ANNUAL REPORT 2021

Julius Meinl Living

CONTENTS

JULIUS MEINL LIVING AT A GLANCE

Julius Meinl Living PLC acquires prime real estate assets for development into serviced residences that the group will then operate itself.

The flagship properties will be known as The Julius – drawing on the Julius Meinl family's 160-years of activity as consumer goods and retail pioneers and creators of the Viennese food emporium Julius Meinl am Graben.

The Julius draws on the legacy of service, quality and innovation arising from this activity and marks the family's first entry into the world of travel and hospitality. It balances luxury and modern design with warmth, comfort and convenience. Evoking the timeless standard and spirit of European hospitality through a modern mindset, The Julius represents a place in the city to relax and explore from; to treat as a home; and to work.

Whether staying for one night, one month or more, guests will experience the freedom of apartment living, with hassle-free access, easy-to-use technology and flexible amenities.

The Julius Meinl Living group owns currently two properties – our flagship in Prague which will open in Spring 2022 and a second property in Budapest which is already in operation and which for the time being will continue to operate under its current name, the Escala Hotel & Suites.

But this is only the start – several properties in major cities across Europe are under consideration and we expect to announce further acquisitions soon.

KEY FIGURES

		2021	2020
Net Revenues	EUR	775,497	356,307
Profit before tax	EUR	6,524,266	1,104,633
Profit for the year	EUR	4,826,618	656,394
Total assets	EUR	113,974,910	93,149,745
Equity	EUR	35,219,735	29,420,986
Liabilities	EUR	78,755,175	63,728,759
Earnings per share	EUR	4.61	0.63
Total number of properties	#	2	2
Total number of apartments/rooms	#	219	297

LETTER OF THE BOARD

Dear Stakeholders,

It is a pleasure for us to present you with our annual report for the year 2021. During the last year where we have not only been able to continue with the development of our "flagship" project The Julius in Prague, which is set to start operations during Spring 2022, but also acquired a second property in Budapest, which is already in operation.

In addition, we have built a strong pipeline of additional properties in the western, central and eastern European regions and beyond where we see significant potential. We have identified various suitable projects and are confident that we will be able to announce new additions to our The Julius portfolio very soon.

Against this background, we are very positive for the future development of our group.

This confidence is reinforced by the apparent improvement in the Covid related restrictions, which until very recently had led to a challenging environment for the hospitality industry. We are well-aware that there will continue to be industry-wide challenges ahead throughout this road to recovery as individual markets react to their own evolving situations that cannot be fully predicted. However, as vaccination and booster programmes continue to be rolled out in countries all over the world, we expect that the development within our business will remain strong.

The Board's optimism for the future is founded on the proven ability of our founder's family to recover through challenging times during the last 160 years.

As a company whose roots reach back over six generations, Julius Meinl Living recognizes the importance of minimising the impact of its business on the environment, while at the

same time maximizing social and economic benefits for the local community and enhancing cultural heritage. When we re-develop historical properties or are undertaking new developments our aim is to achieve highest possible LEED building standards as we did in our The Julius property in Prague and to enhance the environmental impact of existing serviced residences that we acquire. Our aim is to remain a pioneer in sustainability also in the future.

On our planned further expansion, the strategy of Julius Meinl Living now has two elements. The first is to develop The Julius into the pre-eminent collection of premium serviced residences in Europe. The second is to acquire opportunistically serviced residence properties that can immediately generate profit and cash flow for the group.

People within Europe but also from the rest of the world are eager to return to travel. Hotels in general but serviced residences, in particular, should benefit strongly through 2022 and beyond. This reflects both the secular growth in the serviced residences sector and a perception that they represent a “safer” hospitality option.

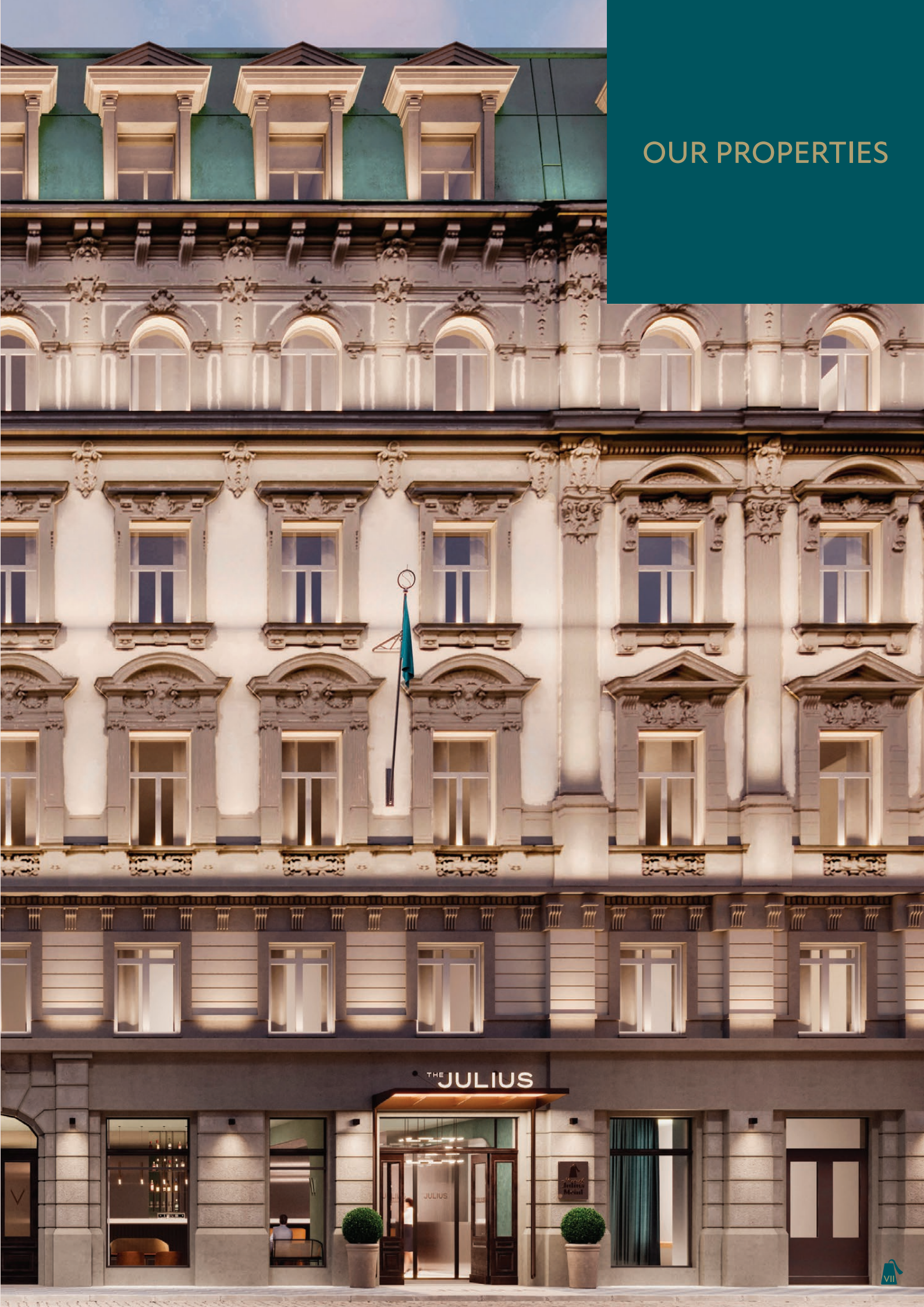
Against this encouraging backdrop, and despite events in Ukraine, Julius Meinl Living believes that it is well-placed to outperform the sector, as its unique business model, strong financial position, depth of capability and expertise, and exciting development pipeline continue to position it well.

