ANNUAL REPORT 2023

Julius Meinl Living

BY HOUSE OF JULIUS MEINL

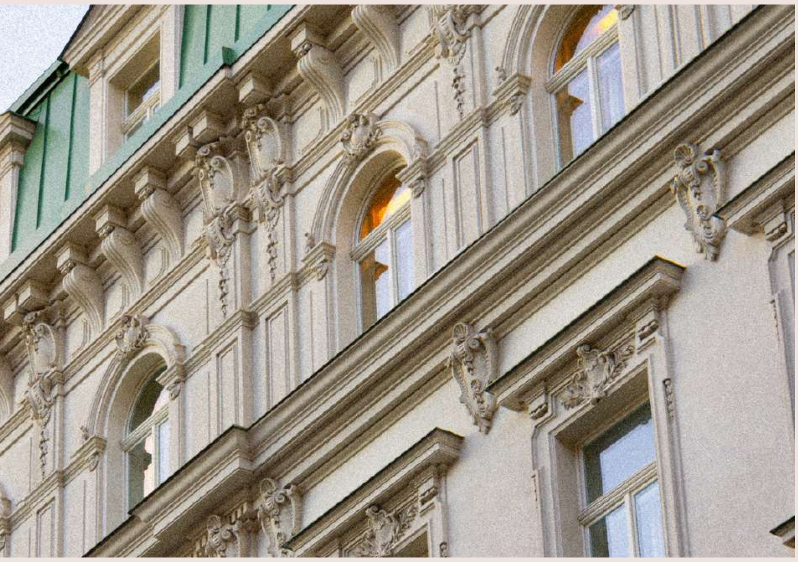
Contents

Julius Meinl Living at a Glance

Julius Meinl Living PLC, through its group of companies, acquires prime real estate assets in major European political and economic capital cities for development into top-rated hotel properties that comprise mainly apartments and that the group then manages and operates itself.

The group's flagship properties use the name "The Julius" – drawing on the Julius Meinl family's 162-year expertise and excellence in consumer goods, retail and real estate.

As a hospitality brand, "The Julius" extends these traditions in an innovative manner. Aiming to provide both long stay and short stay guests with a luxurious "home away from home", "The Julius" properties are in attractive and central locations and afford guests the space to retreat and relax – but also to work effectively and take advantage of top class fitness facilities.



"The Julius" aims to be a differentiated and better proposition that is entirely focused on meeting the actual needs of guests. It offers spacious and well equipped rooms and apartments with high quality finishes and fittings, together with expansive gourmet breakfasts and a carefully chosen food menu through the rest of the day; bar and coffee shop, meeting rooms, co-working space and gym.

All of this, "The Julius" delivers by means of efficient operations and a tightly controlled headcount. This model enables "The Julius" to offer competitive prices to guests and at the same time to achieve best-in-class margins.

The first flagship property, “The Julius Prague” opened in spring 2022, with 168 rooms and apartments. Ever since it has drawn extensive praise from its guests. It is now one of the city’s best and most reviewed properties. In addition, “The Julius Prague” has been acclaimed by a wide range of travel publications and other media.

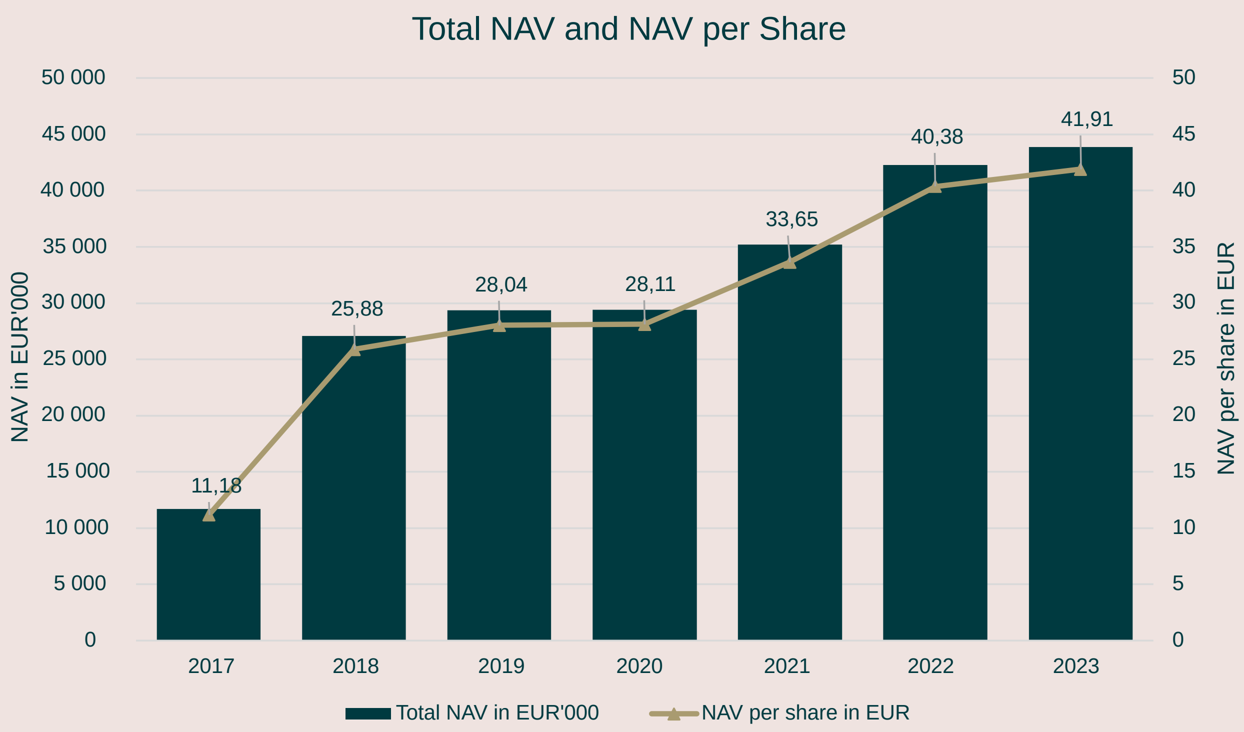
In March 2024, Julius Meinl Living acquired a further landmark property, the Hotel Ambasador in Bucharest. This property was constructed shortly before WWII, and opened in 1939. Ever since, it has been a landmark art deco building in the centre Bucharest. Hotel operations were interrupted during WWII and in the early years of communism. However, in 1958, hotel operations were restored and have been carried out ever since. Over the next three years, the property will be redeveloped to become “The Julius Bucharest”, with an expected 158 rooms and apartments.

In addition to the flagship “The Julius” branded properties, the group owns and operates a smaller serviced residence in Budapest, the Escala Hotel & Suites, which was acquired in 2021.

Following the success achieved with “The Julius Prague”, the group is eager to expand its footprint across Europe. Various additional properties, mostly re-development projects, are under consideration and the announcement of further acquisitions is expected during 2024.

Key Figures

		2023	2022
Hotel Revenue	´000 EUR	11,952	6,300
Operating EBITDA	´000 EUR	1,166	(1,405)
Profit before tax	´000 EUR	5,008	9,484
Profit for the year	´000 EUR	2,181	6,740
Total assets	´000 EUR	142,963	124,344
Equity	´000 EUR	43,864	42,266
Earnings per share	EUR	2.08	6.44
Total number of properties	#	2	2
Total number of apartments	#	219	219



NAV is defined as Equity of Julius Meinl Living

Average NAV growth since 2017 of 24.6% p.a.

Letter of the Board

Dear Stakeholders,

2023 has been an exciting and successful year for Julius Meinl Living.

After opening its doors in spring 2022, “The Julius Prague” was immediately very well received. After initial acclaim from travel publications and the media more generally, “The Julius Prague” became one of the best and most reviewed properties in Prague. After staying at “The Julius Prague”, huge numbers of our guests have confirmed that they enjoyed a luxury experience that was ideally located and reasonably priced. Deeper analysis indicates that nights spent in the property are quite evenly split between short stay, medium stay and long stay guests. Geographically, guests have been coming from all over Europe, North America, the Middle East, Asia and Australia – so from across the entire world. We also believe that our guests are a healthy mixture of business and leisure travellers. In the latter case, we note that our apartments have been particularly popular with one historically under catered-for group, namely families.

This strong and wide appeal has been reflected in the operating and financial performance of “The Julius Prague”. On every operating and financial metric, the property exceeded all of our initial expectations.

It is important to note that this success has been achieved with no compromise on environmental standards. In October 2023, “The Julius Prague” obtained the prestigious LEED Gold Certification for building design and construction. LEED, an acronym for Leadership in Energy and Environmental Design, is a globally recognized symbol of sustainability excellence. LEED certification is awarded by the U.S. Green Building Council (USGBC). Since receiving its LEED Gold Certification, “The Julius Prague” has become one of only 77 buildings in the Czech Republic certified by LEED to either Gold or Platinum Certification level for building design and construction. Within this elite group is only one other hotel, in addition to “The Julius Prague”.

