METTMANN PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2023

METTMANN PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2023

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

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of Mettmann Public Company Limited (the "Company") for the year ended 31 December 2023.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are that of investment holdings and interest earning activities.

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

The net profit of the Company for the year amounted to €427,368 (2022: €96,618). As of 31 December 2023, the total assets of the Company were €51,890,761 (2022: €28,326,628) and the net assets (2022: net liabilities) of the Company were €179,241 (2022: (€248,127)). The financial position, development and performance of the Company as presented in the financial statements are in line with the Board of Directors' expectations.

On 30 November 2023, the Company issued 500 000 Callable Corporate 4%-coupon bonds of nominal value €100 each, due by 30 November 2030 (Note 24). The raised funds were invested in new projects (Note 31).

The Company continuously pursues new investments opportunities. Please, refer to Note 31 of the financial statements.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company, including the Company's exposure to financial risks, are disclosed in Notes 6, 7 and 27 of the financial statements.

Use of financial instruments by the Company

The Company's activities expose it to a variety of financial risks including currency risk, interest rate risk, credit risk and liquidity risk. For more information about financial risk factors and the Company's financial risk management policies as well as the use of financial instruments by the Company refer to Note 6 of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results and Dividends

The Company'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 Company, as of the sign-off date of these financial statements, does not recommend the payment of a dividend and the net profit for the year is retained.

The management of the Company has decided to reinvest cash accumulated as at the reporting date from loans repayments into new projects (Note 31).

Share capital

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

Changes in Group structure

There were no changes in the Group structure during the year under review, other than as disclosed in Note 19 of the financial statements.

Corporate Governance Code

The Board of Directors, as at the date of this Management Report, has decided to partially adopt the Corporate Governance Code. The main reason for the partial adoption is that the cost of full implementation as per the provisions of the Corporate Governance Code would be disproportionate to the identified benefits from its implementation. The Board of Directors ensures adequate and robust internal control and risk management procedures for the preparation of the periodic information required for listed companies.

METTMANN PUBLIC COMPANY LIMITED

MANAGEMENT REPORT

Board of Directors

The members of the Company's Board of Directors as at 31 December 2023 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 2023.

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.

Percentages of Major Shareholders including Directors' interests

The table below indicates the percentages of the Shareholders of the Company's issued share capital as at 31 December 2023:

Shareholders	**31 December 2023**	
	Number of ordinary shares	**% held**
Zvonko Mickovic	82 500	82.5%
Aleksandr Mizgunov	1 588	1.59%
Oxana Hadjipavlou	1 040	1.04%
Other shareholders	14 872	14.87%
Total	**100 000**	**100%**

Except for the balance and transactions disclosed in Note 28 of the financial statements, there were no other significant contracts with the Company or related companies, in which the Directors or related parties has a significant interest.

There are no other major shareholders holding more than 5% of the Company's issued share capital.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in Note 27 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 31 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, FCCA
Director

Limassol, 26 April 2024

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Independent Auditor's Report

To the Members of Mettmann Public Company Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of parent company Mettmann Public Company Limited (the "Company"), which are presented in pages 8 to 38 and comprise the statement of financial position as at 31 December 2023, 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 separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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 relating to separate financial statements.

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 Separate 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 separate 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 (continued)

Expected Credit Losses	**How our audit addressed the Key Audit Matter**
Estimation of Expected Credit Losses (ECLs) on loans receivable The Company's Management estimates the credit allowance provisions on loans receivable using a three-stage ECL model in line with the requirements of IFRS 9 "Financial Instruments". We focused on this area due to the following: - The size of the Company's loans receivable which represent a significant part of the Company's total assets as at 31 December 2023, and - The estimation of ECLs on loans receivable involves significant judgements and key assumptions in relation to Probabilities of Default (PDs) and Loss Given Defaults (LGDs). For detailed information on the estimation of ECLs on loans receivable as well as the Company's credit risk management processes and credit risk exposures, refer to Notes 4, 6.2, 6.3, 7 and 20 of the separate financial statements.	Our audit procedures included the following: - Updating our understanding and evaluating the appropriateness of the Company's three-stage methodology for estimating credit allowance provisions on loans receivable and the key inputs and assumptions used in performing such assessment. - Evaluating the appropriateness and reasonableness of the inputs and key assumptions used in the estimation of ECLs on loans receivable, including, among others: i) Reviewing the terms of loan agreements to confirm the Company's rights for collaterals and the seniority of the Company's lending exposures, and ii) Evaluating the valuations of the rights for collaterals held as security for the Company's lending exposures with the assistance of real estate valuation experts engaged in our audit. - Testing the accuracy of the ECL estimates on the Company's loans receivable at 31 December 2023. - Assessing the adequacy of the disclosures made in Notes 4, 6.2, 6.3, 7 and 20 of the separate financial statements against the requirements of the relevant IFRSs. Based on the evidence obtained, we concluded that the methodology, inputs and key assumptions used by Management in the estimation of ECLs on the Company's loans receivable at 31 December 2023 and the related disclosures made in the separate financial statements, were appropriate

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 separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 and Those Charged with Governance for the Separate Financial Statements

The Board of Directors is responsible for the preparation of separate financial statements that give a true and fair view in accordance with IFRSs 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

Independent Auditor's Report (continued)

To the Members of Mettmann Public Company Limited

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statement 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 outweight 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, based on the work undertaken in the course of our audit, 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 separate financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.

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 and associates for the year ended 31 December 2023.