We are looking forward welcoming you in our residences!

Sincerely Yours

Julius Meinl Living PLC

OUR PROPERTIES



Julius Meinl Living currently owns two properties – our flagship The Julius located in the city centre in Prague which will open in Spring 2022 and The Escala Hotel & Suites in Budapest, which is an operating asset that the Group acquired in 2021.

As it considers where expand in the future, Julius Meinl Living has been and continues to focus not just on Central and Eastern Europe, but on the rest of Europe too.

In so doing, Julius Meinl Living aims for The Julius to become a genuine pan-European brand. The chart below indicates cities to which Julius Meinl Living has devoted particular attention.

THE JULIUS PRAGUE

The Julius Prague is in the city centre of Prague close to the main retail streets and to Wenceslas Square. The area has always been one of the most attractive destinations in Prague for domestic and foreign visitors, for cultural events and other commercial purposes. The surrounding area is of mixed-use nature including shopping centres, restaurants, financial institutions, hotels and residential buildings.

After a full reconstruction of the property to a serviced residence according to the standards of Julius Meinl Living the property will accommodate 168 apartments with an average size of over 40 sqm. In addition, The Julius Prague will also include an inhouse restaurant, a gym for guests and 29 parking spaces for guests arriving by car.

As of year-end 2021 the reconstruction of the project was in the final stage and the opening of the property is planned for Spring 2022.

Total development costs for the project as estimated as of year-end 2021 amounted to EUR 53m and the market value for the property as of year-end 2021 amounted to EUR 85m.

THE ESCALA BUDAPEST

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

The Escala is an operating serviced residence that Julius Meinl Living acquired in Summer 2021.

It currently has 51 apartments with an average size of 47.5 sqm – all with 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.

Whilst keeping the property fully in operation, Julius Meinl Living intends to undertake some investments in the property to protect and enhance the value going forward. As part of this investment, some spaces in the building will be converted to create additional apartments.

The purchase price for the property amounted to EUR 7m, in addition to which investments are planned to be made in 2022 for the above-mentioned enhancements.

The market value for the property as of year-end 2021 amounted to EUR 9m.

CONSOLIDATED FINANCIAL STATEMENTS YEAR END 2021

Julius Meinl Living

Julius Meinl Living plc

C 76799

Report and consolidated financial statements

Year ended 31 December 2021

Contents

Directors, officer, and other information

Directors:	Edward Camilleri Nadine Elisabeth Gilles Nicholas Hill Erik Webb Dempsey Julius Max Franz Christian Meinl Peter Weinzierl (until 28 May 2021)
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 2021.

Principal activities

The principal activity of the Group is to invest in, develop and subsequently manage residential and commercial real estate, both in Central and Eastern Europe (CEE) and elsewhere in Europe, with a focus on the hospitality sector and a special focus on serviced apartments/residences.

Performance review

During the period under review, the Group registered a profit after tax of *€4,826,618* (2020: *€656,394*) arising primarily from an increase in the fair value of investment properties.

The shareholders' funds at the end of the reporting period amounted to *€35,219,735* (2020: *€29,420,986*).

Result and dividends

The result for the year ended 31 December 2021 is shown in the consolidated statement of total comprehensive income on page 6.

No dividend is being recommended by the directors.

Future business developments

Going forward, the Company, by itself and through its subsidiaries, will invest in and intends to become a major developer, owner and operator in the serviced residences sector.

Serviced residences are also referred to as aparthotels, extended stays, serviced apartments or all-suite hotels and constitute an established alternative to classical hotels. The growth of this sub-segment of the hospitality industry has taken off mainly in the United States several years ago and has since made its showings in certain parts of Western Europe, Asia and Australia. Typically leased for periods from a few days to several months, serviced residences represent a mix between traditional hotel accommodation and residential housing; they seek to combine the advantages of a hotel, mainly central location and comfort, with those of an apartment, such as larger space, own kitchen and a work area. They are particularly well suited for corporate travelers, for whom they present a compelling alternative to hotels, particularly if they have to remain in a location for a job assignment for several weeks.

