Savarin P.L.C.

Annual report

31 December 2021

DECLARATION OF THE STATUTORY BODY

The Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the directors of Savarin P.L.C. (the "Company") and its subsidiaries (together the Group) to prepare financial statements and consolidated financial statements for each reporting period which give a true and fair view of the financial position of the Company and the Group as at the end of the reporting period and of the profit or loss of the Company and the Group for that reporting period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Act.

The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the companies in the Group establish and maintain internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The directors are also responsible for establishing a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Group's business. This responsibility includes establishing and maintaining controls pertaining to the Group's objective of preparing financial statements as required by the Act and managing risks that may give rise to material misstatements in those financial statements. In determining which controls to implement to prevent and detect fraud, the directors consider the risks that the financial statements may be materially misstated as a result of fraud.

Prepared in Malta on 29 April 2022

Omar Koleilat
Director

Kurt Risiott
for and on behalf of
FJV Management Limited
Director

Principal activities

Savarin P.L.C. (the Company) and its subsidiaries (together the Group) 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. Contact details are telephone: +356 2299 3100 WEB: https://www.dluhopisy-savarin.com/

Directors

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

FJV Management Limited
Kurt Risiott (until 20.12.2021)
Omar Koleilat (since 12.8. 2021)

INFORMATION UNDER THE CAPITAL MARKETS BUSINESS ACT AND OTHER INFORMATION

Information on the financial situation, indicating important factors, risk and uncertainties

During the reporting period, the Group registered a profit for the year amounting to EUR 36,310 thousand. Shareholders' equity amounted to EUR 37,621 thousand.

Details of the Group's financial position, including a statement of important factors, are set out in the notes to the consolidated financial statements which form an integral part of this Annual Report. A description of the potential risks and uncertainties is set out under Internal Controls and Risk Approaches.

Description of the rights and obligations attached to the Company´s shares

The Company's share capital is represented by 50 000 ordinary shares with a nominal value of 1 EUR.

	31/12/2021
Authorised issued and fully paid-up	
49,999 Ordinary A shares of EUR 1 each	50
1 Ordinary B share at EUR 1	--
	50

The Company's shares carry rights and obligations under generally binding legislation and the Articles of Association. 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.

The ultimate parent and ultimate controlling party is Cali Global Investment Limited, intermediate company is Crestyl Holding Limited. The Company is therefore included in Cali Group and Crestyl Group.

Information on all monetary and nonmonetary income of persons with management authority over the Group

Persons with management authority received EUR 9 thousand of directors fees. EUR 54 thousand was billed for another services by these persons in 2021.

Figures and information on the number of shares or similar securities representing an interest in the Group held by persons with management authority over Group

No members of the statutory bodies of Savarin P.L.C. are direct owners of Savarin P.L.C.

Principles of remuneration of persons with management authority over the Group

The members of the Board of Directors are not remunerated for the performance of their duties, except for directors' fees as stated above.

Auditors of the Group

PricewaterhouseCoopers have been appointed as auditors of the Group.

Fees charged by auditors

Auditors' fees broken down by type of service.

Auditor	Period	Services	Amount (TEUR)
PricewaterhouseCoopers	1.1.2021 – 31.12.2021	Audit of annual reports	12
PricewaterhouseCoopers	1.1.2021 – 31.12.2021	Other assurance services	0
PricewaterhouseCoopers	1.1.2021 – 31.12.2021	Tax consultancy	0
PricewaterhouseCoopers	1.1.2021 – 31.12.2021	Other non-audit services	0

Regulated markets on which the company's securities are traded

The bonds (ISIN CZ0000001300 – Savarin P.L.C. 0.00%, 2021 – 2026) are traded on the Prague stock-exchange (Rybná 14/682, Prague, Czech Republic). No rating was assigned.

INTERNAL CONTROLS AND APPROACHES TO RISK

The internal control policies and procedures and the Group´s risk appetite

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The system of internal control is an integral part of the day-to-day and regular operations and assists in achieving the Group's strategic and business objectives.

The internal control system consists of:

- control by the Board of Directors in the performance of their management and work activities,
- activities carried out by departments of the Company's parent company.

The internal control system also includes periodic physical checks of documents and reporting.

The accuracy of accounting and financial statements is checked in the preparation of monthly or quarterly control reports.

Financial risk factors

The Group´s activities expose it to a variety of financial risks: mainly liquidity risk. The Group's overall risk management programme focuses on the unpredictability of market conditions and therefore seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the directors. The directors evaluate on a periodical basis, financial risk factors based on appropriate skills, experience and supervision.

Liquidity risk

The Company's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the Company's obligations when they become due. For more information refer to Note 20 of consolidated financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and interest receivables and other receivables, as well as cash at bank.

Generally, credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to debtors, including provided loans, outstanding receivables and committed transactions.

The Group has policies in place to ensure that loan contracts are concluded with debtors with an appropriate credit history and the credibility and business performance and expected business performance of the debtors is monitored on an ongoing basis. Bank transactions are limited to high-credit-quality financial institutions.

Credit risk is mitigated due to the fact, that the Group cooperates primarily with privately owned Czech banks that are under the supervision of the Czech National Bank. For more information refer to Note 20 of consolidated financial statements.

Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which receivables and payables are denominated and the functional currency of the Company. Foreign currency exchange risk is limited and arises from recognised monetary assets and liabilities.

The Company uses foreign exchange swaps for risk management purposes to reduce the risk of debt exposed to foreign exchange fluctuations. The Company does not use foreign exchange derivatives for speculative purposes. The derivative financial instruments are not designated as used for hedging. For more information refer to Note 20 of consolidated financial statements.

Interest rate risks

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. For more information refer to Note 20 of consolidated financial statements.

Information on Corporate governance codes

The Group has a defined code of ethics, at the same time, the companies in the Group are governed by generally binding legal regulations based on Act No. 90/2012 Coll., on Business Corporations, Act No. 563/1991 Coll., on Accounting, Act No.

256/2004 Coll., on Capital Market Business, The Companies Act, 1995 and related and follow-up legal norms.

Code of Ethics

The Group has adopted a system of ethical and legal rules which shall apply throughout all the activities of the Group. Adhering to these rules ensures that all activities of the Group are realized within the respective legal and ethical boundaries. Such rules apply to members of the statutory body of the Company. The code of ethics is communicated to involved parties informally.

Compliance with Code of Ethics

The compliance with the ethical rules of the Company is secured by the Ethical Code being a binding internal directive for all the companies of the Crestyl Group.

Conflict of interest

The Board of Directors hereby declare that none of them has any conflict of interest.

Information on activities of persons with management authority carried out outside the company

During the period of calendar year 2021, persons with management authority of the Company and the Group - directors - served on the bodies of the following companies included in Cali Group as follows:

Name	Company
FJV Management Limited and Omar Koleilat	Cali Global Investments Limited
FJV Management Limited	CCI Czech Development Limited
FJV Management Limited	Crestyl Brno Properties Ltd
FJV Management Limited and Omar Koleilat	Crestyl Finco Development Limited
FJV Management Limited	Crestyl G Limited
FJV Management Limited and Omar Koleilat	Crestyl Holding Limited
FJV Management Limited and Omar Koleilat	Crestyl Holding PL Limited
FJV Management Limited and Omar Koleilat	Crestyl Investment Limited
FJV Management Limited	Crestyl Prime Residential Ltd
FJV Management Limited	Crestyl Residential Limited
FJV Management Limited and Omar Koleilat	Crestyl Retail Ltd
FJV Management Limited	Crestyl Savarin Ltd
FJV Management Limited and Omar Koleilat	River Avenue Limited
FJV Management Limited	Savarin HoldCo Limited

Contingencies and Litigations

There were no contingencies and litigations in 2021.

Dividends

No dividends are being declared. The directors do not recommend the payment of a dividend during the reporting period.

Description of the decision - making procedures and composition of the statutory and general meeting

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 may exercise such powers of the Company as are not, by the Act or by Articles, required to be exercised by the Company, in general meeting. Board of directors 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. The directors are appointed by the shareholders. An election of directors takes places every year.

The Company shall, in each year, hold a general meeting as its annual general meeting in addition to any other meetings that year. The board of the Company may, whenever it deems fit, convene an extraordinary general meeting. The general meeting of the Company exercises powers vested into it by law as well as by the memorandum of association. Resolutions of the general meeting are put to the vote of the Board and shall be decided by poll.

A description of the decision-making procedures and composition of the audit committee

The Audit Committee shall be a body of the Company which shall, without prejudice to the responsibilities of the members of the Board of Directors or the Supervisory Board of the Company, in particular the following activities:

- monitor the process of preparing the financial statements submit recommendations to the Management Board or the Supervisory Board
- to ensure the integrity of the accounting systems,

- monitors the process of drawing up the financial statements,
- recommend to the General Meeting the statutory auditor and give proper reasons for this recommendation,
- assess the independence of the statutory auditor,
- monitor the statutory audit process,
- inform the General Meeting of the outcome of the statutory audit,
- express an opinion on the termination of the engagement under the statutory audit contract or the withdrawal from the statutory audit contract.
- approve other non-audit services provided by statutory auditor
- ensure that significant risks are identified and adequately addressed

The members of the Audit Committee shall report the General Meeting of the Company and shall be obliged to inform the General Meeting of the results of their activities.

The Audit Committee shall have at least three members, appointed and removed by the General Meeting and majority of them should be non-executive members.

The Audit Committee shall be able to hold a valid meeting if an absolute majority of all members are present at the meeting. A majority of all members shall be required for the adoption of a resolution, unless a qualified majority is required by law for a particular decision. Each member of the Committee shall have one vote. In the event of an equality of votes the Chairperson shall have a casting vote.

The members of the Company's Audit Committee are as follows:

- Karl Buttigieg - FJVA partner and head of accounts
- Nicholas Warren - FJVA's COO
- Tomas Panko - Crestyl group operations finance

Information on expected developments

In 2022 the Group will continue being involved in rental of retail and office spaces (commercial buildings and shopping malls) while the main focus will be on commercial development.

Organisational structure of the issuer

Companies in the Group do not have its own employees and conduct all business activities through contractors, both from the parent company group and external ones. The management of the Company and companies in the Group is directly performed by the members of the Board of Directors.

Research and development activities

The Group had no research and development expenditure in 2021.

Information on the acquisition of the own shares or interests

The Group did not acquire any treasury shares or interests in 2021.

Environmental protection activities

The Group's operations do not have any material impact on the environment, therefore no specific activities are undertaken in this area.

Labour relations activities

The Group did not enter into any employment relationships in 2021.

Information on foreign subsidiaries

The Group has foreign subsidiaries in the Czech Republic, no other organisational units were established abroad.

Alternative performance indicators

The companies in the Group do not use any alternative performance indicators in its activities.

Summary of significant contracts

On 10.08.2021 a construction loan from Trinity Bank a.s. was granted to Palace Savarin, s.r.o. in the amount of CZK 750,000,000, maturing no later than 31.05.2026.

On 30.07.2021, the 3rd amendment to the predevelopment loan from J&T Banka a,s. for Welvyn Company a.s. was signed. 3rd Amendment change re-payment of loan from 31.12.2024 to 30.6.2026.

Events after the reporting date and future developments

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 Group management considers this as non - adjusting subsequent event. The overall impact of recent developments has been reflected in increased volatility in financial and commodity markets and other implications for the economy. Business risks, including the adverse effects of economic sanctions on Russia, business disruptions (including supply chains), increased cyber - attacks, the risk of breaches of legal and regulatory rules and other factors are difficult to assess, and their overall impact and potential effects are currently unknown.

No securities issued by the issuer are excluded from trading on a regulated market as at the date of the issuance of this annual report.

Kurt Risiott
on behalf of
FJV Management Limited
Director

Omar Koleilat
Director

Savarin P.L.C.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

Index to the consolidated financial statements

(all amounts in EUR thousand)

Consolidated statement of financial position

As at 31 December 2021

	Note	As at 31 December 2021	As at 31 December 2020
ASSETS			
Non-current assets			
Investment property	6	193,816	-
Intangible assets		14	-
Restricted cash	8	4,193	-
Prepayments	7	840	-
Total non-current assets		**198,863**	-
Current assets			
Trade and other receivables	7	1,280	100
Prepayments	7	1,106	202
Cash and cash equivalents	8	4,912	-
Total current assets		**7,298**	**302**
Total assets		**206,161**	**302**
EQUITY			
Capital attributable to the Company's equity holders			
Share capital	9	50	50
Translation reserve		1,375	-
Retained earnings		36,196	(114)
Total equity attributable to equity holders of the parent		**37,621**	**(64)**
Total equity		**37,621**	**(64)**

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

(all amounts in EUR thousand)

Consolidated statement of financial position (continued)

As at 31 December 2021

	Note	As at 31 December 2021	As at 31 December 2020
LIABILITIES			
Non-current liabilities			
Bank loans and borrowings	11	86,884	-
Bonds issued	10	65,725	-
Financial instruments - derivatives	20	3,118	-
Deferred income	12	380	-
Deferred tax liability	13	10,632	-
Total non-current liabilities		**166,739**	**-**
Current liabilities			
Bank loans and borrowings	11	287	-
Trade payables and other liabilities	12	1,216	366
Deferred income	12	298	-
Total current liabilities		**1,801**	**366**
Total liabilities		**168,540**	**366**
Total liabilities and equity		**206,161**	**302**

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

The consolidated financial statements on pages 3 – 52 were approved and authorized for issue by the Board of Directors on 29 April 2022 and signed on its behalf by:

Kurt Risiott
for and on behalf of
FJV Management Limited
Director

Omar Kolellat
Director

Consolidated statement of comprehensive income

For the period ended 31 December 2021

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020

	Note		
Rental revenue	14	1,964	-
Total revenues		**1,964**	**-**
Fair value gain on investment property	6	55,047	-
Impairment of loans and trade receivables	20	(261)	(2)
Other operating income	14	40	67
Other operating expenses	15	(2,237)	(179)
Operating profit		**54,553**	**(114)**
Interest and other finance income	16	3,843	-
Interest and other finance expense	16	(11,782)	-
Net finance expense		**(7,939)**	**-**
Profit before income tax		**46,614**	**(114)**
Income tax expense	17	(10,304)	-
Profit for the year / period		**36,310**	**(114)**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		1,375	-
Other comprehensive income for the year / period		**1,375**	**-**
Total comprehensive income for the year / period		**37,685**	**(114)**
Profit / (loss) for the year attributable to:			
Owners of the Company		**36,310**	**(114)**
Total comprehensive income for the year / period attributable to:			
Owners of the Company		**37,685**	**(114)**

