MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2022

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Aristotelis Karytinos Christophoros Papachristophorou Athanasios Karagiannis Alon Bar Charalambos Michael (appointed 28/04/2022) Alexios Pipilis (appointed 28/04/2022) Achilleas Dorotheou (appointed 19/09/2022) Marios Alexandrou (resigned 19/09/2022)
Company Secretary	Themis Secretarial Services Limited
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors 27 Spyrou Kyprianou Ave., 4003 Mesa Yitonia Limassol 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 consolidated financial statements of the Company and its subsidiaries, together referred to as ('the Group'), for the year ended 31 December 2022.

Principal activities and nature of operations of the Group
The principal activities of the Group remained unchanged from last year. The Group acquires, repositions, manages as well as develops prime real estate assets in exclusive locations across the hospitality, residential and commercial sectors in Cyprus, Greece and the Mediterranean. The Group is also active in retail through its subsidiary MHV Lifestyle Limited.

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 (investment in joint venture), which includes a 5-star hotel, golf course, club, tennis and spa, through its subsidiary Aphrodite Hills Resort Limited. Among the activities of this sub - group 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 " Mare e Sabbia" boutique on the premises of the Parklane, a Luxury Collection Resort & Spa, Limassol, through its subsidiary MHV Lifestyle Limited.

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.

Finally, the Group's subsidiary MHV Bluekey One Single Member S.A. has purchased part of the Hotel Porto Paros in Paros Greece. There are agreements in place to acquire the 100% share of this hotel and the relevant purchase price has already been prepaid. These are currently shown in prepayments until the procedures are completed and the legal title deeds are transferred to the subsidiary.

Changes in group structure
During the year the Group proceeded with a 50% sale of Aphrodite Hills Resort Limited as mentioned in note 21 and 23 of the consolidated financial statements.

Review of current position, future developments and performance of the Group's business
The net profit for the year attributable to the shareholders of the Group amounted to €344.074 (2021: profit €49.916.167). On 31 December 2022 the total assets of the Group were €562.877.185 (2021: €551.768.090) and the net assets of the Group were €422.684.358 (2021: €355.677.168). 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 40 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 for 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 shareholder funding, bank overdrafts, bank loans and finance leases.

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 31 of the consolidated financial statements.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. Mr. Charalambos Michael and Mr. Alexios Pipilis were appointed on 28 April 2022. Mr. Marios Alexandrou resigned on 19 September 2022 and on the same date Mr. Achilleas Dorotheou was appointed in his place.

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

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

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, 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

Themis Secretarial Services Limited
Secretary

Limassol, 20 April 2023

Building a better working world

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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 78 and comprise the consolidated statement of financial position as at 31 December 2022, and the 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

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.

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Other Matter

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

Andreas Avraam
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 20 April 2023

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

	Note	**2022**	2021
		€	€
Revenue	9	**99.637.262**	64.896.957
Cost of sales	10	**(66.027.633)**	(50.642.613)
Gross profit		**33.609.629**	14.254.344
Other income	11	**896.962**	536.171
General and administration expenses	12	**(30.205.432)**	(20.420.484)
Other (losses)/ gains - net	13	**(1.953.264)**	8.974.088
Operating profit		**2.347.895**	3.344.119
Finance income		**27.490**	33.361
Finance costs		**(6.073.880)**	(2.687.200)
Net finance costs	15	**(6.046.390)**	(2.653.839)
Share of results of associates	24	**225.256**	1.891
Share of results of joint venture	25	**(165.146)**	-
Negative goodwill from acquisition of subsidiary	22	**-**	44.352.347
Gain on partial disposal of subsidiaries	23	**2.181.740**	-
(Loss)/profit before tax		**(1.456.645)**	45.044.518
Tax	16	**1.800.719**	1.871.649
Net profit for the year		**344.074**	46.916.167
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Revaluation gain on land and buildings	17	**132.960.475**	24.632.594
Deferred taxation on revaluation of land		**(26.306.298)**	(5.314.272)
Share of other comprehensive income from joint venture	25	**8.939**	-
		106.663.116	19.318.322
Other comprehensive income for the year		**106.663.116**	19.318.322
Total comprehensive income for the year		**107.007.190**	66.234.489