The Group aims to be one of the first movers in the serviced residences sector in the CEE, Southeastern Europe and the wider European region by rolling out its concept across the capital cities of the region. It intends to introduce a new standard to the market which sharply contrasts with many of the lower quality offerings in this segment in the target markets.

The Group's first project for serviced residences is in Prague, Czech Republic. This project is under final stages of fit out and due for completion and opening in spring 2022. A second residence was acquired in Budapest, Hungary in August 2021. The Group's project in Belgrade, Serbia was terminated as of December 2021.

Feasibility study reports confirmed that there is a high demand for high quality serviced residences in Prague, Budapest and similarly in other major or capital cities, in particular, in the CEE region. Serviced residences have also generally shown higher performance under the COVID-19 pandemic circumstances compared to standard hotel accommodation offerings.

In addition, the Group plans to undertake inhouse certain ancillary activities in the area of property development and property management. These activities shall serve primarily the development of projects of the Company and its subsidiaries but may also be deployed for projects owned by third party entities against adequate service fee income.

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

Effects of COVID-19 during FY2021

The COVID-19 pandemic has significantly impacted the hospitality sector worldwide during 2020 and 2021. Although this situation, unfortunately, is expected to prevail for some time there are strong signs of sector recovery on the horizon. The Group continually monitors the hospitality market and is in regular contact with hospitality experts with respect to the COVID situation. The Group sees a general consensus view of a significant revival of the sector in 2022 with stabilizations in 2023.

However, it is still unknown how the situation in different countries will develop over 2022 and beyond where new outbreaks may lead to new travel restrictions and therefore affect. The post-COVID situation might—depending on the further development of the overall situation in the short-to-midterm—have an impact on the profitability of the equity.

With regards COVID's impacts during FY2021 the Group can generally report the following:

- Given that the largest assets under ownership within the Group are not yet operating, COVID has not caused a material impact on operating performance. The asset in Budapest experienced relatively quick rebounds in occupancy during periods when COVID restrictions were relieved.
- With regards to development and construction progress, the Group's residence under construction experienced minor delays from supply chain issues as a result of the COVID environment. Nonetheless, the project currently under development is on track to meet its planned opening date in Q1-2022.
- The Group has not experienced reductions in fair value estimates of its investment properties during FY2021. However, this cannot be a guarantee of future performance.
- The Group pursued a number of potential acquisition opportunities in FY2021 and successfully acquired a property in Budapest. The Group continues to negotiate on selected targets.

With regards to operating under a post-COVID environment, the Group's management is addressing COVID-related issues concerning its target group of guests, and is of the view that its offerings and position in the extended stay accommodation market are highly competitive.

Post-balance sheet events

Since the end of the reporting period, the Group has continued to work on its strategy to become a major player in the serviced residences sector. This has involved continued construction work on the Group's existing projects in Prague, the continued execution of a medium-term note program in order to give the Company and the Group added sources of financing and flexibility to expand in accordance with its strategy, and effort to find additional projects meeting the Group's criteria for expansion, with concrete opportunities being pursued in Budapest, Bucharest, the Netherlands and several major cities in Poland.

There are no adjusting or other significant non-adjusting events occurred between the end of the reporting period and the date of authorization by the Board.

Directors

The directors who served during the period were:

Edward Camilleri
Nadine Elisabeth Gilles
Nicholas Hill
Erik Webb Dempsey
Julius Max Franz Christian Meinl
Peter Weinzierl (until 28 May 2021)

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 Company will be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on its behalf on March 25, 2022 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 accruals 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 total comprehensive income
Year ended 31 December 2021

	Notes	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Net revenue	*6*	775,497	356,307
General and administrative expenses		(3,885,760)	(1,933,800)
Net finance costs	*7*	(2,366,852)	(2,211,229)
Net foreign exchange differences		1,968,558	(632,352)
Write-off of investment property	*16*	(2,524,551)	-
Fair value gain on investment properties	*16*	12,716,215	4,127,069
Impairment of goodwill	*12*	(158,841)	-
Gain from bargain purchases		-	1,398,638
Profit before tax	*8*	6,524,266	1,104,633
Income tax expense	*10*	(1,697,648)	(448,239)
Profit for the year		4,826,618	656,394
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss:			
Deferred exchange differences		972,131	(584,275)
Total comprehensive income		5,798,749	72,119
Profit for the year attributable to owners of the parent company		4,826,618	656,394
Basic earnings per share	*11*	4.61	0.63

The notes on pages 11 to 41 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
31 December 2021

	Notes	2021 €	2020 €
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill	12	368,278	158,841
Property and equipment	13	283,414	247,755
Right-of-use asset	14	46,191	71,379
Intangible asset	15	887	-
Investment properties	16	93,998,761	71,281,382
Loans and receivables	17	299,798	75,390
Deferred tax assets	20	-	173,976
		94,997,329	72,008,723
Current assets			
Loans and receivables	17	966,199	4,622,787
Other current asset	18	423,646	-
Inventories	19	509,313	-
Cash and cash equivalents	21	17,078,423	16,518,235
		18,977,581	21,141,022
Total assets		113,974,910	93,149,745
Current liabilities			
Trade and other payables	22	6,880,383	2,869,549
Bank borrowings	25	425,735	-
Lease liability	23	31,295	29,641
Debt securities in issue	24	-	1,249,762
Current tax liability		49,525	111,248
		7,386,938	4,260,200
Non-current liabilities			
Bank borrowings	25	34,553,168	2,817,171
Other financial liabilities	26	2,468,202	24,478,944
Lease liability	22	18,671	47,325
Debt securities in issue	24	29,204,166	28,793,114
Deferred tax liabilities	20	5,124,030	3,332,005
		71,368,237	59,468,559
Total liabilities		78,755,175	63,728,759
Net assets		35,219,735	29,420,986