With the benefit of the success of "The Julius Prague", Julius Meinl Living has now begun to expand further. In March 2024, it completed the acquisition of the historic Hotel Ambasador in Bucharest. We are optimistic that once it opens in 2027, this property will achieve a similar level of success. We do not, however, aim to stop with this one acquisition. Further acquisitions are in the pipeline, located in major European political and economic capital cities.

Through the second half of 2023 and into 2024, Julius Meinl Living has noticed that the successes it has achieved with "The Julius Prague", along with improving sentiment in the financial community (linked to falling inflation and the expectation of lower interest rates), have resulted in an increasing number of attractive financing offers, from diverse sources. These include banks and the bond market, as well as certain other financial markets.

As a result, Julius Meinl Living now finds itself with a high level of liquidity and with multiple future financing options open to it. Obviously, equity is the cornerstone of any business' capital structure. With that in mind, Julius Meinl Living is pleased that its existing owner has agreed to commit an additional EUR 12 million of equity, of which EUR 7 million was drawn down in early 2024.

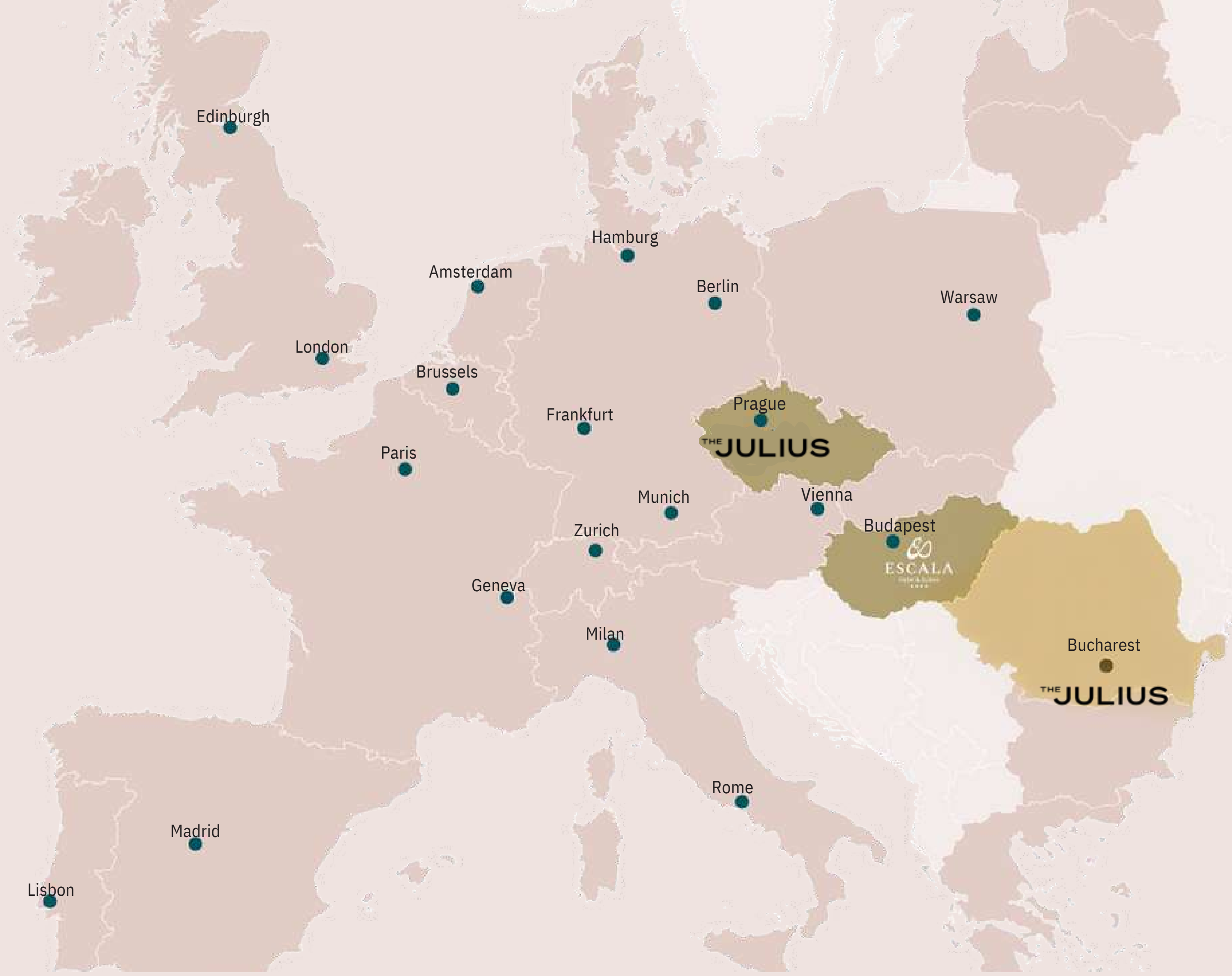
Yours Sincerely,
The Board of Directors
Julius Meinl Living

Our Properties

Julius Meinl Living continues to work on a pipeline of additional properties in the capital cities of Central Europe and beyond.

Julius Meinl Living aims for “The Julius” to become a genuine pan-European brand with flagship properties in the political and commercial capitals of Europe.

The map below covers Julius Meinl Living’s current presence and indicates primary projects for potential future acquisitions.



The Julius Prague

The Julius Prague is located in the centre of Prague, on a highly accessible square that is close to the Old Town, to Wenceslas Square, to main retail streets and to the offices of many of the Czech Republic's key financial institutions and corporates. This makes the location a draw for leisure and business visitors to Prague.

Following a full reconstruction to the high standards of Julius Meinl Living, "The Julius Prague" accommodates 168 apartments with an average size of 41 sqm. The Julius Prague also includes a lounge, two bars, a restaurant capable of seating approximately 100 guests, a gym, meeting rooms, co-working space and 29 underground parking spaces. In addition, the property incorporates a House of Julius Meinl-branded gourmet food and drink store that has proven to be popular with both guests and the local community.

"The Julius Prague" opened in spring 2022. Operations through the remainder of 2022 exceeded expectations in terms of both revenue (EUR 4.8 million) and margin. The property's strong performance continued through 2023. Total revenues for 2023 were EUR 10.3 million and hotel EBITDA was EUR 5.1 million, representing hotel EBITDA margin of 50%.

This strong performance has been achieved despite "The Julius Prague" having on average only 40 full time equivalent team members through the year (plus outsourced housekeeping).

The market value for the property as at year-end 2023 amounted to EUR 110.1 million as compared to EUR 102.4 million as at year-end 2022.

Possibly the greatest contribution to the continuing success of "The Julius Prague" has been the support of the guests who have stayed at the property. As at 5 April 2024, the property has received 4,276 reviews on Booking.com, with an average score of 9.4.

The Julius Bucharest

In light of the success of “The Julius Prague”, Julius Meinl Living is now focused on the continued roll-out across the major political and economic capital cities of Europe of the same “luxury product / low operating cost” model.

In March 2024, the Group acquired Ambasador SA and through this company now owns the historic 12,600 sqm Hotel Ambasador in Bucharest, Romania. This property will be redeveloped into “The Julius Bucharest”.

The Hotel Ambasador was constructed shortly before WWII, and opened in 1939. Ever since, it has been a landmark art deco building in the centre of Bucharest. Hotel operations were interrupted during WWII and in the early years of communism. However, in 1958 hotel operations were restored and have been carried out ever since.

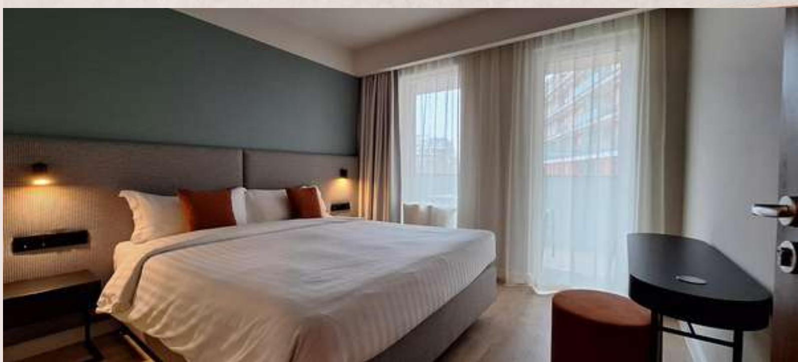
In preparation for redevelopment, the hotel operations of Ambasador SA have now been terminated. Once the necessary permits have been obtained, it is expected that the redevelopment will retain the essence and character of the existing building and will take approximately two years to complete. “The Julius Bucharest” is then expected to open in 2027 with a target 158 apartments.

“The Julius Bucharest” will include also a lobby bar on the ground floor, an 11th floor restaurant with a breathtaking view on the city that will be capable of seating over 100 guests, as well as meeting rooms and a gym. As in Prague, there will also be a House of Julius Meinl-branded gourmet food and drink store.

The Escala Budapest

The Escala Hotel & Suites Budapest is located in the Corvin district in Budapest, next to the Corvin Shopping Centre and 500 metres from the Corvin-negyed Metro Station.

The Escala Hotel & Suites Budapest is an operating serviced residence that was acquired by Julius Meinl Living in Summer 2021.



The property has 51 apartments with an average size of 54 sqm – all have a fully equipped kitchen, a dining area and most of them include a private balcony or terrace. There is also a breakfast lounge and parking for 20 cars.

