PRIBOR as at 31 December 2021. This loan was, in March 2022, restructured to loan bearing interest rate based on the EURIBOR basic rate that had significantly lower value than PRIBOR as of the date of the approval of these condensed consolidated interim financial statements.

Except for this, there were no significant changes in the current accounting period.

Description of significant factors, risks and uncertainties which may affect the business activities and financial results of the issuer and its subsidiaries in the next 6 months

During the next 6 months of the accounting period, the Group does not anticipate any key factors that had a significant positive or negative impact on the Group's economic activities. The Group is generating rental income from commercial buildings located in Prague city centre, however the main business target is to redevelop whole area into one functional and cultural place. The management expects a decision on zoning permit reflecting the project of Thomas Heatherwick within the year 2023.

The COVID-19 pandemic is a health and economic situation that has all the features of a complex crisis on a global scale. At the end of December 2019, Chinese public health authorities reported several cases of acute respiratory syndrome. The virus has spread massively to all continents during Q1 2020. In terms of the Czech Republic where the Group is operating, the first virus case has been confirmed on 1 March 2020. The Czech government has responded very promptly with emergency state and safety precautions like border or school shutdowns, retail lockdowns with limited exceptions and people movement restrictions. These measures continued during 2021 and the beginning of 2022. The pandemic started to slow down at the beginning of February 2022 and restrictions were released gradually. Government action packages have been taken to reduce the impact on the economy as much as possible. As at the date of the preparation of these financial statements, the Czech Republic has significantly recovered and almost all measures were repealed.

Based on the publicly available information as at the date these financial statements were prepared, management of the Group has considered the potential development of the epidemic and its expected impact on the Company and its underlying subsidiaries and economic environment and concluded that it has a limited impact on the Group's financing and operating activities.

Continuing political tensions between Russia and Ukraine escalated into a conflict with Russia´s military invasion of Ukraine at the end of February 2022.The global response to Russia´s violations of international law and aggression against Ukraine has been the imposition of extensive sanctions and restrictions on business activity. The overall impact of recent developments has been reflected in increased volatility in financial and commodity markets and other implications for the economy, such as possible impact on the discounting factor and country risk. The Group has taken measures to minimize any impacts resulting from above-mentioned conflict, especially in the area of project financing (refer above and Note 1.2 Significant changes in current accounting period) and continues to monitor the situation to be able to take measures in the area of the implementation of the construction of development projects and the stabilization of their prices within the framework of contractual relations with general construction contractors.

Declaration of the Board of Directors

To the best of our knowledge, the condensed consolidated interim financial statement gives a true and fair view of the assets, liabilities, financial position and financial results of the Company and the Group over the past six months and the description pursuant to Section 119(2)(b) of Act No. 256/2004 Coll., as amended, contains a faithful summary of the information required by this provision.

Approved by the Board of Directors on 27 September 2022 and signed on its behalf by:

Adriana Camilleri Vassallo
For and on behalf of FJV Management Limited
Director

Omar Koleilat
Director

Savarin P.L.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

(UNAUDITED)

Index to the consolidated financial statements

(all amounts in EUR thousand)

Condensed consolidated interim statement of financial position

	Note	As at 30 June 2022 (unaudited)	As at 31 December 2021
ASSETS			
Non-current assets			
Investment property	6	196,520	193,816
Intangible assets		13	14
Restricted cash		4,684	4,193
Prepayments		840	840
Total non-current assets		**202,057**	**198,863**
Current assets			
Income tax assets		-	-
Trade and other receivables		869	1,280
Prepayments		1,043	1,106
Cash and cash equivalents		3,934	4,912
Total current assets		**5,846**	**7,298**
Total assets		**207,903**	**206,161**
EQUITY			
Capital attributable to the Company's equity holders			
Share capital		50	50
Translation reserve		1,586	1,375
Retained earnings		33,656	36,196
Total equity attributable to equity holders of the parent		**35,292**	**37,621**
Non-controlling interests		-	**-**
Total equity		**35,292**	**37,621**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(all amounts in EUR thousand)

Condensed consolidated interim statement of financial position (continued)

	Note	As at 30 June 2022 (unaudited)	As at 31 December 2021
LIABILITIES			
Non-current liabilities			
Bank loans and borrowings	9	88,551	86,884
Bonds issued	8	68,495	65,725
Financial instruments - derivatives		1,805	3,118
Advances received		185	380
Deferred tax liability		10,540	10,632
Total non-current liabilities		**169,576**	**166,739**
Current liabilities			
Bank loans and borrowings	9	244	287
Trade payables and other liabilities		2,327	1,216
Advances received		462	-
Income tax liability		2	-
Deferred income		-	298
Total current liabilities		**3,035**	**1,801**
Total liabilities		**172,611**	**168,540**
Total liabilities and equity		**207,903**	**206,161**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 5 - 30 were approved and authorized for issue by the Directors on 27 September 2022 and signed by:

Adriana Camilleri Vassallo
for and on behalf of
FJV Management Limited
Director

Omar Koleilat
Director

(all amounts in EUR thousand)