The notes on pages 14 to 78 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	17	**382.660.863**	261.400.722
Right-of-use assets	18	**2.263.067**	3.703.349
Investment properties	19	**-**	2.400.000
Intangible assets	20	**3.818.160**	16.077.852
Investments in associates	24	**-**	444.934
Investments in joint ventures	25	**26.374.913**	8.978
Other asset	29	**-**	112.470
Trade and other receivables	27	**34.336.171**	47.631.304
Deferred tax assets	35	**2.784.555**	5.507.592
		452.237.729	337.287.201
Current assets			
Inventories	26	**67.401.865**	110.554.445
Trade and other receivables	27	**5.873.129**	6.898.593
Financial assets at fair value through profit or loss	28	**1.001**	1
Refundable taxes	39	**-**	100.000
Cash at bank and in hand	30	**37.363.461**	96.927.850
		110.639.456	214.480.889
Total assets		**562.877.185**	551.768.090
EQUITY AND LIABILITIES			
Equity			
Ordinary shares - share capital	31	**720**	720
Ordinary shares - share premium	31	**103.684.313**	103.684.313
Redeemable preference shares - share capital	31	**145.200**	185.200
Redeemable preference shares - share premium	31	**145.054.800**	185.014.800
Other reserves		**118.809.086**	19.242.217
Retained earnings		**54.990.239**	47.549.918
Total equity		**422.684.358**	355.677.168
Non-current liabilities			
Borrowings	32	**74.887.410**	92.637.381
Lease liabilities	33	**2.304.919**	3.435.829
Deferred consideration	34	**-**	9.368.142
Trade and other payables	37	**-**	2.280.674
Deferred tax liabilities	35	**31.871.776**	20.130.703
Government grants	38	**3.100.397**	3.368.721
		112.164.502	131.221.450

	Note	2022 €	2021 €
Current liabilities			
Trade and other payables	37	**12.143.895**	44.043.817
Government grants	38	**129.000**	21.881
Bank overdrafts	30	**-**	4.175.439
Borrowings	32	**5.471.491**	14.931.069
Lease liabilities	33	**102.769**	991.371
Deferred consideration	34	**9.681.975**	-
Current tax liabilities	39	**499.195**	89.395
Provisions for other liabilities and charges	36	**-**	616.500
		28.028.325	64.869.472
Total liabilities		**140.192.827**	196.090.922
Total equity and liabilities		**562.877.185**	551.768.090

On 20 April 2023 the Board of Directors of MHV Mediterranean Hospitality Venture Limited authorised these consolidated financial statements for issue.

....
Charalambos Michael
Director

....
Achilleas Dorotheou
Director

MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Note	Ordinay share capital €	Preference share capital €	Share premium €	Shareholder's contribution €	Revaluation reserve €	(Accumulated losses) /retained earnings €	Total €
Balance at 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		-	-	-	-	19.318.322	-	19.318.322
Total comprehensive income for the year		-	-	-	-	19.318.322	46.916.167	66.234.489
Transactions with owners								
Issue of share capital	31	520	185.200	231.349.213	-	-	-	231.534.933
Transfer between reserves		-	-	-	(6.847.015)	-	6.847.015	-
Loss from business acquisitions	23.1	-	-	-	-	-	(2.669.833)	(2.669.833)
Cancelled dividends		-	-	-	-	-	46.567	46.567
Total transactions with owners		520	185.200	231.349.213	(6.847.015)	-	4.223.749	228.911.667
Balance at 31 December 2021/ 1 January 2022		**720**	**185.200**	**288.699.113**	**-**	**19.242.217**	**47.549.918**	**355.677.168**
Comprehensive income								
Net profit for the year		-	-	-	-	-	344.074	344.074
Other comprehensive income for the year		-	-	-	-	106.663.116	-	106.663.116
Total comprehensive income for the year		-	-	-	-	106.663.116	344.074	107.007.190
Transactions with owners								
Redemption of redeemable preference shares during the year	31	-	(40.000)	(39.960.000)	-	-	-	(40.000.000)
Total transactions with owners		-	(40.000)	(39.960.000)	-	-	-	(40.000.000)
Other movements								
Transfer between reserves	23	-	-	-	-	(7.096.247)	7.096.247	-
Total other movements		-	-	-	-	(7.096.247)	7.096.247	-
Balance at 31 December 2022		**720**	**145.200**	**248.739.113**	**-**	**118.809.086**	**54.990.239**	**422.684.358**

The notes on pages 14 to 78 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

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 during 2021 stems from the acquisition of "Aphrodite Hills Resorts Limited", which was made under common control (Note 23.1).