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

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2021	**50**	**-**	**(114)**	**(64)**
Total comprehensive income for the year:				
Profit / (Loss) for the year	**-**	**-**	36,310	**36,310**
Other comprehensive income for the year:				
Foreign currency translation differences	-	1,375	-	**1,375**
Total other comprehensive income for the year	***-***	***1,375***	***-***	***1,375***
Total comprehensive income for the year	-	**1,375**	**36,310**	**37,685**
Balance at 31 December 2021	**50**	**1,375**	**36,196**	**37,621**

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

(all amounts in EUR thousand)

Consolidated statement of changes in equity

For the period from 3 July 2019 to 31 December 2020

	Share capital	Translation reserve	Retained earnings	Total equity
Balance at 3 July 2019	**3**	-	-	**3**
Total comprehensive income for the year:				
Loss for the period	**-**	**-**	(114)	**(114)**
Other comprehensive income for the year:				
Foreign currency translation differences	-	-	-	**-**
Total other comprehensive income for the year	**-**	**-**	**-**	**-**
Total comprehensive income for the year	-	**-**	**(114)**	**(114)**
Issue of share capital	47	-	-	47
Balance at 31 December 2020	**50**	**-**	**(114)**	**(64)**

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

Consolidated statement of cash flows

For the year ended 31 December 2021

	Note	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Cash flows from operating activities:			
Profit / (Loss) before taxation		46,614	(114)
Adjustments for:			
Net fair value gain on investment property	6	(55,047)	-
Amortization of intangible assets		2	-
Impairment loss on trade and other receivables	20	262	1
(Reversal of impairment) / Impairment loss on other assets		(1)	1
Interest income	16	(10)	-
Interest expense	16	8,301	-
Change in fair value of derivates	20	3,118	-
Foreign exchange translation differences		(2,503)	-
Operating profit before changes in the working capital		**736**	**(112)**
Change in trade and other receivables and prepayments		(253)	(254)
Change in trade payables and other liabilities		(153)	366
Change in deferred revenues		(2)	-
Net cash generated from / (used in) operations activities		**328**	**-**

(all amounts in EUR thousand)

	Note		
Income taxes paid		63	-
Net cash flows generated from / (used in) operating activities		**391**	**-**
Cash flows from investing activities:			
Expenditure on investment property	6	(2,095)	-
Acquisition of subsidiaries through acquisition of group of assets and liabilities, net of cash acquired	5	(46,386)	-
Interest received	5	10	-
Net cash flows used in investing activities		**(48,471)**	**-**
Cash flows from financing activities:			
Proceeds from loans and borrowings	11	16,791	-
Repayment of loans and borrowings	11	(17,685)	-
Proceeds from bonds issued	11	59,882	-
Change in cash held on restricted bank accounts	11	(3,154)	-
Interest paid	11	(1,258)	-
Payment of transaction cost related to issue of bonds	11	(1,584)	-
Net cash flows generated from financing activities		**52,992**	**-**

Consolidated statement of cash flows (continued)
For the year ended 31 December 2021

	Note	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Net increase / (decrease) in cash and cash equivalents		**4,912**	**-**
Cash and cash equivalent at the beginning of the period **		**-**	**-**
Cash and cash equivalents at the end of the period **	8	**4,912**	**-**

** 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 consolidated financial statements.

Notes to the consolidated financial statements

1 General information and basis of preparation

1.1 General information

Savarin P.L.C. (the Company) and its subsidiaries (together the Group, see Note 22) 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	31/12/2021	Number of shares as at 31/12/2021	31/12/2020	Number of shares as at 31/12/2020
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**

Ultimate parent and ultimate controlling party is Cali Global Investments Limited. No members of the board of Savarin P.L.C. are direct owners of Savarin P.L.C. Savarin P.L.C. is indirectly owned by discretionary trusts and hence Mr. Francis J. Vassallo, Ms. Adriana Camilleri Vassallo, Dr. Ruth Agius Scicluna Buttigieg, Dr. Kurt Risiott, Mr. Karl Buttigieg as directors of FJV Management Ltd as corporate director of Savarin P.L.C. and Mr. Omar Koleilat as director of Savarin P.L.C. have been disclosed as controlling parties of Savarin P.L.C..

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.

Both the ultimate parent Cali Global Investments and the intermediate company Crestyl Holding Limited prepare consolidated financial statements of the Group, of which the Company and its subsidiaries form part. The consolidated financial statements of the ultimate parent company are filed and will be available at the Malta Business Registry.

For the composition of share capital refer to Note 9.

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 31 December 2021:

- FJV Management Limited (class A director)
- Omar Koleilat (class B director)

1.2 Basis of preparation

1.2.1 Going Concern

As at 31 December 2021, the Group has a positive equity position of EUR 37,621 thousand, and current assets that exceeded its current liabilities by EUR 5,497 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 31 December 2021 which assumes that the Group will continue in operational existence for the foreseeable future.

SAVARIN P.L.C.
Notes to consolidated financial statements
As at and for the year ended 31 December 2021
In Euro thousand (TEUR) unless stated otherwise

1.2.2 Basis of consolidation

As disclosed in Note 5 to these consolidated financial statements, Savarin P.L.C acquired control in Savarin HoldCo s.r.o and Palace Savarin HoldCo s.r.o on 7 January 2021. While the transactions failed to meet the definition of a business acquisition in accordance with IFRS 3 'Business Combination' and was assessed by management to be considered as an acquisition of group of assets and liabilities, Savarin P.l.c is required to present consolidated financial statements as a parent in accordance with IFRS 10 'Consolidated Financial Statements'. Accordingly, this financial statements include the results of the subsidiaries from the date control was acquired and their assets and liabilities as at the reporting date. The comparative period presented in these consolidated financial statements relate to Savarin P.l.c as an individual undertaking. The Company separately prepares standalone financial statements of Savarin P.l.c as a company in accordance with IFRSs as adopted by the EU.

2 Significant accounting policies

2.1 Statement of compliance and basis of measurement

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”).

These 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 - Critical accounting estimates and judgments.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies set out below have been applied consistently by Group entities.

2.2 Changes in significant accounting policies

New standards are effective from 1 January 2021, but they do not have a material effect on the Group’s financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020; effective date 1 January 2021)

These amendments relate to changes to contractual cash flows, hedge accounting and disclosures as a result of the Interest Rate Benchmark Reform.

2 Summary of significant accounting policies (continued)

2.3 New standards, interpretations and amendments to published standards

The Group did not adopt any standard at earlier date. It plans to adopt at it its effective date.

Standards and interpretations that are not yet effective and are relevant for the Group’s financial statements, adopted by the EU

-
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 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 an 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.

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021)

The amendments permit a lessee to apply the practical expedient related to COVID-19 related rent concessions to rent concessions for which any reductions in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021).

Amendment to Illustrative Examples accompanying IFRS 16 Leases

The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.

2 Summary of significant accounting policies (continued)

2.3 New standards, interpretations and amendments to published standards (continued)

Standards and interpretations that are not yet effective and are relevant for the Group's financial statements, adopted by the EU (continued)

Amendments to IAS 8 – Definition of Accounting Estimate (applicable for annual periods beginning on or after 1 January 2023); adopted by the EU in March 2022

Based on the amendment, the definition of a change in accounting estimates is replaced with a new 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.

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Amendments to IAS 1 and IFRS Practice Statement 2 (applicable for the annual periods beginning on or after 1 January 2023); adopted by the EU in March 2022

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;
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information; and
- 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.

None of these amendments is expected to have significant impact on Group´s consolidated financial statements except for possible formal changes in the presentation of consolidated financial statements connected to Amendment to IAS 1 and IFRS Practice Statement 2.

2 Summary of significant accounting policies (continued)

2.3 New standards, interpretations and amendments to published standards (continued)

Standards and interpretations that are not yet effective and are relevant for the Group's financial statements, not adopted by the EU (continued)

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non - current (Effective date January 2023)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non – current.

The Group is currently assessing potential impact of this amendment to its consolidated financial statements.

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 potential impact of this amendment to its consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(Effective date postponed indefinitely)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group does not expect that the Interpretation, when initially applied, will have material impact on the financial statements for the Group.

2.4 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction cost, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within the equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The interest of non-controlling shareholders at the date of the business combination is recorded at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, which are generally at fair value.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies applied by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements

2.5 Foreign currency translation

Foreign currency transactions

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the respective functional currencies of Group entities at the exchange rate valid at the reporting date; where the functional currency is Czech crowns, at the exchange rate of the Czech National Bank; otherwise at the exchange rate of European Central Bank. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the respective functional currencies of Group entities at the foreign exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

2.5 Foreign currency translation (continued)

A summary of the main foreign exchange rates applicable for the reporting period is presented in Note 20 – Financial Risk Management.

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:

- 24.86 – Closing middle rate of exchange at 31 December 2021 for statement of financial position items
- 25.645 – Average middle rate of exchange for the year ended 31 December 2021 for statement of comprehensive income items

2.6 Significant accounting policies

Intangible assets other than goodwill

Software and other intangible assets

Software and intangible assets, other than goodwill, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (refer to Note 2 – Impairment of non-financial assets).

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date the asset is available for use.

The estimated useful lives of intangible assets are as follows:

- Software: 3 years

- Other intangible assets: 2-5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.6 Significant accounting policies (continued)

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Investment property includes assets under construction for future use as investment property.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Dual-use property is classified as investment property only if the portion of the property held for own use is insignificant. The assessment is carried out on property-by-property basis with reference to value and usable floor space.

The change in the fair value of investment property is recognized in the operating result section of the consolidated statement of comprehensive income.

External independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued 100 % of investment property amount at the period end. Results of external valuation companies were further analysed by the Group's valuation committee and based on its assessment included in these consolidated financial statements (refer to Note 4 - Critical accounting estimates and judgments).

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Leasing

The Group as a lessor

A lessor classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset. In other cases, it is an operating lease.

<u>Operating leases</u>

The Group recognises lease payments received and receivable under operating leases as income on a straight-line basis over the lease term. Incentives granted to the lessee in negotiation of a new or renewed operating lease are recognized as an integral part of the net consideration agreed for the use of the asset. They are recognized as a reduction of the rental income over the lease term on a straight- line basis.

Financial assets

On initial recognition, the Group classifies financial assets in the following measurement categories: financial assets measured at amortised cost; debt investments measured at fair value through other comprehensive income (FVOCI), equity investments measured at FVOCI based on the Group's irrevocable election; or financial assets measured at fair value through profit and loss (FVTPL). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.6 Significant accounting policies (continued)

Financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment´s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management´s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the asset;
- how the performance of the portfolio is evaluated and reported to the Group´s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group´s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ´principal´ is defined as the fair value of the financial asset on initial recognition. ´Interest´ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of the time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs) as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group´s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2.6 Significant accounting policies (continued)

Financial assets (continued)

Recognition

Trade receivables are initially recognised in the statement of financial position when they are originated. All other financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price in accordance with IFRS 15.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest rate method. The amortised cost of a financial asset or liability is the amount in which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, net of any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.The accounting policy relating to fair value measurement is disclosed in Note 3 of these consolidated financial statements.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Offsetting

Financial assets and liabilities are off set and the net amount presented in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Trade and other receivables

Trade receivables are recognised initially at the transaction price and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are stated after deducting the appropriate allowances for expected credit losses (refer to Note 2.6 Significant accounting policies - Impairment) of these consolidated financial statements.

Derivative financial instruments

The Group uses derivative financial instruments to manage its foreign exchange risk exposures.

Derivatives financial instruments are categorised as financial instruments classified as held for trading under the fair value through profit and loss category and are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss within finance income/loss.

2.6 Significant accounting policies (continued)

Cash and cash equivalents; restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks, other current highly liquid investments with original maturities of three months or less.

The Group holds restricted bank accounts containing deposit for settlement of foreign exchange swap, specified rental payments and other deposits (Note 8) and these are presented on a separate line of the financial statements.

Share capital and reserves

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Ordinary shares

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting date and before the financial statements are authorised for issue are disclosed in the Subsequent events note.

Translation reserve

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

Financial liabilities

Loans and borrowings; bonds issued

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowing costs for financing the development projects are capitalized in the costs of investment property (Note 2 – Investment property). Other borrowing costs are expensed directly to the consolidated statement of comprehensive income as incurred.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.6 Significant accounting policies (continued)

Financial liabilities (continued)

Trade payables and other liabilities

Trade payables and other liabilities are recognised initially at fair value, net of transaction costs incurred. Trade payables and other liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms or its terms are substantially modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment

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 amortisation or depreciation 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 inflows (cash-generating units).

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Significant accounting policies (continued)

Impairment (continued)

Financial assets

Staging

The Group applies simplified approach for impairment of trade and lease receivable. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of customers over a period of 36 month before each balance sheet date 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. Currently, due to a limited size of the trade receivables portfolio and its limited credit history, the loss rates are based on an expert judgment. The credit loss allowance for trade receivables is determined according to provision matrix presented in Note 7.

For other financial assets 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, if any ("Lifetime ECL"). Refer below 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 below. The ECLs are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables. The Group periodically reviews the development of major macroeconomic indicators (GDP growth, unemployment, property price index, default rates) and assesses the impact of the changes on the credit quality of receivables, e.g. in case the majority of monitored indicators shows an expectation of an economic downturn, the Group downshifts the implied credit ratings. For trade receivables, the Group generally expects forward-looking information will not have an impact on the credit quality due to generally short maturity.

Significant increase in credit risk

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis by monitoring the triggers stated below. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

Significant increase in credit risk is not assessed for financial assets whose credit risk is considered to be low, applying the low credit risk exemption for investment grade financial assets. These are mainly considered to be cash & cash equivalents and receivables from banks, since these assets represent short-term exposures towards investment grade-rated counterparties.

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

- 30 days past due;
- Significant change in external or intercompany financing costs;
- Available qualitative information, such as an assessment of the state of the underlying project of the financed entity, financial analysis and comparison of the project performance as at reporting date to the initial plan, suggests significant financial or operational difficulties of the borrower

2.6 Significant accounting policies (continued)

Impairment (continued)

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1.

Credit-impaired financial assets and Default

The Group considers a financial asset to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- 90 days past due;
- significant financial difficulty of the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be defaulted if at any point it fulfils the definition of being credit-impaired.

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an approach based on risk grades estimated by external international rating agencies (Moody's). External credit ratings are mapped on an internally defined master scale, implied by the borrowing rate and corresponding average yields of externally rated debt securities, with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corresponding ratings of external international rating agencies (Moody's)	Corresponding PD interval	Corresponding Stage
Excellent	AAA to BA1	0.01% – 0.5%	Stage 1 or 2
Good	BA2 to B1	0.51% – 3%	Stage 1 or 2
Satisfactory	B2, B3	3% – 10%	Stage 1 or 2
Special monitoring	CAA1 to CA	10% – 99.9%	Stage 1 or 2
Default	C, D	100%	Stage 3

2.6 Significant accounting policies (continued)

Impairment (continued)

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent – strong credit quality with low expected credit risk;
- Good – adequate credit quality with a moderate credit risk;
- Satisfactory – moderate credit quality with a satisfactory credit risk;
- Special monitoring – facilities that require closer monitoring and remedial management; and
- Default – facilities in which a default has occurred.