Consolidated statement of financial position
31 December 2021

	Notes	2021 €	2020 €
EQUITY			
Share capital	27	1,011,651	1,011,651
Share premium	28	9,000,000	9,000,000
Translation reserve		594,909	(377,222)
Retained earnings		24,613,175	19,786,557
Total equity		35,219,735	29,420,986

The notes on pages 11 to 41 form an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors, authorised for issue on March 25, 2022 and signed on its behalf by:

Edward Camilleri
Director

Erik Webb Dempsey
Director

Consolidated statement of changes in equity
31 December 2021

	Share capital	Share premium	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total
	€	€	€	€	€	€	€
Balance at 1 January 2020	1,011,651	9,000,000	207,053	19,130,163	29,348,867	2,264,406	31,613,273
Purchase of non-controlling interest	-	-	-	-	-	(2,264,406)	(2,264,406)
Profit for the year	-	-	-	656,394	656,394	-	656,394
Other comprehensive loss	-	-	(584,275)	-	(584,275)	-	(584,275)
Balance at 31 December 2020	1,011,651	9,000,000	(377,222)	19,786,557	29,420,986	-	29,420,986
Balance at 1 January 2021	1,011,651	9,000,000	(377,222)	19,786,557	29,420,986	-	29,420,986
Profit for the year	-	-	-	4,826,618	4,826,618	-	4,826,618
Other comprehensive income	-	-	972,131	-	972,131	-	972,131
Balance at 31 December 2021	1,011,651	9,000,000	594,909	24,613,175	35,219,735	-	35,219,735

The notes on pages 11 to 41 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
Year ended 31 December 2021

	Notes	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Cash flows from operating activities			
Profit before tax		6,524,266	1,104,633
Non-cash adjustments	*31*	(9,289,350)	(2,619,827)
Changes in working capital	*31*	2,564,973	(4,130,538)
Interest received		21,665	11,432
Taxes paid		(70,238)	(560,391)
Net cash flows used in operating activities		(248,684)	(6,194,691)
Cash flows from investing activities			
Payments to acquire subsidiary		(5,136,732)	-
Payments to non-controlling interests to acquire subsidiaries		-	(865,767)
Payments to acquire property and equipment		(52,824)	(217,262)
Net proceeds from disposal of property and equipment		-	45,780
Net payments to develop investment properties		(21,489,326)	(3,526,086)
Net cash flows used in investing activities		(26,678,882)	(4,563,335)
Cash flows from financing activities			
Proceeds from borrowings		30,433,061	2,884,892
Interest paid on borrowings		(25,631)	-
Net proceeds from drawdown of debt securities issued		-	5,788,000
Repayments of debt securities issued		(1,213,476)	(300,000)
Interest paid on debt securities issued		(2,129,286)	(1,906,990)
Repayment of lease obligations		(31,295)	(28,096)
Interest paid on lease obligations		(4,333)	(5,778)
Net cash flows from financing activities		27,029,040	6,432,028
Net movement in cash and cash equivalents		101,474	(4,325,998)
Cash and cash equivalents at the beginning of the year		16,518,235	20,201,098
Effect of foreign exchange rate changes		458,714	643,135
Cash and cash equivalents at the end of the year	*21*	17,078,423	16,518,235

The notes on pages 11 to 41 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. 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) (collectively referred to as the "Group").

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).

2. Functional and presentation currency

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

3. New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Group's financial results or position. Accordingly, the Group has made no changes to its accounting policies in 2021.

Other Standards and amendments that are effective for the first time in 2021and could be applicable to the Group are:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

These amendments do not have a significant impact on these consolidated financial statements and therefore no additional disclosures have not been made.

3.2 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 consolidated 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 Group.

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

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction

These amendments are not expected to have a significant impact on the 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.

4. Summary of accounting policies

4.1 Overall considerations and presentation of consolidated financial statements

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

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.

Certain comparative figures disclosed in the main components of these consolidated financial statements have been reclassified to conform with the current year's disclosure format. These reclassifications did not have a material impact in the Group's statement of financial position and statement of cash flows.

4.2 Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 December 2021. 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.

4.3 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

4.4 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.

4.5 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 are recognised in profit or loss in the period in which they arise.

4.6 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.

4.7 Impairment of goodwill and property and equipment

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.

4.8 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 fair value through profit or loss.

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 fair value through profit or loss (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 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'.

4.9 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.

Rental income

Rental income 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 total comprehensive income upon utilisation of the service or at the date of their origin.

4.10 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 as 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.

4.11 Leased assets

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.

4.12 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.

4.13 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.

4.14 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.

4.15 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the Group's reporting currency (euro) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity, attributed between the owners of the parent and the non-controlling interest, based on their respective ownership interests.

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

4.16 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.

4.17 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.

4.18 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.

5. 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 goodwill and property and equipment
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 4.7).

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 4.3).

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.

6. Net revenue

	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Net property income (note 6.1)	293,061	-
Management services	41,952	324,106
Penalties receivable from general contractor	425,091	22,836
Other income	15,393	9,365
Net revenue	775,497	356,307

Penalties receivable from general contractor represent penalties issued for not meeting partial deadlines during the reconstruction of the investment property in Prague. Based on the contract conditions, these were offset against liabilities relating to reconstruction cost.

