METTMANN PUBLIC COMPANY LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

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REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
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, Spyrou Araouzou, ULYSSES HOUSE Floor 2, Office 202 3036 Limassol, Cyprus

CONSOLIDATED MANAGEMENT REPORT

The Board of Directors presents its first report and the audited consolidated financial statements of Mettmann Public Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

Principal activities and nature of operations of the Group

The principal activities of the Group are that of interest earning activities, holding of land, equity investments, purchase, sale, lease, development and construction of real estates.

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.

Changes in group structure

During the year the Company acquired 100% of share capital in Ortiga D.O.O., 100% of share capital in Sword Dragon S.L., 41.67% of share capital in 4D Properties, S.L., 50% of share capital in Start Hub Beach, S.L and was alloted 50% share capital in newly incorporated Nash Beach Club, S.L.

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

The Group's development to date, financial results and position as presented in the consolidated financial statements are in line with the Board of Directors' expectations. The Group 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 Group are disclosed in notes 6, 7, 27 and 29 of the consolidated financial statements.

Existence of branches

The Group does not maintain any branches.

Properties valuation

For the purposes of consolidated group audit for the year ended 31 December 2022, the Management of the Company appointed an independent professional valuer to assess and approve the fair value of the underlying properties held by its associates in Spain. The recoverable amount of the underlying assets was determined based on the fair value established by the independent professional valuer and the Management confirmed that the net identifiable assets of the group were not impaired as at 31 December 2022. As a result of the issued valuation report there was no effect on the group balances as at 31 December 2022.

Results

The Group's results for the year are set out on page 8. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Group, does not recommend the payment of a dividend and the net profit for the year is retained.

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 Group'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.

CONSOLIDATED MANAGEMENT REPORT

Operating Environment of the Group

Any significant events that relate to the operating environment of the Group are described in note 27 to the consolidated financial statements.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 31 to the consolidated 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
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Independent Auditor's Report

To the Members of Mettmann Public Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mettmann Public Company Limited (the "Company") and its subsidiaries (the "Group"), which are presented in pages 8 to 33 and comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements" section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

To the Members of Mettmann Public Company Limited

Key Audit Matters

Impairment of Investment property	How the matter was addressed in our audit
Group's investment property amounts to €2,366,147 is stated at historic cost less any accumulated impairment losses. As at 31 December 2022, the recoverable amount of the investment property which comprises of land in Montenegro, was determined based on the fair value of the investment property. In order to assess and approve the fair value of the investment property as at 31 December 2022, Management appointed an independent professional valuer. The Board of Directors has examined the criteria of IFRS 13 'Fair Value Measurement' for assesing the fair value of investment property. We have focused our attention on Management's assessment of the fair value of the investment property due to the significance of its value in the Group's balance sheet that is presented at the amount of €2,366,147 as at 31 December 2022.	For the purpose of our audit we have discussed with the Management of the Company their assessment and evaluation procedure used in order to determine the fair value of the investment property held and have confirmed that the value is based on the valuation received from the independent professional valuer. In the context of our audit procedures regarding the fair value of the investment property and we have assessed the following: -Whether the valuation method and its underlying adoption criteria as per IFRS 13 'Fair Value Measurement' are acceptable, -Technical accuracy of the valuation model, -Reasonableness of significant inputs and assumptions used for the valuation, -Confirmed that the valuers had the relevant qualifications, -Review management's estimate of the fair value amount of the investment property -The adequacy of the disclosures in Note 16 of the financial statements. The results of the above procedures were satisfactory to provide a basis for our opinion.

Other information

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

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

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

The Board of Directors is responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

To the Members of Mettmann Public Company Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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).

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

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

Report on Other Legal Requirements

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

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

Other Matter

This report, including the opinion, has been prepared for and only for the Group'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.

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

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

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

	Note	2022 €
Loan interest income		**400,845**
Interest expense		**(70,198)**
Other operating income	8	**6,565,293**
Administration expenses	9	**(720,294)**
Other expenses	10	**(3,893,152)**
Operating profit		**2,282,494**
Finance costs	12	**(12,097)**
Share of results of associates before tax	18	**117,198**
Net profit for the year		**2,387,595**
Other comprehensive income		**-**
Total comprehensive income for the year		**2,387,595**