The rating models are regularly reviewed by the credit risk specialists, backtested on actual default data and updated, if necessary. Regardless of the method used, the Group regularly validates the accuracy of ratings estimates and appraises the predictive power of the models

Current and deferred income tax

Income taxes comprise current and deferred tax. Income taxes are recognised in profit or loss, except to the extent that they relate to a business combination or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period and any adjustment to tax payable in respect of previous years. The current income tax charge is calculated on the basis of the laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax, to the extent unpaid, is recognized as income tax liability. If the amount already paid for income taxes exceeds the amount due, the excess is recognised as a current asset.

Deferred income 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 consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 asset is primarily recognised from tax losses carried forward. When the utilisation of the tax loss is not probable, the deferred tax asset is not recognised. According to Czech income tax law, tax losses carried forward could be used within a maximum period of five consequent years from its origination. The Group recognised a deferred tax asset from tax losses in subsidiaries for which it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset, if a current legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.6 Significant accounting policies (continued)

Revenue recognition

Rental income from leases

Rental income from leases of plots which are to be developed and sold in the future is recognised as income on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Rental and lease income also includes tenant payments for utilities and service charges if the services have been provided. For certain operating costs, the Group qualifies as an agent under IFRS 15. The operating costs of electricity, water, heat and gas, for which the Group operates as an agent, are recognized on a net basis. The other operating costs are recognized on a gross basis.

For all investment property leases, the rental income is fixed under the contracts, but some leases require the lessee to reimburse the insurance costs of the Group. When this is the case, the amounts of insurance costs are determined annually.

Finance income and finance expense

Finance income

Finance income comprises interest income on funds invested, foreign currency gains and other finance income.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Finance expense

Finance expense comprises interest expense on loans and borrowings and bonds issued, foreign currency losses and other finance expenses.

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

Subsequent events

Post-year-end events that provide additional information about the Group's position at the reporting date (adjusting events), are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Classification of assets and liabilities

Assets and liabilities to be settled within the regular operating cycle of the Group are classified as current.

Comparative financial information

For the statement of comprehensive income, for the statement of changes in equity, for the cash flow statement and for the related disclosure tables in Notes, the comparative information includes data for the period from 3 July 2019 to 31 December 2020 disclosed in the audited financial statements of the Company as at 31 December 2020. The Group chooses this disclosure as the Group was formed only in January 2021 and the operations before 31 December 2020 were insignificant and are therefore not comparable to the current operations of the Group.

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).

<u>For valuation of investment property, which is measured at fair value, the Group uses level 3 of fair value measurement</u> 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 for measurement of fair value for Investment Property are described in Note 4.

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 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 65 725 thousand as at 31 December 2021 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 and sensitivity analysis is included in Note 6.

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 31 December 2021 was determined by the Group's management.

4 Critical accounting estimates and judgements (continued)

Investment property (continued)

Summary of projects as at 31 December 2021

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

Valuation methods

Property under development and property planned to be re-developed completely was valued with the use of 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 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) that decreases the residual value 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 11th March 2020, has and 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. The response to COVID 19 means that unprecedented set of circumstances on which to base a judgment are faced with.

Investment property description

Palace Savarin and Project Savarin are situated in the city district Prague 1 and occupies 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 shape 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 comprises partly of courts and partly of modern annexes to historical buildings form 20th century. Decision of the removal of buildings located in the inner courtyard has been already issued and subsequent demolition has been partially executed. There is a historical classicists riding hall located inside the courtyard which is culturally protected.

The existing property comprises of 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 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 cross that requires construction of the 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.

4 Critical accounting estimates and judgements (continued)

Investment property (continued)

Investment property description (continued)

The future development will provide total lettable area extending 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.

Assumption used in final management estimates

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

Rental evidence

There is 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 property Myslbek, Palladium, Slovanský Dům, Quadrio, Palác Euro – Astra, Stará Celnic, Palác Špork where rent for signed deals approximated 15.9 – 24.8 EUR 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 26 – 160 EUR 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%.

Functional currencies of different entities of the Group.

Different entities within the Group have different functional currencies, based on the underlying economic conditions of their operations. This determination, of what the specific underlying economic conditions are, requires judgement. In making this judgement, the Group evaluates among other factors, the location of activities, the sources of revenue, risks associated with activities and denomination of currencies of operations of different entities.

5 Changes in the Group structure

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:

	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)**

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).

6 Investment property

	31/12/2021	31/12/2020
<u>**Investment property – combined purpose**</u>		
Balance at 1 January	**--**	--
Additions - construction cost	1,333	--
Additions - capitalized interest (Note 16)	975	--
Additions - capitalized management fees	597	--
Additions – acquisition	127,259	--
Change in fair value	55,047	--
Translation differences	8,605	--
Balance at 31 December	**193,816**	**--**

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

Entity	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
WELWYN COMPANY, a.s.	38,663	--
Palace Savarin, s.r.o.	16,384	--
Total	**55,047**	**--**

Rental income from investment property is disclosed in Note 14 to these consolidated financial statements.

All investment property generated rental income in 2021. Direct operating expenses arising from such investment property amounted to 291 EUR thousand in 2021.

All investment property is subject of bank and bond collateral (refer to Note 10 Bonds issued, Note 11 Loans and borrowings and Note 18 Contingencies and commitments).

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

Sensitivity analysis

Sensitivity analysis – investment property – combined purpose

At 31 December 2021, an increase or decrease in future construction costs by 10% would have resulted in fair values of investment property shown in the table below. This analysis assumes that all other variables remain constant.

Construction costs as at 31/12/2021		
(10%)	0%	10%
214,184	193,816	172,908

At 31 December 2021, an increase or decrease in Allowance for Developer's margin by 10% would have resulted in fair values of investment property shown in the table below. This analysis assumes that all other variables remain constant.

6 Investment property (continued)

Sensitivity analysis (continued)

Developer's margin as at 31/12/2021		
(10%)	0%	10%
200,631	193,816	186,683

At 31 December 2021, an increase or decrease in equivalent yield by 25 bp would have resulted in fair values of investment property shown in the table below. This analysis assumes that all other variables remain constant.

Equivalent yield as at 31/12/2021		
(25) bp	0 bp	25 bp
221,097	193,816	165,485

At 31 December 2021, an increase or decrease in expected rental value by 2.50% would have resulted in fair values of investment property shown in the table below. This analysis assumes that all other variables remain constant.

In Euro thousand (TEUR) unless stated otherwise

Expected rental value as at 31/12/2021		
(2.50%)	0%	2.50%
182,245	193,816	204,848

7 Trade and other receivables; prepayments

a) Trade and other receivables

	31/12/2021	31/12/2020
Financial assets		
Trade receivables	497	9
Accrued income	328	--
Other receivables	--	91
Subtotal financial assets	**825**	**100**
Non-financial assets		
Value added tax receivables	53	--
Notarial deposits	402	--
Subtotal non-financial assets	**455**	--
Total	**1,280**	**100**
Current	1,280	100
Total	**1,280**	**100**

7 Trade and other receivables; prepayments (continued)

Trade receivables comprise trade receivables due from related parties of EUR 883 thousand (31 December 2020: EUR 100 thousand); refer also to Note 19 Related parties.

Trade receivables are shown net of impairment loss allowance of EUR 324 thousand (31 December 2020: EUR 0 thousand) and other receivables are shown net of impairment loss allowance of EUR 0 thousand (31 December 2020: EUR 1 thousand).

As at 31 December 2021, trade receivables comprise receivable due from tenant (net carrying value of EUR 185 thousand) secured by two bills of exchange in total amount of EUR 106 thousand issued by the chairman of the board of directors of the debtor.

As trade and other receivables are short-term in nature there is no significant difference between their fair value and carrying value.

Financial assets disclosed within Trade and other receivables can be analysed as follows:

31 December 2021	Gross carrying amount	Loss allowance	Expected credit loss rate
Current (not past due)	378	--	0.10%
1-30 days past due	129	(1)	1.00%
31-90 days past due	19	--	1.00%
91-180 days past due	10	(1)	5.00%
181-360 days past due	581	(290)	50.00%
More than 360 days past due	32	(32)	100.00%
Total	**1,149**	**(324)**	**28.20%**

31 December 2020	Gross carrying amount	Loss allowance	Expected credit loss rate
Current (not past due)	9	--	0.10%
1-30 days past due	--	--	1.00%
31-90 days past due	92	(1)	1.00%
91-180 days past due	--	--	5.00%
181-360 days past due	--	--	50.00%
More than 360 days past due	--	--	100.00%
Total	**101**	**(1)**	**1.00%**

b) Prepayments

	31/12/2021	31/12/2020
Advances paid	970	--
Prepaid expenses	976	202
Total	**1,946**	**202**

In Euro thousand (TEUR) unless stated otherwise

Current	1,106	202
Non-current	840	--
Total	**1,946**	**202**

Prepaid expenses include primarily prepaid legal, marketing, insurance and similar expenses. Non-current advance was paid to related party (refer also to Note 19 Related parties).

Trade receivables and prepayments are subject of bank and loan collateral (refer to Note 10 Bonds issued, Note 11 Loans and borrowings and Note 18 Contingencies and commitments).

8 Cash and cash equivalents; restricted cash

a) Cash and cash equivalents

	31/12/2021	31/12/2020
Bank accounts	4,912	--
Petty cash	--	--
Cash and cash equivalents in the statement of financial position	**4,912**	**--**

b) Restricted cash

	31/12/2021	31/12/2020
Bank accounts with restricted access – current	--	--
Bank accounts with restricted access – non – current	4,193	--
Restricted cash	**4,193**	**--**

Bank accounts with restricted access relate to deposit for settlement of foreign exchange swap and restricted bank accounts used only for coverage of the interest and repayments of principal of loans in accordance with agreements with financing banks. The sole purpose and use of the bank accounts with restricted access is specified in bond prospectus and in respective loan agreements. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was zero, as the deposits are placed at banks with an external credit rating associated with generally nil implied probability of default. For further information about analysis of credit risk refer to Note 20 Financial Risk Management.

Bank accounts and restricted cash are subject of bank collateral and bond collateral (refer to Note 10 Bonds issued, Note 11 Loans and borrowings and Note 18 Contingencies and commitments).

9 Equity

Equity as at 31 December 2020 and 31 December 2021

	31/12/2021 and 31/12/2020			
	Share	Number of shares*	Par value of shares in EUR	Share class
Savarin Holdco Limited	99.998%	49,999	49,999	A
Crestyl Finco Development Limited	0.002%	1	1	B
Total		**50,000**	**50,000**	

* fully paid

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 31 December 2021 and 31 December 2020 (number of shares at €1 each):

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

The issued shares were fully paid. Ownership interest in the Company has been pledged in favour of third parties (refer and to Note 10 Bonds issued and to Note 18 Contingencies and commitments).

In Euro thousand (TEUR) unless stated otherwise

10 Bonds issued

	31/12/2021	31/12/2020
Nominal value of bonds issued	84,001	--
Initial discount	(24,119)	--
Transaction cost related to issue of bonds	(1,786)	--
Accrued interest	4,380	--
Translation differences	3,249	--
Total	**65,725**	**--**

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 fair value of the bonds at the reporting date are disclosed in Note 3 to these consolidated financial statements.

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 31 December 2021, 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 31 December 2021 is provided in the Note 18 Contingencies and commitments. Bonds issued are secured also by foreign exchange swap whose fair value amounted to EUR (3,118) thousand as at 31 December 2021 (refer also to Note 20 Financial risk management). Foreign exchange swap is used to reduce the currency risk related to bonds issued in CZK and therefore exposed to foreign exchange fluctuations. However, the derivative financial instrument is not designated as used for hedging.

11 Loans and borrowings

	31/12/2021	31/12/2020
Bank loans and borrowings – non-current	86,884	--
Bank loans and borrowings – current	287	--
Total current and non-current bank loans and borrowings	**87,171**	**--**

As at 31 December 2021 and as at 31 December 2020, the Group undrawn bank borrowing facilities in the amount of EUR 12,367 thousand and EUR 0 thousand, respectively.

The weighted average interest rate for all loans and borrowings for the year ended 31 December 2021 was 5.85 %.

Bank loans and borrowings are secured by pledges of assets and by pledges of ownership interests in subsidiaries. Summary of pledged assets as at 31 December 2021 is provided in the Note 18 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 22 Group). Further, selected loans are secured by future receivables from lease contracts, blank bill of exchange, notarial deed and loan subordination.

As at 31 December 2021, there was no breach of bank loans covenant conditions.

11 Loans and borrowings (continued)

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.

Reconciliation of movements of liabilities to cash flows arising from financing activities for the period from 1 January to 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

	Loans and borrowings	Bonds issued	Restricted cash	Equity	Total
Balance at 1 January 2021	**--**	**--**	**--**	**(64)**	**(64)**
Changes from financing cash flows					
Drawings of loans and borrowings	16,791	--	--	--	16,791
Repayments of loans and borrowings	(17,685)	--	--	--	(17,685)
Proceeds from bonds issued	--	59,882	--	--	59,882
Change in cash held on restricted bank accounts	--	--	(3,154)	--	(3,154)
Interest paid	(1,258)	--	--	--	(1,258)
Payment of transaction cost related to issue of bonds	--	(1,584)	--	--	(1,584)
Total changes from financing cash flows	**(2,152)**	**58,298**	**(3,154)**	**--**	**52,992**
Changes arising from an acquisition of group of assets (Note 5)	**83,442**	**--**	**(1,039)**	**--**	**82,403**
The effect of changes in foreign exchange rates and translation differences	**1,150**	**3,249**	**--**	**1,375**	**5,774**
Other changes					
Interest expense	3,921	4,380	--	--	8,301
Interest recorded to investment property	975	--	--	--	975
Interest recorded to investment property – paid	(165)	--	--	--	(165)
Transaction cost for bonds issued prepaid in prior accounting period	--	(202)	--	--	(202)
Total liability-related other changes	**4,731**	**4,178**	**--**	**--**	**8,909**
Total equity-related other changes	**--**	**--**	**--**	**36,310**	**36,310**
Balance at 31 December 2021	**87,171**	**65,725**	**(4,193)**	**37,621**	**186,324**

12 Trade payables and other liabilities; advances received

a) Trade payables and other liabilities

	31/12/2021	31/12/2020
Financial liabilities		
Trade payables	960	121
Accrued expenses	222	226
Other payables	2	--
Retention payables	32	--
Subtotal financial liabilities	**1,216**	**347**
Non-financial liabilities		
VAT payables	--	19
Other tax payables	--	--
Subtotal non-financial liabilities	**--**	**19**
Current	1,216	366
Non-current	--	--
Total	**1,216**	**366**

Trade payables are generally to be settled within one year. Trade payables comprise trade payables due to related parties of EUR 461 thousand (2020: EUR 79 thousand); refer also to Note 19 Related parties.

b) Deferred income

	31/12/2021	31/12/2020
Other advances received (1)	678	--
Total	**678**	**--**
Current	298	--
Non-current	380	--
Total	**678**	**--**

1) Other advances received relate mainly to rentals.