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

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

BDO Limited
Certified Public Accountants (CY) and Registered Auditors

Limassol, 26 April 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2023

	Note	**2023** €	2022 €
Loan interest income	20	**1,724,709**	381,338
Loan interest expense	24	**(1,286,889)**	(55,781)
Net interest income		**437,820**	325,557
Dividend income	28.2	**208,604**	-
Impairment gains on financial assets	8	**706,673**	494,057
Administration expenses	9	**(743,902)**	(711,081)
Other expenses	10	**(159,254)**	-
Operating profit		**449,941**	108,533
Finance income/(costs) - net	12	**9,010**	(11,915)
Profit before income tax		**458,951**	96,618
Income tax expense	13	**(31,583)**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**427,368**	96,618
Basic and diluted earnings per share attributable to equity holders of the Company	14	**4.27**	0.97

The notes on pages 12 to 38 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2023

	Note	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	16	**10,659**	-
Right-of-use assets	17	**81,291**	26,307
Investments in subsidiaries	18	**46,000**	46,000
Investments in associates	19	**4,250**	4,250
Loans receivable	20	**23,687,478**	6,015,231
		23,829,678	6,091,788
Current assets			
Other receivables	21	**416,936**	14,298
Loans receivable	20	**2,053,944**	15,792,659
Cash and cash equivalents	22	**25,590,203**	6,427,883
		28,061,083	22,234,840
Total assets		**51,890,761**	28,326,628
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**100,000**	100,000
Retained earnings/(Accumulated losses)		**79,241**	(348,127)
Total equity/(Deficit in equity)		**179,241**	(248,127)
Non-current liabilities			
Borrowings	24	**50,919,797**	1,466,164
Lease liabilities	25	**14,703**	-
		50,934,500	1,466,164
Current liabilities			
Other payables	26	**251,967**	21,070,410
Borrowings	24	**427,099**	6,015,781
Corporate tax liability	13	**31,583**	-
Lease liabilities	25	**66,371**	22,400
		777,020	27,108,591
Total liabilities		**51,711,520**	28,574,755
Total equity and liabilities		**51,890,761**	28,326,628

On 26 April 2024 the Board of Directors of Mettmann Public Company Limited authorised these financial statements for issue.

....

Aleksandr Mizgunov, FCCA
Director

....

Oxana Hadjipavlou, FCCA
Director

The notes on pages 12 to 38 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

	Share capital €	Retained earnings/ (Accumulated losses) €	Total €
Balance at 1 January 2022	**100,000**	**(444,745)**	**(344,745)**
Total comprehensive income for the year	-	96,618	96,618
Balance at 31 December 2022/ 1 January 2023	**100,000**	**(348,127)**	**(248,127)**
Total comprehensive income for the year	-	427,368	427,368
Balance at 31 December 2023	**100,000**	**79,241**	**179,241**

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic 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 by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is payable by the Company for the account of the shareholders.

STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Note	**2023** €	2022 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**458,951**	96,618
Adjustments for:			
Foreign exchange differences	12	**(28,670)**	-
Depreciation of right-of-use assets	17	**59,780**	52,614
Depreciation of property, plant and equipment	16	**1,037**	-
Loan interest income	20	**(1,724,709)**	(381,338)
Loan interest expense	24	**1,286,889**	55,781
Lease interest expense	25	**1,960**	1,392
Impairment gains on financial assets	8	**(706,673)**	(494,057)
Dividend income	28.2	**(208,604)**	-
		(860,039)	(668,990)
Changes in working capital:			
Decrease in other receivables		**151,311**	98,503
Increase in other payables		**130,789**	73,528
Net cash used in operating activities		**(577,939)**	(496,959)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of investments in subsidiaries	18	**(40,000)**	(6,000)
Payments for purchase of property, plant and equipment	16	**(11,696)**	-
Loans granted		**(17,551,395)**	(6,014,826)
Loans repayments received		**13,299,617**	4,343,501
Interest received		**2,156,780**	614,267
Dividend received	28.2	**208,604**	-
Net cash used in investing activities		**(1,938,091)**	(1,063,058)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	25	**(58,050)**	(54,000)
Proceeds from borrowings		**9,850,000**	6,000,000
Issuance of bonds	24	**11,886,400**	-
Net cash generated from financing activities		**21,678,350**	5,946,000
Net increase in cash and cash equivalents		**19,162,320**	4,385,983
Cash and cash equivalents at beginning of the year		**6,427,883**	2,041,900
Cash and cash equivalents at end of the year	22	**25,590,203**	6,427,883

Significant non-cash transactions are disclosed in the Notes 21, 24 and 26 to the 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.

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

Principal activities

The principal activities of the Company, which are unchanged from last year, are that of investment holdings and interest earning activities.

2. Basis of preparation

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.

As of the date of the authorisation of these financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 have been adopted by the EU through the endorsement procedure established by the European Commission.

The financial statements have been prepared under the historical cost convention.

These financial statements are the separate financial statements of the Company. The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law and the Cyprus Companies Law, Cap. 113.

The Company prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union for the Company, its subsidiaries and associates (together the "Group"). The Consolidated financial statements can be obtained from the Company's website.

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 2023 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

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 2023. This adoption did not have a material impact on the amounts recognised in the current and prior periods and is not expected to significantly affect future periods.

Amendments

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies (issued on 12 February 2021)*

3. Adoption of new or revised standards and interpretations (continued)

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

These amendments had no effect on the measurement or presentation of any items in the financial statements of the Company but affected the disclosure of the accounting policies of the Company, primarily by removing significant accounting policies that do not represent material accounting policy information.