6.1 Net property income

	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Rental income	424,518	-
Property expenses	(131,457)	-
	293,061	-

7. Net finance costs

	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Interest expense on debt securities issued	(2,379,138)	(2,231,286)
Interest expense on leases	(4,333)	(5,778)
Interest expense on borrowings	(25,631)	(29,438)
Finance income	42,250	55,273
Net finance costs	(2,366,852)	(2,211,229)

8. Profit before tax

Profit before tax is stated after charging the items below:

	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Auditor's remuneration	58,236	37,409
Key management personnel compensation (note 9)	65,000	155,250
Depreciation and amortisation	345,179	62,298

9. Key management personnel compensation

	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Directors' remuneration	65,000	155,250

10. Income tax expense

	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.2020 €
Deferred tax expense	(1,684,349)	(423,340)
Current tax expense	(13,299)	(24,899)
	(1,697,648)	(448,239)

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

	01.01.2021 to 31.12.2021 €	01.01.2020 to 31.12.202 €
Profit before tax	6,524,266	1,104,633
Tax at the applicable rate of 35%	(2,283,493)	(386,622)
Tax effects of:		
Tax rate applicable in foreign jurisdictions	(621,189)	463,795
Notional interest deduction claimed	95,171	3,771
Expenses not deductible for tax purposes	705,727	(1,471,654)
Unrealised foreign exchange differences	97,584	(82,420)
Flat rate foreign tax credit relief	116,114	2,690
Accrued income	284,775	445,896
Adjustment to previous year's tax charge	22,741	5
Consolidation adjustments	(115,078)	576,300
Income tax expense for the year	(1,697,648)	(448,239)

Refer to note 20 for details of deferred tax assets and liabilities.

11. 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.

12. Goodwill

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

	2021	2020
	€	€
Gross carrying amount		
As at 1 January	158,841	158,841
Acquired through business combination (note 12.1)	368,278	-
As at 31 December	527,119	158,841
Accumulated impairment		
As at 1 January	-	-
Impairment loss recognised	(158,841)	-
As at 31 December	(158,841)	-
Carrying amount at 31 December	368,278	158,841

In 2021, management made an assessment and determined that goodwill was impaired by € 158,841. Loss arising from goodwill impairment is recognised in profit or loss during the year.

12.1 Acquisition of Julius Meinl Hospitality Hungary Kft

	€
Identifiable assets acquired and liabilities assumed	
Investment property	6,395,056
Property and equipment	286,207
Right-of-use asset	1,319
Deferred tax liabilities	(85,284)
Net working capital	(1,642,051)
Total identifiable net assets	4,955,247

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

	€
Total consideration	5,323,525
Total identifiable net assets	(4,955,247)
Goodwill	368,278

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

13. Property and equipment

	2021	2020
	€	€
Office equipment		
Cost		
As at 1 January	192,012	70,308
Acquisition through business combination	288,886	-
Additions during the year	52,824	123,425
Foreign exchange adjustments	6,065	(1,721)
As at 31 December	539,787	192,012
Depreciation		
As at 1 January	33,402	17,874
Charge for the year	297,275	15,528
As at 31 December	330,677	33,402
Net book value as at 31 December	209,110	158,610
Motor vehicles		
Cost		
As at 1 January	119,329	73,410
Additions during the year	-	93,837
Foreign exchange adjustments	4,369	(2,138)
Disposals	-	(45,780)
As at 31 December	123,698	119,329
Depreciation		
As at 1 January	30,184	10,836
Charge for the year	19,210	19,348
As at 31 December	49,394	30,184
Net book value as at 31 December	74,304	89,145
Total	283,414	247,755

14. Right-of-use asset

	2021	2020
	€	€
Office premises		
Cost		
As at 1 January	127,050	130,513
Foreign exchange adjustments	3,095	(3,463)
As at 31 December	130,145	127,050
Depreciation		
As at 1 January	55,671	28,249
Charge for the year	28,283	27,422
As at 31 December	83,954	55,671
Net book value as at 31 December	46,191	71,379

Refer to note 23 for further details about the Group's leases.

15. Intangible asset

	2021
	€
Intellectual rights	
Cost	
Acquisition through business combination	1,331
Foreign exchange adjustments	(33)
As at 31 December	1,298
Depreciation	
Charge for the year	411
As at 31 December	411
Net book value as at 31 December	887

16. Investment properties

	2021	2020
	€	€
As at 1 January	71,281,382	40,569,390
Acquisition through business combination	6,454,912	19,746,926
Additions during the year	23,133,641	8,127,006
Write-off during the year	(22,271,329)	-
Foreign exchange adjustments	2,683,940	(1,289,009)
Fair value gains	12,716,215	4,127,069
As at 31 December	93,998,761	71,281,382

Investment properties of the Group as at 31 December 2021 relates to services residential and commercial properties located in Prague, Czech Republic, and in Budapest, Hungary, which was acquired during the year.

The Group's project in Belgrade, Serbia, acquired in 2020, was terminated during the year. Fair value gain recognised in previous periods and released in 2021 was recognised in profit or loss amounting to € 2,524,551.

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 valuations and reports have been prepared in accordance with the RICS Valuation - Global Standards ("the Red Book") by a valuer acting as an External Valuer, as defined within the Red Book. Due to the impact of the COVID-19 on the global financial markets, the valuations are reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. However, the inclusion of the "material valuation uncertainty" declaration does not mean, that the value cannot be relied upon. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the real estate market, it is recommended that the valuation of properties should be reviewed more frequently.

In Czech Republic, the investment property includes a real estate property under development in Prague.

The valuer considered the following structure for the property:

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

The valuer prepared valuation based on low risk (6.75%), medium risk (7.75%) and high risk (8.75%) nominal discount rate and on basis of exit cap rate of 5.75%. Due to the current situation, the Group is following the most conservative high risk rate nominal discount rate of (8,75%) which represents the value of € 84,600,000.

In Hungary, the investment property includes an Escala residence, Budapest.