The notes on pages 12 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022

	Note	2022 €
ASSETS		
Non-current assets		
Property, plant and equipment	14	31,207
Right-of-use assets	15	26,307
Investment property	16	2,366,147
Investments in associates	18	124,436
Loans receivable	19	6,015,231
		8,563,328
Current assets		
Other receivables	20	422,488
Loans receivable	19	16,913,502
Refundable taxes	26	9,165
Cash and cash equivalents	21	6,496,547
		23,841,702
Total assets		32,405,030
EQUITY AND LIABILITIES		
Equity		
Share capital	22	100,000
Retained earnings		1,942,850
Total equity		2,042,850
Non-current liabilities		
Borrowings	23	1,466,164
		1,466,164
Current liabilities		
Other payables	25	22,493,915
Borrowings	23	6,379,701
Lease liabilities	24	22,400
		28,896,016
Total liabilities		30,362,180
Total equity and liabilities		32,405,030

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

Aleksandr Mizgunov
Director

Oxana Hadjipavlou
Director

The notes on pages 12 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2022	**100,000**	**(444,745)**	**(344,745)**
Total comprehensive income for the year	-	2,387,595	2,387,595
Balance at 31 December 2022	**100,000**	**1,942,850**	**2,042,850**

Cyprus 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 parent Company for the account of the shareholders.

Tax Laws of the Spanish and Montenegrian jurisdictions may have impact on the possible future distribution of profit.

METTMANN PUBLIC COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	2022 €
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		**2,387,595**
Adjustments for:		
Depreciation of right-of-use assets	15	**52,614**
Unrealised exchange loss		**1,465**
Gain on business combination	8	**(291,236)**
Share of profit from associates	18	**(117,198)**
Impairment charge - goodwill	10	**3,801,954**
Impairment charge - investment property	16	**33,853**
Interest income		**(400,845)**
Interest expense		**70,198**
Gain on assignment of loans receivable	8	**(494,057)**
Interest expense on lease liability	12	**1,392**
Other income	8	**(5,780,000)**
		(734,265)
Changes in working capital:		
Decrease in other receivables		**73,296**
Increase in other payables		**160,685**
Cash used in operations		**(500,284)**
Tax paid		**(9,165)**
Net cash used in operating activities		**(509,449)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investment in subsidiary		**(6,000)**
Loans granted		**(5,941,826)**
Loans repayments received		**4,351,610**
Interest received		**614,267**
Net cash used in investing activities		**(981,949)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		**6,000,000**
Proceeds from leases liabilities		**(54,000)**
Net cash generated from financing activities		**5,946,000**
Net increase in cash and cash equivalents		**4,454,602**
Cash and cash equivalents at beginning of the year	21	**2,041,945**
Cash and cash equivalents at end of the year	21	**6,496,547**

The notes on pages 12 to 33 form an integral part of these consolidated financial statements.

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, Spyrou 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 Group are that of interest earning activities, holding of land, equity investments, purchase, sale, lease, development and construction of real estates.

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

These consolidated 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. These consolidated financial statements have been prepared under the historical cost convention, as modified for Investment property, which is recognised at Fair value.

3. Adoption of new or revised standards and interpretations

During the current year the Group 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 significant effect in the financial statements.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements of Mettmann Public Company Limited and its subsidiaries, collectively referred the "Group".

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company Mettmann Public Company Limited and the financial statements of the following subsidiaries, Ortiga, D.O.O. and Sword Dragon, S.L.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. Significant accounting policies (continued)

Business combinations (continued)

Acquisition of Ortiga D.O.O. accounted for using the acquisition method, which requires assets acquired and liability assumed to be measured at their fair values at the acquisition date. Acquisition of Sword Dragon, S.L. is a bargain purchase, where at the acquisition date value of identified net assets acquired, exceeded the sum of the value of consideration transferred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and are accounted for by the equity method of accounting.

Revenue

- **Interest income**

  Interest income on financial assets at amortised cost that are calculated using the effective interest method is recognised in the income statement as "Loan interest income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that recognised as credit-impaired on initial recognition. For credit - impaired financial assets - Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 - gross amount of financial asset.

Finance costs

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

Foreign currency translation

(1) Functional and presentation currency
Items included in the Group'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 Group'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.

4. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less any accumulated impairment losses.

The assets residual values are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment property, principally comprising land in Montenegro, is held for capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value by external valuers. Changes in fair values are recorded in profit or loss and are included in other operating expenses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Leases

At inception of a contract, the Group 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 Group 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 Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group 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 Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group 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 Group 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 in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group as lessee

The Group 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.

4. Significant accounting policies (continued)

Leases (continued)

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 Group'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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group 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.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Financial assets - Classification

The Group 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 Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group 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 Group 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.

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 Group 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).

4. Significant accounting policies (continued)

Financial assets (continued)

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 Group 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 Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Group 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 receivables) are financial assets which are credited-impaired at initial recognition and recognised at the amount equivalent to consideration paid for acquisition of rights to loans receivable.