- *Amendments to IAS 8 - Definition of Accounting Estimates (issued on 12 February 2021)*

- *Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (issued on 7 May 2021).*

4. Material accounting policy information

The material 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 or joint 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 impairment of value, which is recognised as an expense in the period in which the impairment is identified.

Revenue

- **Loan interest income**

  Loan interest income is recognised using the effective interest method.

  Loan interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for purchased or originated credit-impaired ("POCI") financial assets (i.e. assets that are credit impaired at initial recognition) for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets. The credit-adjusted effective interest rate is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

- **Dividend income**

  Dividends are received from investments in subsidiaries and associates. Dividends are recognised as "Dividend income" in profit or loss when the right to receive payment is established.

4. Material accounting policy information (continued)

Loan interest expense

Loan interest expenses are charged to the statement of profit or loss and other comprehensive income using the effective interest method.

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 annual average exchange rate. 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 profit or loss.

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.

Property, plant and equipment

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

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates are as follows:

	%
Furniture and fixtures	33
Office equipment	10

The assets' residual values and useful lives 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.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Leases

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.

4. Material accounting policy information (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 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

A financial asset is measured at fair value through profit or loss (FVPL) unless it is measured at amortised cost or at fair value through other comprehensive income (FVOCI). Classification depends on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortised cost if:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income from these financial assets is included in 'loan interest income'. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and other comprehensive income. 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 - Recognition and derecognition

Financial assets are recognised when the Company 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.

4. Material accounting policy information (continued)

Financial assets (continued)

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.

Financial assets - impairment - credit loss allowance for Expected Credit Losses (ECL)

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and exposure arising from loan commitments and financial guarantee contracts. 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 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.

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

For all 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.

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime expected credit losses are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime expected credit losses since the initial recognition of the asset and is recognized as an impairment gain or loss on financial assets in the statement of profit or loss and other comprehensive income depending on whether the change in lifetime expected credit losses is favourable or not.

Financial assets - Reclassification

Financial assets 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.

4. Material accounting policy information (continued)

Financial assets (continued)

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.

Financial liabilities – Recognition and derecognition

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

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.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is 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. The Company did not enter into any offsetting agreements during the year 2023.

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

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

5. New accounting pronouncements (continued)

(i) Issued by the IASB and adopted by the European Union

Amendments

- *Amendments to IAS 1 Presentation of Financial Statements:*
  • Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);
  • Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
  • Non-current Liabilities with Covenants (issued on 31 October 2022) (effective for annual periods beginning on or after 1 January 2024).
- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for annual periods beginning on or after 1 January 2024).*

(ii) Issued by the IASB but not yet adopted by the European Union

Amendments

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (effective for annual periods beginning on or after 1 January 2024).*
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025).*

The above are not expected to have significant impact on the Company's financial statements when they become effective.

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:

	2023	2022
Fixed rate instruments	**€**	€
Financial assets	**25,741,422**	21,807,890
Financial liabilities	**(51,346,896)**	(7,481,945)
	(25,605,474)	14,325,945

<u>*Sensitivity analysis*</u>

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, loans receivable and other receivables at amortised cost.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Company manages credit risk by banking with solid and reputable financial institutions. The Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'B'. The Management of the Company assesses credit risk by reviewing the banks' financial standing on a regular basis as reflected in ratings assigned to the banks by rating agencies.

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,
- other receivables, and
- 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 all 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 in the asset classified in Stage 1, 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 further, 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 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)
- any 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
- any actual or expected significant changes in the operating results of the borrower/counterparty
- any significant increases in credit risk on other financial instruments of the same borrower/counterparty
- any significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- any significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty 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 borrower/counterparty is more than 30 days past due in making a contractual payment.

The Company considers a default on a financial asset when the borrower/counterparty fails to make contractual payments within 90 days of when they fall due and/or the borrower/counterparty is assessed as unlikely to pay its obligations in full without realisation of collateral, regardless of the existence of any past-due amount or the number of days past due.

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. 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.

The Company's exposure to credit risk for each class of asset/instrument subject to the expected credit loss model is set out below:

Loans to third parties

The gross carrying amounts below represented the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating	**2023 €**	2022 €
Not performing (POCI since initial recognition)	-	645,857
	-	645,857

The Company did not hold any collateral as security for any loans to third parties.

There were no significant loans to third parties written off during the year that are subject to enforcement activity.

Loans to related parties

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating	**2023 €**	2022 €
Performing	**24,158,057**	6,088,902
Not performing (POCI since initial recognition)	**1,583,365**	15,073,131
	25,741,422	21,162,033

The Company holds rights for collaterals as security for the loans to related parties as follows:

- Land of 1,170 sq.m and 5,017 sq.m, and buildings of 2,504 sq.m located in Urbanizacion Lomas de Virrey, Marbella, Malaga, Spain;

- 70% of shares of the company Dei Homes, S.L. located in Spain;

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- Land of 525,63 sq. m located in Avenida Alcalde Jesus Mantaras, Suelo Finca 2, 11405 Jerez de la Frontera, Cadiz, Spain;
- Land of 11,327 sq. m located at Blocks 3,4 and 5 of Sector 32 “Pozoalbero” Norte, 11407 Jerez de la Frontera, Cadiz, Spain;
- Land of 9,452 sq. m located in UR Estepona Golf 30, Suelo, 29693 Estepona, Malaga, Spain;
- Land of 1,427 sq. m located in Avenida del Carmen 49, Suelo, 29680 Estepona, Malaga, Spain;
- Land of 3,004.82 sq m located in UR Bermeja Beach 1(P), Suelo, 29680 Estepona, Malaga, Spain.