Total revenues for 2023 were EUR 1.6 million and hotel EBITDA was EUR 0.7 million, representing hotel EBITDA margin of 41%.

The market value for the property as of year-end 2023 amounted to EUR 10.1 million, unchanged as compared to year-end 2022.

Through 2024, Julius Meinl Living is planning to undertake a limited refurbishment of the property to protect and enhance its market position and its value, whilst keeping the property fully in operation.

Financial Commentary

The table provides a simplified summary of the financial performance of the Julius Meinl Living group in 2023.

“The Julius Prague” opened in spring 2022. Revenues for 2023 were EUR 10.3 million and hotel EBITDA was EUR 5.1 million, representing hotel EBITDA margin of 50%.

At the Escala Hotel & Suites, revenues for 2023 were EUR 1.6 million and hotel EBITDA was EUR 0.7 million, representing hotel EBITDA margin of 41%.

The Julius Meinl Living group therefore achieved total revenues of EUR 12.0 million and hotel EBITDA of EUR 5.8 million. Below this, group costs were EUR 4.7 million, resulting in an operating EBITDA of EUR 1.2 million, excluding other operating and financial costs and net valuation gains.

Through the year, the value of Julius Meinl Living’s two properties rose by EUR 7.7 million, to a combined 120.2 million. Added to this to arrive at a net valuation gain of EUR 8.7 million was a reduction of EUR 1.0 million in the final development cost of “The Julius Prague” that was agreed with the relevant contractors.

Taking into account finance costs of EUR 4.8 million and an overall positive foreign exchange difference of EUR 0.9 million, this resulted in profit before tax of EUR 5.0 million.

On this profit, no material current tax is payable. However, linked to the net valuation gain of EUR 8.7 million and to an increase in the tax rate applied to previous gains for the purposes of calculating deferred tax, there is a deferred tax charge of EUR 2.8 million. After deducting this amount, the profit for 2023 was EUR 2.2 million.

Financial Commentary

All in ´000 EUR	The Julius Prague	Escala Hotel	Total
Hotel Revenue	10,342	1,610	**11,952**
Hotel EBITDA	5,126	667	**5,794**
Sales, general and administrative expenses			**(4,628)**
Operating EBITDA			**1,166**
Other operating and financial costs			**(825)**
Depreciation			**(99)**
Net valuation gain on properties*	8,694	(26)	**8,668**
Net finance cost			**(4,759)**
Net foreign exchange differences (incl. net foreign exchange gain/loss on investment property revaluation*)			**857**
Profit before tax			**5,008**
Income tax expense			**(2,827)**
Profit for the year			**2,181**

*Management have reclassified the effect of changing foreign exchange rates on revaluation of the group's investment property from fair value gains on investment properties to net foreign exchange differences . Management believes that this adjusted presentation provides a clearer picture of the overall performance of the Julius Meinl Living group.

At the year end, the Julius Meinl Living group had cash of EUR 19.0 million and net financial debt of EUR 64.5 million.

CONSOLIDATED FINANCIAL STATEMENTS YEAR END 2023

Julius Meinl Living

Julius Meinl Living plc

C 76799

Report and consolidated financial statements

Year ended 31 December 2023

Contents

Directors, officer, and other information

Directors:	Edward Camilleri Nadine Elisabeth Gilles Nicholas Peter Hill Erik Webb Dempsey Julius Meinl
Secretary:	Michael Scicluna
Registered office:	Office 16 Verdala Business Centre Level 1 LM Complex Brewery Street Zone 3, Central Business District Birkirkara CBD 3040 Malta
Country of incorporation:	Malta
Company registration number:	C 76799
Auditor:	Grant Thornton Fort Business Centre Triq L-Intornjatur, Zone 1 Central Business District Birkirkara CBD 1050 Malta

Directors' report

The directors present their report and the audited consolidated financial statements of Julius Meinl Living plc (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2023.

Principal activity

The principal activity of the Group is to acquire prime real estate assets in major European political and economic capital cities for development into top-rated hotel properties that comprise mainly apartments and that the group then manages and operates itself.

The Group's flagship properties use the name 'The Julius' – drawing on the Julius Meinl family's 162-year expertise and excellence in consumer goods, retail and real estate.

The first flagship property, 'The Julius Prague' opened in spring 2022, with 168 rooms and apartments. Ever since it has drawn extensive praise from its guests. It is now one of the city's best and most reviewed properties. In addition, 'The Julius Prague' has been acclaimed by a wide range of travel publications and other media.

In March 2024, Julius Meinl Living acquired a further landmark property, the Hotel Ambasador in Bucharest through acquisition of Ambassador SA as new subsidiary of Julius Meinl Living Holdings Limited. This property was constructed shortly before WWII, and opened in 1939. Ever since, it has been a landmark art deco building in the centre Bucharest. Hotel operations were interrupted during WWII and in the early years of communism. However, in 1958 hotel operations were restored and have been carried out ever since. Over the next three years, the property will be redeveloped to become 'The Julius Bucharest', with an expected 158 rooms and apartments.

In addition to the flagship 'The Julius' branded properties, the Group owns and operates a smaller serviced residence in Budapest, the 'Escala Hotel & Suites', which was acquired in 2021.

Performance review

During the period under review, the Group registered a profit after tax of €2,180,792 (2022: €6,740,291) arising primarily from an increase in the fair value of investment properties.

The shareholders' funds at the end of the reporting period amounted to €43,864,016 (2022: €42,266,100).

Result and dividends

The result for the year ended 31 December 2023 is shown in the consolidated statement of comprehensive income on page 5.

No dividend is being recommended by the directors.

Future business developments

Following the success achieved with 'The Julius Prague', the Group is eager to expand its footprint across Europe. Various additional properties, mostly re-development projects are under consideration and the announcement of further acquisitions is expected during 2024.

Julius Meinl Living aims for 'The Julius' to become a genuine pan-European brand with flagship properties in the major political and economic capitals of Europe. Therefore, even after the acquisition of the historic Hotel Ambasador in Bucharest, Julius Meinl Living continues to progress its pipeline of future acquisitions.

The directors consider that the Group is able to fund its existing commitments.

Post-balance sheet events

Since the end of the reporting period, the Group acquired a further landmark property, the Hotel Ambassador in Bucharest through acquisition of Ambassador SA as new subsidiary of Julius Meinl Living Holdings Limited.

Early in 2024, the shareholder of Julius Meinl Living plc has agreed to commit an additional € 12,000,000 of equity type capital, of which € 7,000,000 have been drawn down as of the date of this report.

There have been no adjusting or other significant non-adjusting events between the end of the reporting period and the date of authorisation by the Board.

Directors

The directors who served during the period were:

Edward Camilleri
Nadine Elisabeth Gilles
Nicholas Peter Hill
Zdenek Kovarik *(appointed on 6th April 2023 and resigned on 31st January 2024)*
Julius Meinl
Erik Webb Dempsey

In accordance with the Company's Articles of Association, the present directors are to remain in office.

Auditor

A resolution to reappoint Grant Thornton as auditor of the Group will be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on its behalf on 3 April 2024 by:

Edward Camilleri
Director

Erik Webb Dempsey
Director

Statement of directors' responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union which give a true and fair view of the state of affairs of the Group at the end of each financial year and of the profit or loss of the Group for the year then ended. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- account for income and charges relating to the accounting year on an accrual basis;
- value separately the components of asset and liability items;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business as a going concern; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing, and maintaining 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. The directors are also responsible for safeguarding the assets of the Group, and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Consolidated statement of comprehensive income
Year ended 31 December 2023

	Notes	**2023** €	2022 €
Net revenue	*8*	7,618,403	3,455,913
General and administrative expenses		(7,377,060)	(6,217,947)
Net finance costs	*9*	(4,758,801)	(4,111,933)
Net foreign exchange differences		(1,519,817)	1,481,298
Fair value gain on investment properties	*18*	11,045,143	14,876,252
Profit before tax	*10*	5,007,868	9,483,583
Income tax expense	*12*	(2,827,076)	(2,743,292)
Profit for the year		2,180,792	6,740,291
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Deferred exchange differences		(582,876)	306,074
Total comprehensive income		1,597,916	7,046,365
Profit for the year attributable to owners of the parent company		2,180,792	6,740,291
Basic earnings per share	*13*	2.08	6.44

The notes on pages 10 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
31 December 2023

	Notes	2023 €	2022 €
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill	14	369,470	369,449
Property and equipment	15	141,287	308,342
Right-of-use assets	16	198,337	17,541
Intangible assets	17	159,926	567
Investment properties	18	120,193,925	112,500,132
Loans and receivables	19	-	45,985
Deferred tax assets	22	690,742	-
		121,753,687	113,242,016
Current assets			
Inventories	21	634,138	597,114
Loans and receivables	19	1,107,766	938,015
Other current assets	20	475,669	467,944
Cash and cash equivalents	23	18,991,872	9,099,143
		21,209,445	11,102,216
Total assets		142,963,132	124,344,232
Current liabilities			
Trade and other payables	24	4,148,130	3,026,440
Bank borrowings	27	761,918	575,868
Lease liabilities	25	27,134	17,471
Debt securities in issue	26	29,836,978	-
Current tax liabilities		9,972	30,783
		34,784,132	3,650,562
Non-current liabilities			
Bank borrowings	27	52,872,973	38,591,600
Other financial liabilities	28	-	2,303,050
Lease liabilities	25	172,743	-
Debt securities in issue	26	-	29,520,573
Deferred tax liabilities	22	11,269,268	8,012,347
		64,314,984	78,427,570
Total liabilities		99,099,116	82,078,132
Net assets		43,864,016	42,266,100