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, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	**2022**	2021
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(1.456.645)**	45.044.518
Adjustments for:			
Depreciation of property, plant and equipment	17	**7.811.288**	3.875.190
Depreciation of right-of-use assets	18	**1.036.197**	1.010.891
Amortization of grants		**-**	(57.477)
Unrealised exchange profit		**(1.004)**	(9.942)
Amortisation of intangible assets	20	**1.064.753**	203.706
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition		**-**	(44.352.346)
Share of profit from associates	24	**(225.256)**	(1.891)
Share of loss/(profit) from joint ventures	25	**165.146**	(5.812)
Profit from the sale of property, plant and equipment		**(52.160)**	(21.892)
Profit from the sale of investments in subsidiaries		**(2.181.740)**	-
Reversal of impairment loss on buildings	17	**(2.267.994)**	4.595.997
Impairment charge on land under development	26	**197.569**	558.854
Impairment charge on inventories	26	**1.056.312**	-
Impairment charge - intangible assets	20	**2.094.939**	-
Write off of property, plant and equipment	17	**1.024.598**	-
Fair value gains - investment property	19	**(100.000)**	(14.093.990)
Interest income	15	**(21.863)**	(33.276)
Interest expense	15	**4.428.101**	1.635.994
Provision for doubtful debtors		**167.488**	(13.057)
Provision for staff benefits		**-**	(3.966)
Reduction of liabilities (excluding banks)		**-**	1.283.343
Finance expenses		**534.106**	691.417
Amortisation of arrangement fees		**615.869**	-
		13.889.704	306.261
Changes in working capital:			
Decrease in inventories		**9.861.060**	1.249.845
Decrease in trade and other receivables		**17.789.339**	40.668.332
Decrease in receivables from other related parties		**-**	952
Decrease in contract assets		**-**	139.208
Increase in financial assets at fair value through profit or loss		**(1.000)**	-
Decrease in trade and other payables		**(11.584.431)**	(18.093.328)
Decrease in contract liabilities		**-**	(98.536)
Cash generated from operations		**29.954.672**	24.172.734
Tax paid		**(502.107)**	(647.779)
Debit interest and related expenses paid		**-**	(155.009)
Net cash generated from operating activities		**29.452.565**	23.369.946
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	20	**(1.000.000)**	(850)
Payment for purchase of property, plant and equipment	17	**(56.867.560)**	(3.977.761)
Payment for purchase of investment property	19	**-**	(309.803)
Acquisition of subsidiaries, net cash outflow on acquisition	22	**-**	(56.694.318)
Disposal of subsidiaries, cash inflow on disposal	23	**12.577.249**	-
Payment for purchase of investments held-to-maturity		**-**	(125.008)
Proceeds from disposal of property, plant and equipment		**-**	152.643

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	**2022**	2021
		€	€
Deposits in joint ventures	25	**-**	(3.166)
Interest received		**-**	23.388
Dividends received from associate	24	**238.318**	-
Government grants received		**-**	16.360
Net cash used in investing activities		**(45.051.993)**	(60.918.515)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	31	**-**	231.678.432
Payments on redemption of redeemable shares	31	**(40.000.000)**	(94.000.000)
Repayments of borrowings	32	**(24.204.547)**	(3.006.386)
Payments of leases liabilities	33	**(528.509)**	(478.632)
Proceeds from borrowings	32	**30.500.000**	-
Interest paid	32	**(3.745.148)**	(5.135.297)
Payment of loan arrangement fees	32	**(1.811.318)**	-
Net cash (used in)/generated from financing activities		**(39.789.522)**	129.058.117
Net (decrease)/increase in cash and cash equivalents		**(55.388.950)**	91.509.548
Cash and cash equivalents at beginning of the year		**92.752.411**	1.242.863
Cash and cash equivalents at end of the year	**30**	**37.363.461**	92.752.411

1. Corporate information

Country of incorporation

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 Kyriakou Matsi 16, Eagle House, 6th Floor, Agioi Omologites, 1082 Nicosia, Cyprus.

Principal activities

The principal activities of the Group remained unchanged from last year. The Group acquires, repositions, manages as well as develops prime real estate assets in exclusive locations across the hospitality, residential and commercial sectors in Cyprus, Greece and the Mediterranean. The Group is also active in retail through its subsidiary MHV Lifestyle Limited.