At 31 December 2023, the values of the collaterals taken were higher than the gross carrying values of the respective loans.

There were no significant loans to related parties written off during the year that are subject to enforcement activity.

Other receivables from a third party

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating	**2023 €**	2022 €
Performing	**400,000**	-
	400,000	-

The Company does not hold any collateral as security for any receivables from third parties.

There were no significant receivables from third parties written off during the year that are subject to enforcement activity.

Other receivables from related party

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating	**2023 €**	2022 €
Performing	**3,118**	-
	3,118	-

The Company does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

6. Financial risk management (continued)

6.2 Credit risk (continued)

Cash and cash equivalents

Cash and cash equivalents held at banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating	External credit rating	2023 €	2022 €
Performing	BBB-B	**25,588,283**	6,427,851
		25,588,283	6,427,851

No ECLs were recognised on current accounts as they were not considered significant. As of date of sign off of these financial statements, the management of the Company has reinvested cash accumulated as at the reporting date into new projects (Note 31).

Based on management's estimates, no expected credit losses were recognised as the amount was not significant.

The Company does not hold any collateral as security for any cash at bank balances.

There were no cash at bank balances written off during the year that are subject to enforcement activity.

6.3 Credit quality of loans and other receivables

31 December 2023

	Loans to related parties €	Receivables from related party €	Receivables from a third party €	Total receivables €
Stage 1	24,158,057	3,118	400,000	24,561,175
Stage 2	-	-	-	-
Stage 3	1,583,365	-	-	1,583,365
Less: Credit loss allowance	-	-	-	-
Net carrying amount	**25,741,422**	**3,118**	**400,000**	**26,144,540**

31 December 2022

	Loans to related parties €	Loans to third parties €	Receivables from related party €	Total receivables €
Stage 1	6,088,902	-	-	6,088,902
Stage 2	-	-	-	-
Stage 3	15,073,131	645,857	-	15,718,988
Less: Credit loss allowance	-	-	-	-
Net carrying amount	21,162,033	645,857	-	21,807,890

No credit losses have been identified as these based on management's estimates are insignificant as disclosed also in Note 6.2.

6. Financial risk management (continued)

6.4 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 2023	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Lease liabilities	81,074	81,074	14,413	51,958	14,703	-	-
Other loans	331,485	331,485	-	251,704	-	79,781	-
Other payables	251,967	251,967	-	251,967	-	-	-
Corporate tax liability	31,583	31,583	-	31,583	-	-	-
Bonds to third parties	27,830,656	35,498,752	-	1,109,602	2,218,406	3,328,008	28,842,736
Bonds to related parties	22,344,686	28,501,248	-	890,877	1,781,115	2,671,992	23,157,264
Loans from shareholder	840,069	840,069	53	-	-	840,016	-
	51,711,520	**65,536,178**	**14,466**	**2,587,691**	**4,014,224**	**6,919,797**	**52,000,000**

31 December 2022	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Lease liabilities	22,400	22,400	-	22,400	-	-	-
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	-
	28,574,755	28,805,934	-	27,183,057	-	1,622,877	-

6.5 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 functional 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**	
	2023	2022	**2023**	2022
	€	€	**€**	€
United States Dollars	**101,161**	-	-	2,861,362

6. Financial risk management (continued)

6.5 Currency risk (continued)

Sensitivity analysis
A 10% strengthening of the Euro against the following currencies at 31 December 2023 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 equity.

	Equity		**Profit or loss**	
	2023	2022	**2023**	2022
	€	€	**€**	€
United States Dollars	**10,116**	(286,136)	**10,116**	(286,136)

6.6 Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The Company's gearing ratio is as follows:

	2023	2022
	€	€
Total borrowings (Note 24)	**51,346,896**	7,481,945
Less: Cash and cash equivalents (Note 22)	**(25,590,203)**	(6,427,883)
Net debt	**25,756,693**	1,054,062
Total equity	**179,241**	(248,127)
Total capital	**25,935,934**	805,935
Gearing ratio	**99.31%**	130.79%

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.

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

Critical accounting estimates and assumptions (continued)

- **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 (LGD) 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. In assessing LGDs for secured exposures, the Company considers the collateral type, liquidity and quality of pledged assets, geography (location of the collateral) and seniority of the lending exposure among others.

  Probability of default (PD) 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 is based on historical data, current information, assumptions and expectations of future conditions.

  At 31 December 2023, a decrease in the valuations of rights to loan collateral by 10% would not result in the recognition of ECLs on the respective loans receivable.

- **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.

8. Impairment gains on financial assets

	2023	2022
	€	€
Impairment gains on loans receivable from related parties (Note 28.4)	**618,022**	472,233
Impairment gains on loans receivable from third parties	**88,651**	21,824
	706,673	494,057

The above gains relate to credit-impaired (POCI) loans which were fully repaid.

9. Administration expenses

	2023	2022
	€	€
Staff costs (Note 11)	**488,307**	410,687
Common expenses	**817**	424
Annual levy	**350**	350
Electricity	**7,144**	6,595
Water supply and cleaning	**2,204**	722
Insurance	**317**	358
Repairs and maintenance	**2,689**	952
Sundry expenses	**19,401**	20,782
Courier expenses	**2,388**	2,248
Stationery and printing	**576**	-
Staff training	**4,941**	1,041
Computer supplies and maintenance	**3,516**	3,068
Computer software	**4,430**	5,470
Independent auditors' remuneration - current year	**56,365**	51,130
Independent auditors' remuneration - prior year	**2,105**	4,820
Legal and professional	**34,013**	59,048
Other professional fees	**7,860**	40,232
Translation fees	**1,015**	501
Travelling	**15,174**	9,393
Entertaining	**3,984**	2,367
Certification expenses	**1,297**	1,097
Consulting expenses	**18,192**	37,188
Charity donation	**6,000**	-
Depreciation of property, plant and equipment (Note 16)	**1,037**	-
Depreciation of right-of-use assets (Note 17)	**59,780**	52,614
	743,902	711,081

The total fees charged by the Company's statutory auditor for the statutory audit of the annual separate and consolidated financial statements of the Company for the year ended 31 December 2023 amounted to €27,965 (2022: €32,130).