Consolidated statement of financial position
31 December 2023

	Notes	2023 €	2022 €
EQUITY			
Share capital	29	1,011,651	1,011,651
Share premium	30	9,000,000	9,000,000
Translation reserve		318,107	900,983
Retained earnings		33,534,258	31,353,466
Total equity		43,864,016	42,266,100

The notes on pages 10 to 43 form an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors, authorised for issue on 3 April 2024 and signed on its behalf by:

Edward Camilleri
Director

Erik Webb Dempsey
Director

Consolidated statement of changes in equity
31 December 2023

	Share capital €	Share premium €	Translation reserve €	Retained earnings €	Total equity €
Balance at 1 January 2022	1,011,651	9,000,000	594,909	24,613,175	35,219,735
Profit for the year	-	-	-	6,740,291	6,740,291
Other comprehensive income	-	-	306,074	-	306,074
Balance at 31 December 2022	1,011,651	9,000,000	900,983	31,353,466	42,266,100
Balance at 1 January 2023	1,011,651	9,000,000	900,983	31,353,466	42,266,100
Profit for the year	-	-	-	2,180,792	2,180,792
Other comprehensive loss	-	-	(582,876)	-	(582,876)
Balance at 31 December 2023	1,011,651	9,000,000	318,107	33,534,258	43,864,016

The notes on pages 10 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
Year ended 31 December 2023

	Notes	2023 €	2022 €
Cash flows from operating activities			
Profit before tax		5,007,868	9,483,583
Non-cash adjustments	33	(4,516,929)	(12,154,815)
Changes in working capital	33	760,804	(4,020,284)
Interest received		56,540	-
Taxes paid		(48,277)	(26,752)
Net cash flows generated from (used in) operating activities		1,260,006	(6,718,268)
Cash flows from investing activities			
Payments to acquire intangible asset		(178,956)	-
Payments to acquire property and equipment		(93,523)	(78,125)
Net payments to develop investment properties		(1,120,703)	(1,726,475)
Net cash flows used in investing activities		(1,393,182)	(1,804,600)
Cash flows from financing activities			
Net proceeds from borrowings		14,467,423	4,188,565
Interest paid on borrowings		(2,400,620)	(1,482,566)
Interest paid on debt securities issued		(2,100,000)	(2,100,000)
Repayments of lease obligations		(29,516)	(32,495)
Interest paid on lease obligations		(5,316)	(2,782)
Net cash flows generated from financing activities		9,931,971	570,722
Net movement in cash and cash equivalents		9,798,795	(7,952,146)
Cash and cash equivalents at the beginning of the year		9,099,143	17,078,423
Effect of foreign exchange rate changes		93,934	(27,134)
Cash and cash equivalents at the end of the year	23	18,991,872	9,099,143

The notes on pages 10 to 43 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Nature of operations

The principal activity of the Julius Meinl Living plc and its subsidiaries (collectively referred to as the “Group”) is to invest in, potentially develop and subsequently manage and operate real estate in the hospitality sector mainly in major cities across Europe. The Group focuses in particular on investments in serviced residences.

2. General information and statement of compliance with International Financial Reporting Standards

Julius Meinl Living plc (the “Company”), a public limited company, is domiciled in Malta. These consolidated financial statements incorporate the financial statements of the Company and entities it controls (its subsidiaries).

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, which are stated at fair value, and in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). These consolidated financial statements have also been drawn up in accordance with the provisions of the Companies Act (Cap. 386).

3. Going concern

The consolidated financial statements of the Group have been prepared on the basis that the Group operates as a going concern, which assumes the Group will be able to discharge its liabilities as they fall due.

The Group has issued € 30 million fixed rate bonds under a € 300 million Global Medium Term Note Issuance Programme which will mature on 26 September 2024 and have thus, had been classified as a current liability. Repayment of these bonds at maturity will occur out of (i) the Group’s cash holdings; (ii) funds contributed by the shareholder of Julius Meinl Living plc; and (iii) funds available from other providers of financing.

Early in 2024, the shareholder of Julius Meinl Living plc has agreed to commit an additional € 12,000,000 of equity type capital, of which € 7,000,000 have been drawn down as of the date of this report.

In addition, and as it considers how best to align its future capital structure with its growth objectives, the Group is in negotiations with a number of major banks for new bank loans. In parallel, the Group is preparing for the issue of a new tranche of bonds under its Global Medium Term Note Issuance Programme.

Based on these factors, management has the reasonable expectation that the Group has and will have adequate resources to continue in operational existence as a going concern for the foreseeable future.

4. Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Group’s functional currency.

5. New or revised standards or interpretations

5.1 New standards adopted as at 1 January 2023

The accounting pronouncements listed below have become effective from 1 January 2023. Hence, they have been adopted but they do not have a significant impact on the Groups financial results or position. Accordingly, the Group has made no changes to its accounting policies in 2023:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

5.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the consolidated financial statements in the period of initial application and therefore no disclosures have been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

6. Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the entity's material accounting policies below are appropriate.

6.1 Overall considerations and presentation of consolidated financial statements

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

6.2 Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries undertakings drawn up to 31 December 2023. Subsidiaries are all entities over which the Group has power to control the financial and operating policies. Julius Meinl Living plc and its subsidiaries obtain and exercise control through voting rights. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

6.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

6.4 Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities taken over at the date of acquisition. The Group assesses whether there are any indicators that goodwill is impaired at each reporting date.

6.5 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are recognised as an asset when it is probable that the future economic benefits that are associated with them will flow to the entity and the costs can be measured reliably. Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties, adjusting for foreign exchange differences where necessary, are recognised in profit or loss in the period in which they arise.

6.6 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Property and equipment are subsequently measured at cost, less accumulated depreciation and impairment losses, if any.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value. The following useful lives are applied:

- Office equipment 2–5 years
- Motor vehicle 3–12 years

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

6.7 Intangible assets

Intangible assets are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Intangible assets are subsequently measured at cost, less accumulated depreciation and impairment losses, if any.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value. The useful live of 3-5 years is applied for IT development and software.

Subsequent expenditures on maintenance of software are expensed as incurred.

6.8 Impairment of non-financial assets and goodwill

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. To determine the value-in-use, the Group's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Group's management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

6.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

The Group does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the Group's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance cost', 'finance income' or 'other financial items'.

Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's loans and receivables (excluding VAT recoverable), other current assets, and cash and cash equivalents fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade and other payables, lease liability, debt securities in issue, bank borrowings and other financial liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designates a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses – including gains of losses from foreign exchange differences – recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within ‘finance costs’ or ‘finance income’.

6.10 Revenue and expense recognition

Revenue arises mainly from management services, residence operations, and finance income.

To determine whether to recognise revenue, the Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers is recognised when control of the Group’s services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The Group evaluates all contractual arrangements it enters into and evaluates the nature of the promised goods or services, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are capable of being distinct and are distinct in the context of the contract, the consideration the Group expects to be entitled under the arrangement is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue is recognised at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied, either at a point in time or over time, as applicable, based on the pattern of transfer of control.

Management services

Management services charged to customers are recognised during the period when the relevant service has been rendered.

Hotel revenue

Hotel revenue represents revenue from residence operations which are recognized during the period when the relevant service has been rendered.

Finance income

Finance income is accounted for on an accruals basis by reference to the principal outstanding and applicable interest rates.

Expenses

General and administrative expenses are recognised in the consolidated statement of comprehensive income upon utilisation of the service or at the date of their origin.

6.11 Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

6.12 Leases

The Group as a lessee

The Group makes the use of leasing arrangements principally for the provision of office spaces with lease terms of 5.5 years without any extension terms. The Group does not enter into sale and leaseback arrangements.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

6.13 Inventories

Inventories are stated at the lower of cost and net realisable value of the separate items or group of similar items. Cost is determined by the average method. Net realisable value is the price at which stock can be realised.

6.14 Taxation

Current and deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

The charge for current tax is based on the taxable result for the period and any adjustment to tax payable in respect of previous years. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

6.15 Employee benefits

The Group contributes to the state pension for employees on its payroll in accordance with the applicable legislation in the relative jurisdiction. Obligations for such contributions are recognised as expense in profit or loss when they are due.

6.16 Foreign currencies

Individual Group entities may use functional currencies different from the Group’s functional and reporting currency. In preparing the financial statements of each individual Group entity, transactions in currencies other than the Group’s functional and reporting currency (euro) are recognised at the rates of exchange prevailing at the dates of the transactions.

