

Company registration number: C 74593

**Luxury Living Technologies Limited**

**Annual Report  
and  
Consolidated Financial Statements  
For the year ended 30 June 2022**

# LUXURY LIVING TECHNOLOGIES LIMITED

## Annual Report and Consolidated Financial Statements For the year ended 30 June 2022

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**General information**

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**Registration**

Luxury Living Technologies Limited is registered in Malta as a limited liability company under the Companies Act, 1995. The company's registration number is C 74593.

**Board of Directors**

Mr. Carlo Mifsud

Mr. Jean Paul Busuttill

Mr. William Wait

Mr. David Melillo (appointed on 1 November 2020)

**Company Secretary**

Dr. Clarence Busuttill (appointed on 11 March 2021)

Dr. Mikiel Calleja (resigned on 6 April 2021)

**Registered office**

Greentek Business Complex,

New Street in Triq il-Hofor

Qormi

MALTA

**Auditors**

RJV Audit Limited

193, Ursuline Sisters Street

Pieta', PTA 1222

MALTA

**Directors' report****For the year ended 30 June 2022**

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The directors present the annual report together with the audited financial statements of the Company and the Group for the year ended 30 June 2022.

**Principal Activities**

Luxury Living Technologies Limited was incorporated on 1 March 2016 as a private limited liability. The principal objects of the Company relate to providing eco and renewable energy solutions in a complete eco system integrating a number of different industries, specialising in installations of photovoltaic units in a variety of domestic, industrial and agricultural locations. The Company's operations comprise the trading, importing and exporting, installing and maintaining of all kinds of merchandise related to renewable energy, especially water softening and purifying systems, solar panels and solar powered devices and similar related products in domestic, industrial and agricultural locations. The Company has also ventured into the production and distribution of food and beverage products which it aims to also serve these products in its own operated hotels and restaurants. In fact, in FY2022, the Company has started operating its own 66-bed hostel and has acquired the lease of 3 properties which will form part of its new franchise concept of eateries. One of these properties, which is located in Mellieha has started operating in February 2022.

**Performance Review**

During the year under review the Company continued to face challenging periods mainly due to the continued problems emanating from the COVID-19 pandemic but also other challenges coming from increased bureaucracy in certain government entities. The objectives remained focused on providing eco and renewable energy solutions to retail customers as well expand its operations into photovoltaic farms but the management of the Company, faced with the challenges above, looked into diversifying into other industries, hotels and restaurants, pushed also by its desire to expand its manufacturing business. To this end, by 30 June 2022 the Company had installed and connected a total of 9 photovoltaic farms and sold off another 2 solar farms as part of its commercial sales division. During the year the Company generated turnover of €2.4 million, a drop of €0.5 million over the previous year. This is principally due to a decrease in sale of PV equipment, particularly commercial sales, as well as a decrease from the feed-in-tariff due to the degradation process of PV equipment, compensated by the expansion of existing installations. The Company generated a gross profit margin of €1.02M, a drop of 24% over the previous year, as the costs relating to installation and sale of PV equipment and raw materials in the production of food and related products have risen considerably mainly due to shipping costs faced by companies all over the world.

In 2020, Management had halted development works on the hostel situated in St. Julian's, following the outbreak of COVID-19. During the year under review, the Company embarked on continuing this project and in fact opened the doors to tourists in November 2021. By February 2022 the hostel was operational and has seen a steady increase in bookings over the summer months mainly generated through online travel agents. As tourist levels are picking up, Management expects the hostel to be fully operational by end of December 2022 and looking forward for summer 2023 where greater number of visitors are now expected.

The Company's administrative expenses increased from €524k in FY2021 to €760k in FY2022. This was mainly as a result of the diversification the Company has undertaken and the need for further support services for these different operations.

As a result, the Group generated an operating profit of €261k (FY2021: €822k). Factoring in the depreciation on property, plant and equipment, amortisation costs, finance costs and taxation, the Group registered a loss for the year of €644k after tax.

**Outlook for 2023**

The objective for Luxury Living Group is to further strengthen and expand its core business by investing further in photovoltaic farms and the new industries it is now operating it. The regulator, REWS, has now stabilised the licensing process for PV systems although this remains a very complex and ambiguous one. Some changes have been made in the different bands and it is to be noted that during the FY2022 and all calendar year of 2022 no tenders have been issued for systems over 1MW. This is where the Company has a competitive edge over its competitors seeing it has much more experience than them and having such restrictions is holding back the Company from selling more commercial farms and expanding further.

**Directors' report  
For the year ended 30 June 2022**

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**Outlook for 2023 (cont.)**

In the bid issued in May 2021, LLT were awarded contracts for both offers it submitted. The contracts were eventually signed in April 2022. The planning permits have as yet not been issued and works have not started. It is expected that permits will be issued by the end of the year and works to be completed by end of the FY2023.

The Company has diversified its operations into the tourism industry. The hostel is now open although there remains some works to be completed to be able to use all floors and beds in the property. The Company will also open a restaurant in the property once all permits will be issued by the competent authorities. The hostel has seen a steady flow and customers seem to prefer the property given its strategic location. Rates remain low in the shoulder months given that many visitors have limited access to cash with many visitors being students. In the peak months the Company has seen an increase in the daily rate per bed night. When the restaurant is completed, this will provide an additional service which compliments the rest of the property.

The Company has acquired the lease of 3 different properties which it will operate as its own branded franchise of eateries. It has also acquired another property which will start operating from September 2022. This will bring the total number of properties that it operates as restaurants to 5 by the end of December 2022. In January 2023 the works on the Dingli property is expected to start. All permits have been cleared and all conditions satisfied. Works are expected to be completed by December 2023 and a soft opening of the property is expected by January 2024.

The Company had acquired in July 2019 the going concern of a manufacturing plant that produced freshly made smoothies. As noted in the last financial statements the Company has now expanded the range of products to the local market. It now includes a selection of different condiments for the HORECA market. Although the pandemic hit hard the sales of these products, the Company has in the last few months seen an increase in sales which is expected to continue to grow as more products are launched on the market. The Company is still working very hard to tap into the export market for these products.

The projects to diversify its operations into aquaponics and new innovative agricultural processes, mainly vertical agriculture in a controlled environment, continued this year. These are dependent on the issuing of the relative permits from the authorities which have taken longer than expected.

**Dividends and Reserves**

The results for the year are set in the Consolidated Statement of Comprehensive Income on page 9.

The Board of Directors does not propose the payment of a dividend. Retained losses carried forward at the reporting date amounted to €1,412k.

**Registration**

Luxury Living Technologies Limited is registered in Malta as a limited liability company under the Companies Act. (Cap. 386) with registration number C 74593.

**Board of Directors**

Mr. Carlo Mifsud  
Mr. Jean Paul Busuttil  
Mr. William Wait  
Mr. David Melillo

**Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period.

**Directors' report  
For the year ended 30 June 2022**

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**Statement of Directors' Responsibilities (cont.)**

In preparing the financial statements, the directors are required to:-


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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable the directors to ensure that the financial statements have been properly prepared in accordance with the Companies Act (Cap.386) enacted in Malta. 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

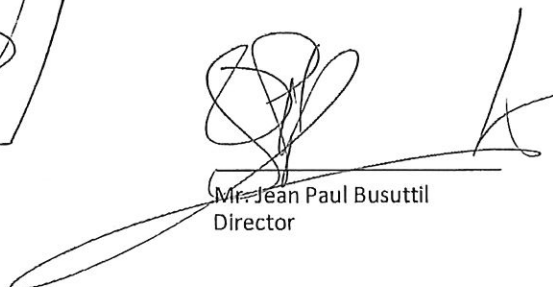
**Auditors**

The auditors, RJV Audit Limited have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the annual general meeting.

