METTMANN PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2022

METTMANN PUBLIC COMPANY LIMITED

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Year ended 31 December 2022

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Aleksandr Mizgunov Oxana Hadjipavlou
Company Secretary:	Fidusol Ltd
Independent Auditors:	BDO Limited Certified Public Accountants (CY) and Registered Auditors 261, 28th October Street (Seafront Road) View Point Tower Floors 6, 7 and 8 P. O. Box 51681 3507 Limassol, Cyprus
Registered office:	67, Syprou Araouzou, ULYSSES HOUSE Floor 2, Office 202 3036 Limassol, Cyprus

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2022.

Principal activities and nature of operations of the Company

The principal activities of the Company are that of investment holdings and interest earning activities.

The Company was converted from a Private Limited Company to a Public Limited Company and was admitted to non-regulated market of the Cyprus Stock Exchange Emerging Companies Market on 30 December 2022.

Change of Company name

On 20 January 2022, the Company changed its name from Mettmann Limited to Mettmann Public Company Limited.

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are in line with the Board of Directors' expectations. The Company has made a profit for the year as disclosed in the Statement of profit or loss and other comprehensive income.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7, 23 and 25 of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results

The Company's results for the year are set out on page 7.

Dividends

The Company did not have any distributable profits as at 31 December 2022, thus the Board of Directors cannot recommend the payment of a dividend.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2022.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in note 23 to the financial statements.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 27 to the financial statements.

Independent Auditors

The Independent Auditors, BDO Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Aleksandr Mizgunov
Director

Limassol, 27 April 2023

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3507 Limassol
Cyprus

Independent Auditor's Report

To the Members of Mettmann Public Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Mettmann Public Company Limited (the "Company") which are presented in pages 7 to 29 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Mettmann Public Company Limited as at 31 December 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 European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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.

Key Audit Matters

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

No key audit matters identified.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (continued)

To the Members of Mettmann Public Company Limited

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional 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.
- 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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 a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings (if any).

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.

Independent Auditor's Report (continued)

To the Members of Mettmann Public Company Limited

Report on Other Legal Requirements (continued)

- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

Comparative figures

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 02 June 2022.

Christos Andreou
Certified Public Accountant (CY) and Registered Auditor
for and on behalf of

BDO Limited
Certified Public Accountants (CY) and Registered Auditors

Limassol, 27 April 2023

METTMANN PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2022

	Note	**2022**	2021
		€	€
Loan interest income		**381,338**	57,748
Loan interest expense		**(55,781)**	(4,164)
Net interest income		**325,557**	53,584
Other operating income	8	**494,057**	55,785
Administration expenses	9	**(711,081)**	(445,378)
Operating profit/(loss)		**108,533**	(336,009)
Finance costs	11	**(11,915)**	(3,579)
Net profit/(loss) for the year		**96,618**	(339,588)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**96,618**	(339,588)

The notes on pages 11 to 29 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Right-of-use assets	13	**26,307**	78,921
Investments in subsidiaries	14	**46,000**	-
Investments in associates	15	**4,250**	-
Loans receivable	16	**6,015,231**	-
		6,091,788	78,921
Current assets			
Other receivables	17	**14,298**	112,798
Loans receivable	16	**15,792,659**	249,666
Cash and cash equivalents	18	**6,427,883**	2,041,900
		22,234,840	2,404,364
Total assets		**28,326,628**	2,483,285
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**100,000**	100,000
Accumulated losses		**(348,127)**	(444,745)
Total equity		**(248,127)**	(344,745)
Liabilities			
Non-current liabilities			
Borrowings	20	**1,466,164**	1,426,164
Lease liabilities	21	**-**	22,400
		1,466,164	1,448,564
Current liabilities			
Other payables	22	**21,070,410**	1,326,859
Borrowings	20	**6,015,781**	-
Lease liabilities	21	**22,400**	52,607
		27,108,591	1,379,466
Total liabilities		**28,574,755**	2,828,030
Total equity and liabilities		**28,326,628**	2,483,285

On 27 April 2023 the Board of Directors of Mettmann Public Company Limited authorised these financial statements for issue.