10. Other expenses

	2023	2022
	€	€
Expenses under profit-sharing agreement (Note 28.6)	**159,254**	-

11. Staff costs (Note 9)

	2023	2022
	€	€
Salaries	**383,455**	359,259
Social security costs	**81,131**	41,003
GHS contribution	**23,721**	10,419
	488,307	410,681
Average number of employees (including Directors in their executive capacity)	**9**	9

12. Finance (income)/costs - net

	2023	2022
	€	€
Bank charges	**17,700**	9,058
Interest expense on lease liability (Note 25)	**1,960**	1,392
Unrealised foreign exchange (gain)/loss - net	**(28,670)**	1,465
Finance (income)/costs - net	**(9,010)**	11,915

13. Tax

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

	2023 €	2022 €
Profit before tax	**458,951**	96,618
Tax calculated at the applicable tax rates	**57,369**	12,077
Tax effect of expenses not deductible for tax purposes	**37,792**	23,098
Tax effect of allowances and income not subject to tax	**(39,062)**	(7,454)
Tax losses brought forward	**(27,341)**	(27,721)
Overseas tax	**(46)**	-
10% additional charge	**2,871**	-
Tax charge	**31,583**	-

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 2023.

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.

14. Basic and diluted earnings per share attributable to equity holders of the Company

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company with the weighted average number of ordinary shares in issue during the year.

	2023	2022
Profit attributable to equity shareholders of the Company (€)	**427,368**	96,618
Weighted average number of ordinary shares in issue during the year	**100 000**	100 000
Basic and diluted earnings per share attributable to equity holders of the Company (€)	**4.27**	0.97

15. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial assets at amortised cost €
31 December 2023	
Other receivables	403,118
Loans receivable	25,741,422
Cash and cash equivalents	25,590,203
	51,734,743

	Borrowings and other financial liabilities at amortised cost €
Borrowings	51,346,896
Other payables (excluding statutory liabilities and accruals)	172,658
	51,519,554

	Financial assets at amortised cost **€**
31 December 2022	
Loans receivable	21,807,890
Cash and cash equivalents	6,427,883
	28,235,773

	Borrowings and other financial liabilities at amortised cost **€**
Borrowings	7,481,945
Other payables (excluding statutory liabilities and accruals)	21,004,804
	28,486,749

16. Property, plant and equipment

	Furniture and fixtures	Office equipment	Total
	€	€	€
At 1 January 2023			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net book amount	-	-	-
Year ended 31 December 2023			
Additions	6,932	4,764	11,696
Depreciation change (Note 9)	(861)	(176)	(1,037)
	6,071	4,588	10,659
Net book amount			
At 31 December 2023	**6,071**	**4,588**	**10,659**

17. Right-of-use assets

	Land and buildings
	€
Cost	
Balance at 31 December 2022/ 1 January 2023	105,228
End of lease	(105,228)
Present value of future lease payments	114,764
Balance at 31 December 2023	114,764
Depreciation	€
Balance at 31 December 2022/ 1 January 2023	78,921
Charge for the year (Note 9)	59,780
End of lease	(105,228)
	33,473
Net book amount	
Balance at 31 December 2023	**81,291**

18. Investments in subsidiaries

	2023	2022
	€	€
Balance at 1 January	**46,000**	-
Additions	**-**	46,000
Balance at 31 December	**46,000**	46,000

The details of the subsidiaries, all of which are unlisted, are as follows:

Name	Country of incorporation	Principal activities	Holding 2023 %	Holding 2022 %
Ortiga, D.O.O.	Montenegro	Holding of land	**100**	100
Sword Dragon, S.L.	Spain	Holding of investments	**100**	100

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

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

19. Investments in associates

	2023	2022
	€	€
Balance at 1 January	**4,250**	-
Additions	**-**	4,250
Balance at 31 December	**4,250**	4,250

The details of the associates, all of which are unlisted, are as follows:

Name	Country of incorporation	Principal activities	**Holding 2023 %**	Holding 2022 %
Nash Beach Club, S.L. (direct)	Spain	Purchase, sale, lease, and construction of real estate	**50**	50
Start Hub Beach, S.L. (direct)	Spain	Purchase, sale, lease, and construction of real estate	**50**	50
4D Properties, S.L. (direct)	Spain	Holding of investments	**41.67**	41.67
Joya Verde, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**33.33**	33.33
Joya Costa del Sol, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**33.33**	33.33
Prestige Expo, S.L. (indirect)	Spain	Construction, installations and maintenance. Management and administration of real estates	**50**	50
La Meridiana de Rio Verde, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**50**	50
Dei Homes, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**35**	-
Alsan Homes, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**29.17**	29.18
Alysan Homes, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**29.17**	29.18
Corvipon, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**29.17**	29.18
Gran Parcela, S.L. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**29.17**	-
Promotora Immobiliaria Donana, S.A. (indirect)	Spain	Purchase, sale, lease, and construction of real estate	**27.48**	27.49
Promociones Siat Sur, S.L. (indirect)	Spain	Dormant	**25**	25

On 23 September 2022, the Company was allotted 50% of the share capital in newly incorporated company Nash Beach Club, S.L. for the consideration of €1,500.