Approved by the Board and signed by:



Mr. Carlo Mifsud  
Director



Mr. Jean Paul Busuttil  
Director

**Registered Address:**  
Greentek Business Complex,  
New Street in Triq il-Hofor,  
Qormi

31 October 2022



# RJV Audit Limited

Audit Assurance Services

Raymond J. Vella B.A. (Hons) Accty., FIA., CPA  
Certified Public Accountant - Managing Director

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## Independent auditors' report

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### to the shareholders of Luxury Living Technologies Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Luxury Living Technologies Limited, set out on pages 9 to 45 which comprise the consolidated statement of financial position as at 30 June 2022 and consolidated statement of changes in equity, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Luxury Living Technologies Limited as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the financial statements does not cover this information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



## Independent auditor's report (cont.)

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to the shareholders of Luxury Living Technologies Limited

### Other Information (cont.)

With respect to the Directors' Report, we also consider whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the Directors' Report. We have nothing to report in this regard.

### Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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





**Independent auditor's report (cont.)**

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**to the shareholders of Luxury Living Technologies Limited**

**Auditor's Responsibilities for the Audit of the Financial Statements (cont.)**

- 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



# RJV Audit Limited

Audit | Assurance Services

## Independent auditor's report (cont.)

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to the shareholders of Luxury Living Technologies Limited

### Report on Other Legal and Regulatory Requirements (cont.)

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

This copy of the audit report has been signed by



Raymond J Vella CPA  
Director  
RJV Audit Limited

31 October 2022

Consolidated statement of profit or loss and other comprehensive income  
For the year ended 30 June 2022

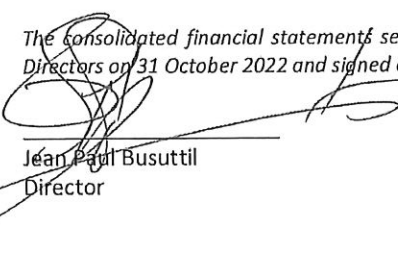
|   | Note | The Group        |                  | The Company      |                  |
|---|------|------------------|------------------|------------------|------------------|
|   |      | 2022<br>EUR      | 2021<br>EUR      | 2022<br>EUR      | 2021<br>EUR      |
| Revenue   | 5    | 2,517,209        | 2,990,997        | 2,443,099        | 2,990,997        |
| Cost of sales   |      | (1,426,450)      | (1,644,944)      | (1,422,464)      | (1,644,944)      |
| <b>Gross profit</b>   |      | <b>1,090,759</b> | <b>1,346,053</b> | <b>1,020,635</b> | <b>1,346,053</b> |
| Administrative expenses   |      | (775,072)        | (534,709)        | (760,085)        | (524,056)        |
| <b>Operating profit</b>   |      | <b>315,687</b>   | <b>811,344</b>   | <b>260,550</b>   | <b>821,997</b>   |
| Other income  |      | 533              | 5,800            | 533              | 5,800            |
| <b>Earnings before interest,<br/>depreciation, tax and amortisation</b> |      | <b>316,220</b>   | <b>817,144</b>   | <b>261,083</b>   | <b>827,797</b>   |
| Amortisation on bond issue cost   |      | (8,736)          | (8,736)          | -                | -                |
| Amortisation on business<br>development                                 |      | (47,183)         | -                | (47,183)         | -                |
| Depreciation on right-of-use assets                                     |      | (173,589)        | (166,419)        | (166,419)        | (166,419)        |
| Depreciation on property, plant and<br>equipment                        |      | (283,642)        | (258,371)        | (254,142)        | (258,371)        |
| Finance income  | 6    | 247              | 233              | 247              | 233              |
| Finance cost  | 6    | (630,343)        | (570,555)        | (616,021)        | (586,355)        |
| <b>Loss before taxation</b>   | 6    | <b>(827,026)</b> | <b>(186,704)</b> | <b>(822,435)</b> | <b>(183,115)</b> |
| Income tax credit/(expense)   | 8    | 182,910          | (99,259)         | 183,725          | (103,656)        |
| <b>Loss for the year</b>  |      | <b>(644,116)</b> | <b>(285,963)</b> | <b>(638,710)</b> | <b>(286,771)</b> |
| <b>Attributable to:</b>   |      |                  |                  |                  |                  |
| Equity holders of the parent  |      | (644,116)        | (285,963)        | (638,710)        | (286,771)        |
| Non-controlling interests   |      | -                | -                | -                | -                |
|   |      | <b>(644,116)</b> | <b>(285,963)</b> | <b>(638,710)</b> | <b>(286,771)</b> |

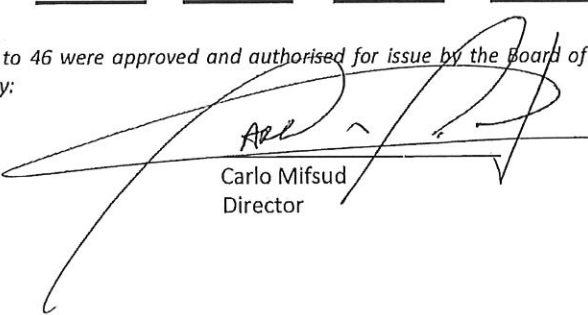
The accounting policies and explanatory notes on pages 14 to 46 form an integral part of these financial statements.

Consolidated statement of financial position  
As at 30 June 2022

|                                     | Note | The Group         |                   | The Company       |                   |
|-------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                     |      | 2022<br>EUR       | 2021<br>EUR       | 2022<br>EUR       | 2021<br>EUR       |
| <b>ASSETS</b>                       |      |                   |                   |                   |                   |
| <b>Non-current assets</b>           |      |                   |                   |                   |                   |
| Investment in subsidiaries          | 9    | -                 | -                 | 59,600            | 56,000            |
| Intangible assets                   | 10   | 3,247,417         | 3,134,600         | 3,247,417         | 3,134,600         |
| Right-of-use assets                 | 11   | 1,929,029         | 1,959,213         | 1,792,794         | 1,959,213         |
| Property, plant and equipment       | 12   | 5,963,203         | 4,651,661         | 5,402,703         | 4,651,661         |
| Deferred tax asset                  | 15   | 505,193           | 322,761           | 506,008           | 322,246           |
| Trade and other receivables         | 14.1 | 204,533           | 188,191           | 204,533           | 188,191           |
|                                     |      | <u>11,849,375</u> | <u>10,256,426</u> | <u>11,213,055</u> | <u>10,311,911</u> |
| <b>Current assets</b>               |      |                   |                   |                   |                   |
| Inventories                         | 13   | 1,263,830         | 2,056,640         | 1,263,830         | 2,056,640         |
| Trade and other receivables         | 14.2 | 3,876,839         | 2,259,309         | 3,454,783         | 2,264,327         |
| Cash and cash equivalents           | 20   | 148,864           | 623,723           | 115,991           | 218,433           |
|                                     |      | <u>5,289,533</u>  | <u>4,939,672</u>  | <u>4,834,604</u>  | <u>4,539,400</u>  |
| <b>Total assets</b>                 |      | <u>17,138,908</u> | <u>15,196,098</u> | <u>16,047,659</u> | <u>14,851,311</u> |
| <b>EQUITY AND LIABILITIES</b>       |      |                   |                   |                   |                   |
| <b>Equity</b>                       |      |                   |                   |                   |                   |
| Share capital                       | 16   | 2,931,000         | 2,931,000         | 2,931,000         | 2,931,000         |
| Retained earnings                   |      | (1,412,199)       | (768,083)         | (1,462,657)       | (823,947)         |
| <b>Total equity</b>                 |      | <u>1,518,801</u>  | <u>2,162,917</u>  | <u>1,468,343</u>  | <u>2,107,053</u>  |
| <b>Liabilities</b>                  |      |                   |                   |                   |                   |
| <b>Non-current liabilities</b>      |      |                   |                   |                   |                   |
| Borrowings                          | 17   | 9,332,728         | 8,842,018         | 8,746,441         | 8,822,385         |
| Finance liabilities                 | 18   | 2,002,687         | 1,931,570         | 1,867,734         | 1,931,570         |
|                                     |      | <u>11,335,415</u> | <u>10,773,588</u> | <u>10,614,175</u> | <u>10,753,955</u> |
| <b>Current liabilities</b>          |      |                   |                   |                   |                   |
| Borrowings                          | 17   | 1,771,173         | 724,207           | 1,883,662         | 862,061           |
| Finance liabilities                 | 18   | 99,435            | 121,334           | 95,096            | 121,334           |
| Trade and other payables            | 19   | 2,408,887         | 1,408,389         | 1,983,044         | 1,003,569         |
| Current tax liabilities             |      | 5,197             | 5,663             | 3,339             | 3,339             |
|                                     |      | <u>4,284,692</u>  | <u>2,259,593</u>  | <u>3,965,141</u>  | <u>1,990,303</u>  |
| <b>Total equity and liabilities</b> |      | <u>17,138,908</u> | <u>15,196,098</u> | <u>16,047,659</u> | <u>14,851,311</u> |