Condensed consolidated interim statement of comprehensive income

	Note	Six-months period ended 30 June 2022 (unaudited)	Six-months period ended 30 June 2021(unaudited, restated)
Rental revenue	10	1,267	1,212
Total revenues		**1,267**	**1,212**
Net valuation gain/(loss) on investment property	6	(931)	55,288
Impairment of loans provided and trade receivables		(61)	(125)
Impairment loss on other assets		-	1
Other operating income		-	-
Other operating expenses		(760)	(1,480)
Operating profit/(loss)		**(485)**	**54,896**
Interest and other finance income	7	1,592	2,232
Interest and other finance expense	7	(3,787)	(5,372)
Net finance expense		**(2,195)**	**(3,140)**
Profit/(loss) before income tax		**(2,680)**	**51,756**
Income tax credit/(expense)		140	(10,304)
Profit/(loss) for the year		**(2,540)**	**41,452**
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		211	708
Other comprehensive income		**211**	**708**
Total comprehensive income/(loss) for the year		**(2,329)**	**42,160**
Profit /(loss) for the year attributable to:			
Owners of the Company		**(2,540)**	**41,452**
Non-controlling interests		**-**	**-**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(2,329)**	**42,160**
Non-controlling interests		**-**	**-**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(all amounts in EUR thousand)

Condensed consolidated interim statement of changes in equity

	Share capital	Translation reserve	Retained earnings	Attributable to owner of the Parent	Attributable to non-controlling interests	Total equity
Balance at 1 January 2022	**50**	**1,375**	**36,196**	**37,621**	**-**	**37,621**
Total comprehensive income for the year:						
Profit for the year	**-**	**-**	(2,540)	**(2,540)**	**-**	**(2,540)**
Other comprehensive income for the year:						
Foreign currency translation differences	-	211	-	**211**	-	**211**
Total other comprehensive income for the year	***-***	***211***	***-***	***211***	***-***	***211***
Total comprehensive income for the year	-	**211**	**(2,540)**	**(2,329)**	**-**	**(2,329)**
Balance at 30 June 2022	**50**	**1,586**	**33,656**	**35,292**	**-**	**35,292**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(all amounts in EUR thousand)

Condensed consolidated interim statement of changes in equity

	Share capital	Translation reserve	Retained earnings	Attributable to owner of the Parent	Attributable to non-controlling interests	Total equity
Balance at 1 January 2021	**50**	**-**	**(114)**	**(64)**	**-**	**(64)**
Total comprehensive income for the year:						
Profit for the year (restated)	**-**	**-**	41,452	41,452	**-**	41,452
Other comprehensive income for the year:						
Foreign currency translation differences (restated)	-	708	-	**708**	-	**708**
Total other comprehensive income for the year (restated)	**-**	***708***	**-**	***708***	**-**	***708***
Total comprehensive income for the year (restated)	-	**708**	**41,338**	**42,160**	**-**	**42,160**
Balance at 30 June 2021 (restated)	**50**	**708**	**41,338**	**42,096**	**-**	**42,096**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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(all amounts in EUR thousand)

Condensed consolidated interim statement of cash flows

	Note	Six - months period ended 30 June 2022 (unaudited)	Six- months period ended 30 June 2021 (unaudited, restated)
Cash flows from operating activities:			
Profit/(loss) before taxation		(2,680)	51,756
Adjustments for:			
Net valuation loss/ (gain) on investment property	6	931	(55,288)
Amortization of intangible assets		-	1
Impairment loss on trade and other receivables		61	125
Impairment loss on other assets		-	(1)
Non-cash (gain) on assignment of receivables		-	-
Interest income		-	-
Interest expense		3,617	3,854
Change in fair value of derivates		(1,313)	1,376
Foreign exchange translation differences		(257)	(1,898)
Operating profit/(loss) before changes in the working capital		**359**	**(75)**
Change in trade and other receivables and prepayments		413	(181)
Change in trade payables and other liabilities		1,080	(1,165)
Net cash generated from / (used in) operations activities		**1,493**	**(1,346)**
Income taxes paid		-	(2)
Net cash flows generated from / (used in) operating activities		**1,852**	**(1,423)**
Cash flows from investing activities:			
Expenditure on investment property		(2,124)	(684)
Payment for intercompany loans assigned		-	-
Acquisition of subsidiaries through acquisition of group of assets and liabilities, net of cash acquired		-	(46,386)
Net cash flows used in investing activities		**(2,124)**	**(47,070)**
Cash flows from financing activities:			
Proceeds from loans and borrowings		17,423	-
Repayment of loans and borrowings		(17,638)	(477)
Proceeds from bonds issued		-	58,132
Change in cash held on restricted bank accounts		(491)	(543)
Interest paid		-	(389)
Net cash flows generated from/(used in) financing activities		**(706)**	**56,723**

Condensed consolidated interim statement of cash flows (continued)

	Note	Six - months period ended 30 June 2022 (unaudited)	Six - months period ended 30 June 2021 (unaudited, restated)
Net increase / (decrease) in cash and cash equivalents		**(978)**	**8,230**
Cash and cash equivalent at the beginning of the period **		**4,912**	**-**
Cash and cash equivalents at the end of the period **		**3,934**	**8,230**

** Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

In Euro thousand (TEUR) unless stated otherwise

Notes to the condensed consolidated interim financial statements

1 General information, significant changes in current reporting period and basis of preparation

1.1 General information

Savarin P.L.C., formerly known as Crecol Limited (the Company) and its subsidiaries (together the Group, refer Note 12 Group entities) operate in real estate development with a portfolio in the Czech Republic. The Group is principally involved in rental of retail and office spaces (commercial buildings and shopping malls) and in commercial development.