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

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

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

20. Loans receivable

	2023	2022
	€	€
Loans receivable from third parties	**-**	645,857
Loans to related companies (Note 28.7)	**19,441,879**	19,473,771
Loans to own subsidiary (Note 28.8)	**139,648**	78,777
Loans to associates (Note 28.14)	**6,159,895**	1,609,485
	25,741,422	21,807,890
Less current portion	**(2,053,944)**	(15,792,659)
Non-current portion	**23,687,478**	6,015,231

During the year 2023 loan interest income charged amounted to €1,724,709 (2022: €381,338).

The above loans are secured by means of the Company having rights over the underlying properties of the parties it has financed (Note 6.2 (ii)).

The loans are repayable as follows:

	2023	2022
	€	€
Within one year	**2,053,944**	15,792,659
Between one and five years	**23,687,478**	6,015,231
	25,741,422	21,807,890

The exposure of the Company to credit risk and impairment losses in relation to loans receivable is reported in Note 6 of the financial statements.

The effective interest rate on loans receivable (current and non-current is as follows):

	2023	2022
	%	%
Loans to related companies (Note 28.7)	**5.95**	5.92
Loans to own subsidiaries (Note 28.8)	**3.64**	3.63
Loans to associates (Note 28.14)	**6.00**	6.00
Loans receivable from third parties	**6.00**	6.00

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

21. Other receivables

	2023	2022
	€	€
Deposits and prepayments	**13,818**	14,298
Receivable from subsidiary (Note 28.9)	**3,118**	-
Receivable from a third party (1)	**400,000**	-
	416,936	14,298

(1) The amount comprises of the unpaid part of consideration for assignment of a loan receivable from a third party of €553,949 to a third party.

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.

The fair values of other receivables due within one year approximate to their carrying amounts as presented above.

22. Cash and cash equivalents

Cash balances are analysed as follows:

	2023	2022
	€	€
Cash in hand	**1,920**	32
Cash at bank	**25,588,283**	6,427,851
	25,590,203	6,427,883

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.

23. Share capital

	2023 Number of shares	**2023 €**	2022 Number of shares	2022 €
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**	100 000	100,000
Balance at 31 December	**100 000**	**100,000**	100 000	100,000

24. Borrowings

	2023	2022
	€	€
Current borrowings		
Bonds to third parties	**97,256**	-
Bonds to related parties (Note 28.12)	**78,086**	-
Other loans	**251,704**	6,015,781
Loans from shareholder (Note 28.11)	**53**	-
	427,099	6,015,781
Non-current borrowings		
Other loans	**79,781**	-
Bonds to third parties	**27,733,400**	-
Bonds to related parties (Note 28.12)	**22,266,600**	-
Loans from shareholder (Note 28.11)	**840,016**	1,466,164
	50,919,797	1,466,164
	51,346,896	7,481,945

Maturity of non-current borrowings:

	2023	2022
	€	€
Between two and five years	**919,797**	1,466,164
After five years	**50,000,000**	-
	50,919,797	1,466,164

During the year 2023 interest expense charged amounted to €1,286,889 (2022: €55,781).

24. Borrowings (continued)

The weighted average effective interest rates on borrowings (current and non-current) were as follows:

	2023	2022
	%	%
Other loans	**3.20**	3.00
Loans from shareholder (Note 28.11)	**3.93**	2.81
Bonds to third parties	**4.00**	-
Bonds to related parties (Note 28.12)	**4.00**	-

On 30 November 2023, the Company issued 500 000 Callable Corporate 4%-coupon bonds of nominal value €100 each, due by 30 November 2030. The subscription amount of €50,000,000 was settled by:

- Non-cash conversion of loans payable to third parties of €15,850,000 which were issued to the Company during the years 2022-2023;
- Non-cash conversion of payables to shareholder of €22,263,600 which comprised of balance payable of €20,841,653 for assignment of loans receivable (Note 26) and loans payable of €1,421,947 issued to the Company during the years 2020-2021;
- Issuance of bonds of €11,886,400 in exchange for cash.

The accrued coupon interest amounted to €175,342 as at 31 December 2023.

The carrying amounts of the non-current borrowings approximate their fair values.

25. Lease liabilities

	2023	2022
	€	€
Balance at 1 January	**22,400**	75,077
Present value of future lease payments	**114,764**	-
Interest expense (Note 12)	**1,960**	1,393
Lease payments	**(58,050)**	(54,000)
	81,074	22,400

The maturity of lease liabilities is as follows:

	Minimum lease payments		The present value of minimum lease payments	
	2023	2022	2023	2022
	€	€	€	€
Not later than 1 year	**66,371**	22,400	**66,371**	22,400
Later than 1 year and not later than 5 years	**14,703**	-	**14,703**	-
Present value of lease liabilities	**81,074**	22,400	**81,074**	22,400

In May 2023, the Company prolonged its 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: €4,950
c) Incremental borrowing rate: 4%

All lease obligations are denominated in Euro.

Interest expense on the lease liability of €1,960 (2022: €1,392) is presented as part of the finance costs (Note 12).

26. Other payables

	2023	2022
	€	€
Social insurance and other taxes	**21,844**	18,835
Shareholders' current accounts - credit balances (Note 28.13) (1)	**163,084**	20,913,062
Payable to employees	**1,100**	16,541
Accruals	**56,365**	77,222
Other creditors	**8,074**	43,250
Payable to associate (Note 28.10)	**1,500**	1,500
	251,967	21,070,410

(1) On 1 January 2023, the balance payable to the major shareholder of €20,909,232 was novated into an interest-bearing loan. On 30 November 2023, the amount of €20,841,653 was converted into issued Corporate Bonds (Note 24).