For the purpose of preparing the financial statements of individual Group entities, at the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange differences on monetary items are recognised in profit or loss in the period in which they arise. Non-monetary items carried at fair value, that are denominated in foreign currencies, are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s individual Group entities are translated into euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Foreign exchange differences, if any, from the conversion at exchange rates at the end of the reporting period and conversion at average exchange rates are not recognized as profit or loss in the reporting period but are shown in other comprehensive income as deferred exchange differences - to be recognised in later reporting periods - and accumulated in equity as a translation reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

6.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

6.18 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premium received on the issue of share capital.

Translation reserve comprises foreign currency translation differences arising from the translation of the financial statements of the Group's foreign entities into euro.

Retained earnings include all current and prior period retained profits less dividend distributions.

All transactions with owners are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in trade and other payables when the dividends are approved in general meeting prior to the end of the reporting period.

6.19 Provisions

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be measured reliably. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as product warranties, legal disputes or onerous contracts. Provisions are not recognised for future operating losses. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term obligations are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting period and adjusted to reflect the current best estimate of the management.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

7. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income, and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 6.8).

Useful lives and residual values of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business combinations

Management uses various valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination (see note 6.3).

Fair value measurement

Management uses various valuation techniques to determine the fair value of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

Leases

The Group enters into lease of office with third-party landlord. The lease payments are discounted using the lessee’s incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available which are based on available market data.

8. Net revenue

	2023	2022
	€	€
Net hotel income (note 8.1)	7,541,966	3,309,619
Management services	17,891	15,366
Other income	58,546	130,928
Net revenue	7,618,403	3,455,913

8.1 Net hotel income

	2023	2022
	€	€
Hotel revenue	11,952,085	6,300,271
Hotel expenses	(4,410,119)	(2,990,652)
	7,541,966	3,309,619

As at 31 December 2023, the Group, through its subsidiaries, owned two serviced residences, which are both under operation, as follows:

1. Serviced residence in Prague, Czech Republic, known under the name 'The Julius Prague' was opened in spring 2022.

2. Serviced residence, the 'Escala Hotel and Suites' in Budapest, Hungary, which was acquired and operated already in 2021.

9. Net finance costs

	2023	2022
	€	€
Interest expense on debt securities issued	(2,409,406)	(2,672,768)
Interest expense on leases	(5,315)	(2,782)
Interest expense on borrowings	(2,400,620)	(1,438,269)
Finance income	56,540	1,886
Net finance costs	(4,758,801)	(4,111,933)

10. Profit before tax

Profit before tax is stated after charging the items below:

	2023	2022
	€	€
Auditor's remuneration	69,063	70,867
Key management personnel compensation (note 11)	85,000	65,000
Depreciation and amortisation	99,336	90,802

11. Key management personnel compensation

	2023	2022
	€	€
Directors' remuneration	85,000	65,000

12. Income tax expense

	2023	2022
	€	€
Deferred tax expense	(2,807,170)	(2,735,282)
Current tax expense	(19,906)	(8,010)
	(2,827,076)	(2,743,292)

Tax applying the statutory domestic income tax rate and the income tax expense for the year are reconciled as follows:

	2023	2022
	€	€
Profit before tax	5,007,868	9,483,583
Tax at the applicable rate of 35%	(1,752,753)	(3,319,255)
Tax effects of:		
Tax rate applicable in foreign jurisdictions	1,112,244	2,232,379
Expenses not deductible for tax purposes	(41,383)	(2,283,253)
Accrued income	(255,835)	553,022
Current year deferred tax asset not recognised	(931,867)	-
Unrealised foreign exchange differences	(62,496)	73,815
Flat rate foreign tax credit relief	547	-
Adjustment to previous year's tax charge	(1,058,549)	-
Notional interest deduction claimed	163,016	-
Income tax expense for the year	(2,827,076)	(2,743,292)

Refer to note 22 for details of deferred tax assets and liabilities.

13. Basic earnings per share

The calculation of earnings per share is based on the profit for the year attributable to owners of the parent company over the number of ordinary shares outstanding during the year.

14. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	2023	2022
	€	€
Gross carrying amount		
As at 1 January	528,290	527,119
Acquired through business combination (note 14.1)	-	1,171
As at 31 December	528,290	528,290
Accumulated impairment		
As at 1 January	(158,841)	(158,841)
Impairment loss recognised	21	-
As at 31 December	(158,820)	(158,841)
Carrying amount at 31 December	369,470	369,449

14.1 Acquisition of Julius Meinl Innovative Living Management s.r.o.

	2022
	€
Identifiable assets acquired and liabilities assumed	
Net working capital	829
Total identifiable net assets	829

Goodwill was recognized as a result of the acquisition as follows:

	2022
	€
Total consideration	2,000
Total identifiable net assets	(829)
Goodwill	1,171

Resulting goodwill was based on fair values of the assets and liabilities of the acquired company.

15. Property and equipment

	2023	2022
	€	€
Office equipment		
Cost		
As at 1 January	623,810	539,787
Additions during the year	93,524	78,125
Disposals during the year	(264,604)	-
Foreign exchange adjustments	2,444	5,898
As at 31 December	455,174	623,810
Depreciation		
As at 1 January	371,634	330,677
Charge for the year	44,626	40,957
Disposals during the year	(67,510)	-
As at 31 December	348,750	371,634
Net book value as at 31 December	106,424	252,176
Motor vehicles		
Cost		
As at 1 January	125,618	123,698
Foreign exchange adjustments	(786)	1,920
As at 31 December	124,832	125,618
Depreciation		
As at 1 January	69,452	49,394
Charge for the year	20,517	20,058
As at 31 December	89,969	69,452
Net book value as at 31 December	34,863	56,166
Total	141,287	308,342

As the property and equipment is owned by a Group entity with different functional currency than euro, the foreign exchange adjustment arises due to difference between the exchange rates at the end of the current and the end of the previous reporting period. A further adjustment is made to account for the effects arising from differences between exchange rates at the end of the period and average exchange rates during the period for the depreciation incurred in relation to the asset. For more details see note 6.16.

16. Right-of-use asset

	2023	2022
	€	€
Office premises		
Cost		
As at 1 January	131,026	130,145
Acquired during the year	211,922	-
Disposals during the year	(131,026)	-
Foreign exchange adjustments	405	881
As at 31 December	212,327	131,026
Depreciation		
As at 1 January	113,485	83,954
Charge for the year	13,990	29,531
Disposals during the year	(113,485)	-
As at 31 December	13,990	113,485
Net book value as at 31 December	198,337	17,541

Refer to note 25 for further details about the Group's leases.

As the office premises are leased by a Group entity with different functional currency than euro, the foreign exchange adjustment arises due to difference between the exchange rates at the end of the current and the end of the previous reporting period. A further adjustment is made to account for the effects arising from differences between exchange rates at the end of the period and average exchange rates during the period for the depreciation incurred in relation to the asset. For more details see note 6.16.

17. Intangible assets

	2023	2022
	€	€
Intellectual rights		
Cost		
As at 1 January	1,234	1,298
Acquired during the year	178,956	-
Foreign exchange adjustments	606	(64)
As at 31 December	180,796	1,234
Depreciation		
As at 1 January	667	411
Charge for the year	20,203	256
As at 31 December	20,870	667
Net book value as at 31 December	159,926	567

As the intangible asset is held by a Group entity with different functional currency than euro, the foreign exchange adjustment arises due to difference between the exchange rates at the end of the current and the end of the previous reporting period. A further adjustment is made to account for the effects arising from differences between exchange rates at the end of the period and average exchange rates during the period for the depreciation incurred in relation to the asset. For more details see note 6.16.

18. Investment properties

	2023	2022
	€	€
As at 1 January	112,500,132	93,998,761
Additions during the year	40,573	1,561,323
Acquisition cost adjustment (note 38)	(1,015,755)	-
Fair value gains	11,045,143	14,876,252
Foreign exchange adjustments	(2,376,168)	2,063,796
As at 31 December	120,193,925	112,500,132

As the investment properties are owned by a Group entity with different functional currency than euro, the foreign exchange adjustment arises due to difference between the exchange rates at the end of the current and the end of the previous reporting period. A further adjustment is made to account for the effects arising from differences between exchange rates at the end of the period and average exchange rates during the period for the fair value gain/loss incurred in relation to the asset. For more details see note 6.16.

Investment properties of the Group as at 31 December 2023 and 2022 relates to serviced residential and commercial properties located in Prague, Czech Republic, and in Budapest, Hungary.

The fair value of the Group's property assets is estimated based on appraisals performed by independent, professionally qualified property valuers at the end of every financial year. The significant inputs and assumptions are developed in close consultation with management.

The valuation and report has been prepared in accordance with RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022, together the ''Red Book'', in particular in accordance with the requirements of VPS 3 entitled Valuation reports and VPGA 2 Valuation of interests for secured lending, as appropriate.

In the Czech Republic, investment property includes 'The Julius Prague', which was opened in spring of 2022.

The valuer considered the following structure for this property:

1. 'The Julius Prague' with 168 rooms with size from 23 to 60+ sq m, F&B area, conference space and 29 underground parking spaces.
2. The retail unit is operated under a lease agreement by reputable third-party operator.