....
Aleksandr Mizgunov
Director

....
Oxana Hadjipavlou
Director

The notes on pages 11 to 29 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Note	Share capital €	Accumulated losses €	Total €
Balance at 1 January 2021		**1,000**	**(105,157)**	**(104,157)**
Total comprehensive loss for the year		-	(339,588)	(339,588)
Issue of share capital	19	99,000	-	99,000
Balance at 31 December 2021/ 1 January 2022		**100,000**	**(444,745)**	**(344,745)**
Total comprehensive income for the year		-	96,618	96,618
Balance at 31 December 2022		**100,000**	**(348,127)**	**(248,127)**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. Deemed dividend distribution is also subject to a 2,65% contribution to the General Healthcare System. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

METTMANN PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**96,618**	(339,588)
Adjustments for:			
Depreciation of right-of-use assets	13	**52,614**	26,307
Interest income		**(381,338)**	(57,748)
Lease interest expense	11	**1,392**	1,280
Loan interest expense		**55,781**	4,164
Gain on repayment of loans	8	**(494,057)**	(52,185)
		(668,990)	(417,770)
Changes in working capital:			
Decrease/(increase) in other receivables		**98,503**	(5,000)
Increase in other payables		**73,528**	30,655
Cash used in operations		**(496,959)**	(392,115)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	14	**(6,000)**	-
Loans granted		**(6,014,826)**	-
Loans repayments received		**4,343,501**	1,048,935
Interest received		**614,267**	98,315
Net cash (used in)/generated from investing activities		**(1,063,058)**	1,147,250
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	21	**(54,000)**	(40,298)
Proceeds from borrowings	20	**6,000,000**	1,251,000
Net cash generated from financing activities		**5,946,000**	1,210,702
Net increase in cash and cash equivalents		**4,385,983**	1,965,837
Cash and cash equivalents at beginning of the year	18	**2,041,900**	76,063
Cash and cash equivalents at end of the year	18	**6,427,883**	2,041,900

1. Incorporation and principal activities

Country of incorporation

The Company Mettmann Public Company Limited (the "Company") was incorporated in Cyprus on 20 December 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 67, Syprou Araouzou, ULYSSES HOUSE, Floor 2, Office 202, 3036 Limassol, Cyprus.

Change of Company name

On 20 January 2022, the Company changed its operating name from Mettmann Limited to Mettmann Public Company Limited.

Principal activities

The principal activities of the Company are that of investment holdings and interest earning activities.

The Company was converted from a Private Limited Company to a Public Limited Company and was admitted to non-regulated market of the Cyprus Stock Exchange Emerging Companies Market on 30 December 2022.

2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2022 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

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

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company 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.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the statement of profit or loss and other comprehensive income in the period in which the impairment is identified.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

4. Significant accounting policies (continued)

Revenue

- **Interest income**

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

Finance costs

Interest expense and other borrowing costs are charged to the statement of profit or loss and other comprehensive income as incurred.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the lease of office space in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

4. Significant accounting policies (continued)

Leases (continued)

The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use asset and associated lease liabilities are presented as separated lines on the face of statement of financial position.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Purchased credit-impaired financial assets at amortised cost (loans receivable) are financial assets which are credit-impaired at initial recognition and recognised at the amount equivalent to consideration paid for acquisition of rights to loans receivable.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'loan interest income and other operating income'. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and other comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, other receivables and loans receivable.

Financial assets - impairment - credit loss allowance for expected credit losses

The Company assesses on a forward-looking basis the expected credit losses (ECL) for debt instruments (including loans) measured at amortised cost and exposure arising from loan commitments. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments, a separate provision for ECL is recognised as a liability in the statement of financial position.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for expected credit losses (continued)

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For other receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

4. Significant accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its current and non-current borrowings, and current and non-current loans receivable. Loans receivable and borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2022	2021
	€	€
Fixed rate instruments		
Financial assets	**21,807,890**	249,666
Financial liabilities	**(7,481,945)**	(1,426,164)
	14,325,945	(1,176,498)

6. Financial risk management (continued)

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and equity of the Company, because, all financial instruments are fixed rate.