The property consists of the following:

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

The fair value was prepared on basis of nominal discount rate of 9.2% and capitalization rate of 7.5% which represents the value of € 9,400,000.

The following 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 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.	***PPH Nove Mesto s.r.o. property (Prague, Czech Republic)*** Average annual gross rental income of approx. €6.4 million in year 1 of cash flow increasing to €12 million from year 6 (2020: income of approx. €4.4 million in year 1 of cash flow increasing to €8.5 million from year 5) Occupancy rate in the range of 55% for year 1 to 82% from year 5 (2020: range of 70% for year 1 to 80% from year 5) Discount rate applied: 8.75% (2020: 8.5%) The exit yield considered to be 5.75% (2020: 6.5 %) ***JM Hospitality Hungary Kft property (Budapest, Hungary)*** Average annual gross rental income of approx. €1 million in year 1 of cash flow increasing to €2 million from year 6 Occupancy rate in the range of 55% for year 1 to 90% from year 4 Discount rate applied: 9.2% The exit yield considered to be 7.5% ***Julius Meinl Living doo Beograd property (Beograd, Serbia)*** In 2020, average annual gross rental income of approx. €2 million in year 1 of cash flow increasing to €3.6 million from year 4 In 2020, occupancy rate in the range of 70% for year 1 to 80% from year 4 In 2020, the discount rate applied: 9.25% In 2020, the exit yield considered to be 7.25%	- Average rental rates were higher/(lower) hence higher/(lower) net rental income - The vacancy rates were lower/(higher) - The risk-adjusted discount rate were lower/(higher) - The exit yield lower/(higher)

Both properties are pledged as security for the related bank borrowings (see note 25).

17. Loans and receivables

	2021	2020
	€	€
Loans due from related parties	238,811	390,187
Trade receivables	11,651	35,303
Accrued income	27,668	72,503
Other receivables	130,792	196,469
Financial assets	408,922	694,462
Prepayments	616,455	35,116
VAT recoverable	240,620	3,968,599
Total loans and receivables	1,265,997	4,698,177
Non-current	299,798	75,390
Current	966,199	4,622,787
	1,265,997	4,698,177

On 3 July 2017, the Company and Stoneham Investments Limited (Stoneham) entered into a facility agreement whereby the Company is to provide Stoneham with a secured term loan facility up to € 500,000 which can be drawn in tranches. The balance bears interest at 8% per annum and is repayable together with interest accruing thereon on 31 December 2023, as per amended agreement between the parties signed on 29 December 2021. Principal and accrued interest amounted to € 214,649 (€ 202,008). Both principal and interest are secured by a pledge on the 100% shareholding of the borrower in Twins Investment (SPV) Ltd, which is registered at Chrysanthou Mylona 3, 3030, Limassol, Cyprus.

In April 2018, the Company and OOO Soyuz Property Development (Soyuz) entered into loan agreements whereby amounts up to € 155,000 were granted to Soyuz. By means of a novation agreement dated 11 January 2021, the entire principal and accrued interest were assigned to Development Ural LLC. The balance is unsecured, bears interest at 8% per annum. The balance of € 24,162 (€ 188,179) is unsecured, bears interest at 8% per annum and is repayable together with interest accruing thereon on 31 December 2023, as per amended agreement between the parties signed on 29 December 2021.

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

Portion of VAT recoverable in 2020 amounting to € 3,961,108 was related to the purchase of investment property in Beograd, Serbia. This project was terminated during the year.

18. Other current asset

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

19. Inventories

	2021	2020
	€	€
Residence rooms equipment	507,211	-
Others	2,102	-
	509,313	-

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

20. Deferred taxation

	2021		2020	
	Deferred tax assets	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
	€	**€**	€	€
At 1 January	173,976	3,332,005	179,693	3,003,905
Acquired through business combination	-	86,082	-	-
Movement for the year	(178,081)	1,506,268	-	423,340
Effect of foreign exchange	4,105	199,675	(5,717)	(95,240)
At 31 December	-	5,124,030	173,976	3,332,005

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 2021 and 2020. The deferred tax asset arise on tax losses incurred by the Group in the previous years was used in 2021 due to material unrealised profit relating to movement of CZK/EUR exchange rate.

21. Cash and cash equivalents

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

	2021	2020
	€	€
Cash at bank	17,078,423	16,518,235

Whilst the Group is subject to certain covenants in relation to debt securities it has issued and loans received, it did not have any restrictions on its cash and cash equivalents at year end.

22. Trade and other payables

	2021	2020
	€	€
Trade payables	2,177,992	2,028,197
Accruals	1,036,070	657,999
Accruals for reconstruction cost	3,482,040	-
Other payables	132,099	133,384
Financial liabilities	6,828,201	2,819,580
Statutory liabilities	52,182	49,969
	6,880,383	2,869,549

23. Leases

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

	2021	2020
	€	€
Current	31,295	29,641
Non-current	18,671	47,325
	49,966	76,966

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 company, except for reasonable wear and tear. The Group is prohibited from lending or transferring the underlying leased asset. The Group shall ensure that this asset is at all times kept in a good state of repair and return the properties in 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 financial position:

Right-of-use asset	Office premises
No. of right-of-use assets leased	1
Range of remaining term	1.5
Average remaining lease term	1.5
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 were as follows:

Minimum lease payments

As at 31 December 2021

	Not later than 1 year	**Later than 1 year but not later than 5 years**	**Total**
	€	**€**	**€**
Lease payments	35,764	22,351	58,115
Finance charges	(4,469)	(3,680)	(8,149)
Net present values	31,295	18,671	49,966

As at 31 December 2020

	Not later than 1 year	Later than 1 year but not later than 5 years	Total
	€	€	€
Lease payments	33,874	50,811	84,685
Finance charges	(4,233)	(3,486)	(7,719)
Net present values	29,641	47,325	76,966

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 total comprehensive income.