In 2023, the valuer prepared valuation based on nominal discount rate of 8.5% and on basis of exit cap rate of 6.25% which represents the value of €110,090,000.

In 2022, the valuer prepared valuation based on nominal discount rate of 8.25% and on basis of exit cap rate of 5.75% which represents the value of €102,415,753.

In Hungary, investment property includes the 'Escala Hotel & Suites', a service residence located in Budapest.

The property consists of the following:

1. The residence element (51 rooms of average size of 47.5 sq m) operated by the owner.
2. A breakfast lounge on 110 sq m operated by the owner.
3. 20 underground parking spaces.

The valuer prepared the valuation on basis of nominal discount rate of 10.8% (2022: 11.9*%)* and capitalization rate of 8.25% (2022: 8.0%) which represents the value of €10,100,000 (2022: €10,084,379).

The following table shows the valuation technique used in measuring the fair value of the investment properties as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows:		*The estimated fair value would increase/(decrease) if:*
The valuation model considers the present value of net cash flows to be generated from the property, taking into account, rental rates and expected rental growth rate, occupancy rate and void periods together reflected in vacancy rates, construction costs, opening and completion dates, lease incentive costs such as rent-free periods, taxes and other costs not paid by tenants. The	***PPH Nove Mesto s.r.o. property (Prague, Czech Republic)*** Average annual gross rental income of approx. €10.73 million in year 1 of cash flow increasing to nearly €14.75 million from year 5 (2022: income of approx. €8.8 million in year 1 of cash flow increasing to €13.4 million from year 5) Occupancy rate in the range of 73% for year 1, 77% for year 2, 79% for year 3 to 82% from year 4 (2022: range of 73% for	- Average rental rates were higher/(lower) hence higher/(lower) net rental income - The vacancy rates were lower/(higher) - The risk-adjusted discount rates were lower/(higher)

expected net cash flows are discounted using the risk-adjusted discount rates plus the final year stream is discounted with the terminal capitalisation rate. Among other factors, discount rate estimation considers the type of property, location, tenants and lease terms.	year 1 to 82% from year 5) Discount rate applied: 8.5% (2022: 8.25%) The exit yield considered to be 6.25% (2022: 5.75%) ***JM Hospitality Hungary Kft property (Budapest, Hungary)*** Average annual gross rental income of approx. €1.8 million in year 1 of cash flow increasing to nearly €2.3 million from year 5 (2022: income of approx. €1.5 million in year 1 of cash flow increasing to €2 million from year 5) Occupancy rate in the range of 75% for year 1, 81% for year 2 to 84% from year 3 (2022: range of 79% for year 1 to 88% from year 4) Discount rate applied: 10.8% (2022: 11.85%) The exit yield considered to be 8.25% (2022: 8%)	- The exit yield was lower/(higher)

Both properties are pledged as security for the related bank borrowings (see note 27).

19. Loans and receivables

	2023	2022
	€	€
Trade receivables	194,844	112,713
Accrued income	111,241	49,985
Other receivables	235,174	252,118
Financial assets	541,259	414,816
Prepayments	403,573	429,505
VAT recoverable	162,934	139,679
Total loans and receivables	1,107,766	984,000
Non-current	-	45,985
Current	1,107,766	938,015
	1,107,766	984,000

Prepayments during the year includes cost relating to revenues from management services, which will be generated in subsequent periods.

20. Other current assets

Other current assets represent assets connected with bonds issuance and trading, specifically cash and notes held on Parel Invest Securities liquidity account.

21. Inventories

	2023	2022
	€	€
Residence rooms equipment	581,165	595,304
Others	52,973	1,810
	634,138	597,114

Residence rooms equipment include duvets, linens, towels and apartments kitchen equipment. Other inventories include food and amenities.

22. Deferred taxation

	2023		2022	
	Deferred tax assets	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
	€	**€**	€	€
At 1 January	-	8,012,347	-	5,124,030
Movement for the year	711,372	2,095,798	-	2,735,282
Effect of foreign exchange	(20,630)	1,161,123	-	153,035
At 31 December	690,742	11,269,268	-	8,012,347

In accordance with the requirements of IAS 12 *Income Taxes*, the Group has recognised a deferred tax liability on the temporary difference arising from the change in fair value of its investment property as at 31 December 2023 and 2022. The deferred tax asset arises on tax losses carried forward incurred by the Group company.

23. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows comprise the following:

	2023	2022
	€	€
Cash at bank	18,991,872	9,099,143

Out of the cash at bank, the amount of €2,784,538 (*2022:* €2,081,641) is on an Interest Reserve Bank Accounts. Restriction on the interest reserve account will only apply upon the occurrence of a default event as defined in the Interest Reserve Account Pledge Agreement.

24. Trade and other payables

	2023	2022
	€	€
Trade payables	1,261,127	1,536,406
Accruals	1,506,115	1,044,555
Accruals for reconstruction cost	-	134,265
Other payables	1,182,349	-
Financial liabilities	3,949,591	2,715,226
Statutory liabilities	43,154	103,545
Other payables	155,385	207,669
	4,148,130	3,026,440

25. Leases

The lease liability is presented in the consolidated statement of financial position as follows:

	2023	2022
	€	€
Current	27,134	17,471
Non-current	172,743	-
	199,877	17,471

The Group has a lease for office premises from IVG Clear Solution Investment s.r.o., which is reflected as a right-of-use asset and a lease liability in the consolidated statement of financial position.

The lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. Upon termination, the right-of-use asset shall be returned to the lender in as good a condition as when received by the Group, except for reasonable wear and tear. The Group is prohibited from lending or transferring the underlying leased asset. The Group shall ensure that these assets are at all times kept in a good state of repair and return the properties to their original condition at the end of the lease. Further, the Group must insure and incur maintenance fees on such items in accordance with the lease contract.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the consolidated statement of financial position in the current and in the previous years:

Right-of-use asset	Office premises
No. of right-of-use assets leased	1
Range of remaining term	6
Average remaining lease term	6
No. of leases with variable payments linked to an index	1

The lease liability is secured by the related underlying asset. Future minimum lease payments at each reporting date are as follows:

Minimum lease payments

As at 31 December 2023

	Not later than 1 year	Later than 1 year but not later than 5 years	Total
	€	€	€
Lease payments	41,293	208,496	249,789
Finance charges	(14,159)	(35,753)	(49,912)
Net present values	27,134	172,743	199,877

As at 31 December 2022

	Not later than 1 year	Later than 1 year but not later than 5 years	Total
	€	€	€
Lease payments	22,078	-	22,078
Finance charges	(4,607)	-	(4,607)
Net present values	17,471	-	17,471

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed as incurred and included as part of general administrative expenses in the consolidated statement of comprehensive income.

Additional information on the right-of-use asset is disclosed in note 16.

26. Debt securities in issue

The carrying amounts of debt securities in issue are as follows:

	2023	2022
	€	€
Bonds denominated in euro	29,836,978	29,520,573

The subsidiary of the Group has bonds issued as follows:

JML Finance (Luxembourg) S.a.r.l.

Placement:	€29,900,000 (2022: €29,900,000)
Date of issue:	26 September 2019
Coupon rate	7% per annum
Maturity date:	26 September 2024

27. Bank borrowings

	2023	2022
	€	€
Non-current	52,872,973	38,591,600
Current	761,918	575,868
	53,634,891	39,167,468

In November 2022, PPH Nove Mesto s.r.o. entered into loan agreement with Trinity Bank, a.s. the loan was to repay J&T Bank, a.s. loan and the credit line is €35,250,000. The interest rate is 3M EURIBOR (min. 0%) + margin (2.65% per annum).

In December 2023, the company entered into new loan agreement with Trinity bank, a.s. The loan was used to repay original Trinity bank, a.s. loan and to refinance intercompany loans from Julius Meinl Living plc and Julius Meinl Living Holdings Limited. The credit line is €50,000,000. The interest rate is 3M EURIBOR (min. 0%) + Margin (3.45% p.a.).

The loan from Trinity bank, a.s. is secured by a mortgage, granted by PPH Nove Mesto s.r.o. over the investment property in Prague, Czech Republic (see note 18) including negative pledge, pledge and subordination of shareholder loan to borrower, pledge of insurance receivables from asset's insurance, pledge of all Julius Meinl Living Holdings Limited shares (PPH Nove Mesto s.r.o.'s immediate parent company), including negative pledge, pledge of all borrower's bank accounts, borrower's promissory note, notarial deed with direct enforceability and cost overrun guarantee of Julius Meinl Living plc.

In 2021, JM Hospitality Hungary Kft entered into loan agreement with Takarékbank Zrt. with registered seat 1117 Budapest, Magyar tudósok körútja 9. G. ép. The loan is for refinancing the loan from former parent company. Credit line is €3,925,000 and interest rate is 1M EURIBOR (min. 0%) + margin (3.5% per annum). Repayment started on March 31, 2023, in equal installments of €32,708.

The loan is secured by the mortgage over the Project property, pledge over quota, pledge over movable, pledge over claims and receivables, borrower's promissory note, notarial deed with direct enforceability and cost overrun guarantee of the Julius Meinl Living plc.