Debt instruments

Subsequent measurement of debt instruments depends on the Group'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 consolidated 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 Group assesses on a forward-looking basis the expected credit losses (ECL) for debt instruments (including loans receivable) measured at amortised cost and exposure arising from loan commitments. The Group 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 consolidated 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 consolidated 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 consolidated 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 Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For other receivables the Group 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 Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

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

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 Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group 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 consolidated 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

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)

Financial assets (continued)

Other payables

Other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Offsetting 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 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 consolidated 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 Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. 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.

5. New accounting pronouncements

At the date of approval of these consolidated 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 consolidated financial statements of the Group.

6. Financial risk management

Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Group 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 Group 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 Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6. Financial risk management (continued)

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

	2022
	€
Fixed rate instruments	
Financial assets	22,928,733
Financial liabilities	(7,845,865)
	15,082,868

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and equity of the Group, 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 financial assets at amortised cost.

(i) Risk management

Credit risk is managed on an individual basis. For banks and financial institutions, the Group 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 Group 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 Group does not expect any losses from non-performance by the counterparties.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:
- financial assets at amortised cost, and
- cash and cash equivalents

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:
- For all financial assets that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group 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 Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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

Significant increase in credit risk

The Group 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 Group 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

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- 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
- 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 Group and changes in the operating results of the borrower/counterparty.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a borrower failing to engage in a repayment plan with the Group. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Financial assets were determined to be fully performing as at 31 December 2022.

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 Group 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 Group'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 Group 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	6,379,701	6,454,168	-	6,454,168	-	-
Other payables	22,493,915	22,493,915	-	22,493,915	-	-
Loans from shareholders	1,466,164	1,622,877	-	-	1,622,877	-
	30,339,780	**30,570,960**	**-**	**28,948,083**	**1,622,877**	**-**

6. Financial risk management (continued)

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 Group's measurement currency. The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to the United States Dollars. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

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

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

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 2022 €	Profit or loss 2022 €
United States Dollars	(286,136)	(286,136)
	(286,136)	(286,136)

Fair value estimation

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

- **Calculation of loss allowance**

  When measuring expected credit losses the Group 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)

Critical judgements in applying the Group's accounting policies

- **Fair value of investment property**

  The fair value of investment property is determined by using valuation techniques. The valuer used its judgment to select valuation methods and made assumptions that are mainly based on market conditions and facts existing at the reporting date.

- **Impairment of loans receivable**

  The Group 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.

8. Other operating income

	2022
	€
Other income	**5,780,000**
Gain on assignment of loans receivable	**494,057**
Gain on business combination	**291,236**
	6,565,293

Ther other income relates to gain from write off of other payables.

Gain on business acquisition occured from the bargain on purchase of investment in subsidiary Sword Dragon, S.L..

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
	€
Staff costs (Note 11)	415,305
Common expenses	424
Annual levy	350
Electricity	6,595
Water supply and cleaning	722
Insurance	358
Repairs and maintenance	952
Sundry expenses	20,785
Courier expenses	2,248
Staff training	1,041
Computer supplies and maintenance	3,068
Computer software	5,470
Certification and legalisation expenses	1,097
Independent auditors' remuneration - current year	51,130
Independent auditors' remuneration - prior year	4,820
Legal and professional	59,048
Other professional fees	44,818
Translation fees	501
Travelling	9,393
Entertaining	2,367
Consulting expenses	37,188
Depreciation of right-of-use assets (Note 15)	52,614
	720,294

10. Other expenses

	2022
	€
Impairment of goodwill	3,801,954
Other operating expenses	57,345
Impairment charge of investment property (Note 16)	33,853
	3,893,152

During 2022, management of the Company decided to fully impair the goodwill on acquisition of the subsidiary company Ortiga D.O.O. amounting to €3,804,725 since the subsidiary company had net liabilities at the date of acquisition.

11. Staff costs

	2022
	€
Salaries	363,883
Social security costs	41,003
GHS contribution	10,419
	415,305
Average number of employees (including Directors in their executive capacity)	10

12. Finance costs

	2022
	€
Finance costs	
Bank charges	**9,240**
Interest expense on lease liability	**1,392**
Unrealised foreign exchange loss	**1,465**
	12,097

13. Tax

The Cyprus corporation tax rate for Parent company is 12.5%. The Spain corporation tax rate for Spanish subsidiary and associates is 25%. The Montenegro corporation tax rate for Montenegro subsidiary is progressive and is calculated as follows:

- up to €100,000 - 9%

- €100,000.01 to €1,500,000 - 12%

- €1,500,000.01 and over - 15%

In Cyprus, 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.

