MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021

MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

CONTENTS

BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Aristotelis Karytinos Christophoros Papachristophorou (appointed 01/04/2021) Athanasios Karagiannis (appointed 01/04/2021) Alon Bar (appointed 01/04/2021) Marios Alexandrou (appointed 01/04/2021) Androulla Papadopoulou (resigned 01/04/2021) Thiresia Messari (resigned 01/04/2021) Spyridon Makridakis (resigned 01/04/2021) Charalambos Michael (appointed 28/04/2022) Alexios Pipilis (appointed 28/04/2022)
Company Secretary	Themis Secretarial Services Limited
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue PO Box 21656 1511 Nicosia, Cyprus
Registered office	Kyriakou Matsi 16, Eagle House, 6th Floor, Agioi Omologites 1082 Nicosia Cyprus

MANAGEMENT REPORT

The Board of Directors of MHV Mediterranean Hospitality Venture Limited (the "Company") presents to the members its Management Report and the audited financial statements of the Group and subsidiaries, together referred to as ('The Group') for the year ended 31 December 2021.

Principal activities and nature of operations of the Group
The principal activities of the Group changed within the year. The principal activity of the Group is the investment in and exploitation of real estate with focus mainly on hospitality and tourism market (hotels and resorts) as well as the development and sale of real estate of various uses (residential, commercial, mixed) in Cyprus, Greece and the Mediterranean. The Group is also active in retail activities through the subsidiary of MHV Lifestyle Limited, which in 2021 opened a boutique on the premises of the Parklane Hotel.

The Group currently owns, develops and / or operates the following assets:

The Landmark Hotel in Nicosia Cyprus through its subsidiary The Cyprus Tourism Development Company Limited.

The Parklane a Luxury Collection Resort & Spa in Limassol Cyprus and the Park Tower which consists of 20 luxury apartments in Limassol Cyprus, through its subsidiary Parklane Hotels Limited.

Aphrodite Hills Resort in Paphos Cyprus, which includes a 5-star hotel, golf course, club, tennis and spa, through its subsidiary Aphrodite Hills Resort Limited. Among the activities of the company is the development and sale of real estate in Aphrodite Hills and the provision of management, rental and other services to Aphrodite Hills homeowners and residents.

Nikki Beach Hotel in Porto Heli in Argolida Greece, through the subsidiary Porto Heli Hotel & Marina S.A.

The Group also owns a residential building complex in the district of Pyrgos, Limassol, which is used for the accommodation of Parklane Hotel staff. The property is owned by the subsidiary Stromay Holdings Limited.

Changes in group structure
During the year various changes took place in the structure of the Group. The Group proceeded to a number of acquisitions during the year as mentioned in note 22 of the consolidated financial statements.

Review of current position, future developments and performance of the Group's business
During the year ended December 31, 2021, the turnover of the Group increased, as a result of the acquisitions that took place. The profit for the year corresponding to the shareholders amounts to €66.234.489 (2020: loss €4.601.564). On 31 December 2021 the total assets of the Group were €551.768.090 (2020: €66.751.714) and the net assets of the Group were €355.677.168 (2020: €60.531.012). The financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group are disclosed in notes 6, 7 and 42 of the consolidated financial statements.

Existence of branches
The Group does not maintain any branches.

Use of financial instruments by the Group
The Group is exposed to interest rate risk, credit risk, liquidity risk and tourism industry risk arising from the financial instruments it holds.

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

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, as well as from trade and other receivables.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

Dividends
The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital
During the year there were changes in the share capital of the Group, as reported in note 32 of the consolidated financial statements.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 1.

There is no specific provision in the Company's Articles of Association relating to the rotation of Directors. Consequently, all the Directors continue in office unless they resign.

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

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 43 to the consolidated financial statements.

Independent Auditors
The independent auditors, Ernst & Young Cyprus Limited, were appointed in replacement of the previous auditors PricewaterhouseCoopers Limited and 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,

Themis Secretarial Services Limited
Secretary

Nicosia, 10 June 2022

Ernst & Young Cyprus Ltd
Jean Nouvel Tower
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Independent Auditor's Report

To the Members of MHV Mediterranean Hospitality Venture Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of MHV Mediterranean Hospitality Venture Limited (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 74 and comprise the consolidated balance sheet as at 31 December 2021, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Board of Directors for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

Report on Other Legal Requirements

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

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matters

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

Comparative figures

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 17 May 2022.

Nick Nicolaou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 10 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 €	2020 €
Revenue	9	**64.896.957**	3.108.554
Cost of sales	10	**(53.048.561)**	(3.064.875)
Gross profit		**11.848.396**	43.679
Other income	11	**14.665.110**	8.644
Other expenses	12	**(5.154.851)**	-
Selling and distribution expenses	13	**(711.777)**	-
General and administration expenses	14	**(17.302.759)**	(2.616.306)
Operating profit/(loss)		**3.344.119**	(2.563.983)
Finance income		**33.361**	-
Finance costs		**(2.687.200)**	(46.173)
Net finance costs	16	**(2.653.839)**	(46.173)
Share of results of associates before tax	24	**1.891**	-
Negative goodwill from acquisition of subsidiary	23	**44.352.347**	-
Impairment of goodwill	21	**-**	(2.290.236)
Profit/(loss) before tax		**45.044.518**	(4.900.392)
Taxation	17	**1.871.649**	298.828
Net profit/(loss) for the year		**46.916.167**	(4.601.564)
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Revaluation gain/(loss) on land and buildings		**24.632.594**	-
Deferred taxation on revaluation of land		**(5.314.272)**	-
Other comprehensive income for the year		**19.318.322**	-
Total comprehensive income/(loss) for the year		**66.234.489**	(4.601.564)

The notes on pages 14 to 74 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	**2021** €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	18	**261.400.722**	45.611.568
Right-of-use assets	19	**3.703.349**	-
Investment properties	20	**2.400.000**	14.796.207
Intangible assets	21	**13.221.600**	-
Investments in associates	24	**444.934**	-
Capital in joint ventures	25	**8.978**	-
Goodwill	21	**2.856.252**	-
Non current receivables	28	**14.200**	-
Other asset	30	**112.470**	-
Deferred tax assets	35	**5.507.592**	363.051
		289.670.097	60.770.826
Current assets			
Inventories	27	**110.554.445**	4.475.725
Trade and other receivables	28	**54.515.697**	122.139
Receivables from other related parties	41	**-**	952
Financial assets at fair value through profit or loss	29	**1**	1
Other non-financial assets		**-**	139.208
Refundable taxes	39	**100.000**	-
Cash at bank and in hand	31	**96.927.850**	1.242.863
		262.097.993	5.980.888
Total assets		**551.768.090**	66.751.714
EQUITY AND LIABILITIES			
Equity			
Share capital	32	**185.920**	200
Share premium		**288.699.113**	57.349.900
Other reserves		**19.242.217**	(76.105)
Capital contribution		**-**	6.847.015
Retained earnings /(accumulated losses)		**47.549.918**	(3.589.998)
Total equity		**355.677.168**	60.531.012
Non-current liabilities			
Borrowings	33	**92.637.381**	1.073.096
Lease liabilities	34	**3.435.829**	-
Trade and other payables	37	**5.501.282**	-
Deferred consideration	26	**9.368.142**	-
Deferred taxation	35	**20.130.703**	2.740.238
Government grants	38	**3.368.721**	-
		134.442.058	3.813.334

	Note	2021 €	2020 €
Current liabilities			
Trade and other payables	37	**39.097.622**	2.210.186
Government grants	38	**21.881**	-
Bank overdrafts	31	**4.175.439**	-
Borrowings	33	**14.931.069**	95.517
Lease liabilities	34	**991.371**	-
Current tax liabilities	39	**89.395**	3.129
Contractual obligations	9	**-**	98.536
Provisions for other liabilities and charges	36	**2.342.087**	-
		61.648.864	2.407.368
Total liabilities		**196.090.922**	6.220.702
Total equity and liabilities		**551.768.090**	66.751.714

On 10 June 2022 the Board of Directors of MHV Mediterranean Hospitality Venture Limited authorised these consolidated financial statements for issue.

....
Charalambos Michael
Director

....
Marios Alexandrou
Director

The notes on pages 14 to 74 form an integral part of these consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Note	Share capital €	Preference shares €	Share premium €	Shareholder's contribution €	Revaluation reserve €	Retained earnings/(accumulated losses) €	Total €
Balance at 1 January 2020		**200**	**-**	**57.349.900**	**6.847.015**	**(76.105)**	**1.012.603**	**65.133.613**
Net loss for the year		-	-	-	-	-	(4.601.564)	(4.601.564)
Transactions with owners								
GHS and Defence on DDD		-	-	-	-	-	(13.528)	(13.528)
Cancelled dividends		-	-	-	-	-	12.491	12.491
Total transactions with owners		-	-	-	-	-	(1.037)	(1.037)
Balance at 31 December 2020/ 1 January 2021		**200**	**-**	**57.349.900**	**6.847.015**	**(76.105)**	**(3.589.998)**	**60.531.012**
Comprehensive income								
Net profit for the year		-	-	-	-	-	46.916.167	46.916.167
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	46.916.167	46.916.167
Transactions with owners								
Issue of share capital	32	520	185.200	231.349.213	-	-	-	231.534.933
Transfer between reserves		-	-	-	(6.847.015)	-	6.847.015	-
Loss from business acquisitions		-	-	-	-	-	(2.669.833)	(2.669.833)
Cancelled dividends		-	-	-	-	-	46.567	46.567
Other movements								
Revaluation gain/(loss) on fixed assets		-	-	-	-	24.632.594	-	24.632.594
Deferred taxation on revaluation of fixed assets		-	-	-	-	(5.314.272)	-	(5.314.272)
Total other movements		-	-	-	-	19.318.322	-	19.318.322
Balance at 31 December 2021		**720**	**185.200**	**288.699.113**	**-**	**19.242.217**	**47.549.918**	**355.677.168**

The fair value reserve for land and buildings arises from the revaluation of land and buildings. When a revalued land or building is sold, the portion of the revaluation reserve associated with that asset is transferred directly to the accumulated profits.

The loss from business acquisitions stems from the acquisition of "Aphrodite Hills Resorts Limited", which was made under common control.