Social insurance and other taxes were settled during January 2024.

The fair values of other payables due within one year approximate their carrying amounts as presented above.

27. Operating Environment of the Company

Russia – Ukraine conflict

With Russia's invasion of Ukraine on 24 February 2022, the geopolitical situation around the world intensified. The ongoing conflict and the imposed sanctions have led to significant global economic uncertainty followed by rising commodity prices and increased raw materials costs. The conflict has indirectly contributed to widespread macro-economic uncertainty around the world, and especially in Europe where high inflationary pressures coupled with a European energy crisis have resulted in rising energy prices for both companies and private households, increased cost of production and increased cost of materials.

In response to the conflict, a number of sanctions have been imposed on Russian entities to restrict them from having access to foreign financial markets, including removing access of several Russian banks to the international SWIFT system.

The EU, UK and US (amongst others) have also imposed sanctions against the Russian central bank, restricting the access of the Russian state to foreign currency reserves, and introduced further asset freezes against designated individuals/entities and sectoral sanctions.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown.

The Company's management has assessed:

The impact on the expected credit losses of the Company's financial instruments that are subject to impairment under IFRS 9. IFRS 9 requires forward-looking information (including macro-economic information) to be considered both when assessing whether there has been a significant increase in credit risk and when measuring expected credit losses. As with any economic forecast the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Refer to Note 6 for more information on impairment of financial assets.

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.

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.

27. Operating Environment of the Company (continued)

Israel – Gaza conflict

Adding to the above uncertainties, the Israel-Gaza conflict has escalated significantly in 2023. The Company does not have direct exposure to Israel and Gaza Strip but it could be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. The future effects of the current situation are still unclear at this stage and difficult to predict, therefore management's current expectations and estimates could differ from actual results. The Company's management will continue to monitor the situation closely, taking all necessary measures to minimise the impact on its financial position and to manage the related risks.

28. Related party balances and 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 related party balances and transactions are as follows:

28.1 Directors' remuneration

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

	2023	2022
	€	€
Director's remuneration	**123,833**	118,000

28.2 Dividend income

Name	Relationship	**2023**	2022
		€	€
Sword Dragon, S.L.	Subsidiary	**208,604**	-

28.3 Loan interest income

Name	Relationship	**2023**	2022
		€	€
Joya Verde, S.L.	Indirect associate	**180,149**	39,730
Prestige Expo, S.L.	Indirect associate	**938,482**	252,144
La Meridiana de Rio Verde, S.L.	Indirect associate	**258,391**	68,291
Start Hub Beach, S.L.	Associate	**96,300**	4,485
Ortiga, D.O.O.	Subsidiary	**3,872**	777
Alsan Homes, S.L.	Indirect associate	**139,169**	-
Nash Beach Club, S.L.	Associate	**79,110**	-
		1,695,473	365,427

28.4 Impairment gains on loans receivable (Note 8)

Name	Relationship	**2023**	2022
		€	€
Joya Verde, S.L.	Indirect associate	**53,096**	62,870
Prestige Expo, S.L.	Indirect associate	**564,926**	409,363
		618,022	427,233

28. Related party balances and transactions (continued)

28.5 Loan interest expense

Name	2023 €	2022 €
Major shareholder	**873,917**	40,000

28.6 Expenses under profit-sharing agreement (Notes 10, 29)

Name	2023 €	2022 €
Major shareholder	**159,254**	-

28.7 Loans to related companies (Note 20)

Name	Relationship	Interest rate	Maturity date	2023 €	2022 €
La Meridiana de Rio Verde, S.L.	Indirect associate	6.00%	31/03/2025	**4,220,000**	4,405,746
Prestige Expo, S.L.	Indirect associate	6.00%	on demand	-	2,861,362
Prestige Expo, S.L.	Indirect associate	6.00%	on demand	-	1,535,420
Prestige Expo, S.L.	Indirect associate	5.67%	on demand	-	3,333,769
Prestige Expo, S.L.	Indirect associate	6.00%	on demand	-	181,071
Prestige Expo, S.L.	Indirect associate	6.00%	on demand	-	1,201,964
Prestige Expo, S.L.	Indirect associate	6.00%	on demand	-	914,892
Prestige Expo, S.L.	Indirect associate	5.75%	on demand	-	2,494,525
Prestige Expo, S.L.	Indirect associate	6.00%	13/04/2026	**7,825,606**	-
Joya Verde, S.L.	Indirect associate	6.00%	on demand	-	533,707
Joya Verde, S.L.	Indirect associate	6.00%	on demand	-	366,269
Joya Verde, S.L.	Indirect associate	6.00%	on demand	-	156,973
Joya Verde, S.L.	Indirect associate	6.00%	on demand	**1,578,085**	1,488,073
Joya Verde, S.L.	Indirect associate	6.00%	30/11/2026	**1,449,019**	-
Alsan Homes, S.L.	Indirect associate	6.00%	28/02/2025	**450,640**	-
Alsan Homes, S.L.	Indirect associate	6.00%	31/05/2025	**3,918,529**	-
				19,441,879	19,473,771

28.8 Loans to own subsidiary (Note 20)

Name	Interest rate	Maturity date	2023 €	2022 €
Ortiga, D.O.O.	3.65%	31/12/2023	**134,368**	73,670
Ortiga, D.O.O.	3.50%	on demand	**5,280**	5,105
			139,648	78,776