6.2 Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and loans receivable at amortised cost.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

For other receivables and loans receivable, the Company assesses on an individual basis, its exposure to credit risk from financial assets at amortised cost. This assessment takes into account, the period the loan receivable or other receivable balance is past due and history of defaults in the past, adjusted for forward looking information. At the reporting date, the Company does not expect any losses from non-performance by the counterparties.

These policies enable the Company to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:
- loans receivable
- cash and cash equivalents

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:
- For other receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:
- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2022	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Other loans	6,015,781	6,090,247	-	6,090,247	-	-
Other payables	21,070,410	21,070,410	-	21,070,410	-	-
Loans from shareholders	1,466,164	1,622,877	-	-	1,622,877	-
	28,552,355	**28,783,534**	**-**	**27,160,657**	**1,622,877**	**-**

6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Liabilities		**Assets**
	2022	2021	**2022**	2021
	€	€	**€**	€
United States Dollars	**-**	-	**2,861,362**	-
	-	-	**2,861,362**	-

6. Financial risk management (continued)

Sensitivity analysis
A 10% strengthening of the Euro against the following currencies at 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

		Equity		Profit or loss
	2022	2021	**2022**	2021
	€	€	**€**	€
United States Dollars	**(286,136)**	-	**(286,136)**	-
	(286,136)	-	**(286,136)**	-

6.5 Capital risk management
Capital includes equity shares and share premium.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

7. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Going concern basis**

  The assessment of the Company for the appropriateness of the use of the going concern basis is disclosed in note 4.

- **Calculation of loss allowance**

  When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

7. Critical accounting estimates, judgments and assumptions (continued)

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries/associates**

  The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

  The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

8. Other operating income

	2022	2021
	€	€
Gain on assignment of loans receivable	**494,057**	52,185
Other income	-	3,600
	494,057	55,785

Upon repayment of the credit-impaired loans at initial recognition, the difference between discounted value of the loan (principal plus interest), and repaid amount is recognised as gain on assignment of loans receivable.

9. Administration expenses

	2022	2021
	€	€
Staff costs	**410,681**	346,971
Common expenses	**424**	642
Annual levy	**350**	350
Electricity	**6,595**	2,748
Water supply and cleaning	**722**	-
Insurance	**358**	192
Repairs and maintenance	**952**	2,376
Sundry expenses	**20,782**	15,764
Courier expenses	**2,248**	503
Stationery and printing	**-**	517
Staff training	**1,041**	-
Computer supplies and maintenance	**3,068**	6,421
Computer software	**5,470**	-
Independent auditors' remuneration - current year	**51,130**	2,975
Independent auditors' remuneration - prior year	**4,820**	-
Legal and professional	**59,048**	18,963
Other professional fees	**40,232**	3,330
Translation fees	**501**	320
Fines	**-**	15
Travelling	**9,393**	18
Entertaining	**2,367**	190
Certification expenses	**1,097**	60
Consulting expenses	**37,188**	16,716
Depreciation of right-of-use assets	**52,614**	26,307
	711,081	445,378

10. Staff costs

	2022	2021
	€	€
Salaries	**359,259**	268,375
Social security costs	**41,003**	61,608
GHS contribution	**10,419**	16,988
	410,681	346,971
Average number of employees (including Directors in their executive capacity)	**9**	8

11. Finance costs

	2022	2021
	€	€
Finance costs		
Bank charges	**9,058**	2,299
Interest expense on lease liability	**1,392**	1,280
Unrealised foreign exchange loss	**1,465**	-
	11,915	3,579

12. Tax

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2022	2021
	€	€
Profit/(loss) before tax	**96,618**	(339,588)
Tax calculated at the applicable tax rates	**12,077**	(42,449)
Tax effect of expenses not deductible for tax purposes	**-**	3,534
Tax effect of allowances and income not subject to tax	**(12,077)**	(3,938)
Tax effect of tax loss for the year	**-**	42,853
Tax charge	**-**	-

The corporation tax rate is 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred tax has been recognised in these financial statements since no temporary differences between the tax bases of assets and liabilities and their carrying amounts have given rise to deferred tax for the year ended 31 December 2022.