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 this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (2018: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2021

	Note	**2021** €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**45.044.518**	(4.900.392)
Adjustments for:			
Depreciation of property, plant and equipment	18	**3.875.190**	836.492
Depreciation of right-of-use assets	19	**1.010.891**	-
Amortization of grants		**(57.477)**	-
Unrealised exchange profit		**(9.942)**	-
Amortisation of computer software	21	**203.706**	-
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	23	**(44.352.346)**	-
Share of profit from associates	24	**(1.891)**	-
Share of profit from joint ventures	25	**(5.812)**	-
Profit from the sale of property, plant and equipment		**(21.892)**	-
Fair value losses on land and buildings		**4.595.997**	-
Fair value gains on investment property	11	**(14.093.990)**	-
Impairment charge - goodwill	21	**-**	2.290.236
Impairment charge on inventories		**558.854**	-
Interest income	16	**(33.276)**	-
Interest expense	16	**1.635.994**	41.898
Provision for doubtful debtors		**(13.057)**	4.425
Provision for staff benefits		**(3.966)**	-
Reduction of liabilities (excluding banks)		**1.283.343**	-
Finance expenses		**691.417**	-
		306.261	(1.727.341)
Changes in working capital:			
Decrease/(increase) in inventories		**1.249.845**	(200.373)
Decrease in trade and other receivables		**40.668.332**	510.425
Decrease in receivables from other related parties		**952**	-
Decrease/(increase) in contract assets		**139.208**	(119.199)
Decrease in financial assets at amortized cost		**-**	3.570
Decrease in trade and other payables		**(18.093.328)**	(367.011)
Decrease in contract liabilities		**(98.536)**	(141.302)
Cash generated from/(used in) operations		**24.172.734**	(2.041.231)
Tax paid		**(647.779)**	(16.485)
Debit interest and related expenses paid		**(155.009)**	-
Net cash generated from/(used in) operating activities		**23.369.946**	(2.057.716)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	21	**(850)**	-
Payment for purchase of property, plant and equipment	18	**(3.977.761)**	(538.060)
Payment for purchase of investment property	20	**(309.803)**	(226.207)
Acquisition of subsidiaries, net cash outflow on acquisition	23	**(56.694.318)**	-
Payment for purchase of investments held-to-maturity		**(125.008)**	-
Proceeds from disposal of property, plant and equipment		**152.643**	-
(Deposits) in joint ventures	25	**(3.166)**	-
Interest received		**23.388**	-
Government grants received		**16.360**	-
Net cash used in investing activities		**(60.918.515)**	(764.267)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**231.678.432**	-

The notes on pages 14 to 74 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2021

	Note	**2021** €	2020 €
Payments on redemption of redeemable shares		**(94.000.000)**	-
Repayments of borrowings		**(3.006.386)**	(1.131.660)
Payments of lease liabilities		**(478.632)**	-
Proceeds from borrowings		**-**	1.139.920
Interest paid		**(5.135.297)**	(13.205)
Net cash generated from/(used in) financing activities		**129.058.117**	(4.945)
Net increase/(decrease) in cash and cash equivalents		**91.509.548**	(2.826.928)
Cash and cash equivalents at beginning of the year		**1.242.863**	4.069.791
Cash and cash equivalents at end of the year	**31**	**92.752.411**	1.242.863

1. Corporate information

Country of incorporation

The Company MHV Mediterranean Hospitality Venture Limited (the "Company") was incorporated in Cyprus on 16 October 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Kuriakou Matsi 16, Eagle House, 6th Floor, Agioi Omologites, 1082 Nicosia, Cyprus.

Principal activities

The principal activities of the Group changed within the year. The principal activity of the Group is the investment in and exploitation of real estate with focus mainly on hospitality and tourism market (hotels and resorts) as well as the development and sale of real estate of various uses (residential, commercial, mixed) in Cyprus, Greece and the Mediterranean. The Group is also active in retail activities through the subsidiary of MHV Lifestyle Limited, which in 2021 opened a boutique on the premises of the Parklane Hotel.

The Group currently owns, develops and / or operates the following assets:

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The Group also owns a residential building complex in the district of Pyrgos, Limassol, which is used for the accommodation of Parklane Hotel staff. The property is owned by the subsidiary Stromay Holdings Limited.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), 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 the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2021 and relevant to the Company have been adopted by the EU through the endorsement procedure established by the European Commission.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, investment property, and financial assets at fair value through profit or loss.

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 Group's accounting policies. The areas involving a higher degree of judgment 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 Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Group.

4. Summary of significant accounting policies

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

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the parent company MHV Mediterranean Hospitality Venture Limited and the financial statements of its subsidiaries, as disclosed in the note 22 of the consolidated financial statements.

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

Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

4. Summary of significant accounting policies (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

4. Summary of significant accounting policies (continued)

Investments in associates (continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

<u>Joint arrangements</u>

Joint arrangements are arrangements of which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises its assets, liabilities, revenue and expenses including its share of those held or incurred jointly. Interests in joint ventures are recognised as an investment and are accounted for using the equity method as described in 'Investments in associates' above.

Transactions eliminated on consolidation

Intra group balances, and any unrealised income and expenses arising from intra group transactions are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisition for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

4. Summary of significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised immediately in profit or loss.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

- **Sale of products**

  Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

- **Rendering of services**

  Rendering of services - over time:
  Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

  For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

  The input method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the services to the customer.

  Rendering of services - at a point in time:
  The Group concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

- **Commission income**

  Commission income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Land development and resale**

  Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

  The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

4. Summary of significant accounting policies (continued)

Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance income

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the consolidated statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. Summary of significant accounting policies (continued)

Tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Group's Directors.

Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

	%
Bungalows	2
Buildings	0,93-4
Cultery, linen & uniforms	0-20
Plant and machinery	10-15
Golf courts	1
Leasehold improvements	3
Motor vehicles	20
Furniture, fixtures and office equipment	8-10
Computer hardware	20
Softwares	20-33,3
Other intaginble assets	6-9

No depreciation is provided on land.

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 profit or loss of the year in which it is 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 Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

Deferred income

Deferred income represents income receipts which relate to future periods.

Deferred income from government grants

Government grants on non-current assets acquisitions are credited to profit or loss in instalments over the estimated useful economic lives of the corresponding assets. This is achieved by deducting grants from the book value of these assets and the recognition of income through the reduced depreciation charge. Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognised in profit or loss as revenue.

Income from government grants

Government grants for financial assistance are recognized in the statement of comprehensive income as other operating income.

4. Summary of significant accounting policies (continued)

Investment properties

Investment property, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss and are included in other operating income.

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

Intangible assets

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

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortizations are calculated using the straight-line method to deduct the cost or revaluation of each intangible asset over its expected useful life.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4. Summary of significant accounting policies (continued)

Leases

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

<u>The Group as lessor</u>

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

<u>The Group as lessee</u>

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

4. Summary of significant accounting policies (continued)

Leases (continued)

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

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

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

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

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

The Group presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the consolidated statement of financial position.

The lease liabilities are presented in 'loans and borrowings' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

4. Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

An impairment loss is recognized for the amount that the carrying amount of an asset (or Cash Generating Unit) exceeds its recoverable amount. Recoverable amount is the greater of the fair value less costs to sell and the present value (present value of estimated future cash flows) of the asset (or NPV). An impairment loss is recognized immediately in profit or loss unless the asset is presented at a revalued amount, in which case an impairment loss is recognized as a reduction in the revaluation reserve.

Financial assets

Financial assets - Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition and derecognition

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

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

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. 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 with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

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

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

The financial instruments measured at amortized cost are presented in the consolidated balance sheet net of the provision for expected credit losses.

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

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

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

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

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets -Reclassification

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

Financial assets - write-off

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

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are included in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Borrowings

Borrowing is initially recognized at fair value after deducting transaction costs. The loan is subsequently carried at amortized cost. Any difference between the proceeds (after deducting transaction costs) and the repayment amount is recognized in the income statement during the loan using the effective interest method, unless directly attributable to the market, construction or production of an eligible asset, in which case they are capitalized as part of the cost of the asset. The loan is classified as current liability, unless the Group has the unconditional right to defer repayment of the liability for at least twelve months after the balance sheet date.

Fees paid to set up a loan facility are recognized as the transaction costs of the loan to the extent that it is probable that part or the facility in full will be used. In this case, the fee is deferred until the loan is taken out. In the event that there is no indication that part or all of the facility is likely to be used, the fee is capitalized as an advance (for liquidity services) and amortized over the period of the facility to which it relates.

Borrowing is deducted from the balance sheet when the obligation specified in the contract is discharged (eg when the obligation specified in the contract is fulfilled, canceled or expires). The difference between the carrying amount of a financial liability paid or transferred to another party and the price paid, including any non-monetary assets transferred or liabilities, are recognized in the income statement as other income or financial expenses.

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - measurement categories

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

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

Borrowings

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

Trade payables

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

Financial liabilities - Modifications

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

4. Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Prepayments

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

Land and buildings under development

The cost of land and buildings under development and completed buildings for sale comprise the cost of acquiring the land and the development costs of the buildings. The development cost of the buildings includes raw materials, direct labour cost, depreciation of plant and equipment and other indirect costs of construction.

The land for development is carried at cost and included in land and buildings under development at the reporting date.

Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

4. Summary of significant accounting policies (continued)

Non-current liabilities

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

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the consolidated 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 Group has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union
- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).*
- *Amendments to IFRS 16 Leases - Covid 19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) (effective for annual periods beginning on or after 1 April 2021).*

(ii) Issued by the IASB but not yet adopted by the European Union
- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 12 - "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective for annual periods beginning on or after 1 January 2023).*

The above are expected to have no significant impact on the Group's consolidated financial statements when they become effective.

6. Financial risk management objectives and policies

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

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates. The Group is exposed to interest rate risk in relation to its non-short-term borrowing. Borrowing at floating-rate exposes the Group to interest rate risk relating to cash flows. Borrowing at fixed interest rate exposes the Group to interest rate risk relating to fair value. The Company's management monitors interest rate fluctuations on a continuous basis and acts accordingly.

6. Financial risk management objectives and policies (continued)

6.1 Interest rate risk (continued)

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

	2021	2020
	€	€
Variable rate instruments		
Financial liabilities	**111.743.889**	1.168.613
	111.743.889	1.168.613

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2021 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

		Equity		**Profit or loss**
	2021	2020	**2021**	2020
	€	€	€	€
Variable rate instruments	**1.117.439**	11.686	**1.117.439**	11.686
	1.117.439	11.686	**1.117.439**	11.686

6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, as well as trade and other receivables.

(i) Risk management

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

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- receivables from related parties
- cash and cash equivalents

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

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

6. Financial risk management objectives and policies (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

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

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

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

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

6. Financial risk management objectives and policies (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall 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 Group. The Group categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

The following gross accounting amounts represent the Group's maximum exposure to credit risk for these assets at 31 December 2021 and 31 December 2020:

	2021	2020
	€	€
Gross carrying amount - trade receivables	**2.862.064**	77.109

There were no significant trade receivables that were written off during the period subject to enforcement activities.