Advances received comprise advances received from related parties of EUR 14 thousand (2020: EUR 0 thousand); refer also to Note 19 Related parties.

In Euro thousand (TEUR) unless stated otherwise

13 Deferred tax liability

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

The recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Investment property	--	--	(10,792)	--	(10,792)	--
Trade and other receivables	26	--	--	--	26	--
Loans and borrowings	--	--	(284)	--	(284)	--
Tax losses carried-forward	418	--	--	--	418	--
Tax assets / (liabilities)	**444**	**--**	**(11,076)**	**--**	**(10,632)**	**--**
Set-off of tax	(444)	--	444	--	--	--
Net tax assets / (liabilities)	**--**	**--**	**(10,632)**	**--**	**(10,632)**	**--**

The deferred taxes from non-current assets and other items in the table above are expected to reverse more than twelve months after the end of the reporting period.

Movements in temporary differences during the period were as follows:

	Balance at	Recognized in profit or loss	Translation differences	Balance at
	31/12/2020	(Note 17)		31/12/2021
Investment property	--	(10,459)	(333)	(10,792)
Trade and other receivables	--	25	1	26
Loans and borrowings	--	(275)	(9)	(284)
Tax losses carried-forward	--	405	13	418
Total	**--**	**(10,304)**	**(328)**	**(10,632)**

The unrecognized deferred tax assets are attributable to the following:

	31/12/2021	31/12/2020
Impairment of trade and other receivables	30	--
Tax losses carried forward	180	--
Unrecognized deferred tax assets	**210**	**--**

A deferred tax asset from tax losses arising in certain subsidiaries was not recognized due to uncertainty of its utilisation in the future as under Czech tax law there is no ability to transfer tax losses between companies within a Group.

Specification of unrecognized deferred tax assets (DTA) resulting from tax losses carried-forward:

31/12/2021	Losses expire in year	Amount of tax loss	Percentage income tax %	Unrecognised DTA 31/12/2021
Year 2019	2024	1	19.00%	--
Year 2020	2025	591	19.00%	112
Year 2021	2026	359	19.00%	68
Total		**951**		**180**

In Euro thousand (TEUR) unless stated otherwise

14 Revenues and other operating income

a) Revenues

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Rental revenues	1,964	--
Total revenue	**1,964**	**--**
Other operating income	40	67

Revenues of the Group are generated in the Czech Republic.

In the period ended 31 December 2021, rental revenues were generated by investment property of WELWYN COMPANY, a.s. and Palace Savarin, s.r.o.

Rental income from leases is billed monthly and amount is due at 14th day of the months, at latest.

Revenues related to tenant payments for utilities and service charges are calculated on the basis of costs incurred and correspond to contractually agreed transaction price. Advance payments are due on 14th day of the month, at latest. Revenues are recognized related to the time period over the month. In the subsequent year, the advance payments made for operating costs are offset against actually incurred values.

Undiscounted lease payments to be received can be summarized as follows:

	2022	2023
Undiscounted lease payments	2,062	1,104

Investment property of WELWYN COMPANY, a.s. and Palace Savarin, s.r.o. that generated rental income in 2021 is planned to be completely redeveloped in 2022 – 2025. Most of the currently leased premises will be demolished and replaced by new premises. Therefore, most leasing contracts expire in 2022 and 2023 or, for contracts including termination notice, it is expected that contracts will be terminated in 2022 and 2023.

The Group operates in one operating and geographical segment.

b) Contract assets, contract liabilities and performance obligation

The Group does not have any material contract assets, contract liabilities and performance obligation as at 31 December 2021 and 31 December 2020.

15 Other operating expenses

Expense by nature:

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Professional services	808	147
Management fees	800	--
Utilities and exploration expenses	277	--
Audit and consulting fees	80	10
Other taxes	98	19
Repairs and maintenance	68	--
Office expenses and other miscellaneous items	5	1
Depreciation and amortization	2	--
Other expenses	99	2
Total	**2,237**	**179**

Other operating expenses comprise expenses related to services provided by related parties of EUR 1,789 thousand (2020: EUR 0 thousand); refer also to Note 19 Related parties.

15 Other operating expenses (continued)

Auditors' fees billed broken down by type of service:

Auditor	Period	Services	Amount
PricewaterhouseCoopers	1/1/2021-31/12/2021	Audit of annual reports	12
PricewaterhouseCoopers	1/1/2021-31/12/2021	Other assurance services	--
PricewaterhouseCoopers	1/1/2021-31/12/2021	Tax consultancy	--
PricewaterhouseCoopers	1/1/2021-31/12/2021	Other non-audit services	--
Total			**12**

In Euro thousand (TEUR) unless stated otherwise

16 Interest and other finance income and expense

a) Interest and other finance income

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Interest received	10	--
Foreign exchange gains	3,833	--
Total	**3,843**	**--**

b) Interest and other finance expense

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Interest on bank loans and bonds issued	9,276	--
Less: Interest from borrowings capitalized (Notes 6)	(975)	--
Interest expense charged to profit or loss	**8,301**	**--**

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Interest expense charged to profit or loss	8,301	--
Foreign exchange losses	180	--
Change in fair value of derivates - losses	3,118	--
Other finance expenses	183	--
Total	**11,782**	**--**

Interest expenses directly attributable to the acquisition, construction or production of investment property are capitalised (Note 6). In the period ended 31 December 2021, 10.5 %, of interest from loans and borrowings was capitalised (in the period from 3 July 2019 to 31 December 2020: 0.0%).

17 Income tax expense

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Current tax expense	--	--
Deferred tax expense (Note 13)	(10,304)	--
Total income tax income / (expense)	**(10,304)**	**--**

17 Income tax expense (continued)

Reconciliation of effective tax rate:

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Profit / (Loss) before tax	46,614	(114)
Domestic tax rates applicable to profits of the parent company	35%	35%
Domestic tax rate applicable to profits of other consolidated Czech entities	19%	n/a
Income tax using the entities' domestic rate	**(8,005)**	**40**
Tax-exempt income	6,433	--
Tax non-deductible expenses	(8,776)	(40)
Change in unrecognised deferred tax asset from tax losses	78	--
Change in unrecognised deferred tax asset from other items	(34)	--
Tax expense	**(10,304)**	**--**

18 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 16,611 thousand represents future construction and service costs as at 31 December 2021. These costs stemmed from the contracts which were concluded with construction, legal and service companies.

In Euro thousand (TEUR) unless stated otherwise

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 31 December 2021 is provided in the table below.

As at 31/12/2021	Before eliminations	Eliminations	After eliminations
Investment property	193,816	--	193,816
Other intangible assets	14	--	14
Provided loans non-current	84,294	(84,294)	--
Restricted cash non-current	4,193	--	4,193
Prepayments non-current	840	--	840
Trade and other receivables current	1,667	(387)	1,280
Prepayments current	1,106	--	1,106
Cash and cash equivalents	4,912	--	4,912
Total pledged assets	**290,842**	**(84,681)**	**206,161**

The Group considers pledged all assets of companies in the Group whose shares are pledged (refer to Note 22 Group). Therefore, amounts before and after consolidation eliminations are provided.

19 Related parties

The Directors of the Company and their close family members are treated as related parties.

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 Ltd. 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. For the composition of Group shareholders refer to Notes 1 and 9.

The ultimate parent prepares consolidated financial statements of the Group, of which the Company and its subsidiaries form part. These consolidated financial statements are filed and will be available for public inspection at the Malta Business Registry.

Related-party transactions are carried out on terms equivalent to those that prevail in arm’s length transactions.

The following transactions were carried out with related parties (transactions and balances with related parties do not include intra-group balances and transactions eliminated in preparing the consolidated financial statements:

19.1 Purchase of goods and services; other acquisitions

Services are usually negotiated with related parties using price lists applicable for non-related parties.

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Other operating expenses		
Related party under control of the same ultimate parent company	1,759	--
Director	30	--
Subtotal other operating expenses	**1,789**	**--**
Other acquisitions		
Related party under significant influence of the same ultimate parent company as at the date of the transaction (1)	51,157	--
Subtotal other acquisitions	**51,157**	**--**
Total	**52,946**	**--**

(1) For description of acquisition of investment in subsidiaries and loans assigned refer to Note 5 Changes in the Group structure.

19.2 Sales of goods and services

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Rental income		
Related party under control of the same ultimate parent company	2	--
Subtotal rental income	**2**	**--**
Other operating income		
Indirect parent under control of the same ultimate parent company	--	58

In Euro thousand (TEUR) unless stated otherwise

Other related party	--	9
Subtotal other operating income	**--**	**67**
Total	**2**	**67**

19 Related parties (continued)

19.3 Receivables from and payables to related parties

	31/12/2021	31/12/2020
Trade and other receivables		
Director	--	91
Other related party	--	9
Subtotal trade and other receivables	**--**	**100**
Prepayments		
Related party under control of the same ultimate parent company	840	--
Director	43	
Subtotal prepayments	**883**	**--**
Total	**883**	**100**

	31/12/2021	31/12/2020
Trade payables and other liabilities		
Related party under control of the same ultimate parent company	459	--
Indirect parent under control of the same ultimate parent company	2	
Director	--	79
Subtotal trade payables and other liabilities	**461**	**79**
Advances received		
Related party under control of the same ultimate parent company	14	--
Subtotal advances received	**14**	**--**
Total	**475**	**79**

Trade payables to the related parties are interest free and have a maturity less than 3-month-period.

Director's remuneration

Director's fees incurred by the parent and its subsidiaries during the period ended 31 December 2021 amounted to EUR 9 thousand (for the period from 3 July 2019 to 31 December 2020: EUR 6 thousand).

20 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function, being monitored by the financial director, are to establish risk limits, and then ensure that exposure to risks stays within these limits. Financial instruments are only used to mitigate the below mentioned risks and are not held for trading/speculation purposes.

This section provides details of the Group's exposure to financial and operational risks and the way the Group manages such risks.

The financial assets and liabilities could be summarized as follows:

As at	**31/12/2021**	**31/12/2020**
In thousands of EUR		
Financial assets measured at amortised cost		
Cash and cash equivalents	4,912	--
Restricted cash	4,193	--
Trade and other receivables	825	100
Total	**9,930**	**100**
Financial liabilities measured at amortised cost		
Bank loans and borrowings	(87,171)	--
Bonds issued	(65,725)	--
Trade payables and other liabilities	(1,216)	(347)
Total	**(154,112)**	**(347)**
Financial liabilities measured at FVTPL		
Derivative financial instruments	(3,118)	--
Total	**(3,118)**	**--**

20 Financial Risk Management (continued)

20.1 Currency risk

Foreign currency exchange risk is limited and arises from recognised monetary assets and liabilities.

The Group uses foreign exchange swaps for risk management purposes to reduce the risk of debt exposed to foreign exchange fluctuations. The Group does not use foreign exchange derivatives for speculative purposes. The derivative financial instrument is not designated as used for hedging.

The functional currencies for the Group companies are primarily CZK and EUR. Presentation currency of the Group is EUR (refer also to Note 2.5 Foreign currency translation).

Exposure to currency risk includes both potential effect on profit or loss resulting from retranslation of financial asset and liabilities denominated in other than functional currency of the respective company within the Group to its functional currency and potential effect on other comprehensive income resulting from translation of financial assets and liabilities to presentation currency that differs from functional currency of the respective company.

As of 31 December 2021, the exposure to currency risk was as follows:

As at 31/12/2021	**EUR**	**CZK**
In thousands of EUR		
Financial assets measured at amortised cost		
Cash and cash equivalents	3,392	1,520
Restricted cash	124	4,069
Trade and other receivables	430	395
Total	**3,946**	**5,984**
Financial liabilities measured at amortised cost		

Bank loans and borrowings	(69,473)	(17,698)
Bonds issued	--	(65,725)
Trade payables and other liabilities	(255)	(961)
Total	**(69,728)**	**(84,384)**
Net statement of financial position exposure	**(65,782)**	**(78,400)**
Financial assets liabilities measured at FVTPL		
Derivative financial instruments (nominal amounts)	(53,500)	58,084
Total	**(53,500)**	**58,084**
Net exposure	**(119,282)**	**(20,316)**

20 Financial Risk Management (continued)

20.1 Currency risk (continued)

As of 31 December 2020, the exposure to currency risk was as follows:

As at 31/12/2020	**EUR**	**CZK**
In thousands of EUR		
Financial assets measured at amortised cost		
Trade and other receivables	93	7
Total	**93**	**7**
Financial liabilities measured at amortised cost		
Trade payables and other liabilities	(340)	(7)
Total	**(340)**	**(7)**
Net exposure	**(247)**	**--**

The following significant exchange rates applied during the period:

	Average rate		**Reporting date spot rate**	
EUR	**For the year ended 31 December 2021**	**For the period from 3 July 2019 to 31 December 2020**	**31/12/2021**	**31/12/2020**
CZK 100	3.90	3.78	4.02	3.81

Sensitivity analysis

A strengthening / (weakening) of the Czech crown, as indicated below, against the EUR at the reporting date would have increased / (decreased) the equity by the amounts shown in the following table. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably likely at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2021	**31 December 2020**
Net position of financial assets and liabilities denominated in CZK	(20,316)	--
Effect on profit or loss and on equity of:		
EUR strengthening by 5%	1,016	--
EUR weakening by 5%	(1,016)	--

20.2 Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise.

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments was as follows.

As at	**31/12/2021**	**31/12/2020**
In thousands of EUR		
Fixed rate instruments		
Bonds issued	(65,725)	--
Total	**(65,725)**	**--**
Variable rate instruments		
Bank loans received	(87,171)	--
Total	**(87,171)**	**--**

The interest rate sensitivity, measured as a theoretical impact of a parallel shift in yield curve by 100 basis points on the fair values and cash flows, is shown below

Interest rate sensitivity	**31/12/2021**		**31/12/2020**	
	+100 bps	-100 bps	+100 bps	-100 bps
Fair value sensitivity				
Fixed rate instruments	(657)	657	--	--
Cash flow sensitivity				
Variable rate instruments	(872)	872	--	--

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate any derivatives as hedging instruments under a fair value hedge accounting model.