13. Right-of-use assets

	Land and buildings
	€
Cost	
Additions	105,228
Balance at 31 December 2021/ 1 January 2022	**105,228**
Balance at 31 December 2022	**105,228**
Depreciation	
Charge for the year	26,307
Balance at 31 December 2021/ 1 January 2022	**26,307**
Charge for the year	52,614
Balance at 31 December 2022	**78,921**
Net book amount	
Balance at 31 December 2022	**26,307**
Balance at 31 December 2021	**78,921**

14. Investments in subsidiaries

	2022	2021
	€	€
Balance at 1 January	-	-
Additions	**46,000**	-
Balance at 31 December	**46,000**	-

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2022 €
Ortiga, D.O.O.	Montenegro	Holding of land	100	**6,000**
Sword Dragon, S.L.	Spain	Holding of investments	100	**40,000**
				46,000

15. Investments in associates

	2022	2021
	€	€
Balance at 1 January	-	-
Additions	**4,250**	-
Balance at 31 December	**4,250**	-

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	2022 €
Nash Beach Club, S.L.	Spain	Purchase, sale, lease, and construction of real estate.	50	**1,500**
Start Hub Beach, S.L.	Spain	Purchase, sale, lease, and construction of real estate.	50	**1,500**
4D Properties, S.L.	Spain	Holding of investments	41.67	**1,250**
				4,250

There are no contigent liabilities relating to the Company's interest in the associates.

16. Loans receivable

	2022	2021
	€	€
Loans receivable from third parties	**645,857**	249,666
Loans to related parties (Note 24.4)	**19,473,771**	-
Loans to own subsidiaries (Note 24.5)	**78,777**	-
Loan to associate (Note 24.10)	**1,609,485**	-
	21,807,890	249,666
Less current portion	**(15,792,659)**	(249,666)
Non-current portion	**6,015,231**	-

16. Loans receivable (continued)

The loans are repayable as follows:

	2022	2021
	€	€
Within one year	**15,792,659**	249,666
Between one and five years	**6,015,231**	-
	21,807,890	249,666

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

17. Other receivables

	2022	2021
	€	€
Shareholders' current accounts - debit balances (Note 24.8)	**-**	99,000
Deposits and prepayments	**14,298**	13,798
	14,298	112,798

The exposure of the Company to credit risk and impairment losses in relation to other receivables is reported in note 6 of the financial statements.

18. Cash and cash equivalents

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash in hand	**32**	161
Cash at bank	**6,427,851**	2,041,739
	6,427,883	2,041,900

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

19. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €1 each	**45,000,000**	**45,000,000**	45,000,000	45,000,000
Issued and fully paid				
Balance at 1 January	**100,000**	**100,000**	1,000	1,000
Issue of shares	**-**	**-**	99,000	99,000
Balance at 31 December	**100,000**	**100,000**	100,000	100,000

20. Borrowings

	2022	2021
	€	€
Current borrowings		
Other loans	**6,015,781**	-
Non-current borrowings		
Loans from shareholders (Note 24.9)	**1,466,164**	1,426,164
	1,466,164	1,426,164
Total	**7,481,945**	1,426,164

Maturity of non-current borrowings:

	2022	2021
	€	€
Within one year	**6,015,781**	-
Between one and five years	**1,466,164**	1,426,164
	7,481,945	1,426,164

The other loans are denominated in Euro, bear interest of 3% per annum and are repayable on 30 May, 2023.

21. Lease liabilities

	2022	2021
	€	€
Balance at 1 January	**75,007**	-
Additions	**-**	75,007
Interest expense (Note 11)	**1,393**	-
Lease payments	**(54,000)**	-
Balance at 31 December	**22,400**	75,007

	Minimum lease payments		The present value of minimum lease payments	
	2022	2021	**2022**	2021
	€	€	**€**	€
Not later than 1 year	**22,400**	52,607	**22,400**	52,607
Later than 1 year and not later than 5 years	**-**	22,400	**-**	22,400
	22,400	75,007	**22,400**	75,007
Present value of lease liabilities	**22,400**	75,007	**22,400**	75,007

The Company entered into a lease contract as a lessee (tenant) with an unrelated company for the lease of an office space.