Receivables from related parties

For receivables from related partie's lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

6. Financial risk management objectives and policies (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Receivables from related parties (continued)

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2021 and 31 December 2020:

Group internal credit rating	**2021**	2020
	€	€
Performing (Note 41.4)	**738.195**	952
Total	**738.195**	952

The Group 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.

Cash and cash equivalents

The Group assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2021 and 31 December 2020:

	External credit rating	**2021**	2020
		€	€
Moody's	A3	**3.661**	-
Moody's	B1	**8.753.760**	-
Moody's	B2	**13.660.555**	-
Moody's	B3	**12.298**	1.196.741
No external credit rating	N/A	**74.330.748**	26.822
Total		**96.761.022**	1.223.563

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

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

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

6.3 Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

The table below presents the contractual maturity analysis of the Group's financial liabilities, based on the contractual outstanding cash flows:

6. Financial risk management objectives and policies (continued)

6.3 Liquidity risk (continued)

31 December 2021	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	107.568.450	126.803.327	-	14.931.690	13.052.650	31.682.728	67.136.259
Lease liabilities	4.427.200	5.944.323	-	1.146.136	781.891	1.136.296	2.880.000
Bank overdrafts	4.175.430	4.175.430	4.175.430	-	-	-	-
Trade and other payables	16.794.737	12.895.166	-	12.895.166	-	-	-
Payables to related parties	24.941.523	24.941.523	-	24.941.523	-	-	-
Contractual obligations	616.500	616.500	-	616.500	-	-	-
	158.523.840	**175.376.269**	**4.175.430**	**54.531.015**	**13.834.541**	**32.819.024**	**70.016.259**

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	1.383.895	1.383.895	-	133.080	133.260	399.780	717.775
Trade and other payables	2.141.478	2.141.478	-	2.141.478	-	-	-
	3.525.373	3.525.373	-	2.274.558	133.260	399.780	717.775

6.4 Tourism industry risk

- The political situation in Cyprus, Greek-Turkish relations and the political situation in the South-eastern Mediterranean area may seriously impact the tourism industry.
- The operations of the Group are characterised by a high degree of seasonality, between the summer and winter months. Specifically, the Group's high season is in the summer, between April and October, and its low season between the months of November and March.
- The competitiveness of Cyprus and Greece in the international tourism market and the increasing competition within the Cypriot and Greek markets may affect the results of the Group, due to the fact that the major part of operations is carried out during the summer period.
- The economic situation in Europe and the United States may adversely affect the tourism industry due to the fact that the largest number of tourists comes from Europe and the United States.
- The negative impacts of the Covid19 pandemic in the economy in general.
- Military action with the Russian invasion of Ukraine could negatively affect the tourism of Cyprus as it is significantly dependent on the Russian market.

6.5 Capital risk management

Capital includes equity shares and share premium and redeemable preference shares.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

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.

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

Critical accounting estimates and assumptions

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

- **Calculation of loss allowance**

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

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

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Disclosures regarding the method used, significant assumptions and sensitivity on such assumptions are presented in note 6.

- **Work in progress**

  Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

- **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 Group 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.

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

Critical judgements in applying the Group's accounting policies

- **Fair value of investment property**

  The fair value of investment property is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of their individual assets.

  The properties were revalued at fair value in December 2021 based on an assessment made by independent real estate appraisers, with appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value of land and buildings was determined based on the income capitalization approach. The income capitalization approach uses the EBITDA of the property and distributes these future benefits to the mortgage and equity data, based on market performance rates and loan-to-value ratios. The value of each item is calculated through discounted cash flows and an income capitalization approach. The total of the mortgage item and the net worth item is equal to the value of the property. This approach is often chosen as the preferred valuation method for income-generating properties because it better reflects the investment thinking of informed buyers.

  The property was revalued at fair value in December 2021 on the basis of an appraisal made by independent appraisers, who are recognized and have professional training and experience related to the location and category of the property in question. The fair value of real estate investments was determined based on the development of the property. The utilization method is applied, among other things, in cases where a property has prospects for utilization or improvement / renovation. This methodology is based on the maximum price that the owner or potential investor would be willing to pay for a property in its current condition, in order to make full use of it and then to exploit it.

- **Impairment of goodwill**

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

- **Useful live of depreciable assets**

  Management assesses the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

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

- **Fair value property, plant and equipment**

  The fair value of real estate is determined on the basis of market value, which is the value in the free market, based on estimates by Management and independent appraisers. The Management makes a judgment to determine the market value and makes assumptions, which are based mainly on the real estate market situation at each balance sheet date.

  Land and buildings were revalued at fair value in December 2021 based on an assessment made by independent real estate appraisers, with appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value of land and buildings was determined based on the income capitalization approach. The income capitalization approach uses the EBITDA of the property and distributes these future benefits to the mortgage and equity elements, based on market performance rates and loan-to-value ratios. The value of each item is calculated through discounted cash flows and an income capitalization approach. The total of the mortgage item and the net worth item is equal to the value of the property. This approach is often chosen as the preferred valuation method for income-generating properties because it better reflects the investment thinking of informed buyers.

  The land and buildings were re-evaluated at fair value in December 2020 based on an assessment made by independent appraisers, who are recognized and have professional training and experience related to the location and category of the properties in question. The fair value of property, plant and equipment was determined on the basis of gross operating profit and on the basis of property development. The gross operating profit method, takes into consideration the net income that the asset produces or could produce. The utilization method is applied, among other things, in cases where a property has prospects for utilization or improvement / renovation. This methodology is based on the maximum price that the owner or potential investor would be willing to pay for a property in its current condition, in order to make full use of it and then to exploit it.

8. Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2021	Level 1	Level 2	Level 3	Total
	€	€	€	€
Assets measured at fair value				
Property, plant and equipment (Note 18)	-	-	261.318.797	261.318.797
Investment properties (Note 20)	-	-	31.500.000	31.500.000
Total	**-**	**-**	**292.818.797**	**292.818.797**

31 December 2020	Level 1	Level 2	Level 3	Total
	€	€	€	€
Assets measured at fair value				
Property, plant and equipment (Note 18)	-	-	45.611.568	45.611.568
Investment properties (Note 20)	-	-	14.796.207	14.796.207
Inventories	-	-	4.346.207	4.346.207
Total	-	-	64.753.982	64.753.982

8. Fair value measurement (continued)

The fair value of property, plant and equipment, investment properties and inventories has been determined by external independent property appraisers who have the appropriate recognized professional qualifications and recent experience in the location and category of property being valued.

The calculation of fair value for all properties has been categorized in Level 3 of fair value based on the data used in the appraisal technique.

Transfers between levels

There have been no transfers between different levels during the year.

8. Fair value measurement (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2021 €	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair values
Property, Plant and Equipment	-				
	-				
Building Coefficient	6.700.000	Discounted cash flow	Discounted rate	11%	The higher, the lower the fair value
	-		Average selling price	€8.992 per sq.m.	The higher the, higher the fair value
	-		Average construction cost	€2.200 per sq.m.	The higher, the lower the fair value
Hotels	238.665.559	Income capitalization method/ Discounted Cash Flow Analysis	Stabilization year	2026/2027	
	-		Inflation	1,5%	
	-		Occupancy rate	39% -72%	The higher, the higher the fair value
	-		Mortgage interest rate	3%	The higher, the lower the fair value
	-		Average room rate	€142-€483	The higher, the higher the fair value
	-		Transaction costs (as a percentage of revenue)	1%-1,5%	The higher, the lower the fair value
	-		Capitalization rate	7%-9%	The higher, the lower the fair value
	-		Discounted rate	9%-10,6%	The higher, the lower the fair value
Golf/Tennis Courts	4.354.709	Income capitalization method/ Discounted Cash Flow Analysis	Stabilization year	2022	

8. Fair value measurement (continued)

Description	Fair value at 31 December 2021 €	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair values
	-		Inflation	3,5%	The higher, the lower the fair value
	-		Transaction costs	1,5%	The higher, the lower the fair value
	-		Capitalization rate	9%	The higher, the lower the fair value
	-		Discounted rate	12,8%	The higher, the lower the fair value
Restaurants (Village Square Restaurants)	1.811.528	Income capitalization method/ Discounted Cash Flow Analysis	Inflation	1,5%	
	-		Transaction costs	1,5%	The higher, the lower the fair value
	-		Capitalization rate	9%	The higher, the lower the fair value
	-		Discounted rate	12,5%	The higher, the lower the fair value
Land under development	1.400.000	Purchase price			
Residential properties	8.387.000	Purchase price			
Investment properties	-				
Commercial properties (Village Square)	2.400.000	Income capitalization method/ Discounted Cash Flow Analysis	Inflation	1,5%	
	-		Capitalization rate	6,8%	The higher, the lower the fair value
	-		Transaction costs	1,5%	The higher, the lower the fair value
	-		Discounted rate	8,5%	The higher, the lower the fair value

8. Fair value measurement (continued)

Description	Fair value at 31 December 2021 €	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair values
Land under development (transferred to inventories)	29.100.000	Income capitalization method/ Discounted Cash Flow Analysis	Average monthly rental price per sq.m.	€21,5	The higher, the lower the fair value
	-		Average monthly rental price per sq.m. (Storage)	€7	The higher, the lower the fair value
	-		Vacancy rate	5%	The higher, the lower the fair value
	-		Construction cost per sq.m.	€899	The higher, the lower the fair value
	-		Professional expenses per sq.m.	€442	The higher, the lower the fair value
	-		Discounted rate	5,85% (rented)/ 6,70% (available)	The higher, the lower the fair value

Description	Fair value at 31 December 2020 €	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair values
Property, Plant and Equipment	-				
Hotels	49.700.000	Income capitalization method	Average selling price per sq.m.	€160	The higher, the higher the fair value
	-		Renovation costs per room	€50.000	The higher, the lower the fair value
	-		Final percentage of capitalization (terminal)	8%	The higher, the lower the fair value
	-		Discounted rate	8,7%	The higher, the lower the fair value
Investment properties	-				
Land under development	14.900.000	Income capitalization method	Price per sq.m.	€5.100	The higher, the lower the fair value