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Finally, the Group’s subsidiary MHV Bluekey One Single Member S.A. has purchased part of the Hotel Porto Paros in Paros Greece. There are agreements in place to acquire the 100% share of this hotel and the relevant purchase price has already been prepaid. These are currently shown in prepayments until the procedures are completed and the legal title deeds are transferred to the subsidiary.

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 2022 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 and financial liabilities at fair value through profit or loss.

2. Basis of preparation (continued)

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 2022. 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 21 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.

4. Summary of significant accounting policies (continued)

Business combinations (continued)

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.

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.

Joint arrangements

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.

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.

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.

4. Summary of significant accounting policies (continued)

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).

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.

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

- **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.

Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition the Group operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Group. 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.

4. Summary of significant accounting policies (continued)

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.

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.

4. Summary of significant accounting policies (continued)

Tax (continued)

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.

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

No depreciation is provided on land and buildings under construction.

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.

4. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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.

Investment properties

Investment property, principally comprising shops and office buildings, 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.

4. Summary of significant accounting policies (continued)

Intangible assets (continued)

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.

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

The annual amortisation rate used is 6-10%.

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. The annual amortisation rate used is 20-33,3%.

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.

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.

4. Summary of significant accounting policies (continued)

Leases (continued)

The Group as lessee

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

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

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.

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.

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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date.

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Borrowings (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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.

4. Summary of significant accounting policies (continued)

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified.

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.

Preference shares

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity on approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

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.

Non-current liabilities

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

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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 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).*

(ii) Issued by the IASB but not yet adopted by the European Union
- *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 IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022),(effective for annual periods beginning on or after 1 January 2024).*

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, tourist industry risk and capital risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk in relation to its 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.

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

	2022	2021
	€	€
Variable rate instruments		
Financial liabilities	**80.358.901**	111.743.889
	80.358.901	111.743.889

Sensitivity analysis

A (decrease)/increase of 100 basis points in interest rates at 31 December 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

6. Financial risk management objectives and policies (continued)

6.1 Interest rate risk (continued)

	Equity		Profit or loss	
	2022	2021	**2022**	2021
	€	€	**€**	€
Variable rate instruments	**1.045.857**	718.116	**1.045.857**	718.116
	1.045.857	718.116	**1.045.857**	718.116

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

6. Financial risk management objectives and policies (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

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.

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 2022 or 1 January 2022 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.

6. Financial risk management objectives and policies (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables (continued)

The following gross accounting amounts represent the Group's maximum exposure to credit risk for these assets at 31 December 2022 and 31 December 2021:

	2022	2021
	€	**€**
Gross carrying amount - trade receivables (Note 27)	**2.269.511**	3.736.311

There were no significant trade receivables and contract asset balances written off during the year that are subject to enforcement activity.

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.

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

Group internal credit rating	**2022**	2021
	€	€
Performing	**775.708**	70.089
Total	**775.708**	70.089

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.

6. Financial risk management objectives and policies (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

External credit rating	2022	2021
	€	€
A3	-	3.661
B1	-	8.753.760
B2	-	13.660.555
B3	-	12.298
A1	13.706.310	-
Ba2	21.955.078	-
Ba3	1.570.223	-
Non-rated	-	74.330.748
Total	**37.231.611**	96.761.022

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 summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted payments:

31 December 2022	Carrying amounts	Contractual cash flows	Up to 12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	80.358.901	106.505.141	5.874.868	8.874.153	20.474.326	71.281.794
Lease liabilities	2.407.688	3.694.404	181.800	181.800	570.804	2.760.000
Trade and other payables	7.945.445	7.945.445	7.945.445	-	-	-
Payables to related parties	4.940	4.940	4.940	-	-	-
	90.716.974	**118.149.930**	**14.007.053**	**9.055.953**	**21.045.130**	**74.041.794**

6. Financial risk management objectives and policies (continued)

6.3 Liquidity risk (continued)

31 December 2021	Carrying amounts	Contractual cash flows	Up to 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	12.895.166	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	-	-	-
	154.624.269	175.376.269	58.706.445	13.834.541	32.819.024	70.016.259

6.4 Tourist 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 continuously 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 November 2022 (investment property of Aphrodite Hills Resort Limited) and 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.