Lease terms:
a)Tenancy period: 24 months
b)Monthly rental fee: €4,500
c)Incremental borrowing rate: 3%

All lease obligations are denominated in Euro.

Interest expense on the lease liability of €1,392 is presented as part of the finance costs (Note 11)

22. Other payables

	2022	2021
	€	€
Social insurance and other taxes	**18,835**	17,829
Shareholder's current account - credit balance (Note 24.9)	**20,913,062**	2,330
Payable to employees	**16,541**	550
Accruals	**77,222**	2,976
Other creditors	**43,250**	1,303,174
Payables to associates (Note 24.6)	**1,500**	-
	21,070,410	1,326,859

Outstanding as at 31 December 2022 Social Insurance and other taxes were settled during January 2023.

23. Operating Environment of the Company

Ukraine conflict

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus and globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

24. Related party transactions

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 “Related Party Disclosures”. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions are entered into the normal course of the business with other related parties. These transactions are not necessarily carried out on an arm’s length basis.

The Company's ultimate controlling party is Mr. Zvonko Mickovic, who owns 82.5% of the Company.

The following transactions were carried out with related parties:

24.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2022	2021
	€	€
Directors' remuneration	**118,000**	65,675
	118,000	65,675

24.2 Loan interest income

	2022	2021
Name	€	€
Joya Verde, S.L.	**39,730**	9,666
Prestige Expo, S.L.	**252,144**	48,082
La Meridiana de Rio Verde, S.L.	**68,921**	-
Start Hub Beach, S.L.	**4,485**	-
Ortiga, D.O.O.	**777**	-
	366,057	57,748

24. Related party transactions (continued)

24.3 Loan interest expense

Name	2022 €	2021 €
Major shareholder	**40,000**	4,164
	40,000	4,164

24.4 Loans to related parties (Note 16)

Name	Interest rate	Maturity date	2022 €	2021 €
La Meridiana del Rio Verde, S.L.	6.00%	31/03/2025	**4,405,746**	-
Prestige Expo, S.L.	6.00%	on demand	**2,861,362**	-
Prestige Expo, S.L.	6.00%	on demand	**1,535,420**	-
Prestige Expo, S.L.	5.67%	on demand	**3,333,769**	-
Prestige Expo, S.L.	6.00%	on demand	**181,071**	-
Prestige Expo, S.L.	6.00%	on demand	**1,201,964**	-
Prestige Expo, S.L.	6.00%	on demand	**914,892**	-
Prestige Expo, S.L.	5.75%	on demand	**2,494,525**	-
Joya Verde, S.L.	6.00%	on demand	**533,707**	-
Joya Verde, S.L.	6.00%	on demand	**366,269**	-
Joya Verde, S.L.	6.00%	on demand	**156,973**	-
Joya Verde, S.L.	6.00%	on demand	**1,488,073**	-
			19,473,771	-

24.5 Loans to own subsidiaries (Note 16)

Name	Interest rate	Maturity date	2022 €	2021 €
Ortiga, D.O.O.	3.65%	31/12/2023	**73,670**	-
Ortiga, D.O.O.	3.50%	on demand	**5,105**	-
			78,775	-

24.6 Payables to related parties (Note 22)

Name	Nature of transactions	2022 €	2021 €
Nash Beach Club, S.L.	Contribution for the alloted shares	**1,500**	-
		1,500	-

24.7 Loans from shareholder (Note 20)

Name	Interest rate	Maturity date	2022 €	2021 €
Major shareholder	0.00%	21/01/2024	**171,000**	171,000
Major shareholder	0.00%	15/04/2024	**251,000**	251,000
Major shareholder	4.00%	30/11/2026	**1,044,164**	1,004,164
			1,466,164	1,426,164

24.8 Shareholders' current accounts - debit balances (Note 17)

	2022 €	2021 €
Shareholders	-	99,000
	-	99,000

The shareholders' current accounts are interest free, and have no specified repayment date.