The consolidated financial statements set on pages 9 to 46 were approved and authorised for issue by the Board of Directors on 31 October 2022 and signed on its behalf by:

  
Jean Paul Busuttil  
Director

  
Carlo Mifsud  
Director

Consolidated statement of changes in equity  
For the year ended 30 June 2022

| The Group                         | Share<br>capital<br>Eur | Retained<br>earnings<br>Eur | Total<br>Eur     |
|-----------------------------------|-------------------------|-----------------------------|------------------|
| Balance at 1 July 2020            | 2,931,000               | (482,120)                   | 2,448,880        |
| Loss for the year                 | -                       | (285,963)                   | (285,963)        |
| <b>Balance as at 30 June 2021</b> | <b>2,931,000</b>        | <b>(768,083)</b>            | <b>2,162,917</b> |
| Balance at 1 July 2021            | 2,931,000               | (768,083)                   | 2,162,917        |
| Loss for the year                 | -                       | (644,116)                   | (644,116)        |
| <b>Balance as at 30 June 2022</b> | <b>2,931,000</b>        | <b>(1,412,199)</b>          | <b>1,518,801</b> |

*The accounting policies and explanatory notes on pages 14 to 46 form an integral part of these financial statements.*

**Consolidated statement of changes in equity (continued)**  
**For the year ended 30 June 2022**

| The Company                       | Share<br>capital<br>Eur | Retained<br>earnings<br>Eur | Total<br>Eur     |
|-----------------------------------|-------------------------|-----------------------------|------------------|
| Balance at 1 July 2020            | 2,931,000               | (537,176)                   | 2,393,824        |
| Loss for the year                 | -                       | (286,771)                   | (286,771)        |
| <b>Balance as at 30 June 2021</b> | <b>2,931,000</b>        | <b>(823,947)</b>            | <b>2,107,053</b> |
| Balance at 1 July 2021            | 2,931,000               | (823,947)                   | 2,107,053        |
| Loss for the year                 | -                       | (638,710)                   | (638,710)        |
| <b>Balance as at 30 June 2022</b> | <b>2,931,000</b>        | <b>(1,462,657)</b>          | <b>1,468,343</b> |

*The accounting policies and explanatory notes on pages 14 to 46 form an integral part of these financial statements.*

Consolidated statement of cash flows  
For the year ended 30 June 2022

|   | Note | The Group          |                  | The Company        |                  |
|---|------|--------------------|------------------|--------------------|------------------|
|   |      | 2022<br>EUR        | 2021<br>EUR      | 2022<br>EUR        | 2021<br>EUR      |
| <b>Cash flows from operating activities</b>                   |      |                    |                  |                    |                  |
| Loss for the year before taxation                             | 6    | (827,026)          | (186,704)        | (822,435)          | (183,115)        |
| <i>Adjustment for:</i>  |      |                    |                  |                    |                  |
| Depreciation and amortisation                                 |      | 570,480            | 451,119          | 477,891            | 442,383          |
| Interest on lease liability                                   |      | 119,454            | 116,484          | 111,567            | 116,484          |
| Net interest expense  |      | 510,642            | 453,838          | 504,207            | 469,638          |
| Lease payments  |      | (213,641)          | (201,638)        | (201,641)          | (201,638)        |
|   |      | <u>159,909</u>     | <u>633,099</u>   | <u>69,589</u>      | <u>643,752</u>   |
| <i>Working capital changes</i>                                |      |                    |                  |                    |                  |
| Change in inventories   | 13   | 792,810            | 677,138          | 792,810            | 677,138          |
| Change in trade and other receivables                         | 14   | (1,633,872)        | 580,786          | (1,206,798)        | 575,768          |
| Change in trade and other payables                            | 19   | 1,000,498          | (865,243)        | 979,475            | (877,789)        |
|   |      | <u>319,345</u>     | <u>1,025,780</u> | <u>635,076</u>     | <u>1,018,869</u> |
| Net interest paid   |      | (510,642)          | (453,838)        | (504,207)          | (469,638)        |
| Tax movement  | 8    | 12                 | (36)             | (37)               | (36)             |
| <b>Net cash generated (used in)/from operating activities</b> |      | <u>(191,285)</u>   | <u>571,906</u>   | <u>130,832</u>     | <u>549,195</u>   |
| <b>Cash from investing activities</b>                         |      |                    |                  |                    |                  |
| Investment in subsidiaries                                    | 9    | -                  | -                | (3,600)            | (4,800)          |
| Acquisition of intangible assets                              | 10   | (160,000)          | -                | (160,000)          | -                |
| Acquisition of property, plant and equipment                  | 12   | (1,652,514)        | (620,637)        | 47,183             | (620,637)        |
| <b>Net cash used in investing activities</b>                  |      | <u>(1,812,514)</u> | <u>(620,637)</u> | <u>(1,178,931)</u> | <u>(625,437)</u> |
| <b>Cash from financing activities</b>                         |      |                    |                  |                    |                  |
| Amounts advanced by subsidiaries                              | 17   | -                  | -                | 13,455             | 24,556           |
| Amounts advanced by shareholders                              | 17   | 877,155            | 21,511           | 877,155            | 21,511           |
| Movement in bank loans  | 17   | 552,159            | (3,320)          | (44,579)           | (3,320)          |
| <b>Net cash generated from financing activities</b>           |      | <u>1,429,314</u>   | <u>18,191</u>    | <u>846,031</u>     | <u>42,747</u>    |
| <b>Decrease in cash and cash equivalents</b>                  |      | <u>(574,485)</u>   | <u>(30,540)</u>  | <u>(202,068)</u>   | <u>(33,495)</u>  |
| Cash and cash equivalents at beginning of year                |      | 132,267            | 162,807          | (273,023)          | (239,528)        |
| <b>Cash and cash equivalents at end of year</b>               | 20   | <u>(442,218)</u>   | <u>132,267</u>   | <u>(475,091)</u>   | <u>(273,023)</u> |

The accounting policies and explanatory notes on pages 14 to 46 form an integral part of these financial statements.

**Notes to the consolidated financial statements  
For the year ended 30 June 2022**

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**1. Going concern**

During the year ended 30 June 2022, the Group incurred a loss of Eur644,116 (in 2021; a group loss of Eur285,963) but the equity remains positive at Eur1,518,801 (in 2021; Eur2,162,917). The Board of directors believe that it remains appropriate to prepare these financial statements on a going concern basis and the validity of this depends on the confirmation that the ultimate beneficial owner will continue to support the Group operations in the foreseeable future.

**2. Corporate information**

The consolidated financial statements of Luxury Living Technologies Limited ("the Company") and its subsidiaries ("the Group") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution approved by the Board of Directors on 28 October 2022.

Luxury Living Technologies Limited is registered in Malta as a limited liability company under the Companies Act, 1995, with its registered office at Greentek Business Complex, New Street in Triq il-Hofor, Qormi, Malta.

The Group is principally engaged in holding investments related to renewable energies, food industry and hospitality tourism. During the year under review, the Company also took over a restaurant in Mellieha which started operating in February 2022.

A list of all subsidiary undertakings is provided in Note 9.

Information on related party relationships of the Group is provided in Note 21.

**3. Significant accounting policies**

**3.1 Basis of measurement and statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, Cap. 386 of the Laws of Malta. The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value as stated in particular notes to the financial statements.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's and the Group's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believe to be reasonable under the circumstances. The consolidated financial statements are presented in Euro (€), which is the functional and presentation currency of the Company and the Group.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.



Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Significant accounting policies (cont.)

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.3 New or revised standards, interpretations and amendments adopted

During the year under review, Luxury Living Technologies Limited has adopted a number of new standards and interpretations, or amendments thereto, issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the European Union. The director is of the opinion that the adoption of these standards, interpretations or amendments thereto, did not have a material impact on these financial statements.