The Company is a Public Limited Company incorporated on 03 July 2019 and domiciled in Malta. The address of its registered office is B2, Industry Street, Zone 5, Central Business District, Qormi CBD 5030, Malta.

Ownership structure as at	30/06/2022	Number of shares as at 30/06/2022	31/12/2021	Number of shares as at 31/12/2021
Savarin Holdco Limited	99.998%	49,999	99.998%	49,999
Crestyl Finco Development Limited	0.002%	1	0.002%	1
		50,000		**50,000**

All ordinary shares in the Company, irrespective of the letter by which they are denominated, shall rank equally in all respects subject that the B ordinary shares will not be entitled to a vote in the general meetings, shall not carry any dividend entitlements and shall not be entitled to any surplus of assets of the Company on a winding up but shall have a prior claim over the holder/s of the Ordinary A shares for the return of the nominal value of the said Ordinary B shares.

Authorised and issued ordinary share capital per class as at 30 June 2022 and 31 December 2021 (number of shares at €1 each):

	Authorized	Issued
Ordinary A	49,999	49,999
Ordinary B	1	1
	50,000	50,000

Ultimate parent and ultimate controlling party is Cali Global Investments Limited.

The Company is a subsidiary of Savarin HoldCo Limited, the registered office of which is situated at B2, Industry Street, Zone 5 Central Business District, Qormi, CBD5030, Malta. Savarin HoldCo Limited is the subsidiary of Crestyl Finco Development Limited, the registered office of which is situated at B2, Industry Street, Zone 5 Central Business District, Qormi, CBD5030, Malta. Crestyl Finco Development Limited is the subsidiary of Crestyl Holding Ltd., the registered office of which is situated at B2, Industry Street, Zone 5 Central Business District, Qormi, CBD5030, Malta. Crestyl Holding Limited is the subsidiary of Cali Global Investments (the ultimate parent company), the registered office of which is situated at B2, Industry Street, Zone 5 Central Business District, Qormi, CBD5030, Malta.

Legal and judicial representation of the Company shall be exercised by the Class A Directors. The business and affairs of the Company shall be managed by a Board of Directors which shall be composed of not less than 2 and not more than 10 directors, which shall at all times include 1 Class A director and 1 Class B director.

Directors of the Company as at 30 June 2022:

- FJV Management Limited
- Omar Koleilat

1.2 Significant changes in the current reporting period

Basic average interest rate PRIBOR increased significantly subsequent to 31 December 2021. EUR 17,698 thousand of the Group's bank loans bore an interest rate based on PRIBOR as at 31 December 2021. This loan was, in March 2022, restructured to loan bearing interest rate based on the EURIBOR basic rate that had significantly lower value than PRIBOR as of the date of the approval of these condensed consolidated interim financial statements.

Except for this, there were no significant changes in the current accounting period.

1.3 Going concern

As at 30 June 2022, the Group has a positive equity position of EUR 35,292 thousand, and current assets that exceeded its current liabilities by EUR 2,811 thousand. In preparing these financial statements on a going concern basis, management has continued to meet its day to day working capital requirements up to the date of approval of these consolidated financial statements. The directors believe that it is appropriate to prepare the financial statements on the going concern basis as at 30 June 2022 which assumes that the Group will continue in operational existence for the foreseeable future.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of measurement

These condensed consolidated interim consolidated financial statements have been prepared under the historical cost convention, except for investment property and derivative financial instruments that are measured at fair value, in accordance with those IFRS standards and IFRIC interpretations issued and effective as at 31 December 2021 and 30 June 2022.

The condensed consolidated interim financial statements of the Group for the six-months period ended 30 June 2022 have been prepared in accordance with IAS 34, Interim Financial Reporting and have not been audited by an independent auditor. The condensed consolidated interim financial statements of the Group do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group´s annual consolidated financial statements as at 31 December 2021 that are published at https://www.dluhopisy-savarin.com.

The same accounting policies and methods of computation are followed in the condensed consolidated interim financial statements for the six- months period ended 30 June 2022 as compared with the consolidated financial statements as at 31 December 2021.

Functional and presentation currency

These financial statements are presented in Euro (EUR), which is the currency in which the Company’s share capital is denominated, in accordance with the provisions of article 187 of the Companies Act, and is also the Company´s functional currency. Functional currency is the Czech crown (CZK) for the majority of the project entities.

All financial information presented in EUR has been rounded to the nearest thousand except when otherwise indicated.

For the purpose of presenting these financial statements to Euro, the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated from functional currency into Euros at foreign exchange rate at the reporting date. The income and expenses are translated from the functional currency into Euros using an average foreign exchange rate.

Foreign exchange differences arising on translation of financial information of foreign subsidiaries are recognised in other comprehensive income and presented in the translation reserve in equity. The relevant proportion of the translation difference is allocated to non-controlling interests if applicable.

The exchange rates used for translating items from functional currency CZK (for entities with functional currency CZK) to the presentation currency EUR are as follows:

- 24.74 – Closing middle rate of exchange at 30 June 2022 for statement of financial position items
- 24.649 – Average middle rate of exchange for the period from 1 January 2022 to 30 June 2022 for statement of comprehensive income items
- 24.86 – Closing middle rate of exchange at 31 December 2021 for statement of financial position items
- 25.854 – Average middle rate of exchange for the period from 1 January 2021 to 30 June 2021 for statement of comprehensive income items

2.2 Changes in significant accounting policies

A number of new standards are effective from 1 January 2022, but they do not have a material effect on the Group’s financial statements:

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022); adopted by the EU in July 2021

In determining the costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. Paragraph 68A clarifies that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and the allocation of other costs that relate directly to fulfilling contracts.