28.9 Receivables from own subsidiary (Note 21)

Name	Nature of transactions	2023 €	2022 €
Sword Dragon, S.L.	Settlement of expenses	**3,118**	-

28.10 Payables to associate (Note 26)

Name	Nature of transactions	2023 €	2022 €
Nash Beach Club, S.L.	Contribution for the allotted shares	**1,500**	1,500

28. Related party balances and transactions (continued)

28.11 Loans from shareholder (Note 24)

Name	Interest rate	Maturity date	**2023** €	2022 €
Major shareholder	0.00%	21/01/2024	**53**	171,000
Major shareholder	0.00%	15/04/2024	**-**	251,000
Major shareholder	4.00%	30/11/2026	**80,658**	1,044,164
Major shareholder	4.00%	31/12/2027	**759,358**	-
			840,069	1,466,164

28.12 Bonds to related parties (Note 24)

Name	Interest rate	Maturity date	**2023** €	2022 €
Major shareholder	4.00%	30/11/2030	**22,341,675**	-
Directors	4.00%	30/11/2030	**3,011**	-
			22,344,686	-

The subscription amount of bonds to major shareholder was settled by non-cash conversion of payable to shareholder of €22,263,600 (Note 24).

28.13 Shareholders' current accounts - credit balances (Note 26)

Name	Nature of transactions	**2023** €	2022 €
Major shareholder	Settlement of expenses	**3,830**	3,830
Major shareholder	Assignment of loans	-	20,909,232
Major shareholder	Payable under profit-sharing agreement (Note 29)	**159,254**	-
		163,084	20,913,062

The amount of €3,830 is interest free, and has no specified repayment date.

28.14 Loans to associates (Note 20)

Name	Interest rate	Maturity date	**2023** €	2022 €
Nash Beach Club, S.L.	6.00%	31/07/2028	**4,454,110**	-
Start Hub Beach, S.L.	6.00%	31/12/2027	**1,705,785**	1,609,485
			6,159,895	1,609,485

29. Contingent liabilities

On 2 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 paid by the newly acquired subsidiary within 3 years, i.e., until 2 August 2025 (inclusive).

On 8 June 2023, dividend income amounting to €208,604 was received in cash from the subsidiary. As at the reporting date, the Company recognised the respective expense of €156,453 being 75% of the dividend received from the subsidiary and €2,801 of penalty accrued being 0.01% of the remuneration not repaid within 20 business days but not exceeding 30% of the remuneration amount (Note 28.6). The balance remained unpaid as at 31 December 2023 (Note 28.13).

The Company had no other contingent liabilities as at 31 December 2023 and 31 December 2022.

30. Commitments

The Company had no capital or other commitments as at 31 December 2023 and 31 December 2022.

31. Events after the reporting period

As explained in Note 27 the geopolitical situation in Eastern Europe remains intense with the continuation 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 economy activity, the Company might experience further negative results, and liquidity restraints and incur impairments on its assets in 2024, which relate to new developments that occurred after the reporting period. The exact impact on the Company's activities in 2024 and thereafter cannot be predicted.

On 1 January 2024, the Company concluded assignment agreement with a third party, for the assignment of loan receivable principal amount €1,320,000 and interest accrued €93,521 with interest rate 6% per annum, repayable on or before 25 October 2028 from its associate Nash Beach Club, S.L. for the consideration payable of €1,385,251.

On 1 January 2024, the Company concluded assignment agreement with a third party, for the assignment of loan receivable principal amount €675,432 and interest accrued €42,080 with interest rate 6% per annum, repayable on or before 21 November 2028 from its associate Start Hub Beach, S.L. for the consideration payable of €703,162.

On 24 January 2024, the Company concluded loan agreement with its indirect associate Dei Homes, S.L., for the provision of principal loan amount €12,400,000 with interest rate 6% per annum, repayable on or before 30 April 2026. As of these financial statements sign off date, the amount under the mentioned loan agreement has been fully withdrawn by Dei Homes, S.L.

On 2 February 2024, the Company concluded loan agreement with its indirect associate Nash Beach Club, S.L., for the provision of principal loan amount €4,000,000 with interest rate 6% per annum, repayable on or before 31 December 2040. The amount withdrawn by Nash Beach Club, S.L., under the mentioned loan agreement up to these financial statements sign off date was €2,500,000.

On 23 February 2024, the Company acquired the 50% of the share capital of Inversion Correcta, S.L. from a third party for the consideration of €1,500.

On 29 February 2024, the subsidiary Sword Dragon, S.L. declared dividend to the Company of €1,000,000.

On 29 February 2024, the Company acquired the 50% of the share capital of Muscle Beach, S.L. from third parties for the consideration of €1,000,000.

On 21 March 2024, the Company concluded loan agreement with its associate Inversion Correcta, S.L., for the provision of principal loan amount €2,945,000 with interest rate 6% per annum, repayable on or before 31 December 2035. As of these financial statements sign off date, the amount under the mentioned loan agreement has been fully withdrawn by Inversion Correcta, S.L.

On 19 April 2024, the Company acquired the 35% of the share capital of Costa Natura UEN 05, S.L. from a third party for the consideration of €1,050.

On 23 April 2024, the Company concluded loan agreement with its associate Costa Natura UEN 05, S.L., for the provision of principal loan amount €5,200,000 with interest rate 6% per annum, repayable on or before 31 May 2026. The amount withdrawn by Costa Natura UEN 05, S.L., under the mentioned loan agreement up to these financial statements sign off date was €1,600,000.

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