At the date of the statement of financial position, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the European Union, but not yet effective for the current financial year. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The director anticipates that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

**Notes to the consolidated financial statements  
For the year ended 30 June 2022**

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**3. Summary of significant accounting policies (cont.)**

**3.4 Property, plant & equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When a revaluation surplus is recorded in OCI, it is credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

|                           |               |
|---------------------------|---------------|
| PV farms                  | 5% per annum  |
| Improvements to buildings | 2% per annum  |
| Motor vehicles            | 20% per annum |
| Furniture & fittings      | 10% per annum |
| Other equipment           | 10% per annum |
| Computer equipment        | 25% per annum |
| Plant and machinery       | 20% per annum |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.4 Property, plant & equipment (cont.)

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. No impairment resulted in the year under review.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Amortisation of intangible assets is charged to profit or loss on a straight-line basis over their estimated useful life commencing from the year in which the asset is first brought into economic use. The group amortises license rights with finite lives over a three year period. Goodwill is not amortised.

3.6 Impairment

*Property, plant and equipment and intangible assets*

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

**Notes to the consolidated financial statements  
For the year ended 30 June 2022**

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**3. Summary of significant accounting policies (cont.)**

**3.6 Impairment (cont.)**

*Property, plant and equipment and intangible assets (cont.)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, then the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.7 Inventories**

Inventories are stated at the lower of cost and net realisable value, and mainly includes photovoltaic farms which are in the course of construction. Consequently, costs include material, labour, borrowing costs and any other costs directly attributable to the photovoltaic farms. Once photovoltaic farms are connected to the grid, these are transferred from inventory to property, plant and equipment.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**3.8 Investment in subsidiaries**

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiaries is stated at cost less any impairment loss which may have arisen. Income from the investment is recognised only to the extent of distributions received from the Company from post-acquisition profits. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of the cost of investment.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.9 Leased assets

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 in its 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 lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset 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 Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

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 by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

**Notes to the consolidated financial statements  
For the year ended 30 June 2022**

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**3.9 Leased assets (cont.)***Measurement and recognition of leases as a lessee (cont.)*

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

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.

**3.10 Financial instruments – initial recognition and subsequent measurement****i) Financial assets****Initial recognition and measurement**

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the company commits to purchase or sell the asset.

The company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

i) Financial assets(cont.)

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9.

Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IFRS 9 are satisfied. The company has not designated any financial assets at fair value through profit or loss.

The company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the company may elect to reclassify these financial assets.

The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss.

These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognised in the consolidated statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

i) Financial assets(cont.)

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**ii) Impairment of financial assets**

The company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

ii) Impairment of financial assets (cont.)

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of finance income in the consolidated statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss and other comprehensive income.

iii) Financial liabilities

**Initial recognition and measurement**

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

iii) Financial liabilities

**Initial recognition and measurement (cont.)**

The measurement of financial liabilities depends on their classification as described below:  
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

**Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into, that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

**iv) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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**3. Summary of significant accounting policies (cont.)**

**3.10 Financial instruments – initial recognition and subsequent measurement (cont.)**

**v) Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

**3.11 Trade and other receivables**

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

**3.12 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**3.13 Cash and cash equivalents**

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**3.14 Share capital**

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

**3.15 Revenue**

Revenue from contracts with customers is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and these can be measured reliably.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.15 Revenue (cont.)

The following specific recognition criteria must also be met before revenue is recognised:

The Group is in the business of selling, providing maintenance and installation of photovoltaic panels and water softening and purifying systems and related ancillary products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5.

*Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which generally coincides with the date of the invoice. In case of commercial sales, the Group considers whether there are other premises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

*Rendering of services*

Revenue from rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. Revenue from the provision of maintenance support services is recognised in proportion to the stage of completion of the transaction at the balance sheet date.

*Warranty obligations*

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**Contract balances**

*Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

*Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.15 Revenue (cont.)

Contract balances (cont.)

*Provision of services*

Revenue from the provision of services is recognised in the year in which the services are rendered, by reference to the completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided.

*Interest and investment income*

Interest income is accounted for when it is probable that the economic benefits associated with the transaction will flow to the Group and these can be measured reliably.

*Dividend income*

Dividend income is recognised on the date the Group's right to receive income is established.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.17 Foreign currencies

Translations denominated in foreign currencies are translated at the exchange rate ruling on the date of the transactions. Monetary receivables and payables denominated in foreign currencies are translated at the rates of exchange prevailing at each reporting date. Translation differences are dealt within the consolidated statement of profit or loss and other comprehensive income.

3.18 Taxes

**Current income tax**

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the consolidated statement of financial position date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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3. Summary of significant accounting policies (cont.)

3.18 Taxes (cont.)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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**3. Summary of significant accounting policies (cont.)**

**3.18 Taxes (cont.)**

**Deferred tax (cont.)**

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

**3.19 Dividends**

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

**3.20 Borrowing costs**

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property, are capitalised as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway, during the period of time that is required to compete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed.

**3.21 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

**Notes to the consolidated financial statements  
For the year ended 30 June 2022**

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**3. Summary of significant accounting policies (cont.)**

**3.21 Business combinations and goodwill (cont.)**

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**4. Judgement in applying accounting policies and key sources of estimation uncertainty**

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosures of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements, these estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

In the opinion of the management, except for the above, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 (revised) – 'Presentation of Financial Statements'.

**5. Revenue**

|                                   | The Group        |                  | The Company      |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | 2022             | 2021             | 2022             | 2021             |
|                                   | EUR              | EUR              | EUR              | EUR              |
| Revenue from sale of PV equipment | 1,556,448        | 2,261,116        | 1,556,448        | 2,261,116        |
| Revenue from feed-in-tariffs      | 664,608          | 610,685          | 590,498          | 610,685          |
| Revenue from sale of goods        | 205,027          | 119,196          | 205,027          | 119,196          |
| Revenue from boutique hotel       | 47,176           | -                | 47,176           | -                |
| Revenue from restaurant           | 43,950           | -                | 43,950           | -                |
| Total revenue                     | <u>2,517,209</u> | <u>2,990,997</u> | <u>2,443,099</u> | <u>2,990,997</u> |



Notes to the consolidated financial statements  
For the year ended 30 June 2022

6. Loss before taxation

The loss before tax has been arrived at after deducting the following expenses:

|   | The Group |         | The Company |         |
|---|-----------|---------|-------------|---------|
|   | 2022      | 2021    | 2022        | 2021    |
|   | EUR       | EUR     | EUR         | EUR     |
| Depreciation on property, plant and equipment (note 12) | 340,974   | 275,964 | 310,957     | 275,964 |
| Depreciation on right-of-use asset (note 11)            | 173,589   | 166,419 | 166,419     | 166,419 |
| Amortisation on bond issue cost (note 17)               | 8,736     | 8,736   | -           | -       |
| Interest on finance liability (note 18)                 | 119,454   | 116,484 | 111,567     | 116,484 |
| Audit fee   | 11,292    | 7,544   | 5,000       | 5,000   |
| Staff costs (note 7)                                    | 443,120   | 186,957 | 443,120     | 186,957 |
| Directors' remuneration (note 7)                        | 178,912   | 165,591 | 160,912     | 155,591 |

*Finance cost*

|                                  | The Group |         | The Company |         |
|----------------------------------|-----------|---------|-------------|---------|
|                                  | 2022      | 2021    | 2022        | 2021    |
|                                  | EUR       | EUR     | EUR         | EUR     |
| Interest on loan from subsidiary | -         | -       | 415,800     | 415,800 |
| Interest on bond borrowings      | 400,000   | 400,000 | -           | -       |
| Interest on bank borrowings      | 110,889   | 54,071  | 88,654      | 54,071  |
| Interest on lease liability      | 119,454   | 116,484 | 111,567     | 116,484 |

*Finance income*

|                           | The Group |      | The Company |      |
|---------------------------|-----------|------|-------------|------|
|                           | 2022      | 2021 | 2022        | 2021 |
|                           | EUR       | EUR  | EUR         | EUR  |
| Interest income from bank | 247       | 233  | 247         | 233  |