Amendments to IFRS 3 Business Combination – Reference not the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022); adopted by the EU in July 2021

The changes in the Amendments to IFRS 3 Reference to the Conceptual Framework:

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022); adopted by the EU in July 2021

Amendment to IFRS 9 Financial Instruments

The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

2.3 New standards, interpretations and amendments to published standards

Standards and interpretations that are not yet effective, adopted by the EU

Amendments to IAS 8 – Definition of Accounting Estimate (applicable for annual periods beginning on or after 1 January 2023);

Based on the amendment, the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are *"monetary amounts in financial statements that are subject to measurement uncertainty".*

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

Amendments to IAS 1 and IFRS Practice Statement 2 (applicable for the annual periods beginning on or after 1 January 2023);

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;

- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.
- In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

Amendment to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a single Transactions (Effective date January 2023)

The main change is the exemption from the initial recognition exemption in a transaction which is not a business combination and, at the time of a transaction, affect neither accounting profit nor taxable profit.

The Group is currently assessing the potential impact of all amendments on its consolidated financial statements.

Comparative financial information

In January 2021, the Group entered into contracts to acquire control in WELWYN COMPANY, a.s. and Palace Savarin, s.r.o., through acquisition of shares in Savarin HoldCo, s.r.o. and Palace Savarin HoldCo, s.r.o. from CRESTYL SAVARIN Ltd. Acquisition of shares and assignment of receivables were previously presented as two separate transactions in the consolidated financial statements as at 30 June 2021 issued on 30 September 2021.

The Group reassessed this transaction and concluded that consideration, paid in cash, consists of EUR 2 thousand for transfer of ownership interests and EUR 51,155 thousand for assignment of the amount receivable by CRESTYL SAVARIN Ltd from Savarin HoldCo, s.r.o. and Palace Savarin HoldCo, s.r.o. in the amount of EUR 76,900 thousand. Both contracts were treated as a single transaction as they have a single economic objective and substance.

Consequently, comparative financial information for the six-months period ended 30 June 2021 has been restated.

In Euro thousand (TEUR) unless stated otherwise

As a result of the above reassessment, the comparative values for the six-months period ended 30 June 2021 in these consolidated financial statements has been changed as follows:

Consolidated statement of comprehesive income for the six- months period ended 30 June 2021

	As previously reported	**Restatement**	**For the six-months period ended 30 June 2021 (restated)**
Rental revenue	1,212	-	1,212
Total revenues	**1,212**	**-**	**1,212**
Net valuation gain on investment property	15,380	39,908	55,288
Impairment of loans provided and trade receivables	(125)	-	(125)
Impairment loss on other assets	1	-	1
Other operating income	25,745	(25,745)	-
Other operating expenses	(1,480)	-	(1,480)
Operating profit	**40,733**	**14,163**	**54,896**
Interest and other finance income	2,232	-	2,232
Interest and other finance expense	(5,372)	-	(5,372)
Net finance expense	**(3,140)**	**-**	**(3,140)**
Profit before income tax	**37,593**	**14,163**	**51,756**
Income tax expense	(4,021)	(6,283)	(10,304)
Profit for the year	**33,572**	**7,880**	**41,452**
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences	993	(285)	708
Other comprehensive income	**993**	**(285)**	**708**
Total comprehensive income for the year	**34,565**	**7,595**	**42,160**
Profit /(loss) for the year attributable to:			
Owners of the Company	**33,572**	**7,880**	**41,452**
Non-controlling interests	**-**	**-**	**-**
Total comprehensive income attributable to:			
Owners of the Company	**34,565**	**7,595**	**42,160**
Non-controlling interests	**-**	**-**	**-**

In Euro thousand (TEUR) unless stated otherwise

Consolidated statement of cash flows for the six - months period ended 30 June 2021

	As previously reported	Restatement	For the six - months period ended 30 June 2021 (restated)
Cash flows from operating activities:			
Profit/(loss) before taxation	37,593	14,163	51,756
Adjustments for:			
Net valuation (gain) on investment property	(15,380)	(39,908)	(55,288)
Amortization of intangible assets	1	-	1
Impairment loss on trade and other receivables	125	-	125
Impairment loss on other assets	(1)	-	(1)
Non-cash (gain) on assignment of receivables	(25,745)	25,745	-
Interest income	-	-	-
Interest expense	3,854	-	3,854
Change in fair value of derivates	1,376	-	1,376
Foreign exchange translation differences	(1,898)	-	(1,898)
Operating profit before changes in the working capital	**(75)**	-	**(75)**
Change in trade and other receivables and prepayments	(181)	-	(181)
Change in trade payables and other liabilities	(1,165)	-	(1,165)
Net cash generated from / (used in) operations activities	**(1,346)**		**(1,346)**
Income taxes paid	(2)	-	(2)
Net cash flows generated from / (used in) operating activities	**(1,423)**	**-**	**(1,423)**
Cash flows from investing activities:			
Expenditure on investment property	(684)	-	(684)
Payment for intercompany loans assigned	(51,155)	51,155	-
Acquisition of subsidiaries through acquisition of group of assets and liabilities, net of cash acquired	4,769	(51,155)	(46,386)
Net cash flows used in investing activities	**(47,070)**	-	**(47,070)**
Cash flows from financing activities:			
Repayment of loans and borrowings	(477)	-	(477)
Proceeds from bonds issued	58,132	-	58,132
Change in cash held on restricted bank accounts	(543)	-	(543)
Interest paid	(389)	-	(389)
Net cash flows generated from financing activities	**56,723**	-	**56,723**
Net increase / (decrease) in cash and cash equivalents	**8,230**	-	**8,230**
Cash and cash equivalent at the beginning of the period **	**-**	-	**-**
Cash and cash equivalents at the end of the period **	**8,230**	-	**8,230**