8. Fair value measurement (continued)

Description	Fair value at 31 December 2020 €	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair values
Property, Plant and Equipment	-				
	-		Price per per sq.m.	21-22	The higher, the lower the fair value
	-		Construction costs per unit	€1.500-€1.700	The higher, the lower the fair value
	-		Discounted rate	17%	The higher, the lower the fair value
	-				
	-				
Inventories	-				
Land transferred to inventories	4.346.207	Utilization method	Average selling price of housing units per sq.m.	€4.400	
	-		Residential sales schedule	Year 2: 8,24% Year 3: 22,35% Year 4: 24,71% Year 5: 21,18% Year 6: 15,29%	The longer the time frame, the lower the fair value
	-		Sales costs	2% Commissions and legal costs 2% promotion costs	The higher, the lower the fair value
	-		Construction cost per sq.m.	€2.300	The higher, the lower the fair value
	-		Discounted rate	9,95%	The higher, the lower the fair value

Sensitivity of Management's estimates 31 December 2021

Description	Change
Property, plant and equipment	
Building Coefficient	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	**€4.100.000- €9.200.000**
Hotels	
Change in capitalization rate	+/- 10%
Discount rate change	+/- 10%
Change in construction costs	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	**€231.030.000 – €361.200.000**
Golf/Tennis Courts	
Change in capitalization rate	+/- 10%
Discount rate change	+/- 10%
Fair value range based on changes in key estimates	**€4.000.000- €5.100.000**
Restaurants (Village Square Restaurants)	
Change in capitalization rate	+/- 10%
Discount rate change	+/- 10%
Fair value range based on changes in key estimates	**€1.100.000- €1.400.000**
Investment properties	
Discount rate change	+/- 10%
Change in construction costs	+/- 10%
Fair value range based on changes in key estimates	**€22.800.000- €41.600.000**
Land under development	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	**€1.400.000- €1.800.000**

Description	Change
Sensitivity of Management's estimates 31 December 2020	
Property, plant and equipment	
Change in occupancy rate	+/- 2%
Change in average room rate (after renovation)	€5 / - €10
Change in beverage and food revenues per room	+/- 5%
Change in management costs	+ / - 0,5%
Change in capital expenditures	+/- 5%
Change of final capitalization rate	6,9%-7,5%
Discount rate change	9,5%-10,5%
Fair value range based on changes in key estimates	**€41.900.000 – €46.700.000**
Investment properties	
Average rental price per square meter per month	€15 - €16
Change in occupancy rate as a percentage of gross rental income	-3%
Landlord costs as a percentage of rental income	2%
Change in construction costs per square meter	+/- 5%
Discount rate change	9,5% - 10,5%
Fair value range based on changes in key estimates	**€7.100.000- €14.800.000**
Inventories	
Average rental price per square meter per month	€15 - €16
Change in occupancy rate as a percentage of gross rental income	-3%
Landlord costs as a percentage of rental income	2%
Change in construction costs per square meter	+/- 5%
Discount rate change	9,5% - 10,5%
Fair value range based on changes in key estimates	**€2.600.000-€4.600.000**

9. Revenue

Disaggregation of revenue	**2021**	2020
	€	€
Hotel Operations	**31.363.780**	3.108.554
Property management	**560.873**	-
Real estate development	**30.792.217**	-
Boutique sales	**201.751**	-
Other operations	**1.978.336**	-
	64.896.957	3.108.554

10. Cost of sales

	2021	2020
	€	€
Changes in inventories	**19.319.993**	226.688
Salaries (Note 15)	**10.864.697**	1.634.767
Purchases	**4.200.769**	-
Purchases returns	**(2.551)**	-
Direct costs - goods, materials and services	**432.859**	-
Commissions payable	**644.742**	-
Night guard expenses	**13.224**	-
Gardening expenses	**80.952**	-
Construction Cost (realty)	**10.257.585**	-
Agent Fees & Commissions (realty)	**363.336**	-
Utility/Electricity expenses	**481.776**	-
Water supply and cleaning	**653.825**	-
Departmental expenses	**780.695**	-
Entertainment	**145.001**	-
Uniforms	**136.329**	-
Machinery repairs and maintenance	**1.062.038**	-
Depreciation (Note 18+19)	**1.462.036**	836.492
Other direct costs	**2.151.255**	366.928
	53.048.561	3.064.875

11. Other income

	2021	2020
	€	€
Gain from sale of property, plant and equipment	**21.892**	-
Other income	**18.778**	8.644
Reversal of impairment allowance for trade receivables	**13.057**	-
Fair value gains on investment property	**14.093.990**	-
Government grants	**404.755**	-
Rental income	**112.638**	-
	14.665.110	8.644

Government grants relate to the amount received due to the effects of the Covid-19 pandemic.

12. Other expenses

	2021	2020
	€	€
Impairment charge - land under development (Note 27)	**558.854**	-
Revaluation loss on building (Note 18)	**4.595.997**	-
	5.154.851	-

13. Selling and distribution expenses

	2021	2020
	€	€
Salaries (Note 15)	**166.575**	-
Advertising	**341.920**	-
Inland travelling	**68.874**	-
Sundry expenses	**13.744**	-
Entertainment	**67.370**	-
Overseas representative fees	**53.294**	-
	711.777	-

14. General and adminisration expenses

	2021	2020
	€	€
Salaries (Note 15)	**3.005.180**	859.786
Incorporation expenses	**2.190**	-
Other expenses	**(12.776)**	134.543
Annual royalty fees	**30.000**	-
Security expenses	**34.921**	26.216
Sewage expenses	**109.195**	-
Municipality taxes	**60.171**	-
Annual levy	**1.400**	-
License fees	**259.912**	-
Electricity	**1.765.953**	-
Water supply and cleaning	**24.547**	31.775
Insurance	**258.491**	75.627
Repairs and maintenance	**156.057**	99.100
Sundry expenses	**297.531**	6.588
Telephone and postage	**66.472**	86.479
Transactions costs	**882.728**	-
Stationery and printing	**15.667**	-
Subscriptions and contributions	**130.424**	15.666
Management fees	**2.650.000**	-
Food and beverage	**132.676**	-
Operating lease rentals	**41.500**	-
Commissions	**59.013**	108.110
Staff training	**2.560**	-
Sundry staff costs	**2.432**	-
Domain name/Trademark fees	**3.280**	-
Auditor's remuneration - current year for the statutory audit of annual accounts	**80.100**	23.000
Auditor's remuneration prior years	**8.885**	-
Accounting fees	**7.230**	-
Legal fees	**254.904**	-
Legal and professional	**972.182**	315.870
Management and performance fees	**945.557**	524.022
Revenue stamps	**240.044**	-
Fines	**86.736**	42.501
Travelling	**45.342**	-
Irrecoverable VAT	**126.616**	2.361
Entertainment	**54.057**	17.472
Professional licence expenses	**314.479**	-
Administration expenses	**27.941**	-
Administrative rights	**350.090**	-
Advertising and promotion costs	**71.653**	87.385
Computer support services	**46.293**	59.723
Consumables	**63.375**	100.082
Depreciation (Note 18+19)	**3.424.045**	-
Amortization (Note 21)	**203.706**	-
	17.302.759	2.616.306

15. Salaries

	2021	2020
	€	€
Salaries	**11.847.684**	2.164.583
Social security, provident fund and other contributions	**1.503.893**	329.970
Gift and termination bonuses	**637.454**	-
Other - Business meals, travel and accommodation	**47.421**	-
	14.036.452	2.494.553

Average number of employees:		
Full time	**702**	138
Part time	**148**	11
	850	149

The Group participates in the Hotel Industry Employees Provident Fund.

16. Finance income/(costs)

	2021	2020
	€	€
Finance income		
Interest from banks	**7**	-
Interest income - on financing activities	**12.659**	-
Interest receivable	**10.722**	-
Unrealised foreign exchange profit	**9.973**	-
	33.361	-
Finance costs		
Interest expense		
Interest expense	**(1.251.621)**	(41.898)
Effective interest expenses on deferred consideration	**(222.284)**	-
Interest expense on lease liabilities	**(131.276)**	-
Loan arrangement fees	**(68.076)**	-
Sundry finance expenses		
Bank charges	**(218.432)**	(4.275)
Bank commission on letters of guarantee	**(665.470)**	-
Mortgage fees	**(130.010)**	-
Net foreign exchange losses		
Unrealised foreign exchange loss	**(31)**	-
	(2.687.200)	(46.173)
Net finance costs	**(2.653.839)**	(46.173)

17. Tax

	2021	2020
	€	€
Corporation tax	**10.914**	5.093
Defence contribution	**980**	-
Deferred tax - credit (Note 35)	**(1.883.543)**	(303.921)
Credit for the year	**(1.871.649)**	(298.828)

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

	2021	2020
	€	€
Profit/(loss) before tax	**45.044.518**	(4.900.392)
Tax calculated at the applicable tax rates	**5.630.565**	(612.549)
Tax effect of expenses not deductible for tax purposes	**2.998.086**	393.465
Tax effect of allowances and income not subject to tax	**(8.444.420)**	158.323
Tax effect of tax losses brought forward	**(173.317)**	-
Defence contribution current year	**980**	-
Deferred tax	**(1.883.543)**	(303.921)
Tax effect of tax losses for which no deferred tax claim has been recognized	**-**	6.724
Deferred tax effect	**-**	59.130
Tax charge	**(1.871.649)**	(298.828)

The corporation tax rate is 12,5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

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%.

18. Property, plant and equipment

	Land and buildings	Property under construction	Cultery, linen & uniforms	Motor vehicles	Furniture, fixtures and office equipment	Computers hardware	Total
	€	€	€	€	€	€	€
Cost or valuation							
Balance at 1 January 2020	63.935.112	-	-	40.000	11.051.623	-	75.026.735
Additions	496.269	-	-	-	41.791	-	538.060
Transfer to investment properties	(14.570.000)	-	-	-	-	-	(14.570.000)
Transfer to inventories	(4.120.000)	-	-	-	-	-	(4.120.000)
Balance at 31 December 2020	**45.741.381**	**-**	**-**	**40.000**	**11.093.414**	**-**	**56.874.795**
Balance at 31 December 2020/ 1 January 2021	**45.741.380**	**-**	**-**	**40.000**	**11.093.414**	**-**	**56.874.794**
Acquisitions through business combinations	188.563.618	-	2.218.725	211.312	31.620.107	4.259.382	226.873.144
Additions	3.073.834	254.596	51.154	-	571.527	26.650	3.977.761
Disposals	-	-	-	(40.000)	(277.865)	-	(317.865)
Adjustment on revaluation	24.632.594	-	-	-	-	-	24.632.594
Impairment charge	(4.595.997)	-	-	-	-	-	(4.595.997)
Balance at 31 December 2021	**257.415.429**	**254.596**	**2.269.879**	**211.312**	**43.007.183**	**4.286.032**	**307.444.431**
Depreciation							
Balance at 1 January 2020	1.355.680	-	-	40.000	9.031.055	-	10.426.735
Charge for the year	364.714	-	-	-	471.777	-	836.491
Balance at 31 December 2020	**1.720.394**	**-**	**-**	**40.000**	**9.502.832**	**-**	**11.263.226**
Balance at 31 December 2020/ 1 January 2021	**1.720.394**	**-**	**-**	**40.000**	**9.502.832**	**-**	**11.263.226**
Acquisitions through business combinations	8.616.517	-	-	93.464	19.169.205	3.234.031	31.113.217
Charge for the year	2.113.228	-	-	35.923	1.622.631	103.408	3.875.190
On disposals	-	-	-	(40.000)	(167.924)	-	(207.924)
Balance at 31 December 2021	**12.450.139**	**-**	**-**	**129.387**	**30.126.744**	**3.337.439**	**46.043.709**
Net book value							
Balance at 31 December 2021	**244.965.290**	**254.596**	**2.269.879**	**81.925**	**12.880.439**	**948.593**	**261.400.722**
Balance at 31 December 2020	**44.020.986**	**-**	**-**	**-**	**1.590.582**	**-**	**45.611.568**

The land and buildings have been used as collateral in the Group's loan agreements, as noted in Note 33.