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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7. Staff costs and employee information

Staff costs for the year comprised of the following:

|                               | The Group      |                | The Company    |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2022           | 2021           | 2022           | 2021           |
|                               | EUR            | EUR            | EUR            | EUR            |
| Wages and salaries            | 420,920        | 267,252        | 420,920        | 267,252        |
| Directors' remuneration       | 178,912        | 169,591        | 160,912        | 155,591        |
| Social security contributions | 40,200         | 31,710         | 40,200         | 31,710         |
|                               | <u>640,032</u> | <u>468,553</u> | <u>622,032</u> | <u>454,553</u> |

The average number of persons (including directors) employed by the Company during the year was as follows:

|                | The Group |           |
|----------------|-----------|-----------|
|                | 2022      | 2021      |
|                | Eur       | Eur       |
| Operational    | 19        | 12        |
| Administration | 8         | 5         |
|                | <u>27</u> | <u>17</u> |

8. Income tax

8.1 Amounts recognised in profit or loss

|                           | The Group      |                 | The Company    |                  |
|---------------------------|----------------|-----------------|----------------|------------------|
|                           | 2022           | 2021            | 2022           | 2021             |
|                           | Eur            | Eur             | Eur            | Eur              |
| Current tax expense       | -              | (1,324)         | -              | -                |
| Final withholding tax     | (37)           | (36)            | (37)           | (36)             |
| Over/(under) provided tax | -              | 3,985           | -              | (1,221)          |
| Deferred tax adjustment   | 182,947        | (101,884)       | 183,762        | (102,399)        |
|                           | <u>182,910</u> | <u>(99,259)</u> | <u>183,725</u> | <u>(103,656)</u> |

Notes to the consolidated financial statements  
For the year ended 30 June 2022

8. Income tax (cont.)

8.2 The tax expense for the year can be reconciled to the results of the consolidated statement of profit or loss and other comprehensive income as follows:

|  | The Group        |                  | The Company      |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2022             | 2021             | 2022             | 2021             |
|  | Eur              | Eur              | Eur              | Eur              |
| Loss before taxation for the year                        | (827,026)        | (186,704)        | (822,435)        | (183,115)        |
| Income tax credit/(expense)                              | 182,910          | (99,259)         | 183,725          | (103,656)        |
| Loss after tax from continued operations                 | <u>(644,116)</u> | <u>(285,963)</u> | <u>(638,710)</u> | <u>(286,771)</u> |
| Tax at the applicable rate of 35%                        | 289,459          | 65,346           | 287,852          | 64,090           |
| <i>Tax effect of:</i>                                    |                  |                  |                  |                  |
| Disallowed expenses                                      | (240,407)        | (198,356)        | (222,825)        | (195,776)        |
| Absorbed capital allowances                              | 11,140           | 57,990           | -                | 57,990           |
| Increase in unabsorbed capital allowances and tax losses | 275,454          | 254,437          | 251,543          | 253,922          |
| Different tax rates on investment income                 | 49               | (47)             | 49               | (47)             |
| Difference between NBV and WDV                           | (227,559)        | (356,321)        | (203,468)        | (356,321)        |
| Other allowable deductions                               | 74,774           | 73,707           | 70,574           | 73,707           |
| Over/(under)-provided tax in prior year                  | -                | 3,985            | -                | (1,221)          |
|  | <u>182,910</u>   | <u>(99,259)</u>  | <u>183,725</u>   | <u>(103,656)</u> |

9. Investment in subsidiaries

|                         | The Company   |               |
|-------------------------|---------------|---------------|
|                         | 2022          | 2021          |
|                         | Eur           | Eur           |
| As at beginning of year | 56,000        | 51,200        |
| Additional investment   | 3,600         | 4,800         |
| As at end of year       | <u>59,600</u> | <u>56,000</u> |

The subsidiaries as at 30 June 2022 are shown below:

|   | Registered office  | % shares held | 2022<br>Eur |
|---|--|---------------|-------------|
| Luxury Living Finance p.l.c.<br>C 85987 | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 99.99%        | 49,999      |
| TG Solar Limited<br>C 88888             | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |
| Holstein Solar Farm Limited<br>C 97134  | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |
| JD Solar Farm Limited<br>C 98418        | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |

Notes to the consolidated financial statements  
For the year ended 30 June 2022

9. Investment in subsidiaries (cont.)

The subsidiaries as at 30 June 2022 are shown below (cont.):

|   | Registered office  | % shares held | 2022<br>Eur |
|---|--|---------------|-------------|
| Tal-Qampiena Solar Farm Limited<br>C 98452                    | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |
| Kafe Solar Farm Limited<br>C 98786                            | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |
| Luxury Living Hospitality Limited<br>C 101587                 | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |
| Luxury Living Marketing &<br>Distribution Limited<br>C 102388 | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |
| Luxury Living Manufacturing Limited<br>C 102387               | Greentek Business Complex<br>New Street in Triq il-Hofor,<br>Qormi | 100%          | 1,200       |

The share capital and reserves of the subsidiaries at reporting date stood as follows:

|                        | 2022<br>Eur    | 2021<br>Eur    |
|------------------------|----------------|----------------|
| Ordinary share capital | 59,600         | 56,000         |
| Retained earnings      | 58,763         | 49,977         |
|                        | <u>118,363</u> | <u>105,977</u> |

10. Intangible assets

|   | The Group        |                  | The Company      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2022<br>Eur      | 2021<br>Eur      | 2022<br>Eur      | 2021<br>Eur      |
| Development and operational<br>rights on property | 2,831,000        | 2,831,000        | 2,831,000        | 2,831,000        |
| Less accumulated amortisation                     | (47,183)         | -                | (47,183)         | -                |
| Goodwill on acquisition of Smoochie<br>brand      | 303,600          | 303,600          | 303,600          | 303,600          |
| Goodwill on take-over of restaurant               | 160,000          | -                | 160,000          | -                |
|   | <u>3,247,417</u> | <u>3,134,600</u> | <u>3,247,417</u> | <u>3,134,600</u> |

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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## 11. Right-of-use assets

| The Group                                     | Total            |
|---|------------------|
|   | Eur              |
| <b>Cost</b>                                   |                  |
| As at 1 July 2020                             | 2,043,034        |
| Additions                                     | 230,464          |
| Prepayments                                   | 6,600            |
| <b>Balance as at 30 June 2021</b>             | <u>2,280,098</u> |
| <b>Accumulated depreciation</b>               |                  |
| As at 1 July 2020                             | (154,466)        |
| Depreciation for the year                     | (166,419)        |
| <b>Balance as at 30 June 2021</b>             | <u>(320,885)</u> |
| <b>Carrying amount<br/>as at 30 June 2021</b> | <u>1,959,213</u> |
| <b>Cost</b>                                   |                  |
| As at 1 July 2021                             | 2,280,098        |
| Additions                                     | 143,405          |
| <b>Balance as at 30 June 2022</b>             | <u>2,423,503</u> |
| <b>Accumulated depreciation</b>               |                  |
| As at 1 July 2021                             | (320,885)        |
| Depreciation for the year                     | (173,589)        |
| <b>Balance as at 30 June 2022</b>             | <u>(494,474)</u> |
| <b>Carrying amount<br/>as at 30 June 2022</b> | <u>1,929,029</u> |

Note: The Group leases a number of roofs. The terms of the leases range from 9 to 23 years, the earliest commencing in 2017.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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## 11. Right-of-use assets (cont.)

| The Company                                   | Total            |
|---|------------------|
|   | Eur              |
| <b>Cost</b>                                   |                  |
| As at 1 July 2020                             | 2,043,034        |
| Additions                                     | 230,464          |
| Prepayments                                   | 6,600            |
| <b>Balance as at 30 June 2021</b>             | <u>2,280,098</u> |
| <b>Accumulated depreciation</b>               |                  |
| As at 1 July 2020                             | (154,466)        |
| Depreciation for the year                     | (166,419)        |
| <b>Balance as at 30 June 2021</b>             | <u>(320,885)</u> |
| <b>Carrying amount<br/>as at 30 June 2021</b> | <u>1,959,213</u> |
| <b>Cost</b>                                   |                  |
| As at 1 July 2021                             | 2,280,098        |
| Additions                                     | -                |
| <b>Balance as at 30 June 2022</b>             | <u>2,280,098</u> |
| <b>Accumulated depreciation</b>               |                  |
| As at 1 July 2021                             | (320,885)        |
| Depreciation for the year                     | (166,419)        |
| <b>Balance as at 30 June 2022</b>             | <u>(487,304)</u> |
| <b>Carrying amount<br/>as at 30 June 2022</b> | <u>1,792,794</u> |