3 Determination of fair values and accounting classification

The Group applies IFRS 13 as a source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It also requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

For valuation of investment property, which is measured at fair value, the Group uses level 3 of fair value measurement hierarchy.

For valuation of derivative financial instruments, the Group uses level 2 of fair value measurement hierarchy.

Fair values of financial assets and liabilities not measured at fair value are determined using level 3 of fair value measurement hierarchy (except for cash in hand at Level 1, cash at banks and restricted cash at Level 2).

There were no transfers between levels of fair value measurement hierarchy during the year.

Valuation techniques and significant unobservable inputs used to measure fair value for Investment Property are described in Note 4 Critical accounting estimates and judgements. For derivatives and other financial assets and liabilities, fair value is measured using the discounted cash flows method, whereby the contractual cash flows are discounted by the market discount rate prevailing as at the reporting date, adjusted for relevant risks (such as credit spread and liquidity adjustment for loans) if applicable. OIS (Overnight Index Swap) curves are used for discounting derivatives. Carrying values of financial assets and liabilities not measured at fair value (except for bonds issued) are a reasonable approximation of their fair value and therefore are not shown separately in the notes to these consolidated financial statements. Fair value of bonds issued amounts to EUR 63,820 thousand as at 30 June 2022 and was measured using the discounted cash flow method, whereby the contractual cash flows were discounted by the market discount rate adjusted by risk premium based on average rating of loans provided to subsidiaries.

4 Critical accounting estimates and judgements

Use of estimates and judgements

Preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, internal calculations and various other factors that the management believes to be reasonable under the circumstances, the results of which form the basis of judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the change in estimate is made and in any future periods affected.

Management of 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.

Investment property

Development of investment property is included in Note 6 Investment property.

The valuation of the Group' s property portfolio is inherently subjective due to, among other factors the individual nature of each property, its location and the expected future rental revenues from the particular property. As a result, the valuation the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow of the property market.

The fair values of investment properties at 30 June 2022 was determined by the Group's management based on external valuation appraisal.

In Euro thousand (TEUR) unless stated otherwise

Summary of projects as at 30 June 2022

Project	Group company
Savarin Development	Palace Savarin, s.r.o.
Project Savarin	WELWYN COMPANY, a.s

Property under development and property planned to be completely re-developed was valued using the residual analysis method. Residual analysis determines a price that could be paid for the site given the expected "as if complete" value of the proposed development and the total cost of the proposed development, allowing for market-level profit margins and having due regard to the known characteristics of the property and the inherent risk involved in development.

The residual value is the surplus after total costs including constructions, fees, contingency, ancillary costs, legal/agency and professional fees, finance costs and developer´s profit are deducted from an estimate of the gross development value upon completion. The gross development value (being the estimated value that a property would fetch on the open market if it were to be sold in the current economic climate) includes all of the separate areas that comprise the entire development including commercial areas (office, retail areas; garages and parking; and other areas). This surplus or residual value represents the amount that a purchaser would be willing to pay for the site. The level of profit reasonably required by a developer (developer´s margin) will diminish as each stage is passed, and the risk associated in realising the value of completed development is reduced. The process can be simply expressed as follows:

GDV – Total Development Costs = Residual Market Value of the site

COVID – 19 impact

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, lockdowns have been applied to varying degrees and to reflect further waves of COVID-19, although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists.

Assumption used in final management estimates

It was assumed that Palace Savarin will be completed in 2023 and Project Savarin in 2025.

<u>Investment property description</u>

Palace Savarin and Project Savarin

Palace Savarin and Project Savarin are situated in the city district Prague 1 and occupy a central and strategic location in the very heart of Prague town centre. The surrounding area is mixed use in nature comprising mainly prime retail along with numerous offices, hotels and residential accommodation. Both projects have access points off Wenceslas Square, Na Příkopě Street, Panská Street and Jindřišská Street.

The property is strategically located and benefits from excellent communication and public transport facilities. Considering the intended development, the property will be accessible from four directions. Public transport includes numerous tram lines and metro lines A and B.

The site is cross-shaped with entry points off the four streets. The current accommodation comprises brick-built historical buildings adjacent to the street fronts with protected facades except for that of Darex Building. The inner courtyard is comprised partly of courts and partly of modern annexes to historical buildings from the 20th century. The decision on the removal of buildings located in the inner courtyard has been already issued and subsequent demolition has been partially executed. There is a historical classicist riding hall located inside the courtyard which is culturally protected.