Additional information on the right-of-use asset is disclosed in note 14.

24. Debt securities in issue

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

	2021	2020
	€	€
Non-current		
Bonds denominated in euro	29,204,166	28,793,114
	29,204,166	28,793,114
Current		
Bonds denominated in CZK	-	1,249,762
	-	1,249,762

The subsidiaries of the Group have bonds issued as follows:

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

Placement:	€29,900,000 (2020: €29,900,000)
Date of issue:	26 September 2019
Coupon rate	7% per annum
Maturity date:	26 September 2024

The bonds for CZK 32,800,000 issued by PPH Nove Mesto s.r.o. on 15 June 2018 with a coupon rate of 5.5% per annum and were matured on 16 June 2021.

25. Bank borrowings

	2021	2020
	€	€
Non-current	34,553,168	2,817,171
Current	425,735	-
	34,978,903	2,817,171

In 2020, PPH Nove Mesto s.r.o., a subsidiary of the Group, entered into a loan agreement with J&T Banka, a.s., with registered address at Pobřežní 14, 186 00 Prague Czech Republic. The loan is for reconstruction of the investment property into a residence in Prague and the credit line is for € 27,000,000.

The loan should be repaid in amount of € 18,000,000 in quarterly instalments on each interest payment date starting 30 September 2022 based on a hypothetical 15 years annuity-like repayment schedule calculated by the lender whereas each instalment shall be calculated using the interest rate of 4.5 % per annum. The loan in amount of € 9,000,000 and any other outstanding amount should be repaid on the termination date which is 29 September 2028.

The loan is secured by a mortgage, granted by PPH Nove Mesto s.r.o. over the investment property in Prague, Czech Republic (see note 16) 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 over-run guarantee of Julius Meinl plc.

In October 2021, an amendment and restatement agreement was concluded, by which the loan was increased by Facility B of € 4,000.000 to total volume of € 31.000.000. The interest rate is 3M EURIBOR (min. 0%) + margin of 7.5% per annum and Facility B should be repaid on September 28, 2028.

During the year, 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 will start on March 31, 2023 in equal instalments 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 Julius Meinl Living plc.

26. Other financial liabilities

	2021	2020
	€	€
Retention payable	2,468,202	823,887
Purchase price of investment property	-	23,655,057
	2,468,202	24,478,944

Retention payable represents 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.

Purchase price of investment property in 2020 represents the amount payable to the seller of the investment property in Beograd, Serbia based on the forward purchase agreement entered by the Group, which was terminated during the year.

27. Share capital

	Authorised	**Issued and called up**
	€	**€**
Ordinary A shares of €1 each	1,000,000	11,651
Ordinary A 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 issue 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.

28. 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.

29. 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 2021	2020
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%
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%	100%
Julius Meinl Living Belgrade doo	Property management	31 October 2019	Serbia	100%	100%
JM Hospitality Hungary Kft	Investment property	2 August 2021	Hungary	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.

On 13 March 2019, the Company acquired 100% of the share capital of JML Finance (Luxembourg), an asset 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, an asset 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.

30. 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.

Loans and amounts due from and to related parties are disclosed in notes 17 and 22, while key management personnel compensation is disclosed in note 9.

31. 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:

	2021	2020
	€	€
Non-cash adjustments:		
Fair value gain on investment properties	(12,716,215)	(4,127,069)
Gain from bargain purchases	-	(1,398,638)
Loss on write-off of investment property	2,524,551	
Impairment of goodwill	158,841	-
Depreciation	345,179	62,299
Net foreign exchange adjustments	(1,968,558)	632,352
Interest expense on debt securities issued	2,379,138	2,231,286
Interest expense on leases	4,333	5,778
Interest expense on borrowings	25,631	29,438
Finance income	(42,250)	(55,273)
	(9,289,350)	(2,619,827)

	2021	2020
	€	€
Changes in working capital:		
Loans and receivables	(442,051)	(3,726,523)
Other current asset	(423,646)	-
Inventories	(507,700)	-
Trade and other payables	3,938,370	(404,015)
	2,564,973	(4,130,538)

32. Capital commitments

The Group is in the process of reconstruction of a building in Prague, Czech Republic into serviced residential and commercial property. Based on the current budget, costs to finalize the reconstruction before expected opening in Q1-2022 amounts to approximately € 26,000,000. The contract with a general contractor was signed in 2019 for a total amount CZK 499,000,000. Remaining amounts expected to capitalize towards construction have been fully accrued.

During 2020, a contract was signed with the supplier for the subsequent provision of furniture, fixtures and equipment for the building in Prague for a total amount of CZK 135,980,000.

In 2019, a forward purchase agreement was signed for the acquisition of a project in Belgrade, Serbia with the full purchase agreement concluded in 2020 and the liability from this agreement was reported as part of other financial liabilities as disclosed in note 26. In December 2021, a mutual agreement was signed with the developer of the Belgrade project to terminate the purchase agreement without further consideration due to or from either side. As a result, there are no further material capital commitments required towards the project in Belgrade, Serbia.

33. 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 2021 and 2020:

	Level 1	Level 2	Level 3	Total
	€	€	€	€
31 December 2021 Investment properties	-	93,998,761	-	93,998,761
31 December 2020 Investment properties	-	71,281,382	-	71,281,382

Refer to note 16 for details of the valuation techniques used in measuring the fair value.