Cash flow sensitivity analysis for variable rate instruments

This calculation includes instruments with a floating interest rate. For the following financial instruments, the impact of a change in interest rates on interest income/expenses from the instruments is calculated:

- Bank loans bearing variable interest rate based on EURIBOR (bank loans denominated in EUR) or on PRIBOR (bank loans denominated in CZK)

20.3 Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group Financial department aims to maintain flexibility in funding by keeping committed credit lines available so that financial liabilities can be settled when they fall due. Management monitors monthly rolling forecasts of the Group's cash flows.

The table set out on below shows liabilities 31 December 2021 at 31 December 2020 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date.

As disclosed in Notes 10 and 11, bonds issued and bank loans are fully secured. Bonds issued and bank loans provided to the Group contain covenants.

	Contractual cash flows				
31/12/2021	**On demand and less than 1 month**	**From 1 to 12 months**	**From 1 to 5 years**	**In more than 5 years**	**Total**
Bank loans and borrowings	--	287	86,884	--	87,171
Bonds issued	--	--	88,495	--	88,495
Trade and other payables	1,216	--	--	--	1,216
Derivative financial instruments	--	--	3,118	--	3,118
Total Current and Non-current financial liabilities	**1,216**	**287**	**178,497**	**--**	**180,000**

	Contractual cash flows (excluding interest)				
As at 31/12/2020	**On demand and less than 1 month**	**From 1 to 12 months**	**From 1 to 5 years**	**In more than 5 years**	**Total**
Trade and other payables	121	226	--	--	347
Total Current and Non-current financial liabilities	**121**	**226**	**--**	**--**	**347**

20.4 Credit risk

Generally, credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. However, credit risk is managed on a group wide basis. The Group has policies in place to ensure that sales and rental contracts are made with customers with an appropriate credit history and that credit risk on sales is mitigated through advances received from customers. Bank transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

Credit risk is mitigated due to the fact, that the Group cooperates primarily with banks and financial institutions with a minimum rating of BAA3, based on Moody's ratings or with privately owned Czech banks that are under the supervision of the Czech National Bank.

Ageing structure of trade receivables and securities received for trade receivables are shown in Note 7.

The Group used investment property (Note 6) and bank accounts (Note 8) as collateral to third party banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

As at	**31/12/2021**	**31/12/2020**
In thousands of EUR		
Financial assets measured at amortised cost		
Cash and cash equivalents	4,912	--
Restricted cash	4,193	--
Trade and other receivables	825	100
Total	**9,930**	**100**

Impairment losses on financial assets were as follows:

As at	**31/12/2021**	**31/12/2020**
In thousands of EUR		
Impairment loss on trade and other receivables	(324)	(1)
Total	**(324)**	**(1)**

Impairment losses on financial assets charged to profit or loss of the current year were as follows:

	For the year ended	**For the period**

In thousands of EUR	31 December 2021	from 3 July 2019 to 31 December 2020
Impairment loss charges on trade and other receivables	(261)	(1)
Total	**(261)**	**(1)**

20.4 Credit risk (continued)

Credit risk by type of counterparty could be summarized as follows:

As at 31/12/2021	Corporate (non-financial institutions)	Banks and financial institutions	Individuals	Other	Total
Cash and cash equivalents	--	4,912	--	--	4,912
Restricted cash	--	4,193	--	--	4,193
Trade and other receivables	825	--	--	--	825
Total	**825**	**9,105**	**--**	**--**	**9,930**

Credit risk by type of counterparty could be summarized as follows:

As at 31/12/2020	Corporate (non-financial institutions)	Banks and financial institutions	Individuals	Other	Total
Trade and other receivables	100	--	--	--	**100**
Total	**100**	**--**	**--**	**--**	**100**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	For the period from 1 January to 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Opening balance	**(1)**	**--**
Amounts written off	9	--
Net remeasurement of loss allowance	(271)	(1)
Acquired through acquisition of group of assets and liabilities	(60)	--
Translation differences	(1)	--
Closing balance	**(324)**	**(1)**

20.5 Derivative financial instruments

As at 31 December 2021, the Group disclosed foreign exchange swap for risk management purposes to reduce the risk of debt exposed to exchange rates fluctuations related to bonds issued in CZK (refer also to Note 10 Bonds issued). The foreign exchange swap is recorded at fair value through profit or loss and is not designated as hedging instrument.

As at 31/12/2021	Nominal value	Currency	Maturity	Fair value at 31/12/2021 (TEUR)	Due within 1 year (TEUR)	Due in 1–5 years (TEUR)
Foreign exchange swap	53,500,000	EUR				
Foreign exchange swap	1,443,965,000	CZK				
Foreign exchange swap			09/01/2026	**(3,118)**	**--**	**(3,118)**
Financial instruments - derivatives - total				**(3,118)**	**--**	**(3,118)**

In Euro thousand (TEUR) unless stated otherwise

20.6 Offsetting financial assets and financial liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2021:

	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				Financial instruments	Cash collateral	
ASSETS						
Cash settled with financial liabilities (Note 8)	4,912	--	4,912	--	(4,912)	--
Restricted cash settled with financial liabilities (Note 8)	4,193	--	4,193	--	(4,193)	--
Other financial assets (Note 7)	825	--	825	(825)	--	--
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**9 930**	**--**	**9,930**	**(825)**	**(9,105)**	**--**
LIABILITIES						
Bank loans (Note 11)	(86,884)	--	(86,884)	825	4,221	(81,838)
Bonds issued (Note 10)	(65,725)	--	(65,725)	--	1,766	(63,959)
Derivative financial instruments (Note 20)	(3,118)	--	(3,118)	--	3,118	--
Other financial liabilities (Note 12)	(1,216)	--	(1,216)	--	--	(1,216)
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**(156,943)**	**--**	**(156,943)**	**825**	**9,105**	**(147,013)**

The Group has pledged financial instruments as collateral against bank loans and borrowings and bonds issued. Refer to Note 10 Bonds issued, Note 11 Loans and borrowings and Note 18 Contingencies and commitments for further information on financial and non-financial collateral pledged as security against borrowings and bonds.

21 Management of capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or reduce / extend additional drawings of shareholders' debt . The Group manages equity as a capital.

Consistent with others in the industry, the Group is trying to achieve maximum return on equity for its shareholders. Therefore, by investing in projects with embedded IRR higher than the bank loan interest rate, the Group is trying to minimize the equity needed for such project. The capital management is interconnected with management of liquidity.

As is typical for the industry, the Group monitors capital on the basis of loan to value (LTV). LTV describes the ratio of net debt to the fair value of investment property. Net debt is calculated by deducting cash and cash equivalents from financing liabilities. Capital of the Group comprise of net debt and equity.

In Euro thousand (TEUR) unless stated otherwise

The Group did not have any externally imposed capital requirements throughout the six months ended 30 June 2021 and in the comparative period.

22 Group entities

As at 31 December 2021 the following entities were included in the consolidated financial statements:

	Effective ownership (%)		Consolidation method		Profile
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	
Savarin P.L.C. (1)	n/a	n/a	Full	--	Parent company
Savarin HoldCo, s.r.o. (1)+(2)	100	--	Full	--	Holding company
Palace Savarin HoldCo, s.r.o. (1)+(2)	100	--	Full	--	Holding company
WELWYN COMPANY, a.s. (1)+(2)	100	--	Full	--	Investment property project
Palace Savarin, s.r.o. (1)+(2)	100	--	Full	--	Investment property project

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

23 COVID-19

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 into all continents during Q1 2020. In terms of 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 schools shutdown, retail lockdown with limited exceptions and people movement restrictions. These measures continued during 2021 and 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 as much as possible impact on the economy. As at the date of preparation of these financial statements, the Czech Republic has significantly recovered and it is expected that almost all measures will be released by the end of March 2022.

The COVID-19 vaccination in the Czech Republic started in December 2020 and as at date of preparation of these financial statements it has been reported 64% of fully vaccinated population.

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

24 Subsequent events

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 Group management considers this as non - adjusting subsequent event. 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. Business risks, including the adverse effects of economic sanctions on Russia, business disruptions (including supply chains), increased cyber - attacks, the risk of breaches of legal and regulatory rules and other factors are difficult to assess, and their overall impact and potential effects are currently unknown.

Savarin P.L.C.
Separate Financial Statements
31 December 2021

Company Registration Number: C 92435

Savarin P.L.C.

As at 31 December 2021

Savarin P.L.C.

Separate Statement of Financial Position

As at 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

	Note	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Investments in subsidiaries	5	355	--
Loans receivable	6	58,006	--
Restricted cash	7	3,802	--
Total non-current assets		**62,163**	**--**
CURRENT ASSETS			
Other current receivables		--	100
Prepayments		13	202
Cash and cash equivalents	7	1,082	--
Total current assets		**1,095**	**302**
Total assets		**63,258**	**302**
EQUITY			
Share capital	8	50	50

Accumulated losses	8	(5,707)	(114)
Total equity		**(5,657)**	**(64)**
NON-CURRENT LIABILITIES			
Bonds issued	9	65,725	--
Financial instruments - derivatives	15	3,118	--
Total non-current liabilities		**68,843**	**--**
CURRENT LIABILITIES			
Trade payables and other liabilities	10	72	366
Total current liabilities		**72**	**366**
Total liabilities		**68,915**	**366**
Total equity and liabilities		**63,258**	**302**

The accompanying notes are an integral part of these separate financial statements.

The separate financial statements on pages 3 to 42 were approved and authorised for issue by the Board of Directors on 29 April 2022 and signed on its behalf by:

Kurt Risiott
for and on behalf of
FJV Management Limited
Director

Omar Koleilat
Director

Savarin P.L.C.

Separate Statement of Financial Position

As at 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

	Note	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Operating expense	11	(1,155)	(179)
Other income	12	--	67
Impairment of loans and receivables	6	(1,172)	(1)
Impairment of other assets		1	(1)
Operating result		**(2,326)**	**(114)**
Finance income	13	4,413	--
Finance expense	13	(7,678)	--
Net finance result		**(3,265)**	**--**
Loss before taxation		**(5,591)**	**(114)**
Income tax expense	14	**(2)**	--
Loss for the year/period		**(5,593)**	**(114)**
Total comprehensive loss for the year/period		**(5,593)**	**(114)**

The accompanying notes are an integral part of these separate financial statements.

Savarin P.L.C.

Separate Statement of Changes in Equity

For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

	Note	Share capital	Accumulated losses	Total equity
Balance as at 3 July 2019		3	--	**3**
Loss for the period		--	(114)	**(114)**
Total comprehensive loss for the period		**--**	**(114)**	**(114)**
Transactions with owners, recognised directly in equity				
Issue of share capital		47	--	**47**
Total transactions with owners		**47**	**--**	**47**
Balance at 31 December 2020	**8**	**50**	**(114)**	**(64)**

The accompanying notes are an integral part of these separate financial statements.

Savarin P.L.C.

Separate Statement of Changes in Equity

For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

	Note	Share capital	Accumulated losses	Total equity
Balance at 31 December 2020		50	(114)	**(64)**
Loss for the year		--	(5,593)	**(5,593)**
Total comprehensive loss for the year		**--**	**(5,593)**	**(5,593)**
Balance at 31 December 2021	**8**	**50**	**(5,707)**	**(5,657)**

The accompanying notes are an integral part of these separate financial statements.

Savarin P.L.C.

Separate Statement of Cash Flows

For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

	Note	For the year ended 31 December 2021 TEUR	For the period from 3 July 2019 to 31 December 2020 TEUR
Cash flows from operating activities			
Loss for the period		(5,593)	(114)
Impairment loss on other receivables		(1)	1
(Reversal of) Impairment loss on provided loans	6	1,173	--
(Reversal of) Impairment loss on other assets		(1)	1
Interest income	13	(4,403)	--
Interest expense	13	4,380	--
Change in fair value of derivatives	13	3,118	--
Foreign exchange translation differences	13	439	--
		(888)	**(112)**
Changes in:			
Decrease/(increase) in trade and other receivables		89	(254)
Increase/(decrease) in trade and other payables	10	(294)	366
		(205)	**112**
Net cash flows used in operating activities		**(1,093)**	**--**
Acquisition of financial investments in subsidiaries	5	(2)	--
Loans acquired through assignment	6	(51,155)	--
Loans provided	5,6	(1,164)	--
Net cash flows used in investing activities		**(52,321)**	**--**
Cash flows from financing activities			
Bonds issued	9	59,882	--
Change in cash held on restricted bank accounts	7	(3,802)	--
Payment of transaction cost related to issue of bonds		(1,584)	--
Net cash generated from financing activities		**54,496**	**--**
Movements in cash and cash equivalents		**1,082**	**--**
Cash and cash equivalents at the beginning of the period	7	**--**	**--**
Cash and cash equivalents at the end of the period		**1,082**	**--**

The accompanying notes are an integral part of these separate financial statements.

In Euro thousand (TEUR) unless stated otherwise

1 Reporting entity

Savarin P.L.C. (the “Company”) is a limited liability company domiciled and incorporated on 03 July 2019 and domiciled in Malta in terms of the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta). The Company’s principal activity is to hold investments in subsidiary companies for capital growth and income generation. The Company’s activities are governed by the provisions of Maltese law.

The address of its registered office is B2, Industry Street, Zone 5, Central Business District, Qormi CBD 5030, Malta.

Ownership structure as at	31/12/2021	Class of shares	Number of shares as at 31/12/2021
Savarin Holdco Limited	99.998%	A	49,999
Crestyl Finco Development Limited	0.002%	B	1
			50,000

Ultimate parent and ultimate controlling party is Cali Global Investments Limited. No members of the board of Savarin P.L.C. are direct owners of Savarin P.L.C. Savarin P.L.C. is indirectly owned by discretionary trusts and hence Mr. Francis J. Vassallo, Ms. Adriana Camilleri Vassallo, Dr. Ruth Agius Scicluna Buttigieg, Dr. Kurt Risiott, Mr. Karl Buttigieg as directors of FJV Management Ltd as corporate director of Savarin P.L.C. and Mr. Omar Koleilat as director of Savarin P.L.C. have been disclosed as controlling parties of Savarin P.L.C..

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.

Both the ultimate parent Cali Global Investments and the intermediate company Crestyl Holding Limited prepare consolidated financial statements of the Group, of which the Company and its subsidiaries form part. The consolidated financial statements of the ultimate parent company are filed and will be available at the Malta Business Registry.

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 a minimum of 1 Class A director and 1 Class B director.

Directors of the Company as at 31 December 2021:
- FJV Management Limited (class A director)
- Omar Koleilat (class B director)

2 Basis of preparation

2.1 Statement of compliance

The separate financial statements (the “financial statements”) have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU. All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the “Act”). In accordance with the requirements of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the “Act”) the separate financial statements were prepared for the year ended 31 December 2021, with comparative information for the period from 3 July 2019 (date of incorporation) to 31 December 2020.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies (for further information refer to Note 2.4 Use of estimates and judgements).