As at 31 December 2020, land with a book value of € 4.120.000 and land with a book value of € 14.570.000 were transferred to inventories and investment properties respectively due to a change of use.

18. Property, plant and equipment (continued)

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2021	2020
	€	€
Cost	**233.037.431**	45.741.380
Accumulated depreciation	**(12.450.139)**	(1.720.394)
Net book value	**220.587.292**	44.020.986

Fair value hierarchy

The methodology and information used to estimate fair value at the date of transfer are given in Note 8.

19. Right-of-use assets

	Beach Leases	**Properties**	**Residential properties**	**Total**
	€	€	€	€
Cost				
Acquisitions through business combinations	2.230.619	206.568	1.472.724	3.909.911
Additions	-	326.844	1.255.470	1.582.314
Balance at 31 December 2021	**2.230.619**	**533.412**	**2.728.194**	**5.492.225**
Depreciation				
Acquisitions through business combinations	139.414	51.642	586.929	777.985
Charge for the year	69.707	111.068	830.116	1.010.891
Balance at 31 December 2021	**209.121**	**162.710**	**1.417.045**	**1.788.876**
Net book amount				
Balance at 31 December 2021	**2.021.498**	**370.702**	**1.311.149**	**3.703.349**

20. Investment properties

	2021	2020
	€	€
Balance at 1 January	**14.796.207**	226.207
Additions	**309.803**	14.570.000
Transfer to inventories	**(29.100.000)**	-
Acquired through business combination	**2.300.000**	-
Revaluation in fair value of investment properties	**14.093.990**	-
Balance at 31 December	**2.400.000**	14.796.207

The Company's investment properties are measured at fair value. Changes in fair values are presented in the statement of profit or loss and other comprehensive income.

Investment properties consist of commercial real estate, which is leased to third parties for a period of one year, with the possibility of automatic renewal.

Investment properties have been used as collateral in the loan agreements of the Group (Note 33).

On December 31, 2021 an amount of € 29.100.000 relating to Land was reclassified from investment properties to inventories due to a change in use (Note 27).

20. Investment properties (continued)

As at 31 December 2020, an amount of € 14.570.000 relating to Land was reclassified to investment properties from Property, Plant and Equipment due to a change in use (Note 18).

The methodology and information used to estimate fair value at the date of transfer are given in Note 8.

21. Intangible assets

	Goodwill	Intangible assets	Total
	€	€	€
Cost			
Balance at 1 January 2020	-	403.645	403.645
Additions	2.290.236	-	2.290.236
Impairment charge	(2.290.236)	-	(2.290.236)
Balance at 31 December 2020/ 1 January 2021	**-**	**403.645**	**403.645**
Additions	2.856.252	850	2.857.102
Additions from acquisitions of subsidiaries	-	13.325.817	13.325.817
Balance at 31 December 2021	**2.856.252**	**13.730.312**	**16.586.564**
Amortisation			
Balance at 1 January 2020	-	305.006	305.006
Balance at 31 December 2020/ 1 January 2021	**-**	**305.006**	**305.006**
Amortisation for the year	-	203.706	203.706
Balance at 31 December 2021	**-**	**508.712**	**508.712**
Net book amount			
Balance at 31 December 2021	**2.856.252**	**13.221.600**	**16.077.852**
Balance at 31 December 2020	**-**	**98.639**	**98.639**

The intangible assets include property management services.

Impairment assessment

The goodwill is distributed to the cash-generating units and the goodwill included in the financial statements of the Group represents the goodwill paid for the acquisition of the subsidiary "Portocheli Hotel & Marina SA" (Note 23).

During the year ended 31 December 2020, the cash-generating unit of the Cyprus Turism Development Cyprus Limited was adversely affected by the Covid-19 pandemic and government restrictions. During the annual assessment made on 31 December 2020, the goodwill of the hotel unit was fully impaired and an amount of € 2.290.236 was charged to the consolidated statement of profit or loss and other comprehensive income. Recoverable amount was determined based on actual market value of the transaction between the parent company Prodea Investments and the YODA Group for the sale of 45% of MHV Mediterranean Hospitality Venture Limited (formerly Vibrana Holdings Limited), owned by The Cyprus Tourism Development Company Limited (CTDC) ", owner of The Landmark Nicosia Hotel.

22. Investments in subsidiaries

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2021 Holding %	2020 Holding %
The Cyprus Tourism Development Company Limited	Cyprus	Hotels, tourism and real estate	100	100
Parklane Hotels Limited	Cyprus	Hotels, tourism and real estate	100	
Portocheli Hotel & Marina S.A	Greece	Hotels, tourism and real estate	100	
Aphrodite Hills Resort Limited	Cyprus	Hotels, tourism and real estate	100	
MHV Lifestyle Limited	Cyprus	Aparel retailer	100	
Stromay Holdings Limited	Cyprus	Holding of investments	100	
MHV IA Limited (Formerly Bartelli Ltd)	Cyprus	Holding of investments	100	
Parklane Beach Bar Limited	Cyprus	Dormant	100	
Aphrodite Hotels Limited	Cyprus	Hotels, tourism and real estate	100	
Aphrodite Hills Services Limited	Cyprus	Provision of drainage and security services to properties located at Aphrodite Hills	100	
Aphrodite Hills Property Management Limited	Cyprus	Provision of repairs, maintenance and rentals to owners/residents	100	
The Aphrodite Tennis & Spa Limited	Cyprus	Operation of a tennis academy	100	
MHV Bluekey One Single Member S.A.	Greece	Hotels, tourism and real estate	100	

All subsidiaries are included in the consolidation.

23. Acquisition of subsidiaries

During the year the Group acquired through business combinations the following subsidiaries. All these transactions have been accounted for with the acquisition method of accounting.

Name	Acquisition date	Percentage acquired	Country and principal activity
Parklane Hotels Limited	09/04/2021	100	Cyprus, Hotels, tourism and real estate
Porto Heli Hotel & Marina S.A.	12/05/2021	100	Greece, Hotels, tourism and real estate
Stromay Holdings Limited	14/10/2021	100	Cyprus, Holding of investments

Goodwill arising on consolidation:

	Parklane Hotels Limited	Porto Heli Hotel & Marina S.A.	**Total**
	€	€	€
Consideration price	61.084.383	5.116.662	**66.201.045**
Less: Fair value of the net assets acquired	(105.436.730)	(2.260.410)	**(107.697.140)**
Goodwill arising on consolidation (Note 21):	(44.352.347)	2.856.252	**(41.496.095)**

The assets and liabilities acquired were as follows:

	2021 Parklane Hotels Limited	2021 Porto Heli Hotel & Marina S.A. (2021)	Fair Value 2021
	€	€	€
Intangible assets	-	25.817	25.817
Property, plant and equipment	124.900.000	10.074.183	134.974.183
Other non-current receivables	-	17.500	17.500
Inventories	75.765.705	33.402	75.799.107
Trade and other receivables	9.259.854	99.428	9.359.282
Cash at bank and in hand	2.586.665	60.679	2.647.344
Righ-of use assets	2.073.778	142.015	2.215.793
Trade and other creditors	(32.510.979)	(430.002)	(32.940.981)
Lease liabilities	(2.178.427)	(146.880)	(2.325.307)
Borrowings	(72.923.685)	(4.137.820)	(77.061.505)
Government grant from a repayable advance payment	-	(159.063)	(159.063)
Deferred tax liabilities	(1.536.181)	-	(1.536.181)
Other long-term liabilities	-	(3.314.361)	(3.314.361)
Obligations of staff benefits due to leaving service	-	(4.488)	(4.488)
Net assets of subsidiaries]	**105.436.730**	**2.260.410**	**107.697.140**
Net assets acquired	**105.436.730**	**2.260.410**	**107.697.140**

For the purposes of the consolidated cash flow statement, the net cash outflow from the acquisition includes	**2021**	2020
	€	€
Cash consideration paid	**74.751.069**	-
Cash and cash equivalents acquired	**(2.647.344)**	-
Non-cash transactions for the acquisition of subsidiaries	**(15.409.407)**	-
Non-cash transactions for the acquisition of subsidiaries	**56.694.318**	-

Part of the acquisition of the subsidiaries concerns deferred consideration (Note 26) and transfer of investment property.

23. Acquisition of subsidiaries (continued)

"Parklane Hotels Limited" has contributed to the Group revenues of € 55.691.284 and a profit of € 4.262.397 for the period from April 9, 2021 to December 31, 2021.

"Porto Heli Hotel & Marina S.A" has contributed to the Group revenues of € 3.037.018 and a loss of € 373.189 for the period from 12 May 2021 to 31 December 2021.

23.1 Common control transaction

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity. Aphrodite Hills was considered as common control transaction and no goodwill has been recognized. The difference between agreed consideration for the acquisition of AHRL shares and the fair value of Net Assets Acquired was recognized as loss in equity.