Note: The Company leases a number of roofs. The terms of the leases range from 9 to 23 years, the earliest commencing in 2017.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

12. Property, plant and equipment

| The Group                     | PV farms<br>Eur  | Plant & machinery<br>Eur | Improv. to buildings<br>Eur | Motor vehicles<br>Eur | Furniture & fittings<br>Eur | Other equipment<br>Eur | Computer equipment<br>Eur | Total<br>Eur     |
|-------------------------------|------------------|--------------------------|-----------------------------|-----------------------|-----------------------------|------------------------|---------------------------|------------------|
| <b>As at 1 July 2021</b>      |                  |                          |                             |                       |                             |                        |                           |                  |
| Cost                          | 4,598,192        | -                        | 398,314                     | 114,219               | 22,385                      | 107,532                | 35,273                    | 5,275,915        |
| Accumulated depreciation      | (486,630)        | -                        | (7,968)                     | (67,077)              | (8,538)                     | (29,553)               | (24,488)                  | (624,254)        |
| <b>Closing net book value</b> | <b>4,111,562</b> | <b>-</b>                 | <b>390,346</b>              | <b>47,142</b>         | <b>13,847</b>               | <b>77,979</b>          | <b>10,785</b>             | <b>4,651,661</b> |
| <b>As at 30 June 2022</b>     |                  |                          |                             |                       |                             |                        |                           |                  |
| Opening net book value        | 4,111,562        | -                        | 390,346                     | 47,142                | 13,847                      | 77,979                 | 10,785                    | 4,651,661        |
| Additions                     | 590,000          | 57,459                   | 949,384                     | -                     | 4,916                       | 24,098                 | 26,657                    | 1,652,514        |
| Depreciation charge           | (259,409)        | (11,492)                 | (26,954)                    | (14,484)              | (2,730)                     | (13,163)               | (12,740)                  | (340,972)        |
| <b>Closing netbook value</b>  | <b>4,442,153</b> | <b>45,967</b>            | <b>1,312,776</b>            | <b>32,658</b>         | <b>16,033</b>               | <b>88,914</b>          | <b>24,702</b>             | <b>5,963,203</b> |
| <b>As at 30 June 2022</b>     |                  |                          |                             |                       |                             |                        |                           |                  |
| Cost                          | 5,188,192        | 57,459                   | 1,347,698                   | 114,219               | 27,301                      | 131,630                | 61,930                    | 6,928,429        |
| Accumulated depreciation      | (746,039)        | (11,492)                 | (34,922)                    | (81,561)              | (11,268)                    | (42,716)               | (37,228)                  | (965,226)        |
| <b>Closing net book value</b> | <b>4,442,153</b> | <b>45,967</b>            | <b>1,312,776</b>            | <b>32,658</b>         | <b>16,033</b>               | <b>88,914</b>          | <b>24,702</b>             | <b>5,963,203</b> |

LUXURY LIVING TECHNOLOGIES LIMITED

Notes to the consolidated financial statements  
For the year ended 30 June 2022

12. Property, plant and equipment (cont.)

| The Company              | PV farms<br>Eur | Plant & machinery<br>Eur | Improv. to buildings<br>Eur | Motor vehicles<br>Eur | Furniture & fittings<br>Eur | Other equipment<br>Eur | Computer equipment<br>Eur | Total<br>Eur |
|--------------------------|-----------------|--------------------------|-----------------------------|-----------------------|-----------------------------|------------------------|---------------------------|--------------|
| As at 1 July 2021        |                 |                          |                             |                       |                             |                        |                           |              |
| Cost                     | 4,598,192       | -                        | 398,314                     | 114,219               | 22,385                      | 107,532                | 35,273                    | 5,275,915    |
| Accumulated depreciation | (486,630)       | -                        | (7,968)                     | (67,077)              | (8,538)                     | (29,553)               | (24,488)                  | (624,254)    |
| Closing net book value   | 4,111,562       | -                        | 390,346                     | 47,142                | 13,847                      | 77,979                 | 10,785                    | 4,651,661    |
| As at 30 June 2022       |                 |                          |                             |                       |                             |                        |                           |              |
| Opening net book value   | 4,111,562       | -                        | 390,346                     | 47,142                | 13,847                      | 77,979                 | 10,785                    | 4,651,661    |
| Additions                | -               | 57,459                   | 949,384                     | -                     | 4,916                       | 24,098                 | 26,657                    | 1,062,514    |
| Depreciation charge      | (229,909)       | (11,492)                 | (26,954)                    | (14,484)              | (2,730)                     | (13,163)               | (12,740)                  | (311,472)    |
| Closing netbook value    | 3,881,653       | 45,967                   | 1,312,776                   | 32,658                | 16,033                      | 88,914                 | 24,702                    | 5,402,703    |
| As at 30 June 2022       |                 |                          |                             |                       |                             |                        |                           |              |
| Cost                     | 4,598,192       | 57,459                   | 1,347,698                   | 114,219               | 27,301                      | 131,630                | 61,930                    | 6,338,429    |
| Accumulated depreciation | (716,539)       | (11,492)                 | (34,922)                    | (81,561)              | (11,268)                    | (42,716)               | (37,228)                  | (935,726)    |
| Closing net book value   | 3,881,653       | 45,967                   | 1,312,776                   | 32,658                | 16,033                      | 88,914                 | 24,702                    | 5,402,703    |



Notes to the consolidated financial statements  
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## 13. Inventories

|                                     | The Group        |                  | The Company      |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | 2022             | 2021             | 2022             | 2021             |
|                                     | Eur              | Eur              | Eur              | Eur              |
| Finished goods and work in progress | <u>1,263,830</u> | <u>2,056,640</u> | <u>1,263,830</u> | <u>2,056,640</u> |

## 14. Trade and other receivables

## 14.1 Non-current assets

|                   | The Group      |                | The Company    |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2022           | 2021           | 2022           | 2021           |
|                   | Eur            | Eur            | Eur            | Eur            |
| Trade receivables | <u>204,533</u> | <u>188,191</u> | <u>204,533</u> | <u>188,191</u> |

## 14.2 Current assets

|                               | The Group        |                  | The Company      |                  |
|-------------------------------|------------------|------------------|------------------|------------------|
|                               | 2022             | 2021             | 2022             | 2021             |
|                               | Eur              | Eur              | Eur              | Eur              |
| <b>Current</b>                |                  |                  |                  |                  |
| Trade receivables             | 280,867          | 342,676          | 280,867          | 342,676          |
| Trade related receivables     | 25,600           | -                | 29,872           | -                |
| Accrued income                | 2,348,248        | 1,057,500        | 1,917,500        | 1,057,500        |
| Other receivables             | 190,854          | 60,878           | 190,854          | 60,878           |
| VAT recoverable               | 5,883            | -                | 7,325            | -                |
| Deferred cost                 | 5,498            | -                | 5,498            | -                |
| Prepayments                   | 60,896           | 17,423           | 60,896           | 17,423           |
| Advance payments              | 370,272          | 199,588          | 315,803          | 199,588          |
| Related party balances (note) | 588,721          | 581,244          | 646,168          | 586,262          |
|                               | <u>3,876,839</u> | <u>2,259,309</u> | <u>3,454,783</u> | <u>2,264,327</u> |

Note: The amounts due from related parties are unsecured, interest free and repayable on demand.