2.1.1 Going concern

In 2021, the Company sustained a loss amounting to EUR (5,593) thousand (during the comparative period ended 31 December 2020: loss amounting to EUR (114) thousand). As at 31 December 2021, the Company has a negative equity position of EUR (5,657) thousand (as at 31 December 2020: negative equity position of EUR (64) thousand). As at 31 December 2021, current assets of the Company exceed its current liabilities by EUR 1,023 thousand.

The Company is to hold investments in subsidiary companies for capital growth and income generations. Therefore, in carrying out the going concern assessment, management took note of the development of the whole Savarin P.L.C. group including its direct and indirect subsidiaries. As at 31 December 2021, Savarin P.L.C. group has a positive equity position of EUR 37,621 thousand, and current assets that exceeded its current liabilities by EUR 5,497 thousand.

In preparing these separate 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 separate financial statements. Taking cognisance of this undertaking, the directors consider it appropriate to prepare the separate financial statements on a going concern basis.

2.2 Basis of measurement

These separate financial statements have been prepared under the historical cost convention, i.e. assets and liabilities are measured at historical cost, except for derivatives, that are measured at fair value.

2.3 Functional and presentation currency

These separate financial statements are presented in thousands of Euro (EUR), which is the Company’s functional currency.

2 Basis of preparation (continued)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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. In the opinion of the directors of the Company, the accounting estimates and judgments made in the course of preparing these separate financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of their requirements of IAS 1 (revised).

3 Significant accounting policies

The Company has applied consistently the accounting policies to all periods presented in these separate financial statements.

3.1 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. As at the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate valid at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the foreign exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

3.2 Investment in subsidiaries

Investments in subsidiaries are stated in the separate financial statements at cost less any accumulated impairment losses.

Contributions advanced by the Company to its subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are treated as an extension to the Company's net investment and included as part of the carrying amount to the investment.

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Company having power over an investee.

3 Significant accounting policies (continued)

3.3 Financial assets

3.3.1 Initial recognition and measurement

The Company initially recognizes financial assets on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified at amortized cost.

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3.2 Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as financial assets at amortized cost (debt instruments).

This category 'Financial assets at amortized cost' is the most relevant to the Company. The Company's financial assets at amortized cost includes other receivables and loans receivable.

3.3.2 Classification and subsequent measurement (continued)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

3.3.3 Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3.3.4 Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3 Significant accounting policies (continued)

3.3.5 Loans receivable

Loans are primarily represented by loan contracts with related parties, which are held in the business model to collect contractual cash flows for solely payments of principal and interest (SPPI) criterion. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, provided loans are measured at amortized cost using the effective interest method, less any impairment losses.

Finance charges, including premiums receivable on settlement or redemption and direct issue costs, are recognized in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the loan provided.

The Company classifies any part of long-term loans that is due within one year from the reporting date, as current.

3.4 Financial liabilities

Non-derivative financial liabilities comprise bonds issued and trade and other payables.

Financial liabilities are initially recognized on the date that they are originated. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the contractual cash flows of the financial liability.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognized in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the financial liabilities.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.5 Derivative financial instruments

The Company uses derivative financial instruments to manage its foreign exchange risk exposures.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss within finance income/loss.

3.6 Cash and cash equivalents; restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks, other current highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the consolidated statement of financial position.

The Company holds restricted bank account containing deposit for settlement of foreign exchange swap (Note 7) and this account is presented on a separate line of the separate financial statements.

3 Significant accounting policies (continued)

3.7 Equity

3.7.1 **Share capital and reserves**

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Ordinary shares

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

Other reserves

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation. These reserves can be used only for the purposes approved by the annual general meeting of shareholders.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting date and before the financial statements are authorised for issue are disclosed in the Subsequent events note.

3.8 Impairment

3.8.1 Financial assets

Staging

The Company applies simplified approach for impairment of trade receivable. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of customers over a period of 36 month before each balance sheet date 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. Currently, due to a limited size of the trade receivables portfolio and its limited credit history, the loss rates are based on an expert judgment.

3 Significant accounting policies (continued)

3.8 Impairment (continued)

For other financial assets the Company 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 Company 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, if any ("Lifetime ECL"). Refer below for a description of how the Company determines when a SICR has occurred. If the Company 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 Company's definition of credit-impaired assets and definition of default is explained below. The ECLs are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables. The Company periodically reviews the development of major macroeconomic indicators (GDP growth, unemployment, property price index, default rates) and assesses the impact of the changes on the credit quality of receivables, e.g. in case the majority of monitored indicators shows an expectation of an economic downturn, the Company downshifts the implied credit ratings. For trade receivables, the Company generally expects forward-looking information will not have an impact on the credit quality due to generally short maturity.

Significant increase in credit risk

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis by monitoring the triggers stated below. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

Significant increase in credit risk is not assessed for financial assets whose credit risk is considered to be low, applying the low credit risk exemption for investment grade financial assets. These are mainly considered to be cash & cash equivalents and receivables from banks, since these assets represent short-term exposures towards investment grade-rated counterparties.

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

- 30 days past due;
- Significant change in external or intercompany financing costs;
- Available qualitative information, such as an assessment of the state of the underlying project of the financed entity, financial analysis and comparison of the project performance as at reporting date to the initial plan, suggests significant financial or operational difficulties of the borrower

3 Significant accounting policies (continued)

3.8 Impairment (continued)

The level of ECL that is recognised in these separate financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1.

Credit-impaired financial assets and Default

The Company considers a financial asset to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- 90 days past due;
- significant financial difficulty of the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Company considers a financial asset to be defaulted if at any point it fulfils the definition of being credit-impaired.

3 Significant accounting policies (continued)

3.8 Impairment (continued)

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies an approach based on risk grades estimated by external international rating agencies (Moody's). External credit ratings are mapped on an internally defined master scale, implied by the borrowing rate and corresponding average yields of externally rated debt securities, with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corresponding ratings of external international rating agencies (Moody's)	Corresponding PD interval	Corresponding Stage
Excellent	AAA to BA1	0.01% – 0.5%	Stage 1 or 2
Good	BA2 to B1	0.51% – 3%	Stage 1 or 2
Satisfactory	B2, B3	3% – 10%	Stage 1 or 2
Special monitoring	CAA1 to CA	10% – 99.9%	Stage 1 or 2
Default	C, D	100%	Stage 3

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent – strong credit quality with low expected credit risk;

- Good – adequate credit quality with a moderate credit risk;
- Satisfactory – moderate credit quality with a satisfactory credit risk;
- Special monitoring – facilities that require closer monitoring and remedial management; and
- Default – facilities in which a default has occurred.

The rating models are regularly reviewed by the credit risk specialists, backtested on actual default data and updated, if necessary. Regardless of the method used, the Company regularly validates the accuracy of ratings estimates and appraises the predictive power of the models

3 Significant accounting policies (continued)

3.8.2 Investments in subsidiaries

At each reporting date, the Company reviews the carrying amounts of its investments in subsidiaries to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated.

The recoverable amount of an investment in subsidiary is estimated based on its fair value less costs to sell.

For the asset-based subsidiaries the fair value is determined using the adjusted net asset method by reference to the Company's current share on consolidated net equity of the subgroups of subsidiaries as at the reporting date, adjusted for the fair value of the underlying property not carried at fair value. The assets of the asset-based subgroups are primarily composed of the investment property measured at fair value using the residual analysis method.

An impairment loss is recognised if the carrying amount of an investment in subsidiary exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of write-offs, if no impairment loss has been recognised.

3.9 Other income

Other income in period ending 31 December 2020 comprises mainly income from waiver of debt and provision of services to related parties.

3.10 Finance income

Finance income comprises interest income on provided loans and other funds invested.

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

3.11 Finance expense

Finance expense comprises interest expense on bonds issued, change in fair value of derivatives and foreign currency losses.

Interest expense is recognized on a time-proportion basis using the effective interest method.

3 Significant accounting policies (continued)

3.12 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Comparative financial information

The structure of the separate financial statements has been changed in order to maintain a high value of reported financial information for users of separate financial statements. The Company decided to:

- Rename the line Prepaid expenses to Prepayments in the statement of financial position.
- Present Trade payables, Estimated payables and VAT payables (items presented previously separately on the face of the statement of financial position) together in the position Trade payables and other liabilities.
- Present Impairment of loans and receivables and Impairment of other assets (both items presented previously under Impairment of other short-term receivables and prepaid expenses) separately on the face of the statement of comprehensive income.

To ensure consistency with the presentation in the current period, the same reclassifications were made in the comparative financial information as at 31 December 2020.

For the separate statement of comprehensive income, for the separate statement of changes in equity, for the separate cash flow statement and for the related disclosure tables in Notes, the comparative information includes data for the period from 3 July 2019 to 31 December 2020. The Company chooses this disclosure as these data are included in the audited separate financial statements of the Company as at 31 December 2020. Furthermore, the operations before 31 December 2020 were insignificant and are therefore not comparable to the current operations of the Company.

3 Significant accounting policies (continued)

3.14 Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)

New standards are effective from 1 January 2021 or for annual periods beginning on 1 April 2021, but they do not have a material effect on the Company's separate financial statements.

-

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020; effective date 1 January 2021)

These amendments relate to changes to contractual cash flows, hedge accounting and disclosures as a result of interest rate benchmark reform.

3.15 Standards and interpretations that are not yet effective and are relevant for the Company's separate financial statements, adopted by the EU

The Company did not adopt any standard at earlier date. It plans to adopt at it its effective date.

-

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 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 an allocation of other costs that relate directly to fulfilling contracts.

-

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.

Amendment to Illustrative Examples accompanying IFRS 16 Leases
The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.

3 Significant accounting policies (continued)

3.15 Standards and interpretations that are not yet effective and are relevant for the separate Company's financial statements, adopted by the EU (continued)

Amendments to IAS 8 – Definition of Accounting Estimate (applicable for annual periods beginning on or after 1 January 2023); adopted by the EU in March 2022

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); adopted by the EU in March 2022

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;
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information; and
- 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.

3 Significant accounting policies (continued)

3.15 Standards and interpretations that are not yet effective and are relevant for the Company's separate financial statements, adopted by the EU (continued)

None of these amendments is expected to have significant impact on Company´s separate financial statements except for possible formal changes in the presentation of separate financial statements connected to Amendment to IAS 1 and IFRS Practice Statement 2.

3.16 Standards and interpretations that are not yet effective and are relevant for the Company's separate financial statements, not yet adopted by the EU at the date these financial statements were issued.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non - current (Effective date January 2023)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non – current.

The Company is currently assessing potential impact of this amendment to its separate financial statements.

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 Company is currently assessing potential impact of this amendment to its separate financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(Effective date postponed indefinitely)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Company does not expect that the Interpretation, when initially applied, will have material impact on the separate financial statements for the Company.

4 Determination of fair values and accounting classification

The Company 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 derivative financial instruments, the Company 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.

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 curves are used for discounting derivatives. Carrying values of financial assets and liabilities (except for bonds issued) not measured at fair value are a reasonable approximation of their fair value and therefore are not shown separately in the notes to these financial statements.

Fair value of bonds issued amounts to EUR 65 681 thousand as at 31 December 2021 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.

5 Investments in subsidiaries

Subsidiary	Country	Ownership interest and voting rights (%) 31/12/2021	Ownership interest and voting rights (%) 31/12/2020	Carrying amount of the investment 31/12/2021	Carrying amount of the investment 31/12/2020
Savarin HoldCo, s.r.o. (1)	Czech Republic	100	--	354	--
Palace Savarin HoldCo, s.r.o.	Czech Republic	100	--	1	--
Total				**355**	**--**

(1) Carrying amount of the investment includes acquisition cost and the amount of unwinding discount related to interest-free loans provided to subsidiaries in 2021

Savarin HoldCo, s.r.o. holds 100% ownership interest in WELWYN COMPANY, a.s. and Palace Savarin HoldCo, s.r.o. holds 100% ownership interest in Palace Savarin, s.r.o. Both WELWYN COMPANY, a.s. and Palace Savarin, s.r.o. operate in the Czech Republic and their main activities are to operate and develop Project Savarin and Palace Savarin building complex. This building complex comprises retail and office spaces and commercial development projects in the Wenceslas Square area in the centre of Prague, Czech Republic.

Movements in investments in subsidiaries can be further analysed as follows:

	31/12/2021	31/12/2020
Opening balance	--	--
Acquisition of shares in subsidiaries	2	--
Unwinding discount related to interest-free loans provided to subsidiaries recorded to financial investments in subsidiaries (Note 6)	353	--
Balance at the end of the period	**355**	**--**

In January 2021, the Company entered into agreement 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. Based on this agreement the ownership interests in Palace Savarin Holdco, s.r.o. (limited liability company with registered seat at Boudníkova 2506/1, Libeň Praha 8, Id.No. 08686416, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. C 323265) and Savarin HoldCo, s.r.o. (limited liability company with its registered seat at Boudníkova 2506/1, Libeň, 180 00, Praha 8, Id. No. 08173273, registered by the Municipal Court in Prague under File No C 313382) were transferred from CRESTYL SAVARIN Ltd. (a company incorporated and existing under the laws of the Republic of Malta, with its registered seat at B2, Industry Street 5, Central Business District, Qormi CBD 5030, the Republic of Malta, registered with the Malta Business Registry C 69924) to the Company for the price of EUR 2 thousand, paid in cash. Palace Savarin HoldCo, s.r.o. is the sole owner of 100% ownership interest in Palace Savarin, s.r.o. with its seat at Boudníkova 2506/1, Libeň, 180 00, Praha 8, Id. No. 08722561. Savarin HoldCo, s.r.o. is the sole owner of 100 % ownership interest in WELWYN COMPANY, a.s. with its seat at Václavské náměstí 837/11, Nové Město, 110 00 Praha 1, Id. No. 26310554.

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Notes to the Separate Financial Statements

For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

5 Investments in subsidiaries (continued)

In Euro thousand (TEUR) unless stated otherwise

In addition, the Company was assigned 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 for a consideration of EUR 51,155 thousand (refer also to Note 6 Loans receivable).

Both transactions were financed by the issue of bonds by the Company in January 2021 (refer also to Note 9 Bonds issued).

6 Loans receivable

	31/12/2021	31/12/2020
Non-current	58,006	--
Current	--	--
Total loans receivable	**58,006**	**--**

Movements on loans receivable can be further analysed as follows:

	31/12/2021	31/12/2020
Opening balance	**--**	**--**
Loans acquired through assignment (Note 5)	51,155	--
Nominal amount of interest-free loans provided to subsidiaries in 2021	1,164	--
Unwinding discount related to interest-free loans recorded to financial investments in subsidiaries (Note 5)	(353)	--
Interest charged	4,403	--
(Impairment) / reversal of impairment on loans provided	(1,172)	--
Effect of movements in foreign exchange rates	2,809	--
Balance at the end of the period	**58,006**	**--**

Interest charged represents the interest arisen on the assigned loans with the application of the effective interest rate.