24. Investments in associates

	2021	2020
	€	€
Balance at 1 January	**-**	-
Additions from business combinations	**443.043**	-
Share of results of associates before tax	**1.891**	-
Balance at 31 December	**444.934**	-

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	**Holding %**
Aphrodite Hills Pantopoleion Limited	Κύπρος	Operation of supermarkets at Aphrodite Hills	45

25. Capital in joint ventures

	2021	2020
	€	€
Balance at 1 January	**-**	-
Additions from business combinations	**5.812**	-
Deposits	**3.166**	-
Balance at 31 December	**8.978**	-

25. Capital in joint ventures (continued)

The details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	**Holding** %
L'Union Branded Residences	Cyprus	Development of up-market residential properties	50

26. Deferred Consideration

	2021 €	2020 €
Liabilities		
Non-current portion	**9.368.142**	-
	9.368.142	-

The deferred consideration is related to the acquisition of Parklane Hotels Limited. Under the purchase agreement, an amount of € 10.000.000 is payable on December 24, 2023. The amount of € 10.000.000 has been discounted, using a discount rate of 3.35%.

27. Inventories and work in progress

	2021	2020
	€	€
Finished products	**1.787.450**	129.518
Stock of completed property	**69.736.639**	-
Land under development	**33.744.419**	4.346.207
Property under construction	**5.285.937**	-
	110.554.445	4.475.725

All stocks are presented at cost price.

The cost of inventories recognised as expense and included in "cost of sales" amounted to €19.319.993 (2020: €226.688).

On December 31, 2021, an amount of €29.100.000 relating to land for development was reclassified by Investment Properties (Note 20). The cost was considered the fair value of the land on December 31, 2021, which was considered as the transfer date.

An amount of €558.854 was recognized in the statement of profit or loss and other comprehensive income as an impairment in value (Note 12).

The Group's inventories have been used as collateral in the loan agreements, as mentioned in Note 33.

An amount of €4.120.000 relating to Land was reclassified to inventories from Property, Plant and Equipment (Note 18). The cost was considered to be the fair value of the land at 31 December 2020, which was considered as the transfer date.

The methodology and information used to estimate fair value at the date of transfer are given in Note 8.

28. Trade and other receivables

	2021	2020
	€	€
Trade receivables	**3.804.375**	95.618
Less: credit loss on trade receivables	**(942.311)**	(18.509)
Trade receivables - net	**2.862.064**	77.109
Directors' current accounts - debit balances (Note 41.6)	**2.039**	-
Shareholders' current accounts - debit balances (Note 41.6)	**840**	-
Receivables from other related parties (Note 41.4)	**67.210**	-
Deposits and prepayments	**48.030.399**	-
Loans receivable	**176.000**	-
Advances to subcontractors	**133.570**	-
Accrued income	**151.036**	-
VAT receivable	**1.607.804**	-
Advances to employees	**1.104**	-
Deferred expenses	**10.363**	-
Other receivables	**1.473.268**	45.030
	54.515.697	122.139

An amount of € 47.617.104, which is included in the 'Deposits and prepayments', relates to an advance payment for the purchase of the Porto Paros hotel complex on the island of Paros in Greece.

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

28. Trade and other receivables (continued)

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

29. Financial assets at fair value through profit or loss

	2021	2020
	€	€
	2021	2020
	€	€
Balance at 1 January	**1**	1
Balance at 31 December	**1**	1

30. Other asset

	2021	2020
	€	€
Balance at 1 January	**-**	-
Restricted cash	**112.470**	-
Balance at 31 December	**112.470**	-

The restricted cash represents balances that have a limited use for guarantees issued by banks in favor of real estate clients. Cash is released from security as construction progresses.

31. Cash at bank and in hand

	2021	2020
	€	€
Cash in hand	**166.828**	-
Current accounts	**96.761.022**	1.242.863
	96.927.850	1.242.863

An amount of € 368.431 concerns funds which are held on behalf of customers for future payments of utility bills.

An amount of € 815.352 is held for the repayment of the forced acquisition of the previous shareholders, of the Company "The Cyprus Tourism Development Company Limited", during the year 2019.

An amount of € 136.000 is held as collateral on the company's deposit accounts to secure bank loan.

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following:

	2021	2020
	€	€
Cash at bank and in hand	**96.927.850**	1.242.863
Bank overdrafts	**(4.175.439)**	-
	92.752.411	1.242.863

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

32. Share capital

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
Ordinary shares of €1,00 each	**1.000**	**1.000**	1.000	1.000
1 preference share of €0,01 each	**-**	**-**	1	0,01
196.789 Preference share of €1,00 each	**196.789**	**196.789**	-	-
	197.789	**197.789**	1.001	1.000,01
Issued and fully paid				
Balance at 1 January	**201**	**200,01**	201	200,01
Issue of shares	**520**	**520**	-	-
Issue of Preference share of €1,00 each	**185.200**	**185.200**	-	-
Redemption of Preference share	**(1)**	**(0,01)**	-	-
Balance at 31 December	**185.920**	**185.920**	201	200,01

Authorised capital

On 26 March 2021, the Authorised Capital decreased from EUR 1.000,01 (1.000 ordinary shares of EUR 1 plus 1 Preference Share of EUR 0,01) to EUR 1.000 (1.000 ordinary shares of EUR 1) with the redemption of 1 preference share of EUR 0,01.

On 7 April 2021 the Authorised Capital of the Company was increased from EUR 1.000 (1.000 ordinary shares of EUR 1) to EUR 144.449 (1.000 Ordinary shares of EUR 1 plus 143.449 Preference Shares of EUR 1).

On 11 November 2021 the Authorised Capital of the Company increased from 144.449 (1,000 Ordinary shares of EUR 1 and 143.449 Redeemable Preference Shares of EUR 1) to EUR 197.789 (1.000 Ordinary shares of EUR 1 and 196.789 Redeemable Preference Shares of EUR 1).

Issued capital

On 26 March 2021 the Company redeemed 1 preference share in the name of the Bank of Cyprus at nominal value, being the price of EUR 0,01.

On 7 April 2021 the Company issued 143.449 Redeemable Preference Shares of EUR 1.000 (Share Premium: EUR 999). 14.345 Redeemable Preference Shares to Flowpulse Limited, 64.552 Redeemable Preference Shares to Papabull Investments Limited and 64.552 Redeemable Preference Shares to Prodea Real Estate Investment Company S.A.

On 11 November 2021 the Company issued 53.340 Redeemable Preference Shares of EUR 1.000(Share Premium: EUR 999): 5.334 Redeemable Preference Shares to Flowpulse Limited, 24.003 Redeemable Preference Shares to Papabull Investments Limited and 24.003 Redeemable Preference Shares to Prodea Real Estate Investment Company S.A.

On 17 December 2021 the Company issued 100 Ordinary Shares of EUR 250 (Share Premium: EUR 249): 10 Ordinary Shares to Flowpulse Limited, 45 Ordinary Shares to Prodea Real Estate Investment Company S.A. and 45 Ordinary Shares to Papabull Investments Limited.

On 17 December 2021 the Company issued 100 Ordinary Shares of EUR 690 (Share Premium: EUR 689): 10 Ordinary Shares to Flowpulse Limited, 45 Ordinary Shares to Prodea Real Estate Investment Company S.A. and 45 Ordinary Shares to Papabull Investments Limited.

32. Share capital (continued)

On 17 December 2021 a redemption of 25.000 Redeemable Preference Shares of EUR 1.000 was made (Share Premium: EUR 999): 2.500 to Flowpulse Limited, 11.250 Redeemable Preference Shares to Prodea Real Estate Investment Company S.A. and 11.250 Redeemable Preference Shares to Papabull Investments Limited.

On 17 December 2021 a redemption of 69.000 Redeemable Preference Shares of EUR 1.000 was made (Share Premium: EUR 999): 6.900 Redeemable Preference Shares to Flowpulse Limited, 31.050 Redeemable Preference Shares to Prodea Real Estate Investment Company Societe Anonye and 31.050 Redeemable Preference Shares to Papabull Investments Limited.

On 29 December 2021 the Company issued 230 Ordinary Shares of EUR 131.265 (Share Premium: EUR 131.264): 104 Ordinary Shares to Flowpulse Limited and 126 Ordinary Shares to Papabull Investments Limited.

On 29 December 2021 the Company issued 59.105 Redeemable Preference Shares of EUR 1.000 (Share Premium: EUR 999): 26.726 Redeemable Preference Shares to Flowpulse Limited and 32.379 Redeemable Preference Shares to Papabull Investments Limited.

On 29 December 2021 the Company issued 156 Redeemable Preference Shares of EUR 1.000 (Share Premium: EUR 999): 35 Redeemable Preference Shares to Flowpulse Limited, 76 Redeemable Preference Shares to Papabull Investments Ltd and 45 Redeemable Preference Shares to Prodea Real Estate Investment Company S.A.

On 30 December 2021 the Company issued 23.150 Redeemable Preference Shares of EUR 1.000 (Share Premium: EUR 999) and 90 Ordinary Shares of EUR 178.333 (Share Premium of EUR 178.332) to Ascetico Limited.

33. Borrowings

	2021	2020
	€	€
Balance at 1 January	**1.168.613**	1.131.660
Additions from business combinations	**108.053.038**	-
Repayments	**(8.141.683)**	(1.131.660)
Additions	**-**	1.139.920
Interest of the year	**5.135.297**	28.693
Arrangement fees paid	**1.285.108**	-
Amortisation of arrangement fees	**68.077**	-
Balance at 31 December	**107.568.450**	1.168.613

	2021	2020
	€	€
Current borrowings		
Bank loans	**14.931.069**	95.517
Non-current borrowings		
Bank loans	**92.637.381**	1.073.096
Total	**107.568.450**	1.168.613

Loan amounting to: €33.815.924 (Aphrodite Hills Resort Limited)

The bank loan facility continues to bear quarterly interest at the rate of Euribor plus a margin and/or the weighted average margin as notified by the bank. The loan is separated into three tranches as follows:

33. Borrowings (continued)

Tranche A: Initial €31 million which is connected to the hotel operations of Aphrodite Hotels Limited (subsidiary). The repayment of this tranche is in accordance with a pre-agreed schedule with a balloon payment upon initial maturity in 2030. Due to the impact of COVID-19 and following government support initiatives, all the initial loan maturity years and instalments were postponed by one additional year after the initial maturity date. The repayments of 2020 were therefore postponed for 1 year and the new maturity year of the loan is 2032.

Tranche B: Initial €11 million connected to the Company's real estate and golf operations. Repayment of this tranche is linked to real estate sales with the final initial due date being in 2025. The final due date was amended to 2026, as per the above.

Tranche C: initial €8 million connected to the real estate operations of Aphrodite Springs Public Limited (a company related by virtue of common ownership). During 2020 and based on the amended agreement, the Company exercised its option 90 days before the expiration of the revised maturity date on 25 September 2020 to extent the maturity until 2025 and to transfer an amount of €4 million to Tranche B and hence link its repayment to real estate property sales. During 2021 and following the settlement of the receivable balance of €5m from Aphrodite Springs Public Limited, the Group proceeded with the repayment of €4m against the tranche C, which was fully repaid.