28. Other financial liabilities

	2023	2022
	€	€
Non-current	-	2,303,050
	-	2,303,050

Non-current other financial liabilities represent amounts withheld on payments made to the general contractor of the investment property in Prague, Czech Republic. Retention amounts are to be repaid after the completion of the project and upon fulfilment of specific conditions as agreed with the general contractor. In 2023, the retention was partly repaid and partly forms part of trade and other payables as it is due in 2024.

29. Share capital

	Authorised	Issued and called up
	€	€
Ordinary A shares of €1 each	1,000,000	11,651
Ordinary B shares of €1 each	150,000,000	1,000,000
Cumulative preference shares	15,000	-
	151,015,000	1,011,651

The Company was incorporated on 9 August 2016 with an authorised share capital of €151,015,000 made up of 1,000,000 ordinary A shares and 150,000,000 ordinary B shares, all having a nominal value of €1 each and 150,000,000 cumulative preference shares with a nominal value of €0.0001 each.

Upon incorporation, the Company issued share capital amounting to €11,650 comprising 46,600 ordinary A shares having a nominal value of €1 each, being 25% paid up.

On 6 December 2016, the Company issued further share capital amounting to €1,000,000 comprising 1,000,000 ordinary B shares having a nominal value of €1 each, being 100% paid up. In addition, it issued one preference share with a nominal value of €0.0001.

On 29 January 2018, the one preference share was re-designated as 1 Ordinary A share 100% paid up.

Except for the appointment and removal of board members and issueance of preference shares in general meeting which grant the Ordinary A shareholders 1,000,000 votes for each A share in general meeting, each share in the Company gives the holder thereof the right to one (1) vote at any general meeting of the Company.

30. Share premium

Share premium represents the share premium of €9 per share paid upon the issue of 1,000,000 ordinary B shares, having a nominal value of €1 each.

31. Subsidiaries

The results incorporated in the consolidated financial statements include the individual results of Julius Meinl Living plc and its subsidiaries as disclosed below:

Subsidiaries	Principal activities	Date of incorporation/ acquisition	Country of incorporation	Proportion of ownership interest 2023	2022
Held by Julius Meinl Living plc					
Julius Meinl Living Holdings Limited	Investment holding	9 August 2016	Malta	100%	100%
JML Finance (Luxembourg) S.a.r.l.	Bond issuance and finance company	13 March 2019	Luxembourg	100%	100%
JM Innovative Living Management s.r.o. (*acquired during 2023 from Julius Meinl Living Holdings Limited)*	Property management	16 November 2022	Czech Republic	100%	-
Held by Julius Meinl Living Holdings Limited					
Julius Meinl Living CZ s.r.o.	Property management	25 August 2016	Czech Republic	100%	100%
PPH Nove Mesto s.r.o.	Asset company	19 June 2018	Czech Republic	100%	100%
Julius Meinl Prime Homes s.r.o.	Property management	1 November 2018	Czech Republic	-	100%
Julius Meinl Living Belgrade doo *(in liquidation)*	Property management	31 October 2019	Serbia	100%	100%
JM Hospitality Hungary Kft	Investment property	2 August 2021	Hungary	100%	100%
JM Innovative Living Management s.r.o.	Property management	16 November 2022	Czech Republic	-	100%
JML London Propco Limited	Property management	13 July 2023	United Kingdom	100%	-

On 9 August 2016, the Company set up Julius Meinl Living Holdings Limited, an investment holding company incorporated in Malta and 100% owned by the Company.

On 25 August 2016, the Group, through its subsidiary, Julius Meinl Living Holdings Limited, set up Julius Meinl Living CZ s.r.o., a property management company incorporated in the Czech Republic and 100% owned by Julius Meinl Living Holdings Limited.

On 19 June 2018, the Group, through its subsidiary, Julius Meinl Living Holdings Limited, acquired 75% of the share capital of PPH Nove Mesto s.r.o., an asset company incorporated in the Czech Republic. The Group acquired a further 13.33% and 11.67% of the share capital of PPH Nove Mesto s.r.o., in 2019 and 2020, respectively, bringing its total holding to 100%.

On 1 November 2018, the Group, through its subsidiary, Julius Meinl Living Holdings Limited, acquired 100% of the share capital of Julius Meinl Prime Homes s.r.o., a property management company incorporated in the Czech Republic. In February 2023, this subsidiary was sold.

On 13 March 2019, the Company acquired 100% of the share capital of JML Finance (Luxembourg), a bond issuance and finance company incorporated in the Grand Duchy of Luxembourg.

On 31 October 2019, the Group, through its subsidiary, Julius Meinl Living Holdings Limited, acquired 100% of the share capital of Julius Meinl Living doo Beograd, a property management company incorporated in Serbia.

On 2 August 2021, the Group, through its subsidiary, Julius Meinl Living Holdings Limited acquired the entire share capital in JM Hospitality Hungary Kft, an asset company incorporated in Hungary.

On 16 November 2022, the Group, through its subsidiary, Julius Meinl Living Holdings Limited acquired the entire share capital in JM Innovative Living Management s.r.o., in order to expand its business activities. During the year, this subsidiary was transferred within the Group, to Julius Meinl Living plc.

On 13 July 2023, the Group, through its subsidiary, Julius Meinl Living Holdings Limited acquired the entire share capital in JML London Propco Limited.

32. Related party disclosures

The parent of Julius Meinl Living plc is Julius Meinl Finance Limited which is incorporated in the Cayman Islands. The directors consider the ultimate beneficiary to be Mr. Julius Meinl.

The Group's related parties also include its key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

In years 2023 and 2022, there were no loans and amounts due from and to related parties. Key management personnel compensation is disclosed in note 11.

33. Non-cash adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to the consolidated profit before tax to arrive at operating cash flows:

	2023	2022
	€	€
Non-cash adjustments:		
Fair value gain on investment properties	(11,045,143)	(14,876,252)
Loss on disposal of subsidiary, net of cash released	150,280	-
Impairment of goodwill	(21)	-
Depreciation	99,336	90,802
Net foreign exchange adjustments	1,519,817	(1,481,298)
Interest expense on debt securities issued	2,409,406	2,628,471
Interest expense on leases	5,316	2,782
Interest expense on borrowings	2,400,620	1,482,566
Finance income	(56,540)	(1,886)
	(4,516,929)	(12,154,815)

	2023	2022
	€	€
Changes in working capital:		
Loans and receivables	(113,211)	283,051
Other current asset	(7,725)	(44,298)
Inventories	(37,024)	(87,801)
Trade and other payables	918,764	(4,171,236)
	760,804	(4,020,284)

34. Capital commitments

In 2022, the Group finalized the reconstruction of a building in Prague, Czech Republic into serviced residential and commercial property. The cost for reconstruction and equipment were paid with the remaining balance of €2,303,050 being recorded as long-term liability as retention to the contractors.

In 2023, the remaining part of the retention is recorded under current liabilities.

35. Fair values of non-financial assets

The following table presents non-financial assets measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups non-financial assets into three levels based on the significance of inputs used in measuring the fair value of the non-financial assets.

The fair value hierarchy has the following levels:

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

The level within which the non-financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The following table shows the levels within the hierarchy of non-financial assets of the Group measured at fair value at 31 December 2023 and 2022:

	Level 1	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
31 December 2023				
Investment properties	-	120,193,925	-	120,193,925
31 December 2022				
Investment properties	-	112,500,132	-	112,500,132

Refer to note 18 for details of the valuation techniques used in measuring the fair value.

36. Financial instrument risk management objectives and policies

The exposures to risk and the way risks arise, together with the Group's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Group's exposure to financial risks or the manner in which the Group manages and measures these risks are disclosed below.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example, by granting loans and receivables, placing deposits, etc.

The Group's exposure to credit risk at the end of the reporting period is analysed below:

		2023	2022
	Notes	**€**	€
Classes of financial assets – carrying amounts			
Non-current asset			
Financial asset at amortised costs:			
- Loans and receivables	*19*	-	45,985
Current assets			
Financial assets at amortised costs:			
- Loans and receivables	*19*	541,259	414,816
- Cash and cash equivalents	*23*	18,991,872	9,099,143
		19,533,131	9,559,944

Credit risk arises from cash and cash equivalents and credit exposures to borrowers. Cash and cash equivalents consist of cash held at financial institutions. In determining the ECL for cash and cash equivalents, the directors have considered the fact that cash and cash equivalents are held by foreign financial institutions and are callable on demand. The directors consider the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be wholly insignificant to the Group.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover debts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk; primarily the Czech koruna (CZK) and from 2021 Hungarian forints (HUF). Historically, the CZK and HUF have been relatively stable with very limited fluctuations against the euro (EUR). Hence, the currency risks associated with the Czech and Hungarian operations are limited. Nevertheless, management performs regular monitoring of the relevant exchange rates and of the National Bank of Czech Republic and the National Bank of Hungary policies, in order to react to material movements, if any.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into EUR at the closing rate as of 31 December of the respective financial year:

Exposure	**Short-term**	**Long-term**	**Total**
Currency	**CZK**	**CZK**	**CZK**
31 December 2023			
Cash and cash equivalents	217,125	-	217,125
Loans and receivables	411,834	-	411,834
Trade and other payables	(3,333,597)	-	(3,333,597)
Net Exposure	**(2,704,638)**	**-**	**(2,704,638)**