  Disclosures regarding the method used, significant assumptions and sensitivity on such assumptions are presented in note 8.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **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.

- **Fair value of land and buildings**

  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.

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

Land and buildings were revalued at fair value in December 2022 and 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.

Disclosures regarding the method used, significant assumptions and sensitivity on such assumptions are presented in note 8.

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 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Assets measured at fair value				
Property, plant and equipment (Note 17)	-	-	347.014.092	347.014.092
Total	**-**	**-**	**347.014.092**	**347.014.092**

31 December 2021	Level 1	Level 2	Level 3	Total
	€	€	€	€
Assets measured at fair value				
Property, plant and equipment (Note 17)	-	-	261.318.797	261.318.797
Investment properties (Note 19)	-	-	31.500.000	31.500.000
Total	-	-	292.818.797	292.818.797

The fair value of property, plant and equipment and inventories has been determined by external independent property appraisers who have the appropriate recognised 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 2022 €	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair values
Property, Plant and Equipment					
Building Coefficient	78.600.000	Sales comparison approach - Income/ Discounted cash flow approach	Discount rate	11%	The higher, the lower the fair value
			Average selling price	€18.200 per sq.m.	The higher, the higher the fair value
			Average construction cost	€3.800 per sq.m.	The higher, the lower the fair value
Hotels	254.738.092	Income capitalization method/ Discounted Cash Flow Analysis	Occupancy rate	44% - 74%	The higher, the higher the fair value
			Average room rate	€184 - €496	The higher, the higher the fair value
			Discount rate	9,4% - 10%	The higher, the lower the fair value
Land under development	5.430.000	Sales comparison approach	Average selling price - residential plot	€5.148 per sq.m.	The higher, the higher the fair value
			Average selling price - commercial plot	€242 per sq.m.	The higher, the higher the fair value
			Average selling price - empty plot	€127 per sq.m.	The higher, the higher the fair value

8. Fair value measurement (continued)

Description	Fair value at 31 December 2022 €	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair values
Residential properties	8.246.000	20 % Depreciated Replacement Cost and 80% Discounted Cash Flow Analysis	Average purchase price of plot	€180 per sq.m.	The higher, the lower the fair value
			Average cost of construction per sq.m. - walled areas/covered areas	€1.500/€750 per sq.m.	The higher, the lower the fair value
			Average selling price per sq.m.	1st Floor: €3.600 - €3.700 2nd Floor: €3.700 -€3.800 Corner flats: 2% higher Common areas (kitchen) €3.000	The higher, the higher the fair value
			Discount rate	11,1%	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
Property, Plant and Equipment					
Building Coefficient	6.700.000	Sales comparison approach - Income/ Discounted cash flow approach	Discount 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	Occupancy rate	39% -72%	The higher, the higher the fair value
			Average room rate	€142-€483	The higher, the higher the fair value
			Discount 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	
			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
			Discount rate	12,8%	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**
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
			Discount 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
			Discount 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 higher the fair value
			Average monthly rental price per sq.m. (Storage)	€7	The higher, the higher 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
			Discount rate	5,85% (rented)/ 6,70% (available)	The higher, the lower the fair value

Sensitivity of Management's estimates 31 December 2022

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	**€74.040.000 - €86.470.000**
Hotels	
Change in occupancy rate	+/- 10%
Discount rate change	+/- 10%
Change in average room rate	+/- 10%
Fair value range based on changes in key estimates	**€219.370.000 - €296.580.000**
Land under development	
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	**€4.890.000 - €5.970.000**
Residential properties	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	**€7.516.000- €8.996.000**

8. Fair value measurement (continued)

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**

9. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

Disaggregation of revenue	**2022**	2021
	€	€
Hotel Operations	**56.225.094**	31.363.780
Property management	**8.422.114**	560.873
Real estate development	**29.506.708**	30.792.217
Boutique sales	**339.424**	201.751
Other operations	**5.143.922**	1.978.336
	99.637.262	64.896.957

10. Cost of sales

	2022	2021
	€	€
Changes in inventories	**18.927.965**	29.577.578
Salaries (Note 14)	**22.388.660**	10.864.697
Purchases	**7.324.163**	4.333.445
Purchases return	**(2.146)**	(2.551)
Direct costs - goods, materials and services	**336.377**	432.859
Other direct costs	**2.752.801**	2.151.255
Departmental expenses	**7.443.536**	780.695
Commissions payable	**2.574.009**	1.067.091
Night guard expenses	**37.432**	13.224
Entertainment	**602.597**	145.001
Gardening expenses	**795.241**	80.952
Uniforms	**12.313**	136.329
Repairs and maintenance	**2.834.685**	1.062.038
	66.027.633	50.642.613