As at 31 December 2021, the balance of Tranche A amounted to €27.547.482 (including accrued interest) and the balance of Tranche B amounted to €6.268.442 (including accrued interest).

Based on the terms of the bank loan facility the Company is restricted from paying any dividends to its shareholders.

The bank loan and bank overdraft are secured as follows:

- Pledge over the shares of the Company, its subsidiaries, and of a related company.
- Fixed and floating security charges provided by the Company, its subsidiaries and the aforementioned related company.
- Assignment of receivables under subordinated loans.
- Mortgages over the interests in the resort property and the land.
- Mortgages over the interests in the property and the land of the aforementioned related party.
- Pledge over Group bank accounts.
- Corporate cross guarantees of the Company's shareholders and its subsidiaries.

The weighted average loan interest rate for 2021 was 2.27%

Loan amounting to: €3.889.271 (Porto Heli Hotel & Marina S.A)

In March 2020, the subsidiary issued a Bond Loan Program, with Piraeus Bank as paying agent and representative of the Bondholders. The purpose of the Loan was on the one hand the partial refinancing of equity with the return of the relevant amount to the parent company, on the other hand the financing of renovation investment of the hotel complex within 2020.

To secure the bank loan, a mortgage has been registered on the company's property. There is also a pledge on the insurance policy and deposit accounts and on the shares of the company. Some of the financial indicators of the loan agreement are not observed on December 31, 2021 and for this reason the company has requested a waiver on the financial covenants for the year 2021 by the lending bank. Management is also in advanced discussions with the bond lender to sign an amendment to the loan agreement in the near future.

Loan amounting to: €68.782.969 (Parklane Hotels Limited)

33. Borrowings (continued)

On 8 July 2021 (the loan agreement date), the Parklane Hotel Limited obtained loan facilities of €70.000.000 from Eurobank, split as follows:

- Facility A: a total of €50.000.000 which is repayable by bi-annual loan repayments on

  the 12th anniversary of the loan agreement date.

- Facility B: a total of €20.000.000 which is repayble by bi-annual loan repayments on the

  5th and a half year anniversary of the loan agreement date.

The bank loans are secured as follows:

- By first rank mortgage over the Company's properties.
- By first rank pledge over the Company's shares.
- By first rank floating charge over the Company's assets.
- By first rank charge over the Company's bank accounts.
- By assignment of the Company's receivables and insurance policies.

The loan is subject to a floating interest rate equal to 6 months Euribor plus a margin of 2,75% per annum.

Loan amounted to: €1.080.907 (The Cyprus Tourism Development Company Limited)

On 24 January 2020, The Cyprus Tourism Development Company Limited signed a facility agreement with Bank of Cyprus on the basis of which it received a new loan of €1.139.920 with an interest rate of 3.35% and installments payable in the amount of €33.135 per quarter until April 30, 2021.

The bank loan was repaid in full on 11 February 2022.

The bank loans are secured as follows:

- By floating charge on the Company's assets for €6.834.406

  (2020: €6.834.406).

- By mortgage on freehold property of the Company for €3.208.602 (2020: €3.208.602)

- Assignment of the rights deriving from the fire insurance and commercial risk, with the General Insurance

  of Cyprus Ltd. (contract no. 131100010521) to the Company.

- Assignment of Contractors all Risk Insurance with the General Insurance of Cyprus Ltd

  (contract no. 131100010521) to Bank of Cyprus.

The weighted average interest rate at the reporting date was 3.35%.

34. Lease liabilities

	2021	2020
	€	€
Balance at 1 January	**-**	-
Additions from business combinations	**5.053.565**	-
Repayments	**(785.419)**	-
Interest on lease liabilities	**179.669**	-
Financial expenses	**(20.615)**	-
Balance at 31 December	**4.427.200**	-

	Minimum lease payments		The present value of minimum lease payments	
	2021	2020	**2021**	2020
	€	€	€	€
Not later than 1 year	**1.146.406**	-	**991.371**	-
Later than 1 year and not later than 5 years	**1.755.917**	-	**1.376.626**	-
Later than 5 years	**3.042.000**	-	**2.059.203**	-
	5.944.323	-	**4.427.200**	-
Future finance charges	**(1.517.123)**	-	**-**	-
Present value of lease liabilities	**4.427.200**	-	**4.427.200**	-

APHRODITE HILLS RESORT LIMITED

The Group leases a number of residential properties that are used as part of the accommodation services it provides to visitors. The Group has entered into various agreements with third parties for the right to use these assets for a predetermined period. The agreements are for a specific period of time and there is no automatic renewal without negotiation between the two parties for the amount and the lease period.

PARKLANE HOTELS LIMITED

The lease obligation relates to a state-owned plot of land on which the Company's hotel is located and the properties rented by the Company for the purpose of housing the Company's employees.

35. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 17). The applicable corporation tax rate in the case of tax losses is 12,5%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

35. Deferred tax (continued)

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Intangible assets	Difference in accounting and tax depreciation	Fair value gains on investment property	Inventories	Revaluation of land and buildings	Total
	€	€	€	€	€	€
Balance at 1 January 2020	-	2.681.108	-	-	-	2.681.108
Charged/(credited) to:						
Profit/(Loss)	-	59.130	-	-	-	59.130
Balance at 31 December 2020	**-**	**2.740.238**	**-**	**-**	**-**	**2.740.238**
Balance at 31 December 2020/ 1 January 2021	**-**	**2.740.238**	**-**	**-**	**-**	**2.740.238**
Charged/(credited) to:						
Statement of profit or loss and other comprehensive income (Note 17)	(21.251)	(465.574)	2.345.920	(2.543.257)	-	(684.162)
Additions from acquisitions of subsidiaries	1.662.500	-	-	8.054.528	3.043.327	12.760.355
Fair value reserves	-	(106.291)	-	-	5.420.563	5.314.272
Balance at 31 December 2021	**1.641.249**	**2.168.373**	**2.345.920**	**5.511.271**	**8.463.890**	**20.130.703**

Deferred tax assets

	Tax losses
	€
Balance at 1 January 2020	-
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 17)	363.051
Balance at 31 December 2020/ 1 January 2021	**363.051**
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 17)	444.353
Additions from business combinations	4.700.188
Balance at 31 December 2021	**5.507.592**

36. Provisions for other liabilities and charges

	Advances from customers €	Special provision for government grant €	**Total** €
Balance at 31 December 2020/ 1 January 2021	**-**	**-**	**-**
Additions from acquisitions of subsidiaries	1.725.587	616.500	2.342.087
Balance at 31 December 2021	**1.725.587**	**616.500**	**2.342.087**

The special provision for government grant on 31 December 2021 concerns a special provision of €616.500 for the subsidiary, Parklane Hotels Limited, received during the year by the Cypriot Government, which the management expects to be revoked.

Customer advances are mainly related to customer advances from real estate sales / travel agent hotel advances.

37. Trade and other payables

	2021 €	2020 €
Trade payables	**5.182.268**	306.884
Advances from customers	**3.037.877**	-
Provision for bonuses	**878.912**	-
Social insurance and other taxes	**-**	68.708
VAT payable	**301.900**	-
Shareholders' current accounts - credit balances (Note 41.7)	**24.941.239**	-
Provision for employees' compensation	**5.010**	-
Employee leave liability	**560.395**	-
Accruals	**3.724.337**	815.809
Other creditors	**5.966.681**	1.018.785
Payables to other related parties (Note 41.5)	**283**	-
	44.598.902	2.210.186

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

38. Government grants

	2021	2020
	€	€
Government grants	**3.390.602**	-
	3.390.602	-
Deferred income after more than one year	**(3.368.721)**	-
Deferred income within one year	**21.881**	-

The amount of € 3.220.606 relates to other long-term liabilities from received government grants.

Pursuant to decision 59672/ΥΠΕ/5/03245/Ε/Law N.3299/2004, the Deputy Minister of Economy, Competitiveness and Shipping approved the inclusion of Porto Heli Hotel & Marina S.A. to the provisions of Law N.3299/2004, in regards to the latter's investment plan of a total amount of €10.628.000. According to the decision, the percentage of the subsidy amounts to 40% of the cost of the investment, equivalent to the amount of €4.251.200. The grant was received by the Company on 31 December 2013. The amortization of this amount began in the year 2014 with the opening of the Hotel. Until today the Company is still subject to the provisions of Law 3299/2004 for receiving a grant, as it has not violated the relevant obligations of the affiliation.

An amount of €169.996 relates to refundable goverment grant of Porto Heli Hotel & Marina S.A.

39. Refundable taxes/current tax (liabilities)

	2021	2020
	€	€
Corporate tax payable	**(54.891)**	(3.129)
Corporate tax refundable	**100.000**	-
Overseas tax	**(34.504)**	-
	10.605	(3.129)

40. Operating Environment of the Group

The Cypriot economy has been negatively affected by the spread of the new coronavirus (COVID-19). On March 11, 2020, the World Health Organization declared COVID-19 outbreak a global pandemic recognizing its rapid spread worldwide. In response to the pandemic, the Government of the Republic of Cyprus and other governments around the world have implemented and continue to implement numerous measures in an effort to limit and further delay the spread and effects of COVID-19, such as mandatory isolation from those who may have been affected by virus, implementation of measures of social distancing and mass quarantine, control or closure of borders and imposition of restrictions on business activity, including the closure of unnecessary businesses.

These measures have, inter alia, substantially reduced economic activity in Cyprus and globally and have negatively affected, and may continue to adversely affect companies, market participants as well as the Cypriot economy and other economies worldwide as long as they remain valid for an unknown period of time. Industries such as tourism, hospitality and entertainment have been directly affected by these measures.

The future effects of the COVID-19 pandemic and the above measures on the Cypriot economy, and therefore on the future financial performance, cash flows and position of the Group, are difficult to predict and as a result the expectations and calculations of the Group management may differ from the actual results. The Management of the Company takes all the necessary measures to maintain the viability of the Group and the development of its activities in the current financial environment.

Management will continue to monitor the situation closely and assess the need for funding, if deemed necessary, in case the disruption period is extended.

40. Operating Environment of the Group (continued)

Depending on the duration of the Coronavirus pandemic (COVID-19) and the continuing negative impact on financial activity, the Group may experience negative results and liquidity constraints and impairment of its assets in 2022. The exact impact on the Company's activities in 2022 and beyond can not be predicted and quantified, but is not considered significant. The Management takes all the necessary measures to maintain the viability of the Group and the development of its operations in the current uncertain business and financial environment and will continue to closely monitor the situation.