The existing property comprises six mixed-use buildings. Darex Building comprises Grade A accommodation while other buildings comprise generally Grade B office accommodation. Each building has office accommodation located on the ground floor. The internal accommodation varies in standard and provides a variety of uses, ranging from office space, retail accommodation, bar and restaurant usage and sport facilities.

The future development consists of the construction of a new commercial administrative area in the shape of a cross that requires construction of passages connecting the streets Na Příkopě, V Cípu, Jindřišská and Wenceslas Square all leading to one point in the courtyard are near the former riding hall which will serve as the transport and communication node.

The future development will provide a total lettable area extending to 60 835 sqm. One part of the development in the form of Palace Savarin will offer 3 543 sqm, including 489 sqm of external seating and terrace. The second part, Project Savarin will provide 57 292 sqm including 4 353 sqm of external seating and terraces. The premises will be predominantly used as a retail and office area. There will be also 120 car parking spaces.

Rental evidence

There are a number of similar available projects in the analysed district to the subject of valuation which shows similar evidence as that produced in the property valued. Similar office building projects include the properties: Myslbek, Palladium, Slovanský Dům, Quadrio, Palác Euro – Astra, Stará Celnic, Palác Špork where rent for signed deals approximated EUR 15,9 – 24,8 per sqm. Similar retail buildings projects include property located in Náměstí Republiky, Jungmannovo náměstí, Na Příkopě street, 28. října street, Můstek, Jindřišská and Panská where rent for recently signed deals approximated EUR 26 – 160 per sqm.

Based on current market conditions, analysis of above mentioned offers and letting transactions that have been concluded and the nature of the property, the office rental was estimated at 22 and 21 EUR per sqm for Palace Savarin and Project Savarin. Retail rental was estimated at 124 and 55 EUR per sqm for Palace Savarin and Project Savarin.

Estimate of costs and developer's margin

Development costs included in fair value computations are based on budgets of project companies that represent expected costs incurred comparable to market standards. Hard construction costs were estimated as 3,247 EUR per sqm and 3,100 EUR per sqm for Palace Savarin and Project Savarin, respectively. Contingency of 3-3.5%% of hard construction costs creates part of development costs together with professional fees in the approximate amount of 12-16% of total hard constructions costs and contingency. The marketing and letting fees were estimated at 5 and 10% from NOI. As a result, development costs amount to approximately 43.5 % and 42% of gross development value. for Palace Savarin and Project Savarin, respectively.

Developer´s margin represents 7.5% and 20% of total pending costs for Palace Savarin and Project Savarin, respectively. It depends on the stage of the project. The level of profit reasonably required by a developer (developer´s margin) is diminishing as each stage is passed and the risk associated in realising the value of completed development is reduced.

Financing costs were estimated 3 %. This is current best estimate of market lending rates of this type of development.

Yield

Yield in range of 4.25 – 4.5 % was used for investment property project, depending on current market condition, location and specification of the property.

Comparable projects in Prague – Palác Špork, DRN, Prague Studios, Rustonka and Florence Office Centre – provides a yield in range 4 – 5 %.

5 Changes in the Group structure

There were no changes in the Group structure in the six-months period ended 30 June 2022.

Changes in the group structure in 2021

In January 2021, the Group entered into contracts to acquire control in WELWYN COMPANY, a.s. (operating investment property project Savarin) and Palace Savarin, s.r.o. (operating investment property project Palace Savarin), through acquisition of shares in Savarin HoldCo, s.r.o. and Palace Savarin HoldCo, s.r.o. from CRESTYL SAVARIN Ltd.

Group management considered the optional concentration test as provided by IFRS 3 and concluded that this transaction is an acquisition of group of assets and liabilities.

Impact of this transaction on the consolidated financial statements can be summarized as follows (restated):

	TEUR
Investment property	127,259
Intangible assets	16
Trade and other receivables	1,438
Current income tax receivable	63
Restricted cash	1,039
Prepayments	1,696
Cash and cash equivalents	4,771
Bank Loans	(83,442)
Advances received	(720)
Deferred revenues	(2)
Trade and other payables	(961)
Net identifiable assets and liabilities	**51,157**
Consideration, paid in cash	**(51,157)**
Total consideration paid	**(51,157)**
Cash acquired	4,771
Net cash outflow	**(46,386)**

For information on restatement refer to Note 2 Summary of significant accounting policies.

Consideration, paid in cash, consists of EUR 2 thousand for transfer of ownership interests and EUR 51,155 thousand for assignment of the amounts receivable by CRESTYL SAVARIN Ltd from Savarin HoldCo, s.r.o. and Palace Savarin HoldCo, s.r.o. in the amount of EUR 76,900 thousand. Both contracts were treated as a single transaction as they have a single economic objective and substance.

This transaction was financed by the public bonds issue by Savarin P.L.C. in the Czech Republic in January 2021. Nominal value of bonds amounted to CZK 2,200,000 thousand (corresponding to EUR 84,001 thousand) while proceeds from the issuance of these bonds amounted to EUR 59,882 thousand (corresponding to CZK 1,568,336 thousand) without transaction cost related to issue of bonds (refer to Note 10 Bonds issued).