Notes to the consolidated financial statements  
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## 15. Deferred taxation

*Recognised deferred taxation*

Deferred taxation is attributable to the following:

| The Company                                      | Assets           |                | Liabilities      |                  | Net            |                |
|--|------------------|----------------|------------------|------------------|----------------|----------------|
|  | 2022             | 2021           | 2022             | 2021             | 2022           | 2021           |
|  | Eur              | Eur            | Eur              | Eur              | Eur            | Eur            |
| <i>Tax effect of:</i>                            |                  |                |                  |                  |                |                |
| Unabsorbed capital allowances and trading losses | 1,203,866        | 816,635        | -                | -                | 1,203,866      | 816,635        |
| Excess of capital allowances over depreciation   | -                | -              | (697,858)        | (494,389)        | (697,858)      | (494,389)      |
| As at 31 December                                | <u>1,203,866</u> | <u>816,635</u> | <u>(697,858)</u> | <u>(494,389)</u> | <u>506,008</u> | <u>322,246</u> |

| The Group  | Assets           |                | Liabilities      |                  | Net            |                |
|--|------------------|----------------|------------------|------------------|----------------|----------------|
|  | 2022             | 2021           | 2022             | 2021             | 2022           | 2021           |
|  | Eur              | Eur            | Eur              | Eur              | Eur            | Eur            |
| <i>Tax effect of:</i>                            |                  |                |                  |                  |                |                |
| Unabsorbed capital allowances and trading losses | 1,227,142        | 817,150        | -                | -                | 1,227,142      | 817,150        |
| Excess of capital allowances over depreciation   | -                | -              | (721,949)        | (494,389)        | (721,949)      | (494,389)      |
| As at 31 December                                | <u>1,227,142</u> | <u>817,150</u> | <u>(721,949)</u> | <u>(494,389)</u> | <u>505,193</u> | <u>322,761</u> |

## 16. Share capital

|  | The Group        |                  | The Company      |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2022             | 2021             | 2022             | 2021             |
|  | Eur              | Eur              | Eur              | Eur              |
| <b>Authorised</b>                      |                  |                  |                  |                  |
| 2,931,000 Ordinary shares of Eur1 each | <u>2,931,000</u> | <u>2,931,000</u> | <u>2,931,000</u> | <u>2,931,000</u> |
| <b>Issued and fully paid up</b>        |                  |                  |                  |                  |
| 2,931,000 Ordinary shares of Eur1 each | <u>2,931,000</u> | <u>2,931,000</u> | <u>2,931,000</u> | <u>2,931,000</u> |

Notes to the consolidated financial statements  
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## 17. Borrowings

|  | The Group         |                  | The Company       |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | 2022              | 2021             | 2022              | 2021             |
|  | Eur               | Eur              | Eur               | Eur              |
| <b>Non-current liabilities</b>         |                   |                  |                   |                  |
| 5% Secured Bonds 2028 (note 17.1)      | 7,946,890         | 7,938,154        | -                 | -                |
| Bank loan I (note 17.2)                | 366,246           | 450,652          | 366,246           | 450,652          |
| Bank loan II (note 17.2)               | 409,255           | 438,624          | 409,255           | 438,624          |
| Bank loan III and IV (note 17.2)       | 14,303            | 14,588           | 14,303            | 14,588           |
| Bank loan V (note 17.2)                | 38,116            | -                | 38,116            | -                |
| Bank loan VI (note 17.2)               | 557,918           | -                | -                 | -                |
| Loan due to subsidiary (note 17.4)     | -                 | -                | 7,918,521         | 7,918,521        |
|  | <u>9,332,728</u>  | <u>8,842,018</u> | <u>8,746,441</u>  | <u>8,822,385</u> |
| <b>Current liabilities</b>             |                   |                  |                   |                  |
| Bank overdraft (note 17.3)             | 591,082           | 491,456          | 591,082           | 491,456          |
| Bank loan I (note 17.2)                | 88,287            | 87,990           | 88,287            | 87,990           |
| Bank loan II (note 17.2)               | 32,677            | 34,364           | 32,677            | 34,364           |
| Bank loan III and IV (note 17.2)       | 2,720             | 5,149            | 2,720             | 5,149            |
| Bank loan V (note 17.2)                | 35,184            | -                | 35,184            | -                |
| Bank loan VI (note 17.2)               | 38,820            | -                | -                 | -                |
| Amount due to subsidiaries (note 17.5) | -                 | -                | 151,309           | 137,854          |
| Due to shareholders (note 17.5)        | 982,403           | 105,248          | 982,403           | 105,248          |
|  | <u>1,771,173</u>  | <u>724,207</u>   | <u>1,883,662</u>  | <u>862,061</u>   |
| <b>Total</b>                           | <u>11,103,901</u> | <u>9,566,225</u> | <u>10,630,103</u> | <u>9,684,446</u> |

Note 17.1 – Debt securities represent finance which was raised through the issue of bonds by one of the companies within the Group in prior years. The Secured Bonds shall constitute the general, direct and unconditional obligations of the Issuer, and shall at all times rank pari passu, without any priority or preference among themselves. The Secured Bonds shall be guaranteed in respect of both the interest and the principal amount due under said Secured Bonds by the Guarantor in terms of the Guarantee. The Secured Bonds shall rank with priority in relation to the Pledged Shares. Pursuant to the Pledge Agreement, the Pledgor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as Beneficiaries, a pledge over the shares held in Luxury Living Technologies Limited. The Pledge will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Secured Bonds. Interest on the 5% Secured Bonds 2028 is payable annually in arrears, on 29 July of each year.

Note 17.2 The bank loans are secured by a general hypothec over the Company's present and future assets, guarantees given by the Company and group companies and by pledge over the affiliate's insurance policies in the name of the Company covering properties. The interest and repayments for each respective loan are as per below:

- Bank loan I and II - bear interest at 3.8% and 3.6% per annum respectively (in 2021; 3.8% and 3.6% per annum respectively) and are repayable in monthly instalments of Eur8,985 and Eur4,135 respectively inclusive of interest (in 2021; Eur8,985 and Eur4,135 inclusive of interest).

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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17. Borrowings (cont.)

Note 17.2 (cont.)

- Bank loan III and IV – these are repayable in monthly instalments of Eur151 and Eur76 respectively. These loans were part of the COVID-19 assistance granted by the bank with no interest and with a 6-month moratorium period.
- Bank loan V – this loan bears interest at 7.5% and repayable in monthly instalments of Eur2,932.
- Bank loan VI – this loan bears interest at 4% per annum and is repayable in equal monthly instalments of Eur5,166, inclusive of interest.

The current portion of the bank loans which are repayable within twelve months are disclosed as 'current liabilities'.

Note 17.3: The bank overdraft is limited to Eur500,000 (in 2021; Eur500,000). The excess of Eur91,082 represents unrepresented cheques as at year-end. The bank overdraft bears interest at 2.25% per annum (in 2021; 2.25% per annum) and is repayable on demand. The bank overdraft is secured by a general hypothec over the Company's present and future assets.

Note 17.4 – The loan due to subsidiary relates to the transfer of funds from the subsidiary to the parent company, generated by the issue of bonds. This loan is unsecured, carries interest at 5.25% per annum and is repayable in full by not later than 30 June 2028.

Note 17.5 - The amount due to the shareholders and the current portion of the amount due to subsidiary is unsecured, interest free and repayable on demand.

18. Finance liabilities

|  | The Group        |                  | The Company      |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2022             | 2021             | 2022             | 2021             |
|  | Eur              | Eur              | Eur              | Eur              |
| <b>Gross lease payments</b>                        |                  |                  |                  |                  |
| <i>Non-current liabilities</i>                     |                  |                  |                  |                  |
| Due after more than five years                     | 1,355,163        | 1,344,663        | 1,240,087        | 1,344,663        |
| Due after more than one year but within five years | 647,524          | 586,907          | 627,647          | 586,907          |
|  | <u>2,002,687</u> | <u>1,931,570</u> | <u>1,867,734</u> | <u>1,931,570</u> |
| <i>Current liabilities</i>                         |                  |                  |                  |                  |
| Due within one year                                | 99,435           | 121,334          | 95,096           | 121,334          |
|  | <u>99,435</u>    | <u>121,334</u>   | <u>95,096</u>    | <u>121,334</u>   |
|  | <u>2,102,122</u> | <u>2,052,904</u> | <u>1,962,830</u> | <u>2,052,904</u> |

Notes to the consolidated financial statements  
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18. Finance liabilities (cont.)