41. Related party transactions

At the date of signing of these financial statements the shareholders of the Company were: Papabull Investments Limited with 42.5%, Prodea Real Estate Investment Company S.A with 25%, Flowpulse Limited with 20% and Ascetico Limited with 12.5%.

The following transactions were carried out with related parties:

41.1 Directors' remuneration

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

	2021	2020
	€	€
Directors' remuneration	**522.719**	169.468
Remuneration of other senior executives	**-**	211.813
Termination benefits	**-**	4.346
Social insurances and other contributions	**-**	21.217
	522.719	406.844

41.2 Sales and other income

		2021	2020
	Nature of transactions	€	€
Prodea Real Estate Investment Company S.A.	Sponsorships	**10.000**	-
Sale of investment properties	Trade	**7.000.000**	-
Invel Real Estate Management Ltd	Trade	**1.389**	4.587
		7.011.389	4.587

41.3 Purchases and other expenses

		2021	2020
	Nature of transactions	€	€
Invel Real Estate Management Ltd	Consulting services	**3.595.597**	524.022
Singularlogic Cyprus Ltd	Trade	**-**	1.392
		3.595.597	525.414

41. Related party transactions (continued)

41.4 Receivables from related parties

Name	Nature of transactions	2021 €	2020 €
Aphrodite Springs Public Limited	Trade	**31.356**	-
For the Love and Life Foundation Ltd	Trade	**9.108**	-
Aphrodite Hills Pantopoleion Limited	Trade	**26.746**	-
Invel Real Estate Management Ltd	Trade	**-**	852
Prodea Real Estate Investment S.A.	Trade	**-**	90
Flowpulse Limited	Trade	**-**	10
Shareholders (Individuals)	Trade	**670.985**	-
		738.195	952

The receivables from related parties were provided interest free, and there was no specified repayment date.

41.5 Payables to related parties

Name	Nature of transactions	2021 €	2020 €
A.M. Resort Pharmacy Kouklia Ltd	Trade	**283**	-
		283	-

41.6 Debit balances of current accounts of shareholders / directors

	2021 €	2020 €
Prodea Real Estate Investment S.A.	**840**	-
Director	**2.039**	-
	2.879	-

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

41.7 Shareholders' current accounts - credit balances

	2021 €	2020 €
Prodea Real Estate Investment S.A.	**11.193.750**	-
Flowpulse Limited	**2.497.490**	-
Papabull Investment Limited	**11.250.000**	-
	24.941.240	-

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

42. Contingent liabilities and commitments

MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

In the context of the loan agreements signed by Prodea Real Estate Investment Company ('Prodea') and Flowpulse Limited ('Flowpulse') with Bank of Cyprus Limited, respectively, for the acquisition of 97.93% of the shares of The Cyprus Tourism Development Company Limited, through capital inflows in MHV Mediterannean Hospitality Venture Limited (previously Vibrana Holdings Limited), The Cyprus Tourism Development Company Limited has given corporate guarantees on August 27, 2020 amounting up to €38.400.000 for the liabilities of Prodea and up to €4.800.000 for the liabilities of Flowpulse, under the aforementioned loan agreements. In addition, as a result of these agreements, the company (The Cyprus Tourism Development Company Limited) is charged with a floating charge for the benefit of the Bank of Cyprus in the total amount of €39.600.000.

42. Contingent liabilities and commitments (continued)

The Board of Directors does not expect any liabilities or any losses to occur out of these loans.

In addition, the rights deriving from the fire insurance and commercial risk, with the General Insurance of Cyprus Ltd. (contract no. 131100010521) have been assigned to Bank of Cyprus.

Furthermore, the Contractors all Risk Insurance with the General Insurance of Cyprus Ltd. (contract no.131100010521) has been assigned to Bank of Cyprus.

Eurobank Cyprus Limited and Parklane Hotels Limited have entered into a facility agreement dated July 8, 2021 for the distribution to Parklane Hotels Limited of up to €70.000.000. As a condition of the Agreement, MHV Mediterranean Hospitality Venture Limited grants to Eurobank Cyprus Limited a pledge and first rank security for the entire Pledged Property (all its shares and all its participations in the Company). MHV Mediterranean Hospitality Venture Limited guarantees and agrees with Eurobank Cyprus Limited that it will pay the Secured Liabilities on demand when they become due and agrees to indemnify the Security Agent for any losses, costs, charges, expenses and liabilities incurred from any breach or inability to pay.

MHV Mediterranean Hospitality Venture Limited is the registered and legal holder of € 69.960.584 common shares with a nominal value of €0.17 each, representing 100% of the total issued share capital of Aphrodite Hills Resort Limited. Without prejudice to the provisions of Aphrodite Hills Resort Limited facility agreement, MHV Mediterranean Hospitality Venture Limited binds and charges through a fixed interest of first priority: shares, stock certificates and / or any relevant document proving ownership of all shares, any dividends or interest or other distribution paid or payable in connection with any of the above and any rights, money or assets raised or offered at any time, in relation to any of the above through redemption, replacement, exchange, conversion, bonus, preference or other, on an optional basis or otherwise.

The Company's 100% subsidiary Porto Heli Marina S.A, issued bonds in an aggregate principal amount of €4.250.000 all of which have been purchased by Piraeus Bank SA. under terms of the Greek law governed bond loan programme dated 20 March 2020. As a security for the obligations of the Issuer under the Bond Loan the previous shareholder of the Issuer under the corporate name EIDIKOU SKOPOU DEKA EPTA S.A. (the "Initial Pledgor") granted a first ranking share pledge in favour of the Bank over all of its shares in the Issuer. Pursuant to share purchase agreement dated 8 April 2021 between the Initial Pledgor and the Company the former sold and transferred to the latter 1.405 common nominal shares of €33,00 each which constitute the total 100% issued shares of the Issuer and as a result the Company became the sole shareholder of the Issuer. The Company enters into the transactions contemplated by the Share Pledge Agreement and meets all of its obligations thereunder.

APHRODITE HILLS RESORT LIMITED

The Group has entered into agreements with contractors and subcontractors for the development of Alexander Heights Phase II, Aeneas, Dionysus Greens Phase I and Poseidon residential projects. As at 31 December 2021, the residual value of these contracts for which the Company has committed to make payments amounts to € 8.9 million (2020: € 2.26 million). These commitments are expected to be settled upon completion of the respective projects.

THE CYPRUS TOURISM DEVELOPMENT COMPANY LIMITED

On December 31, 2021 there was a lawsuit against the Company by a former employee for an approximate total amount of € 1.000.000. The Board of Directors is of the opinion that the possibility of a significant outflow of cash flows as a result of the above case is remote.

43. Events after the reporting period

On January 21, 2022, the subsidiary 'The Cyprus Tourism Development Company Limited' agreed and approved a franchise agreement with Marriott International Design & Construction Services, Inc. (" Mariott ") for the hotel.

43. Events after the reporting period (continued)

On 11 February 2022, the subsidiary, The Cyprus Tourism Development Company Limited ("CTDC") paid an amount of €22.500.000 to Prodea Real Estate Investment Company ('Prodea') and an amount of €2.500.000 to Flowpulse Limited ('Flowpulse') for the repayment of their loan facilities with Bank of Cyprus, on behalf of the Company. CTDC had given corporate guarantees amounting up to €43.200.000, a floating charge of €39.600.000 and pledged all the Company's shares in CTDC in favour of Bank of Cyprus, under these facilities (Note 42). The aforementioned corporate guarantees, the floating charge and the pledges were released on the same date. Additionally, and as part of this transaction, the receivable amount with CTDC relating to the dividend was settled.

On 11 February, 2022, the Company, by a special resolution, approved a capital reduction which cancels 1.754.386 shares held by the Company in its subsidiary, CTDC. As a result, the Company will receive an amount of €9.847.013,35. The CTDC is currently in the process of applying to the court for a relevant court decision before submitting it to the registrar of companies.

On 20 December 2021, the Board of Directors of the The Cyprus Tourism Development Company Limited approved a new facility agreement for the amount up to €82.000.000 with Alpha Bank S.A. On 11 February 2022, the Company received the first tranche of €30.500.000 from Alpha Bank. The bank loan bears interest of 2.95% and its capital repayments will commence after completion of the project.

With the decision of the General Meeting of 18/04/2022, MHV proceeded with an increase of the share capital of the subsidiary Porto Heli Hotel & Marina SA. amounting to € 5.055.448.75 with cash payment. After the above increase, the total share capital of the subsidiary amounts to the amount of Euro forty nine thousand five hundred (€49.500,00) divided into one thousand five hundred (1.500) common registered shares of nominal value of 33 thirty three euros (€33) each and the share premium amounts to twenty-two million three hundred eighty-five thousand two hundred ninety-nine euros and seventy-five cents (€22.385.299,75).

The subsidiary company MHV Bluekey One Single Member S.A. has entered into the notary pre-contracts No. 5308/2021, 5309/2021 and addendum 5310/2021 of the Athens notary Mrs. Eleni Spiliopoulou-Poulantza for the acquisition of certain land plots of approximate 110.221 square meters along with the affixed buildings, located in Naousa, Paros of Greece, where formerly the hotel unit Porto Paros used to operate. The total agreed consideration was paid to the Sellers upon signing of the above notary pre-contracts on 31/12/2021. The management of MHV Bluekey Single Member One S.A. estimate that signing of the final contracts will take place within 2022, subject to Sellers' tax clearance and completion of the necessary legalisation of parts of the transferred properties. It is noted that, based on the above notary pre-contracts, the purchaser MHV Bluekey One Single Member S.A. is entitled to proceed with signing of the final contracts unilaterally.

In February 2022, news of an increased concentration of Russian troops along the Russian-Ukrainian border raised concerns about possible Russian military intervention in Ukraine, and political tensions escalated. On 24 February, actual military action took place with the Russian invasion of Ukraine. Diplomatic talks between Ukraine and Russia are currently under way, but no agreement has been reached so far. The European Union has imposed a series of sanctions on Russia. Among other things, it banned the passage of Russian aircraft over the airspace of European countries.

43. Events after the reporting period (continued)

These developments could negatively affect the tourism of Cyprus as it depends significantly on the Russian market and therefore the Group itself as it operates in the tourism sector through its privately owned hotels in Cyprus and Greece.

The future effects of this situation on the Group's financial performance, cash flows and financial position are difficult to predict and management's current expectations and estimates may differ from actual results. The management of the Group takes all necessary measures to maintain the viability of the Group and the development of its operations in the current financial environment. The management is closely monitoring the situation and will act in accordance with the developments.

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

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