In Euro thousand (TEUR) unless stated otherwise

6 Investment property

	30/06/2022
Investment property – combined purpose	
Balance at 1 January	**193,816**
Additions - construction cost	1,647
Additions - capitalized interest	765
Additions – capitalized management fee	301
Additions - acquisition	-
Change in fair value	-931
• *Out of which change related to valuation in EUR*	*-931*
Effects of movements in foreign exchange rates recorded in other comprehensive income	922
Balance at 30 June 2022	**196,520**

Change in fair value charged to profit or loss could be summarized as follows:

Entity	**For the six-months period ended 30 June 2022**
WELWYN COMPANY, a.s.	-696
Palace Savarin, s.r.o.	-235
Total	**-931**

Assumptions used for determination of fair value of investment property and description of the property are stated in Note 4 Critical accounting estimates and judgments.

7 Profit and loss information

Condensed consolidated interim statement of comprehensive income for six-months period ended 30 June 2022 was not affected by any unusual transactions. Statement of comprehensive income for six-months period ended 30 June 2021 was primarily affected by the acquisition of control in WELWYN COMPANY, a.s. and and Palace Savarin, s.r.o. This acquisition was reassessed in the condensed consolidated interim financial statements as at 30 June 2022 (refer to Note 2 Summary of significant accounting policies).

Net finance expense can be summarized as follows:

a) Interest and other finance income

	For the six-months period ended 30 June 2022	**For the six-months period ended 30 June 2021**
Interest received	69	1
Change in fair value of derivatives – gain	1,313	-
Foreign exchange gains	210	2,231
Other financial income	-	-
Total	**1,592**	**2,232**

In Euro thousand (TEUR) unless stated otherwise

b) Interest and other finance expense

	For the six-months period ended 30 June 2022	For the six-months period ended 30 June 2021
Interest on bank loans and bonds issued	4,381	4,315
Less: Interest from borrowings capitalized (Notes 6)	(765)	(461)
Interest expense charged to profit or loss	**3,616**	**3,854**

	For the six-months period ended 30 June 2022	For the six-months period ended 30 June 2021
Interest expense charged to profit or loss	3,616	3,854
Foreign exchange losses	158	136
Change in fair value of derivates - losses	-	1,376
Other finance expenses	13	6
Total	**3,787**	**5,372**

Interest expenses directly attributable to the acquisition, construction or production of investment property are capitalised (Note 6).

8 Bonds issued

	30/06/2022	31/12/2021	Changes in six-months period ended 30 June 2022
Nominal value of bonds issued	84,001	84,001	-
Initial discount	(24,119)	(24,119)	-
Transaction cost related to issue of bonds	(1,786)	(1,786)	-
Accrued interest	6,846	4,380	2,466
Effect of movements in foreign exchange rates	3,553	3,249	304
Total	**68,495**	**65,725**	**2,770**

On January 12, 2021 the bonds having a nominal value of CZK 2,200,000 thousand (corresponding to EUR 84,001 thousand) were issued for a 5-year-term for 71.288 % of par value. The maturity of the bonds is January 12, 2026. The calculated effective interest rate for bonds issued amounts to 7.28 %.

The proceeds from the issuance of these bonds amounted to EUR 59,882 thousand (corresponding to CZK 1,568,336 thousand) without transaction cost related to issue of bonds (EUR 58,096 thousand including transaction cost related to the issue of bonds) and were used as the consideration for the assignment of receivables transferred together with the ownership interests in the underlying investments (refer to Note 5 Changes in the Group structure).

The bonds were accepted to trading on the Prague stock-exchange (Rybná 14/682, Prague, Czech Republic) on January 12, 2021. No rating was assigned.

As at 30 June 2022, there was no breach of bonds covenant conditions.

Bonds are secured by pledges of assets and by pledge of ownership interest in Savarin P.L.C. Summary of pledged assets as at 30 June 2022 and 31 December 2021 is provided in the Note 11 Contingencies and commitments. Bonds issued are secured also by foreign exchange swap whose fair value amounted to EUR (1,805) thousand as at 30 June 2022 (EUR (3,118) thousand as at 31 December 2021). Foreign exchange swap is used to reduce the currency risk related to bonds issued in

In Euro thousand (TEUR) unless stated otherwise

CZK and therefore exposed to foreign exchange fluctuations. However, the derivative financial instrument is not designated as used for hedging.

9 Loans and borrowings

	30/06/2022	31/12/2021
Bank loans and borrowings – non-current	88,551	86,884
Bank loans and borrowings – current	244	287
Total current and non-current bank loans and borrowings	**88,795**	**87,171**

Bank loans and borrowings are secured by pledges of assets and by pledges of ownership interests in subsidiaries. Summary of pledged assets as at 30 June 2022 and 31 December 2021 is provided in the Note 11 Contingencies and commitments. The carrying amount of the loans and borrowings are considered to be the same as their fair value at the reporting date.

The Group considers pledged all assets of companies in the Group whose shares are pledged (refer to Note 12 Group entities). Further, selected loans are secured by future receivables from lease contracts, blank bill of exchange, notarial deed and loan subordination.

As at 30 June 2022, there was no breach of bank loans covenant conditions.

Terms and conditions of outstanding bank loans and borrowings as at 30 June 2022 were as follows:

	Currency	Nominal interest rate	Balance at 30/06/2022	Due within 1 year	Due in 1–5 years
Secured bank loans	EUR	variable*	88,015	244	87,771
Secured bank loans	CZK	variable*	780	-	780
Total bank loans and borrowings			**88,795**	**244**	**88,551**

* Variable interest rate is derived as EURIBOR (for bank loans denominated in EUR) or PRIBOR (for bank loans denominated in CZK) plus a margin. All interest rates are market based.