14. Property, plant and equipment

	Motor vehicles
	€
Cost	211,207
Impairment	(180,000)
Balance at 31 December 2022	**31,207**
Net book amount	
Balance at 31 December 2022	**31,207**

The balance relates to the motor vehicle belonging to the Group which, as per the estimate of the management of Sword Dragon, S.L., incurred an impairment of €180,000 during 2022.

15. Right-of-use assets

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

The parent company Mettmann Public Company Limited entered into a lease contract as a lessee (tenant) with an unrelated company for the lease of an office space. For the lease terms please refer to Note 24.

16. Investment property

	2022 €
Carrying value	**2,400,000**
Impairment charge	**(33,853)**
Balance at 31 December	**2,366,147**

During 2022 an impairment of €33,853 was recognised on the carrying value of the investment property since the recoverable amount of the investment property is lower than the carrying amount of the property for this amount.

As at 31 December 2022, the recoverable amount of the investment property was determined based on the fair value of the investment property.

The fair value as at 31 December 2022 as determined by independent professional valuer is €2,366,147, by means of residual valuation approaches.

Fair value assumption used in the valuation for residual approach were as follows:

-Average selling price of €2,100 per sqm,
-The direct building costs of the above-ground levels are €850/sqm gross areas, and
-Profit of the investor is 25%.

17. Investments in subsidiaries

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %
Ortiga D.O.O.	Montenegro	Holding of land	100
Sword Dragon, S.L.	Spain	Holding of investments	100

On 7 June 2022, the Company acquired the 100% of the share capital of Ortiga D.O.O. for a consideration of €6,000.

On 2 September 2022, the Company acquired the 100% of the share capital of Sword Dragon, S.L. for a consideration of €40,000.

18. Investments in associates

	2022
	€
Balance at 2 September 2022	**2,988**
Cost of newly aquired and allocated associates	**4,250**
Share of results of associates before tax	**117,198**
Balance at 31 December	**124,436**

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	2022 €
Nash Beach Club, S.L.	Spain	Purchase, lease, rent, and construction of real estate.	50	**1,500**
Start Hub Beach, S.L.	Spain	Purchase, sale, lease and construction of real estate.	50	**1,496**
4D Properties, S.L.	Spain	Holding of investment	41.67	-
Prestige expo, S.L.	Spain	Construction, installations and maintenance. Management and administration of real estates	50	**118,482**
Promociones Siat Sur, S.L	Spain	Dormant	25	**2,958**
Joya verde, S.L.	Spain	Purchase, redevelopment and sale of distressed real estate assets	33.33	-
				124,436

On 23 September 2022, the Company was alloted 50% of the share capital in newly incorporated company Nash Beach Club, S.L.

On 24 November 2022, the Company acquired the 50% of the share capital of Start Hub Beach, S.L. for a consideration of €1,500.

On 23 September 2022, the Company acquired the 41.667% of the share capital of 4D Properties, S.L. for a consideration of €1,250.

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

19. Loans receivable

	2022
	€
Loans receivable from third parties	**1,845,477**
Loans to related parties (Note 28.5)	**19,473,771**
Loans to associates (Note 28.9)	**1,609,485**
	22,928,733
Less current portion	**(16,913,502)**
Non-current portion	**6,015,231**

19. Loans receivable (continued)

The loans are repayable as follows:

	2022
	€
Within one year	16,913,502
Between one and five years	6,015,231
	22,928,733

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

The carrying value of non-current loans receivable approximates to its fair value.

20. Other receivables

	2022
	€
Receivables from associates (Note 28.4)	346,615
Deposits and prepayments	14,298
Other receivables	61,575
	422,488

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

21. Cash and cash equivalents

Cash balances are analysed as follows:

	2022
	€
Cash in hand	32
Cash at bank	6,496,515
	6,496,547

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

22. Share capital

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

23. Borrowings

	2022
	€
Current borrowings	
Other loans	**6,379,701**
Non-current borrowings	
Loans from shareholders (Note 28.7)	**1,466,164**
Total	**7,845,865**

Maturity of non-current borrowings:

	2022
	€
Within one year	**6,379,701**
Between one and five years	**1,466,164**
	7,845,865

The other loans of €6,379,701 consist of:

- Loan payable of Mettmann Public Limited Company Limited to third party amounting €6,015,781, is denominated in Euro, bears interest at the rate of 3% per annum and is repayable on 30th May 2023.

- Loan payable of Ortiga D.O.O. to third party amounting €327,885, is denominated in Euro, bears interest at the rate of 2% per annum and is repayable on demand.