11. Other income

	2022	2021
	€	€
Government grants	**-**	404.755
Rental income	**177.339**	112.638
Other income	**719.623**	18.778
	896.962	536.171

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

12. General and administration expenses

	2022	2021
	€	€
Salaries (Note 14)	**4.705.107**	3.171.755
Security expenses	**73.441**	34.921
Licenses and taxes	**446.138**	560.127
Annual levy	**2.995**	1.400
Electricity, fuel, water, sewerage and cleaning	**7.916.085**	3.035.296
Insurance	**499.676**	258.491
Repairs and maintenance	**9.304**	156.057
Sundry expenses	**1.517.413**	1.157.251
Telephone and postage	**80.491**	66.472
Stationery and printing	**99.629**	15.667
Subscriptions and contributions	**92.398**	130.424
Rent and operating lease rentals	**4.923**	41.500
Sundry staff costs	**197.980**	4.992
Auditor's remuneration - current year	**188.550**	80.100
Auditor's remuneration - prior years	**38.086**	8.885
Legal and professional	**2.519.338**	3.094.791
Fines	**44.568**	86.736
Travelling	**198.880**	114.216
Irrecoverable VAT	**188.741**	126.616
General provision for bad debts	**167.488**	-
Entertainment	**128.741**	121.427
Management fees	**140.258**	2.650.000
Advertising and promotion costs	**1.032.964**	413.573
Amortisation (Note 20)	**1.064.753**	203.706
Depreciation (Notes 17 + 18)	**8.847.485**	4.886.081
	30.205.432	20.420.484

13. Other losses/ (gains) - net

	2022	2021
	€	€
Profit on disposal of property, plant and equipment	**(52.160)**	(21.892)
Impairment charge - land under development (Note 26)	**197.569**	558.854
(Reversal of impairment loss) / Impairment loss on buildings (Note 17)	**(2.267.994)**	4.595.997
Impairment charge - inventories (Note 26)	**1.056.312**	-
Impairment charge - intangible assets (Note 20)	**2.094.939**	-
Write off of property, plant and equipment (Note 17)	**1.024.598**	-
Fair value gains on investment property (Note 19)	**(100.000)**	(14.093.990)
Reversal of impairment allowance for trade receivables	**-**	(13.057)
	1.953.264	(8.974.088)

14. Salaries

	2022	2021
	€	€
Salaries	**22.928.267**	11.847.684
Social security, provident fund and other contributions	**3.338.890**	1.503.893
Bonuses	**705.613**	637.454
Other - Business meals, travel and accommodation	**120.997**	47.421
	27.093.767	14.036.452

Average number of employees (including Directors in their executive capacity):		
Full time	**710**	702
Part time	**329**	148
	1.039	850

15. Finance income/(costs)

	2022	2021
	€	€
Finance income		
Bank interest	**21.863**	7
Interest income - on financing activities	**-**	12.659
Interest receivable	**-**	10.722
Unrealised foreign exchange profit	**5.627**	9.973
	27.490	33.361
Finance costs		
Interest expense		
Interest expense	**(4.077.156)**	(1.251.621)
Effective interest expenses on deferred consideration (Note 34)	**(313.833)**	(222.284)
Interest expense on lease liabilities	**(155.278)**	(131.276)
Loan arrangement fees	**-**	(68.076)
Sundry finance expenses		
Bank charges	**(639.851)**	(218.432)
Bank commission on letters of guarantee	**(140.000)**	(665.470)
Mortgage expenses	**(622.215)**	(130.010)
Sundry finance costs	**(120.924)**	-
Net foreign exchange losses		
Unrealised foreign exchange loss	**(4.623)**	(31)
	(6.073.880)	(2.687.200)
Net finance costs	**(6.046.390)**	(2.653.839)

16. Tax

	2022	2021
	€	€
Corporation tax	**1.108.258**	10.914
Defence contribution	**5.419**	980
Deferred tax - credit (Note 35)	**(2.914.396)**	(1.883.543)
Credit for the year	**(1.800.719)**	(1.871.649)