Together with the transfer of shares described in Note 5, investments in subsidiaries and receivables of CRESTYL SAVARIN Ltd. in total amount of EUR 76,900 thousand were assigned to the Company for the total consideration of EUR 51,155 thousand:

- Receivable under or in connection with the loan provided to Savarin HoldCo, s.r.o. based on the Facility Agreement entered into by and between CRESTYL SAVARIN Ltd. as creditor and Savarin HoldCo, s.r.o. as debtor orally on 17 January 2020, confirmed in writing under a written facility agreement dated 17 December 2020. As of the date hereof the principal of the loan amounts to EUR 39,389 thousand;
- Receivable under or in connection with the loan provided to Palace Savarin HoldCo, s.r.o. based on the Facility Agreement entered into by and between the CRESTYL SAVARIN Ltd. as creditor and Savarin HoldCo, s.r.o. as debtor orally on 17 January 2020, confirmed in writing under a written facility agreement dated 17 December 2020. As of the date hereof the principal of the loan amounts to EUR 11,766 thousand.

6 Loans receivable (continued)

31 December 2021		Gross carrying amount	Loss allowance	Net carrying amount	Weighted average loss rate*	Credit-impaired
12-month ECL, not past due	Stage I	59,179	(1,173)	58,006	1.98 %	No
Total		**59,179**	**(1,173)**	**58,006**		

* Weighted average loss rate calculated based on expected credit loss rates for particular provided loans for disclosure purposes only.

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

In Euro thousand (TEUR) unless stated otherwise

	Currency	Nominal interest rate	Effective interest rate	Balance at 31/12/2021	Maturity
Savarin HoldCo, s.r.o.	CZK	0.00%	8.08%	44,840	31/12/2025
Palace Savarin HoldCo, s.r.o.	CZK	0.00%	8.26%	13,166	31/12/2025
Total				**58,006**	

Loans provided to direct subsidiaries are not secured.

Provided loans are subject of bond collateral and bank collateral for bank loans drawn by subsidiaries and indirect subsidiaries of the Company (refer to Note 9 Bonds issued and Note 17 Contingencies and Commitments).

7 Cash and cash equivalents; restricted cash

Cash and cash equivalents comprise of cash deposits held with reputable banks.

a) Cash and cash equivalents

	31/12/2021	31/12/2020
Bank balances	1,082	--
Cash and cash equivalents in the statement of financial position	**1,082**	--
Cash and cash equivalents in the statement of cash flows	**1,082**	**--**

b) Restricted cash

	31/12/2021	31/12/2020
Restricted cash – non-current	3,802	--
Restricted cash	**3,802**	**--**

Bank account with restricted access contains deposit for settlement of foreign exchange swap. The sole purpose and use of the bank account with restricted access is specified in respective agreement.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial, as the deposits are placed at banks under the supervision of Czech National Bank. For further information about analysis of credit risk refer to Note 15 Financial Instruments.

Bank accounts and restricted cash are subject of bond collateral (refer to Note 9 Bonds issued).

8 Equity

Share Capital

	31/12/2021	31/12/2020

Authorised issued and fully paid-up		
49,999 Ordinary A shares of EUR 1 each	50	50
1 Ordinary B share at EUR 1	--	--
	50	**50**

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. The issued shares were fully paid.

8 Equity (continued)

Ownership interest in the Company has been pledged in favour of third parties (refer to Note 9 Bonds issued).

Accumulated losses

Accumulated losses represent accumulated losses of EUR (5,707) thousand (as at 31 December 2020: accumulated losses of EUR (114) thousand). No dividends were declared or distributed out of the accumulated losses during the period.

9 Bonds issued

	31/12/2021	**31/12/2020**
Nominal value of bonds issued	84,001	--
Initial discount	(24,119)	--
Transaction cost related to issue of bonds	(1,786)	--
Accrued interest	4,380	--
Effect of movements in foreign exchange rates	3,249	--
Total	**65,725**	**--**

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 Investments in subsidiaries and Note 6 Loans receivable).

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 31 December 2021, there was no breach of bonds covenant conditions.

Bonds are secured by pledges of assets and by pledge of ownership interest. Summary of pledged assets as at 31 December 2021 is provided in the table below.

	Balance as at 31/12/2021
Investments in subsidiaries	355
Provided loans	58,006
Restricted cash	3,802

Prepayments	13
Cash and cash equivalents	1,082
Total pledged assets	**63,258**

9 Bonds issued (continued)

Bonds issued are secured also by foreign exchange swap whose fair value amounted to EUR (3,118) thousand as at 31 December 2021 (refer also to Note 15 Financial instruments). Foreign exchange swap is used to reduce the currency risk related to bonds issued in CZK and therefore exposed to foreign exchange fluctuations. However, the derivative financial instrument is not designated as used for hedging.

Reconciliation of movements of liabilities to cash flows arising from financing activities for the six months ended 31 December 2021:

	Bonds issued	Restricted cash	Equity	Total
Balance at 1 January 2021	**--**	**--**	**(64)**	**(64)**
Changes from financing cash flows				
Proceeds from bonds issued	58,096			58,096
Change in cash held on restricted bank accounts		(3,802)		(3,802)
Interest paid				--
Total changes from financing cash flows	**58,096**	**(3,802)**	**--**	**54,294**
The effect of changes in foreign exchange rates	**3,249**			**3,249**
Other changes				
Interest expense	4,380			4,380
Total liability-related other changes	**4,380**	**--**	**--**	**4,380**
Total equity-related other changes			**(5,593)**	**(5,593)**
Balance at 31 December 2021	**65,725**	**(3,802)**	**(5,657)**	**56,266**

10 Trade payables and other liabilities

As at 31 December 2021 and as at 31 December 2020, the Company's Trade payables and other liabilities could be summarized as follows.

	31/12/2021 TEUR	31/12/2020 TEUR
Financial liabilities		
Trade payables	--	121
Accrued expenses and estimated payables	72	226
Subtotal-financial liabilities	**72**	**347**
Non-financial liabilities		
VAT payables	--	19
Subtotal non-financial liabilities	**--**	**19**
Current	72	366
Non-current	--	--
Total	**72**	**366**

10 Trade payables and other liabilities (continued)

As at 31 December 2021 and 2020, the Company's accrued expenses and estimated payables could be summarized as follows.

	31/12/2021	31/12/2020
Accrued incremental cost related to bonds issue	--	137
Accrued professional fees	5	79
Accrued annual audit fees	67	10
Total	**72**	**226**

11 Operating expense

Directors' fees incurred by the Company during the period amounted to EUR 9 thousand (for the period from 3 July 2019 to 31 December 2020: EUR 6 thousand). Auditors' remuneration incurred by the Company during the year amounted to EUR 69 thousand - excluding VAT (for the period from 3 July 2019 to 31 December 2020: EUR 10 thousand - excluding VAT).

There were no regular employees employed during the year ended 31 December 2021 and during the period from 3 July 2019 to 31 December 2020.

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Registered office fees	39	--
Registered office fees	1	1
Directors' fees	9	6
Compliance costs	2	1
Management fees (Note 16 – Related parties)	800	--
Bonds administration fees	73	--
Professional fees	75	133
Disbursement fees	--	1
Audit fees	69	10
Formation costs	--	2
Other professional fees	--	6
Other taxes	87	19
Total	**1,155**	**179**

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For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

12 Other income

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Other income from related parties	--	67
Total	**--**	**67**

13 Net finance result

In Euro thousand (TEUR) unless stated otherwise

Finance income

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Interest income from financial assets measured at amortised cost calculated using effective interest rate:		
- related parties	4,403	--
- bank	10	--
Finance income	**4,413**	**--**

Finance expense

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Interest expense from financial liabilities measured at amortised cost calculated using effective interest:		
- Bonds issued	4,380	--
Realised exchange variance	(259)	--
Unrealised exchange variance	439	--
Change in fair value of derivatives	3,118	
Finance expense	**7,678**	**--**
Net finance result	**(3,265)**	**--**

14 Taxes

Tax recognised in profit or loss

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Current tax expense (Malta Income tax at 35%)	**(2)**	**--**
Deferred tax expense	**--**	**--**
Tax expense for the period	**(2)**	**--**

Reconciliation of tax expense

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Loss before taxation	**(5,591)**	**(114)**
Tax at the applicable rate of 35%	**1,957**	**40**
Tax effect of:		
Disallowed expenses	**(3,593)**	**(60)**
Non-taxable income	**1,634**	**20**
Tax expense for the period	(2)	**--**

Unrecognised deferred tax assets

The Company does not have any unrecognised deferred tax assets during the period.

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Notes to the Separate Financial Statements

For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

15 Financial Instruments

Overview

The Company's activities expose it to a variety of financial risks: mainly liquidity risk, credit risk, interest risk and foreign exchange risk. The Company's overall risk management programme focuses on the unpredictability of market conditions and therefore seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the directors. The directors evaluate on a periodical basis, financial risk factors based on appropriate skills, experience and supervision.

The financial assets and liabilities could be summarized as follows:

As at	**31/12/2021**	**31/12/2020**
In thousands of EUR		
Financial assets measured at amortised cost		
Cash and cash equivalents	1,082	--
Restricted cash	3,802	--
Trade and other receivables	--	100
Loans receivable	58,006	--
Total	**62,890**	**100**
Financial liabilities measured at amortised cost		
Bonds issued	(65,725)	--
Trade payables and other liabilities	(72)	(347)
Total	**(65,797)**	**(347)**
Financial liabilities measured at FVTPL		
Derivative financial instruments	(3,118)	--
Total	**(3,118)**	**--**

The most significant risks to which the Company is exposed to are described below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and interest receivables and other receivables, as well as cash at bank.

Generally, credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to debtors, including provided loans, outstanding receivables and committed transactions.

15 Financial Instruments (continued)

Credit risk (continued)

Concentrations of credit risk by counterparties is disclosed below. The Company has policies in place to ensure that loan contracts are concluded with debtors with an appropriate credit history and the credibility and business performance and expected business performance of the debtors is monitored on an ongoing basis. Bank transactions are limited to high-credit-quality financial institutions.

Credit risk is mitigated due to the fact, that the Company cooperates primarily with privately owned Czech banks that are under the supervision of the Czech National Bank.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

As at	**31/12/2021**	**31/12/2020**
In thousands of EUR		
Financial assets measured at amortised cost		
Cash and cash equivalents	1,082	--
Restricted cash	3,802	--
Trade and other receivables	--	100
Loans receivable	58,006	--
Total	**62,890**	**100**

Impairment losses on financial assets were as follows:

As at	**31/12/2021**	**31/12/2020**
In thousands of EUR		
Impairment on provided loans	(1,173)	--
Impairment loss on trade and other receivables	--	(1)
Total	**(1,173)**	**(1)**

Impairment losses on financial assets charged to profit or loss of the current period were as follows:

	For the year ended 31 December 2021	**For the period from 3 July 2019 to 31 December 2020**
In thousands of EUR		
Impairment loss charges on provided loans	(1,173)	--
Impairment loss charges on trade and other receivables	1	(1)
Total	**(1,172)**	**(1)**

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Savarin P.L.C.

Notes to the Separate Financial Statements

For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

15 Financial Instruments (continued)

Credit risk (continued)

-

Credit risk by type of counterparty could be summarized as follows:

As at 31/12/2021	Corporate (non-financial institutions)	Banks and financial institutions	Individuals	Other	Total
Cash and cash equivalents	--	1,082	--	--	1,082
Restricted cash	--	3,802	--	--	3,802
Loans receivable	58,006	--	--	--	58,006
Trade and other receivables	--	--	--	--	--
Total	**58,006**	**4,884**	**--**	**--**	**62,890**

Credit risk by type of counterparty could be summarized as follows:

As at 31/12/2020	Corporate (non-financial institutions)	Banks and financial institutions	Individuals	Other	Total
Trade and other receivables	100	--	--	--	**100**
Total	**100**	**--**	**--**	**--**	**100**

-

The movement in the allowance for impairment in respect of provided loans during the period was as follows:

	For year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Balance 1 January	**--**	**--**
Net remeasurement of loss allowance	(1,173)	--
Effects of movements in foreign exchange rate	--	--
Balance 31 December	**(1,173)**	**--**

-

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020
Balance 1 January	**(1)**	**--**
Amounts written off	--	--
Net remeasurement of loss allowance	1	(1)
Effects of movements in foreign exchange rate	--	--
Balance 31 December	**--**	**(1)**

15 Financial Instruments (continued)

Credit risk (continued)

-

The movement in allowances for impairment in respect of loans receivable in the year ended 31 December 2021 could be described in detail as follows:

TEUR	Stage I (12-month ECL)
Balance as at 1 January under IFRS 9	**--**
New originated or purchased	(1,086)
Derecognised during the period	--
Changes in accrued interest	(87)

In Euro thousand (TEUR) unless stated otherwise

Changes in ECL model assumptions	--
Balance as at 31 December	**(1,173)**

The Company did not disclose any provided loans and any allowances for impairment in respect of provided loans in the period from 3 July 2019 to 31 December 2020.

Liquidity risk

The Company's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the Company's obligations when they become due.

The table set out below shows liabilities at 31 December 2021 and 31 December 2020 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows.

	Contractual cash flows					
31/12/2021	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**In more than 5 years**	**Total**
Bonds issued	--	--	--	88,495	--	88,495
Trade and other payables	--	72	--	--	--	72
Derivative financial instruments	--	--	--	3,118	--	3,118
Total	**--**	**72**	**--**	**91,613**	**--**	**91,685**

	Contractual cash flows					
31/12/2020	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**In more than 5 years**	**Total**
Trade and other payables	121	226	--	--	--	347

15 Financial instruments (continued)

Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which receivables and payables are denominated and the functional currency of the Company. Foreign currency exchange risk is limited and arises from recognised monetary assets and liabilities.

The Company uses foreign exchange swaps for risk management purposes to reduce the risk of debt exposed to foreign exchange fluctuations. The Company does not use foreign exchange derivatives for speculative purposes. The derivative financial instruments are not designated as used for hedging.