Exposure	**Short-term**	**Long-term**	**Total**
Currency	**CZK**	**CZK**	**CZK**
31 December 2022			
Cash and cash equivalents	504,132	-	504,132
Loans and receivables	317,222	-	317,222
Trade and other payables	(2,521,716)	(2,303,050)	(4,824,766)
Net Exposure	**(1,700,362)**	**(2,303,050)**	**(4,003,412)**

Exposure	**Short-term**	**Long-term**	**Total**
Currency	**HUF**	**HUF**	**HUF**
31 December 2023			
Cash and cash equivalents	6,027	-	6,027
Loans and receivables	24,125	-	24,125
Trade and other payables	(163,777)	-	(163,777)
Net Exposure	**(133,625)**	**-**	**(133,625)**

Exposure	**Short-term**	**Long-term**	**Total**
Currency	**HUF**	**HUF**	**HUF**
31 December 2022			
Cash and cash equivalents	46,023	-	46,023
Loans and receivables	46,923	-	46,923
Trade and other payables	(161,497)	-	(161,497)
Net Exposure	**(68,551)**	**-**	**(68,551)**

Volatility is a measure of the fluctuations in the underlying exchange rate over a given time period. It is expressed as a percentage and computed as the annualized standard deviation of percentage change in daily price. High values mean high risk. Volatility for the CZK/EUR currency pair between 1 January and 31 December for the years 2022 and 2023 was approximately 5.8%, and 2.27%, respectively. The minimum / maximum exchange rates for CZK/EUR currency pair between 1 January and 31 December was approximately 24.12 / 25.87 and 23.27 / 24.72 for the respective years 2022 and 2023 representing a difference between the highest and lowest exchange rates of approximately 7.3% and 6.2% during the respective years 2022 and 2023.

Volatility for the HUF/EUR currency pair between 1 January and 31 December for the years 2022 and 2023 was approximately 13.2%, and 4.55%, respectively. The minimum / maximum exchange rates for HUF/EUR currency pair between 1 January and 31 December was approximately 352.92 / 430.65 and 368.15 / 403.33 for the respective years 2022 and 2023 representing a difference between the highest and lowest exchange rates of approximately 22.0% and 9.56% during the respective years 2022 and 2023.

By comparison the USD/EUR currency pair volatility over the same periods was 10.1% and 3.44% and the difference between the highest and lowest exchange rates was approximately 19.9% and 3.32% during the respective years 2022 and 2023.

Management continues to monitor the CZK/EUR and HUF/EUR pairs closely.

The following tables illustrates the sensitivity of profit and equity relating to the Group's financial assets and financial liabilities and the CZK/EUR respective HUF/EUR exchange rate 'all other things being equal'. It assumes a +/- 10% change of the CZK/EUR respective HUF/EUR exchange rate for the year ended at 31 December 2023 (2022: +/-10%). These percentages have been determined based on the management's interpretation of the volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. The Group does not currently enter into account forward exchange contracts that would offset effects from changes in currency exchange rates.

If the CZK had strengthened against the EUR by 10% (2022: 10%), then this would have had the following impact:

CZK strengthens vs. EUR	**Profit for the year**	**Equity**
	CZK	**CZK**
31 December 2023	**199,160**	**-**
31 December 2022	294,797	-

If the CZK had weakened against the EUR by 10% (2022: 10%), then this would have had the following impact:

CZK weakens vs. EUR	**Profit for the year**	**Equity**
	CZK	**CZK**
31 December 2023	**(243,417)**	**-**
31 December 2022	(360,307)	-

If the HUF had strengthened against the EUR by 10% (2022: 10%), then this would have had the following impact:

HUF strengthens vs. EUR	Profit for the year	Equity
	HUF	HUF
31 December 2023	**(12,026)**	
31 December 2022	(6,170)	-

If the HUF had weakened against the EUR by 10% (2022: 10%), then this would have had the following impact:

HUF weakens vs. EUR	Profit for the year	Equity
	HUF	HUF
31 December 2023	**9,840**	
31 December 2022	5,048	-

The higher foreign currency exchange rate sensitivity in profit in 2023 compared with 2022 is attributable to a wider band variance and a net increase in foreign currency denominated debt. Equity is not affected because the Group does not employ hedging instruments or derivatives.

Interest rate risk

The Group has fixed rate debt securities and variable rate bank borrowings to finance its operations as disclosed in notes 26 and 27. The interest rates thereon and the terms of such borrowings are disclosed accordingly. There are no other material interest-bearing financial assets and financial liabilities.

Liquidity risk

The Group monitors and manages its risk to a shortage of funds by considering the maturity of both its financial assets and financial liabilities and by monitoring the availability of raising funds to meet commitments associated with financial instruments.

The maturity analysis of the Group's financial liabilities as at 31 December 2023 and 2022 are given below. These amounts are gross, undiscounted and include estimated interest payments.

	3 months - 1 year	1-5 years	Total
	€	€	€
31 December 2023			
Debt securities in issue	29,836,978	-	29,836,978
Bank borrowings	761,918	52,872,973	53,634,891
Trade and other payables	3,949,591	-	3,949,591
Lease liabilities	27,134	172,743	199,877
	34,575,621	53,045,716	87,621,337
31 December 2022			
Debt securities in issue	-	29,520,573	29,520,573
Bank borrowings	575,868	38,591,600	39,167,468
Trade and other payables	2,715,226	-	2,715,226
Lease liabilities	17,471	-	17,471
Other financial liabilities	-	2,303,050	2,303,050
	3,308,565	70,415,223	73,723,788

Summary of financial instruments by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at the end of the reporting period under review may also be categorised as follows. See note 6.9 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2023 €	2022 €
Non-current asset			
Financial assets at amortised cost:			
Loans and receivables	*19*	-	45,985
Current assets			
Financial assets at amortised cost:			
Loans and receivables	*19*	541,259	414,816
Other current assets	*20*	475,669	467,944
Cash and cash equivalents	*23*	18,991,872	9,099,143
		20,008,800	10,027,888
Non-current liabilities			
Financial liabilities at amortised cost:			
Debt securities in issue	*26*	-	29,520,573
Lease liabilities	*25*	172,743	-
Other financial liabilities	*28*	-	2,303,050
Bank borrowings	*27*	52,872,973	38,591,600
		53,045,716	70,415,223
Current liabilities			
Financial liabilities at amortised cost:			
Debt securities in issue	*26*	29,836,978	-
Bank borrowings	*27*	761,918	575,868
Trade and other payables	*24*	3,949,591	2,715,226
Lease liabilities	*25*	27,134	17,471
		34,575,621	3,308,565
		87,621,337	73,723,788

37. Capital management policies and procedures

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of items presented within equity in the consolidated statement of financial position.

The Group's directors and key management manage the Group's capital structure and make adjustment thereto, in the light of changes in economic conditions. The capital structure is reviewed on an ongoing basis.

38. Contingent assets

In connection with the reconstruction of the Group's investment property carried out by the construction companies Metrostav, a.s. and BAK stavební společnost, a.s. ("Contractor"), the Group, through one of its subsidiaries, was entitled, under the construction contract, to apply a contractual penalty for the delays in the completion of works and to offset such penalty directly against any outstanding payables to the Contractor.

The total penalty amounted to €2.23 million (53.7 million CZK), of which €420,880 (10.15 million CZK) had been offset in previous accounting periods and an amount of €1.81 million (43.55 million CZK) was offset in the in the first full financial year following the final handover of the works, i.e. during the reporting period ended 31 December 2022.

In January 2023, the subsidiary was served with a claim by the Contractor, filed with the court in Prague, in which the Contractor disputed the application and the offsetting of the penalty. Based on the review and the opinion by its legal advisor, the Group took the view that the Contractor´s claim had no merit. Nonetheless, the penalty of €1.81 million (43.55 million CZK) was not recognized as a reduction of the acquisition cost of the asset as of 31 December 2022, given that receipt of the amount was dependent upon the outcome of the litigation.

In December 2023, the subsidiary agreed a settlement with the Contactor, based on which the subsidiary will not apply the contractual penalty, however the Contactor will grant a discount on the total price of work provided in total amount of €1 million (25.9 million CZK).

39. Events after the end of the reporting period

No adjusting or other significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the Board.

Since the end of the reporting period, the Group acquired a further landmark property, the Hotel Ambassador in Bucharest through acquisition of Ambassador SA as new subsidiary of Julius Meinl Living Holdings Limited.

Early in 2024, the shareholder of Julius Meinl Living plc has agreed to commit an additional €12,000,000 of equity type capital, of which €7,000,000 have been drawn down as of the date of this report.

Independent auditor's report

To the shareholders of Julius Meinl Living plc

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Julius Meinl Living plc (the "Group") set out on pages 5 to 43, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional 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 consolidated financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report and the Statement of Directors' Responsibilities which we obtained prior to the date of this auditor's report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information, including the Directors' report.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements, and
- the directors' report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so. The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate 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.

Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1,
Central Business District,
Birkirkara CBD 1050
Malta

3 April 2024