34. 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:

	Notes	**2021** €	2020 €
Classes of financial assets – carrying amounts			
Non-current asset			
Financial asset at amortised costs:			
- Loans and receivables	*17*	299,798	75,390
Current assets			
Financial assets at amortised costs:			
- Loans and receivables	*17*	109,124	619,072
- Cash and cash equivalents	*21*	17,078,423	16,518,235
		17,487,345	17,212,697

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 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 2021			
Cash & cash equivalents	1,343,618	-	1,343,618
Other financial assets	102,329	60,982	163,311
Financial liabilities	(5,791,829)	(2,486,673)	(8,278,502)
Net Exposure	(4,345,882)	(2,425,691)	(6,771,573)

Exposure Currency 31 December 2020	Short-term CZK	Long-term CZK	Total CZK
Cash & cash equivalents	512,673	-	512,673
Other financial assets	182,990	75,390	258,380
Financial liabilities	(3,419,131)	(871,212)	(4,290,343)
Net Exposure	(2,723,468)	(795,822)	(3,519,290)

Exposure Currency 31 December 2021	Short-term HUF	Long-term HUF	Total HUF
Cash & cash equivalents	141,961	-	141,961
Other financial assets	9,264	-	9,264
Financial liabilities	(132,641)	-	(132,641)
Net Exposure	18,584	-	18,584

No currency exposure risk to HUF was reported at the end of the previous year.

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 2020 and 2021 was approximately 6.26%, and 3.88% respectively. By comparison USD/EUR currency pair volatility over the same periods was 8.03% and 5.59% respectively. The minimum / maximum exchange rates for CZK/EUR currency pair between 1 January and 31 December was approximately 24.83 / 27.85 and 24.86 / 26.42 for the respective years 2020 and 2021 representing a difference between the highest and lowest exchange rates of approximately 12.2% and 6.3% during the respective years 2020 and 2021.

Volatility for the HUF/EUR currency pair between 1 January and 31 December for the year 2021 was approximately 6.2%. The minimum / maximum exchange rates for HUF/EUR currency pair between 1 January and 31 December was approximately 345.8 / 370.9 for year 2021 representing a difference between the highest and lowest exchange rates of approximately 7.3% during 2021.

Management observed reduced CZK/EUR and HUF/EUR volatility during the FY2021 compared to the prior year that is largely explained by the markets settling over general global uncertainty resulting from the COVID-19 pandemic. Management continues to monitor the CZK/EUR and HUF/EUR pair 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 2021 (2020: 8%). 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% (2020: 8%), then this would have had the following impact:

CZK strengthens vs. EUR	Profit for the year	Equity
	CZK	CZK
31 December 2021	**498,634**	**-**
31 December 2020	211,157	-

If the CZK had weakened against the EUR by 10% (2020: 8%), then this would have had the following impact:

CZK weakens vs. EUR	Profit for the year	Equity
	CZK	CZK
31 December 2021	**(609,442)**	**-**
31 December 2020	(247,881)	-

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

HUF strengthens vs. EUR	Profit for the year	Equity
	HUF	HUF
31 December 2021	**1,673**	**-**

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

HUF weakens vs. EUR	Profit for the year	Equity
	HUF	HUF
31 December 2021	**(1,368)**	**-**

The higher foreign currency exchange rate sensitivity in profit in 2021 compared with 2020 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.

Further, the Group does not see any foreign exchange exposure risk in Serbian dinar (RSD) in connection with assets and liabilities in its Serbia operation due to the stability of RSD/EUR exchange rate for the past three years.

Interest rate risk

The Group has fixed rate debt securities and bank borrowings to finance its operations as disclosed in notes 24 and 25. 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 2021 and 2020 are given below. These amounts are gross, undiscounted and include estimated interest payments:

	3 months - 1 year	1 - 5 years	Total
	€	€	€
31 December 2021			
Debt securities in issue	-	29,204,166	29,204,166
Bank borrowings	425,735	34,553,168	34,978,903
Trade and other payables	6,696,102	-	6,696,102
Lease liabilities	31,295	18,671	49,966
Other financial liabilities	-	2,468,202	2,468,202
	7,153,132	66,244,207	73,397,339
31 December 2020			
Debt securities in issue	1,249,762	28,793,114	30,042,876
Bank borrowings	-	2,817,171	2,817,171
Trade and other payables	2,686,196	-	2,686,196
Lease liabilities	29,641	47,325	76,966
Other financial liabilities	-	24,478,944	24,478,944
	3,965,599	56,136,554	60,102,153

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 4.8 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	**2021** €	2020 €
Non-current asset			
Financial assets at amortised cost:			
Loans and receivables	*17*	299,798	75,390
Current assets			
Financial assets at amortised cost:			
Loans and receivables	*17*	109,124	619,072
Cash and cash equivalents	*21*	17,078,423	16,518,235
		17,487,345	17,212,697

Non-current liabilities			
Financial liabilities at amortised cost:			
Debt securities in issue	*24*	29,204,166	28,793,114
Lease liabilities	*23*	18,671	47,325
Other financial liabilities	*26*	2,468,202	24,478,944
Bank borrowings	*25*	34,553,168	2,817,171
		66,244,207	56,136,554
Current liabilities			
Financial liabilities at amortised cost:			
Debt securities in issue	*24*	-	1,249,762
Bank borrowings	*25*	425,735	-
Trade and other payables	*22*	6,828,201	2,819,580
Lease liabilities	*23*	31,295	29,641
		7,285,231	4,098,983
		73,529,438	60,235,537

35. 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 to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis.

36. 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.

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 7 to 41 which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of total 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and 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.

Emphasis of matter

We draw attention to note 16 of the consolidated financial statements which explains that the uncertainty created by the COVID-19 pandemic and the unknown future impact that COVID-19 might have on the real estate market led to the valuation of the group's investment property to be based on a material valuation uncertainty. Consequently, the valuation should be considered with a higher degree of caution than would normally be the case. Our opinion is not qualified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the directors' report shown on pages 2 to 5 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.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 its 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 company'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 company 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 company'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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25 March 2022