24. Related party transactions (continued)

24.9 Shareholder's current account - credit balance (Note 22)

	2022	2021
	€	€
Major shareholder	**20,913,062**	2,330
	20,913,062	2,330

The shareholder's current account is interest free, and has no specified repayment date.

24.10 Loan to associate (Note 16)

			2022	2021
Name	Interest rate	Maturity date	**€**	€
Start Hub Beach, S.L.	6.00%	31/12/2027	**1,609,485**	-
			1,609,485	-

25. Contingent liabilities

On 2nd of August 2022, the Company entered into the Project collaboration and profit-sharing agreement, by means of which the major Shareholder of the Company agreed to negotiate potential equity investment, i.e., the purchase of 100% of shares of a Spanish Company Sword Dragon, S.L. (the "subsidiary"), under maximum profitable terms and conditions.

The agreed remuneration for the provided assistance is 75% of the future dividends to be declared and paid by the newly acquired subsidiary within 3 years, i.e., until 2 August 2025 (inclusive).

As at the year-end date 31st December 2022 and at the date of the sign-off of the stand-alone financial statements no dividends were declared and paid by the newly acquired subsidiary and hence no remuneration was paid under the profit-share agreement.

Cyprus tax legislation is subject to varying interpretations. Management's interpretation of such legislation as applied to the transactions and activity of the company may be challenged by the income tax authorities and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open for review by the taxation authorities in respect of taxes for the six calendar years preceding the year of review. Under certain periods reviews may cover longer periods.

The Company had no other contingent liabilities as at 31 December 2022 and 31 December 2021.

26. Commitments

The Company had no capital or other commitments as at 31 December 2022 and 31 December 2021.

27. Events after the reporting period

Russia – Ukraine conflict

As explained in Note 23 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed. Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience future negative results, which relate to new developments that occurred after the reporting period.

The financial effect of this crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the high level of uncertainties arising from the inability to reliably predict the outcome.

This event is considered as non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022.

27. Events after the reporting period (continued)

The broader impact of this event on the company's financial position, results of operations and cash flows, including estimates used throughout the financial statements, remain uncertain and difficult to predict as the situations and information are rapidly evolving, and the severity and duration is still unknown, as is management's visibility to the effect of this event on the market the group serves.

The Company has no exposure to Russia, Ukraine, and Belarus and as such does not expect impact from direct exposures to these countries.

Taking into consideration the principal activities of the borrowers, subsidiaries and associates which have been mainly engaged in real estate development, the increased demand for real estate purchases in Cyprus and Spain after 24 February 2022 has had rather a positive impact on the Company's business activity due to prices exceeding the pre-pandemic levels.

The conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event does not have an immediate material impact on the business operations. Management will continue to monitor the situation closely in case the crisis becomes prolonged.

Management will continue to monitor the situation closely and will assess further the implications as the events continue to evolve.

On 1st January 2023, the Company concluded Novation agreement to the loan agreement with its major shareholder, by way of which the company novated the legal nature of its obligation to the major shareholder to repay the amount of consideration amounted to €18,090,499 and $3,006,461 into interest bearing at 4% per annum repayable no later than 31st December 2027.

On 16th January 2023, the Company concluded loan agreement with its indirect associate Prestige Expo, S.L., for the provision of principal loan amount €11,929,395 with interest rate 6% per annum, repayable on or before 13th April 2026. The amount withdrawn by Prestige Expo, S.L., under the mentioned loan agreement up to these financial statements sign-off date is €5,150,000.

On 28th February 2023, the Company withdrew amount of €1,150,000 under existing loan with third party.

On 7th March 2023, the Company concluded loan agreement with indirect associate Alsan Homes, S.L., for the provision of principal loan amount €2,250,000 with interest rate 6% per annum, repayable on or before 28th February 2025. The amount withdrawn by Alsan Homes, S.L., under the mentioned loan agreement up to these financial statements sign-off date was €430,000.

On 30th March 2023, the Company concluded loan agreement with indirect associate Alsan Homes, S.L., for the provision of principal loan amount €350,000 with interest rate 6% per annum, repayable on or before 30 May 2023. The amount was withdrawn in full by Alsan Homes, S.L., up to these financial statements sign-off date.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 to 6