Below we disclose the currency risk of positions in CZK against the Company's functional currency (EUR):

	31/12/2021	**31/12/2020**
Financial assets at amortized cost		
Cash and cash equivalents	926	--

In Euro thousand (TEUR) unless stated otherwise

Restricted cash	3,802	--
Provided loans	58,006	--
Trade and other receivables	--	7
Total	**62,734**	**7**
Financial liabilities at amortized cost		
Bonds issued	(65,725)	--
Trade payables and other liabilities	--	(7)
Total	**(65,725)**	**(7)**
Total statement of financial position exposure	**(2,991)**	**--**
Financial liabilities at FVTPL		
Derivative financial instruments (nominal amount)	58,084	--
Total	**58,084**	**--**
Net exposure	**55,093**	**--**

The following significant exchange rates applied during the period:

	Average rate		**Reporting date spot rate**	
	For the year ended 31 December 2021	For the period from 3 July 2019 to 31 December 2020	**31/12/2021**	31/12/2020
CZK / EUR	**25.648**	26.444	**24.86**	26.245

15 Financial Instruments (continued)

Currency risk (continued)

Sensitivity analysis

A strengthening / (weakening) of the Czech crown, as indicated below, against the EUR at the reporting date would have increased / (decreased) the equity by the amounts shown in the following table. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably likely at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	31/12/2021	**31/12/2020**
Net position of financial assets and liabilities denominated in CZK	55,093	--
Effect on profit or loss and on equity of:		
EUR strengthening by 5%	(2,755)	--
EUR weakening by 5%	2,755	--

There is no currency risk of position in other than CZK currencies against the Company´s functional currency.

Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise.

At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was as follows.

As at	31/12/2021	31/12/2020
In thousands of EUR		
Fixed rate instruments		
Provided loans	58,006	--
Bonds issued	(65,725)	--
Total	**(7,719)**	**--**

The interest rate sensitivity, measured as a theoretical impact of a parallel shift in yield curve by 100 basis points on the fair values and cash flows, is shown below

Interest rate sensitivity	31/12/2021		31/12/2020	
	+100 bps	-100 bps	+100 bps	-100 bps
Fair value sensitivity				
Fixed rate instruments	-77	77	--	--

Savarin P.L.C.

Notes to the Separate Financial Statements

For the year ended 31 December 2021

In Euro thousand (TEUR) unless stated otherwise

15 Financial Instruments (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate any derivatives as hedging instruments under a fair value hedge accounting model.

Cash flow sensitivity analysis for variable rate instruments

The Company does not disclose any variable rate financial instrument as at 31 December 2021 and as at 31 December 2020.

Derivative financial instruments

As at 31 December 2021, the Company entered into foreign exchange swap for risk management purposes to reduce the risk of debt exposed to exchange rates fluctuations related to bonds issued in CZK (refer also to Note 9 Bonds issued). The foreign exchange swap is recorded at fair value through profit or loss and is not designated as hedging instrument.

As at 31/12/2021	Nominal value	Currency	Maturity	Fair value at 31/12/2021 (TEUR)	Due within 1 year (TEUR)	Due in 1–5 years (TEUR)
Foreign exchange swap	53,500,000	EUR				
	1,443,965,000	CZK				
Foreign exchange swap			**09/01/2026**	**(3,118)**	**--**	**(3,118)**
Financial instruments - derivatives - total				**(3,118)**	**--**	**(3,118)**

15 Financial Instruments (continued)

Offsetting financial assets and financial liabilities

In thousands of EUR	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) – (b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure (c) – (d) – (e)
				Financial instruments (d)	Cash collateral (e)	
Assets						
Cash settled with financial liabilities (Note 7)	1,082	--	1,082	--	(1,082)	--
Restricted cash settled with financial liabilities (Note 7)	3,802	--	3,802	--	(3,802)	--
Provided loans (Note 6)	58,006	--	58,006	(58,006)	--	--
Total ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**62,890**	**--**	**62,890**	**(58,006)**	**(4,884)**	**--**
LIABILITIES						
Bonds issued (Note 9)	(65,725)	--	(65,725)	58,006	1,766	(5,953)
Derivative financial instruments (Note 15)	(3,118)	--	(3,118)	--	3,118	--
Total LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**(68,843)**	**--**	**(68,843)**	**58,006**	**4,884**	**(5,953)**

The Company has pledged financial instruments as collateral against bonds issued. Refer to Note 9 Bonds issued, Note 17 Contingencies and commitments for further information on financial and non-financial collateral pledged as security against borrowings and bonds.

15 Financial Instruments (continued)

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue to operate as a going concern in order to provide returns for shareholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company manages equity as a capital.

Consistent with others in the industry, the Company is trying to achieve maximum return on equity for its shareholders. Therefore, by investing in projects with embedded IRR higher than the bank loan interest rate, the Company is trying to minimize the equity needed for such project. The capital management is interconnected with management of liquidity.

The Board's policy is to maintain a strong capital base to sustain future development of the business.

As is typical for the industry, the Company monitors capital on the basis of loan to value (LTV). LTV describes the ratio of net debt to the fair value of subsidiaries and other investments property. Net debt is calculated by deducting cash and cash equivalents from financing liabilities. Capital of the Company comprise of net debt and equity.

The Company did not have any externally imposed capital requirements throughout 2021 and 2020.

16 Related parties

Ultimate parent company

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 Ltd. 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.

The ultimate parent prepares consolidated financial statements of the Group, of which the Company and its subsidiaries form part. These consolidated financial statements are filed and will be available for public inspection at the Malta Business Registry.

Transactions with key management personnel

Director’s fees incurred by the Company during the year ended 31 December 2021 amounted to EUR 9 thousand (period from 3 July 2019 to 31 December 2020: EUR 6 thousand).

16 Related parties (continued)

Related party balances and transactions

Balances and transactions with related parties are disclosed below.

31/12/2021	Provided loans (1)	Prepayments	Trade payables
	TEUR	TEUR	TEUR
Savarin HoldCo, s.r.o. (subsidiary)	44,840	--	--
Palace Savarin HoldCo, s.r.o.	13,166	--	--

(subsidiary)			
FJV Management Limited (director)	--	13	(3)
Total	**58,006**	**13**	**(3)**

(1) Balances are shown net of impairment loss allowances.

Transactions for the year ended 31 December 2021	Interest income	Other expenses	Other purchases
	TEUR	TEUR	TEUR
Savarin HoldCo, s.r.o. (subsidiary)	3,379	--	--
Palace Savarin HoldCo, s.r.o. (subsidiary)	1,024	--	--
FJV Management Limited (director)	--	(63)	--
CRESTYL real estate, s.r.o. (related party under control of the same ultimate parent company)	--	(800)	--
CRESTYL SAVARIN Ltd (1) (other related party)	--	--	(51,157)
Total	**4,403**	**(863)**	**(51,157)**

(1) For description of acquisition of investment in subsidiaries and loans assigned refer to Note 5 Investments in subsidiaries and Note 6 Loans receivable.

31 December 2020	Trade and other receivables	Trade payables and other liabilities
	TEUR	TEUR
CRESTYL SAVARIN Ltd (other related party)	9	--
FJV Management Limited (director)	91	79
Total	**100**	**79**

Transactions for the period from 3 July 2019 to 31 December 2020	Other income
	TEUR
CRESTYL SAVARIN Ltd (other related party)	9
FJV Management Limited (director)	--
Crestyl Finco Development Limited (indirect parent under control of the same ultimate parent company)	58
Total	**67**

17 Contingencies and commitments

Provided loans are subject of bank collateral for bank loans drawn by subsidiaries and indirect subsidiaries of the Company (refer to Note 6 Loans receivable).

Ownership interest of the Company in its subsidiaries has been pledged in favour of financing bank providing loans to subsidiaries and indirect subsidiaries of the Company.

18 Events after reporting date

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 Company´s management considers this as non - adjusting subsequent event. 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. Business risks, including the adverse effects of economic sanctions on Russia, business disruptions (including supply chains), increased cyber - attacks, the risk of breaches of legal and regulatory rules and other factors are difficult to assess, and their overall impact and potential effects are currently unknown.

pwc

Independent auditor's report

To the Shareholders of Savarin P.L.C.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position of Savarin P.L.C. as at 31 December 2021, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Savarin P.L.C.'s financial statements comprise:

- the Consolidated statement of financial position as at 31 December 2021;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the notes to the Consolidated financial statements, which include significant accounting policies and other explanatory information;
- the Separate statement of financial position as at 31 December 2021;
- the Separate statement of comprehensive income for the year then ended;
- the Separate statement of changes in equity for the year then ended;
- the Separate statement of cash flows for the year then ended; and
- the notes to the Separate financial statements, which include significant accounting policies and other explanatory information.

Independent auditor's report - *continued*

To the Shareholders of Savarin P.L.C.

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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

We did not provide any non-audit services to the parent company and its subsidiaries during the year ended 31 December 2021.

Our audit approach

Overview

Materiality	• Overall group materiality: €2,000,000 which represents 1% of total assets.
Group scoping	• The Group engagement team performed a full scope audit on all components.
Key audit matters	• Accounting treatment involving transfer of shares, assignment of receivables and a bond issue for the Group and the Parent Company • Valuation of the real-estate investments for the Group

Independent auditor's report - *continued*

To the Shareholders of Savarin P.L.C.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€2,000,000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark considering that the main purpose of the group is to develop a large real estate project, while optimising finance and other costs. We chose 1% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €200,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Accounting treatment involving transfer of shares, assignment of receivables and a bond issue for the Group and Parent Company	
On January 7, 2021 Savarin P.L.C. (the "Parent Company") concluded an agreement for the transfer of ownership interests between Crestyl Savarin Ltd, a related party, and the Parent Company. Based on this agreement, the ownership interests in Palace Savarin HoldCo s.r.o. and Savarin HoldCo, s.r.o (the "underlying investments"), were transferred from Crestyl Savarin Ltd to the Parent Company. Together with the transfer of shares, Crestyl Savarin Ltd assigned receivables from subsidiaries of the underlying investments referred to above to the Company for the total consideration of EUR 51,155,000. The carrying value of the loans receivable from subsidiaries as at 31 December 2021 at the level of the Parent Company amounted to EUR58,006,000. The recoverability of these receivables is assessed annually to ensure that the amounts are recoverable. These transactions were financed through a bond issue of nominal value of EUR 84,001,000 issued on 12 January 2021 for 71.288% of par value repayable by January 2026. Upon initial recognition, the liability arising on the bonds issued was recognised as a non-current liability of EUR 59,882,000 representing, fair value less directly attributable cost. Subsequent to initial recognition, as at 31 December 2021, the carrying	As part of our audit procedures: • We obtained a copy of the signed agreement relating to the transfer of ownership interests in the underlying investments between Crestyl Savarin Ltd and the Parent Company; • We obtained a copy of the signed agreement assigning the receivables of Crestyl Savarin Ltd to the Parent Company; • In addition, we understood and evaluated the workings and assumptions underlying the assessment for the expected credit loss allowances under IFRS 9 at the level of the Parent Company; • We obtained the documents supporting the bond issue and agreed the cash consideration received to the bank statement; • We enquired with management to obtain an understanding of the agreements and to confirm the business rationale for the transactions; • We have assessed and challenged accounting policies applied by the Group and the accounting treatment of the transfer of shares and related treatment as an asset acquisition transaction and

value of the liability, measured at amortised cost using the effective interest method, amounted to EUR 65,725,000. At Group level, the transfer of shares was treated as an acquisition of assets and liabilities in line with the optional asset concentration test performed by management.	assignment of receivables under the applicable accounting framework; • We have assessed the accounting policies applied by management at initial recognition and subsequent measurement of the bond issue; • We have assessed the adequacy of disclosures in the notes to the financial statements.

Key audit matter	How our audit addressed the Key audit matter
The accounting treatment of the above-mentioned transactions require significant judgement in view of the complexities surrounding the accounting implications of the transfer of shares, assignment of receivables agreements and related bond issue. Relevant references in the Consolidated Financial Statements of the Annual Report: • Note 5 – Changes in the Group Structure • Note 10 – Bonds issued Relevant references in the Separate Financial Statements of the Annual Report: • Note 5 – Investments in subsidiaries • Note 9 – Bonds issued	
Valuation of the real-estate investments for the Group The Group holds real-estate investments, located in Prague, Czech Republic. The investment properties are held by the Group for re-development into commercial outlets, with the intention to lease-out the respective properties to third parties and are thus classified as investment properties. As at 31 December 2021, the fair value of the investment property amounted to EUR 193,816,000 which accounted for 94% of the total assets of the Group. A significant degree of judgement was involved when determining the fair values of the investments.	As part of our audit procedures: • We have obtained an understanding of the valuation process and valuation techniques applied by the independent valuer; • We have engaged our valuation expert and performed understanding of the valuation process and techniques used by the external valuer engaged by management. We assessed whether the methodology applied by management's valuer was in accordance with commonly used and accepted methods in the industry;

Key audit matter	How our audit addressed the Key audit matter
The Group's investment properties are carried at the fair value, which fair value is supported by a valuation carried out by a firm of independent valuers engaged by management in 2021. The valuations prepared by the independent valuer use the residual valuation method, which considers the: • net disposal proceeds based on the cashflows of the projected rental streams discounted to present value using the estimated capitalisation rate, and; • the budgeted additional development costs, taking into consideration the construction cost per sqm and other costs including: professional fees, marketing and letting fees, developer's profit, financing costs and also factoring an element of contingency. The movement in fair value of investment properties amounting to EUR 55,047,000 is reflected in the consolidated statement of comprehensive income as a result of the revaluation exercise carried out subsequent to the acquisition. Valuations depend on the applied valuation techniques, models and assumptions that involve a significant degree of judgement made by the independent valuer and management. Details of the valuation techniques, models and assumptions used for valuation are further described in Note 4 - Critical accounting estimates and judgements and Note 6 – Investment property to the consolidated financial statements.	• We have assessed the competence, independence and expertise of management's external valuer; • We have obtained the valuation reports and assessed the rationale of the significant assumptions used and accuracy of the source data applied by management. We have challenged management's key assumptions which include: project development timing, market rental rates, capitalisation rates, estimated development costs, financing costs and project's yield-on-cost; • We validated that the appropriateness of disclosures in the Notes to the financial statements, including description of the valuation techniques applied and key assumptions made.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's accounting process is structured around the Group finance function at its head office. The Group audit engagement team carried out a full scope audit on all components, accounting for 100% of Group assets, liabilities, revenues and profit before tax.

The Group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises all of the information presented in the Annual report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company'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 directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the 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 or the Parent Company'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 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 or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Article 118 of the Czech Law 256/2004 "Act on trading on capital markets"

We have undertaken a reasonable assurance engagement in accordance with the requirements of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information on the Annual Report of Savarin P.L.C. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Annual Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Article 118 of the Czech Law 256/2004 "Act on trading on capital markets", in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ISAE 3000 (Revised).

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Report and performing validations to determine whether the Annual Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Annual Report for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

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Independent auditor's report - continued

To the Shareholders of Savarin P.L.C.

Other reporting requirements

The *Annual Report 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Annual report The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the

	applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

pwc

Independent auditor's report - continued

To the Shareholders of Savarin P.L.C.

Area of the *Annual Report 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

pwc

Independent auditor's report - continued

To the Shareholders of Savarin P.L.C.

Appointment

We were first appointed as auditors of the Company on 24 March 2021 for the period ended 31 December 2020. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 2 years. The company became listed on a regulated market on 12 January 2021.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Stephen Mamo
Partner

29 April 2022