The carrying amount of lease liability recognised during the year is as follows:

|                 | The Group |           | The Company |           |
|-----------------|-----------|-----------|-------------|-----------|
|                 | 2022      | 2021      | 2022        | 2021      |
|                 | Eur       | Eur       | Eur         | Eur       |
| Opening balance | 2,052,904 | 1,907,594 | 2,052,904   | 1,907,594 |
| Additions       | 143,405   | 230,464   | -           | 230,464   |
| Interest        | 119,454   | 116,484   | 111,567     | 116,484   |
| Lease payments  | (213,641) | (201,638) | (201,641)   | (201,638) |
| Closing balance | 2,102,122 | 2,052,904 | 1,962,830   | 2,052,904 |

|   | The Group |         | The Company |         |
|---|-----------|---------|-------------|---------|
|   | 2022      | 2021    | 2022        | 2021    |
|   | Eur       | Eur     | Eur         | Eur     |
| The following are the amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases: |           |         |             |         |
| Interest expense  | 119,454   | 116,484 | 111,567     | 116,484 |
| Depreciation expense  | 173,589   | 166,419 | 166,419     | 166,419 |
|   | 293,043   | 282,903 | 277,986     | 282,903 |

19. Trade and other payables

|                   | The Group |           | The Company |           |
|-------------------|-----------|-----------|-------------|-----------|
|                   | 2022      | 2021      | 2022        | 2021      |
|                   | Eur       | Eur       | Eur         | Eur       |
| Trade payables    | 536,700   | 459,381   | 536,700     | 459,381   |
| Advance deposits  | 55,820    | 34,546    | 55,820      | 34,546    |
| Accruals          | 1,359,382 | 712,860   | 941,842     | 316,346   |
| Indirect taxation | 316,188   | 158,650   | 316,188     | 158,650   |
| VAT liability     | -         | 14,247    | -           | 14,247    |
| Other payables    | 140,797   | 28,705    | 132,494     | 20,399    |
|                   | 2,408,887 | 1,408,389 | 1,983,044   | 1,003,569 |

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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20. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents at the end of the year comprised of the following:

|                               | The Group        |                | The Company      |                  |
|-------------------------------|------------------|----------------|------------------|------------------|
|                               | 2022             | 2021           | 2022             | 2021             |
|                               | Eur              | Eur            | Eur              | Eur              |
| Cash and bank balances (note) | 148,864          | 623,723        | 115,991          | 218,433          |
| Bank overdraft                | (591,082)        | (491,456)      | (591,082)        | (491,456)        |
|                               | <u>(442,218)</u> | <u>132,267</u> | <u>(475,091)</u> | <u>(273,023)</u> |

Note: As at year end the Company holds bank guarantees amounting to Eur3,000 and Eur5,000 in favour of the Planning Authority and the Building Regulation Office that shall expire on 1<sup>st</sup> October 2023 and 1<sup>st</sup> November 2023 respectively.

21. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

The Company is ultimately owned by Mr. Jean Paul Busuttill and therefore all companies up to the ultimate beneficial owner, as well as other companies outside the Group which are owned by Mr. Jean Paul Busuttill are considered to be related parties. Trading transactions between the companies include items which are normally encountered in a group context.

Luxury Living Technologies Limited is the parent company of the entities listed in Note 9.

*Transactions with related parties*

|  | The Company       |                   |
|--|-------------------|-------------------|
|  | 2022              | 2021              |
|  | Eur               | Eur               |
| <b>Expenditure</b>                         |                   |                   |
| Management fee charged by subsidiary       | 45,000            | 30,000            |
| Interest payable on loan due to subsidiary | 415,800           | 415,800           |
| Rent payable to related parties            | 94,800            | 94,800            |
| Loans and Advances                         |                   |                   |
| Advances/repayments from shareholders      | 877,155           | 21,511            |
| Advances to/repayment by related parties   | 59,906            | 9,254             |
| Advances to subsidiary                     | 13,455            | 24,556            |
|  | <u>          </u> | <u>          </u> |

Year-end balances from related party transactions are disclosed in Notes 14 and 17. Key management personnel compensation consisting of directors' remuneration has been disclosed in note 7.

Notes to the consolidated financial statements  
For the year ended 30 June 2022

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**22. Contingent liabilities**

As at 30 June 2022, the Company had a guarantee in favour of Luxury Living Finance p.l.c. in relation to the issue of Eur8,000,000 5% Secured Bonds 2028.

In addition, the Company also has a cash guarantee of Eur100,000 held by APS Bank plc as a performance guarantee on two tenders issued by the Ministry of Energy.

**23. Financial Risk Management**

The group and company are exposed to credit risk and liquidity risk through its use of financial instruments which result from its operating and investing activities. The Company is not exposed to currency risk and the directors consider interest rate risk exposure to be minimal due to fixed interest rates stipulated on interest bearing liabilities. Note 17 incorporates interest rates and maturity information with respect to the Company's main interest-bearing liabilities.

The group's and company's risk management is coordinated by the director and focuses on actively securing the group's and company's short to medium term cash flows by minimizing the exposure to financial instruments. The most significant financial risks to which the group and company are exposed to are described below.

*Credit risk*

Financial assets which potentially subject the Company to concentrations of credit risk consist trade and other receivables and cash at bank (Note 14 and 20).

The Company's cash at bank is placed with high quality financial statements.

The Company's receivables consist mainly of trade and other receivables. Customer credit risk is managed by the Group's management subject to the Group's established policy procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on each customer's credit limits. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at the reporting date on an individual basis. The Group exercises a prudent credit control policy. In previous years, the Company entered into commercial contracts for the sale of installed photovoltaic panels. These amounts will be directly repaid through the feed-in-tariffs generated by same photovoltaic panels, thus credit risk in this respect is limited.

*Liquidity risk*

The group's and company's exposure to liquidity risk arises from their obligations to meet financial liabilities, which comprise principally of borrowings and trade and other payables (Refer to notes 17 and 19). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

At 30 June 2022 and 30 June 2021, the contractual maturities on the financial liabilities of the group were as summarised below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the consolidated statement of financial position.

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23. Financial Risk Management (cont.)

*Liquidity risk (cont.)*

As at 30 June 2022

|                          | The Group                       |                                    | The Company                     |                                    |
|--------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
|                          | Current<br>Within 1 year<br>Eur | Non-current<br>1 to 5 years<br>Eur | Current<br>Within 1 year<br>Eur | Non-current<br>1 to 5 years<br>Eur |
| Borrowings               | 1,771,173                       | 9,332,728                          | 1,883,662                       | 8,746,441                          |
| Finance liabilities      | 99,435                          | 2,002,687                          | 95,096                          | 1,867,734                          |
| Trade and other payables | 2,408,887                       | -                                  | 1,983,044                       | -                                  |
|                          | <u>4,279,495</u>                | <u>11,335,415</u>                  | <u>3,961,802</u>                | <u>10,614,175</u>                  |

As at 30 June 2021

|                          | The Group                       |                                    | The Company                     |                                    |
|--------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
|                          | Current<br>Within 1 year<br>Eur | Non-current<br>1 to 5 years<br>Eur | Current<br>Within 1 year<br>Eur | Non-current<br>1 to 5 years<br>Eur |
| Borrowings               | 724,207                         | 8,842,108                          | 862,061                         | 8,822,385                          |
| Finance liabilities      | 121,334                         | 1,931,750                          | 121,334                         | 1,931,750                          |
| Trade and other payables | 1,408,389                       | -                                  | 1,003,569                       | -                                  |
|                          | <u>2,253,930</u>                | <u>10,773,588</u>                  | <u>1,986,964</u>                | <u>10,753,955</u>                  |

*Foreign currency risk*

Most of the group's and company's transactions are carried out in Euro. Exposure to currency exchange rates arise from the group's and company's transactions in foreign currencies.

The company's financial assets face minimal foreign currency risk since all sales are made receivable in Euro.

*Interest rate risk*

The group's and company's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observations of current market conditions, the director considers an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

24. Capital management policies and procedures

The group and the company's capital management objectives are to ensure their ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The group and the company monitor the level of debt, which includes borrowings and trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

25. Events after the reporting date

As at reporting date, there are no significant transactions to be reported.