Terms and conditions of outstanding bank loans and borrowings as at 31 December 2021 were as follows:

	Currency	Nominal interest rate	Balance at 31/12/2021	Due within 1 year	Due in 1–5 years
Secured bank loans	EUR	variable*	69,473	287	69,186
Secured bank loans	CZK	variable/*	17,698	--	17,698
Total bank loans and borrowings			**87,171**	**287**	**86,884**

* Variable interest rate is derived as EURIBOR (for bank loans denominated in EUR) or PRIBOR (for bank loans denominated in CZK) plus a margin. All interest rates are market based.

In Euro thousand (TEUR) unless stated otherwise

10 Revenues and other operating income

a) Revenues

	Six months period ended 30 June 2022	Six months period ended 30 June 2021 (restated)
Rental revenues	1,267	1,212
Total revenue	**1,267**	**1,212**
Other operating income	-	-

For information on restatement refer to Note 2 Summary of significant accounting policies.

Revenues of the Group are generated in the Czech Republic.

The Group operates in one operating and geographical segment.

In the six months ended 30 June 2022 and 2021, rental revenues were generated by investment property of WELWYN COMPANY, a.s. and Palace Savarin, s.r.o.

11 Contingencies and commitments

Tax investigations

The tax authorities may at any time inspect the books and records within 3 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability to the Group in this respect.

Investment property - future construction and service costs

The amount of EUR 21,872 thousand represents future construction and service costs as at 30 June 2022. These costs stemmed from the contracts which were concluded with construction, legal and service companies and part of it is dependent on reaching of certain milestones.

Guarantees

The Group neither provided nor received any guarantees.

Pledged assets

Bank loans and borrowings and bonds issued are secured by pledges of assets. Summary of pledged assets as at 30 June 2022 is provided in the table below.

As at 30/06/2022	**Before eliminations**	**Eliminations**	**After eliminations**
Investment property	196,520	--	196,520
Other intangible assets	13	--	13
Provided loans non-current	88,799	(88,799)	0
Restricted cash non-current	4,684	--	4,684
Prepayments non-current	840	--	840
Trade and other receivables current	1,046	(177)	869
Prepayments current	1,043	--	1,043
Cash and cash equivalents	3,934	--	3,934

In Euro thousand (TEUR) unless stated otherwise

Total pledged assets	**296,879**	**(88,976)**	**207,903**

The Group considers pledged all assets of companies in the Group whose shares are pledged (refer to Note 12 Group entities). Therefore, amounts before and after consolidation eliminations are provided.

12 Group entities

As at 30 June 2022 and 31 December 2021, the following entities were included in the consolidated financial statements:

	Effective ownership (%)		Consolidation method		Profile
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	
Savarin P.L.C. (2)	n/a	n/a	Full	Full	Parent company
Savarin HoldCo, s.r.o. (1) (2)	100	100	Full	Full	Holding company
Palace Savarin HoldCo, s.r.o. (1) (2)	100	100	Full	Full	Holding company
WELWYN COMPANY, a.s. (1) (2)	100	100	Full	Full	Investment property project
Palace Savarin, s.r.o. (1) (2)	100	100	Full	Full	Investment property project

1) These entities have their registered office in the Czech Republic. Registered seat is also principal place of business for all companies.
2) Ownership interest in the entity has been pledged in favour of third parties

13 COVID-19 and implication of Russia´s war on Ukraine

The COVID-19 pandemic is a health and economic situation that has all the features of a complex crisis on a global scale. At the end of December 2019, Chinese public health authorities reported several cases of acute respiratory syndrome. The virus has spread massively to all continents during Q1 2020. In terms of the Czech Republic where the Group is operating, the first virus case has been confirmed on 1 March 2020. The Czech government has responded very promptly with emergency state and safety precautions like border or school shutdowns, retail lockdowns with limited exceptions and people movement restrictions. These measures continued during 2021 and the beginning of 2022. The pandemic started to slow down at the beginning of February 2022 and restrictions were released gradually. Government action packages have been taken to reduce the impact on the economy as much as possible. As at the date of the preparation of these financial statements, the Czech Republic has significantly recovered and almost all measures were repealed.

Based on the publicly available information as at the date these financial statements were prepared, management of the Group has considered the potential development of the epidemic and its expected impact on the Company and its underlying subsidiaries and economic environment and concluded that it has a limited impact on the Group's financing and operating activities.

Continuing political tensions between Russia and Ukraine escalated into a conflict with Russia´s military invasion of Ukraine at the end of February 2022.The global response to Russia´s violations of international law and aggression against Ukraine has been the imposition of extensive sanctions and restrictions on business activity. The overall impact of recent developments has been reflected in increased volatility in financial and commodity markets and other implications for the economy, such as possible impact on the discounting factor and country risk. The Group has taken measures to minimize any impacts resulting from above-mentioned conflict, especially in the area of project financing (refer to Note 1.2 Significant changes in current accounting period) and continues to monitor the situation to be able to take measures in the area of the implementation of the construction of development projects and the stabilization of their prices within the framework of contractual relations with general construction contractors.

14 Subsequent events

There were not significant subsequent events after the date of these condensed consolidated interim financial statements.