- Loan payable of Ortiga D.O.O. to third party amounting €36,035 is denominated in Euro, bears interest at the rate of 7.5% per annum and is repayable on demand.

24. Lease liabilities

	2022
	€
Balance at 1 January	75,007
Interest expense (Note 12)	1,393
Lease payments	(54,000)
Balance at 31 December	22,400

	Minimum lease payments	The present value of minimum lease payments
	2022	2022
	€	€
Not later than 1 year	22,400	22,400
	22,400	22,400
Present value of lease liabilities	22,400	22,400

The parent company Mettmann Public Company Limited 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%

25. Other payables

	2022
	€
Social insurance and other taxes	18,835
Shareholders' current accounts - credit balances (Note 28.8)	20,953,836
Payables to third party	247,593
Payables to employees	16,544
Accruals	77,223
Other creditors	1,178,384
Payables to associates (Note 28.6)	1,500
	22,493,915

Social Insurance and other taxes were settled during January 2023.

26. Refundable taxes

	2022
	€
Corporation tax	(9,165)
	(9,165)

27. Operating Environment of the Group

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 but 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.

28. 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.

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

The following transactions were carried out with related parties:

28.1 Directors' remuneration

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

	2022 €
Directors' remuneration	118,000
	118,000

28.2 Loan interest income

Name	2022 €
Joya Verde, S.L.	39,730
Prestige Expo, S.L.	252,144
La Meridiana de Rio Verde, S.L.	68,921
Start Hub Beach, S.L.	4,485
	365,280

28.3 Loan interest expense

Name	2022 €
Major Shareholder	40,000
	40,000

28.4 Receivables from related parties (Note 20)

Name	Nature of transactions	2022 €
Joya Verde, S.L.	Dividends receivable	346,615
		346,615

Dividends receivable were settled in full on the 9th February, 2023.

The dividends of the group may be subject to the terms of the profit-share agreement explicitly mentioned in the Note 29.

28. Related party transactions (continued)

28.5 Loans to related parties (Note 19)

Name	Interest rate	Maturity date	2022 €
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.	5.672%	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	**2,494,526**
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**
			19,473,772

28.6 Payables to related parties (Note 25)

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

28.7 Loans from shareholder (Note 23)

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

28.8 Shareholders' current accounts - credit balances (Note 25)

Name	2022 €
Mettmann Public Limited Company Limited - Major shareholder	**20,913,062**
Ortiga D.O.O. - Major shareholder	**40,774**
	20,953,836

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

28.9 Loans to associates

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

29. 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).

29. Contingent liabilities (continued)

As at the year-end date 31st December 2022 and at the date of the sign-off of the consolidated 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 Group had no other contingent liabilities as at 31 December 2022.

30. Commitments

The Group had no capital or other commitments as at 31 December 2022.

31. Events after the reporting period

Russia – Ukraine conflict

As explained in Note 27 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 further negative results, and liquidity restraints, 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.

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 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 Group 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 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.

31. Events after the reporting period (continued)

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.

On 22nd February 2023, the subsidiary Sword Dragon, S.L. received repayment of its loan receivable from a 3rd party borrower. The total amount of loan repaid amounted to €1,208,407.

On 9th February 2023, the subsidiary Sword Dragon, S.L. received repayment of dividends amounted to €346,615, which related to 2019, 2020 and 2021, from its associate Joya Verde, S.L.

On 6th March 2023, the subsidiary Sword Dragon, S.L. repaid the debt to its to third-party which amounted to €1,070,035.

On 24th January 2023, the indirect associate Prestige Expo, S.L. acquired 70% of share capital of Spanish Company for the consideration of €11,929,395 out of which €5,150,000 was paid.

On 7th March 2023, the indirect associate Prestige Expo, S.L. signed a credit agreement with its 70% newly purchased subsidiary for a provision of principal loan amount of €7,000,000 with interest rate 6% per annum, repayable upon completion of the project for which purposes the loan was granted, out of which €280,000 were granted in the beginning of 2023.

On 27th February 2023, the indirect associate Prestige Expo, S.L. signed an additional agreement to existing loan contract with a third-party company by means of which the principal loan amount was increased by €700,000. The funds were transferred to the bank account of the indirect associate Prestige Expo, S.L. on 11th March 2023 in the amount €680,000.

In the beginning of 2023, the indirect associate Joya Verde, S.L. obtained a loan amounted to €890,000 from the third-party company with interest rate 6% per annum, repayable in 2024.

On 5th January 2023, the associate company Nash Beach Club, S.L. concluded a lease agreement with a third-party company for the lease of plot of land and future constructed Beach Club with expected lease commencement date no later than the end of December 2023.

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 7