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

	2022	2021
	€	€
(Loss)/profit before tax	**(1.456.645)**	45.044.518
Tax calculated at the applicable tax rates	**(182.081)**	5.630.565
Tax effect of expenses not deductible for tax purposes	**1.167.929**	2.998.086
Tax effect of allowances and income not subject to tax	**122.410**	(8.444.420)
Tax effect of tax losses brought forward	**-**	(173.317)
Defence contribution current year	**5.419**	980
Deferred tax	**(2.914.396)**	(1.883.543)
Tax charge/ (credit)	**(1.800.719)**	(1.871.649)

The corporation tax rate in Cyprus 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%.

The corporation tax rate in Greece is 22%. Under certain conditions interest income may be subject to tax at the rate of 15%. In such cases this interest will be exempt from corporation tax.

17. 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 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 (Note 13)	(4.595.997)	-	-	-	-	-	(4.595.997)
Balance at 31 December 2021/ 1 January 2022	**257.415.429**	**254.596**	**2.269.879**	**211.312**	**43.007.183**	**4.286.032**	**307.444.431**
Reclassification	(13.655.207)	7.837.644	79.235	-	3.690.405	53.850	(1.994.073)
Additions	39.924.396	15.668.132	155.022	-	1.001.328	118.682	56.867.560
Write off of property, plant and equipment (Note 13)	-	-	-	-	(10.002.794)	-	(10.002.794)
Disposals from disposals of subsidiaries (Note 23)	(68.726.875)	-	-	-	(19.921.564)	(3.395.739)	(92.044.178)
Revaluation adjustment	132.960.475	-	-	-	-	-	132.960.475
Reversal of impairment charge (Note 13)	2.116.104	151.890	-	-	-	-	2.267.994
Balance at 31 December 2022	**350.034.321**	**23.912.262**	**2.504.136**	**211.312**	**17.774.557**	**1.062.825**	**395.499.413**
Depreciation							
Balance at 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/ 1 January 2022	**12.450.139**	**-**	**-**	**129.387**	**30.126.744**	**3.337.439**	**46.043.709**
Reclassification	(1.994.074)	-	-	-	318	(318)	(1.994.074)
Charge for the year	5.394.758	-	-	6.762	2.164.512	245.256	7.811.288
Disposals from disposals of subsidiaries (Note 23)	(9.413.479)	-	-	-	(17.959.834)	(2.670.865)	(30.044.178)
Write off of property, plant and equipment (Note 13)	-	-	-	-	(8.978.195)	-	(8.978.195)
Balance at 31 December 2022	**6.437.344**	**-**	**-**	**136.149**	**5.353.545**	**911.512**	**12.838.550**
Net book amount							
Balance at 31 December 2022	**343.596.977**	**23.912.262**	**2.504.136**	**75.163**	**12.421.012**	**151.313**	**382.660.863**
Balance at 31 December 2021	**244.965.290**	**254.596**	**2.269.879**	**81.925**	**12.880.439**	**948.593**	**261.400.722**

During the year 2022, property under construction of €10.869.046 of the subsidiary, Parklane Hotels Limited, was reclassified to the appropriate category of property and equipment as it was completed and it was ready for use.

17. Property, plant and equipment (continued)

During the year 2022, buildings with a net book value of €18.706.690 (cost €20.700.764 minus accumulated depreciation €1.994.074) of the subsidiary, The Cyprus Tourism Development Company Limited, was reclassified to Buildings under construction as the hotel is currently under renovation.

The land and buildings have been used as collateral in the Group's loan agreements, as noted in Note 32.

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

	2022	2021
	€	€
Cost	**208.681.518**	237.633.428
Accumulated depreciation	**(6.437.344)**	(12.450.139)
Net book amount	**202.244.174**	225.183.289

Fair value hierarchy

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

18. 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/ 1 January 2022	**2.230.619**	**533.412**	**2.728.194**	**5.492.225**
Additions	-	-	243.430	243.430
Disposals from disposals of subsidiaries	-	-	(2.971.624)	(2.971.624)
Balance at 31 December 2022	**2.230.619**	**533.412**	**-**	**2.764.031**
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/ 1 January 2022	**209.121**	**162.710**	**1.417.045**	**1.788.876**
Charge for the year	69.707	59.426	907.064	1.036.197
Disposals from disposals of subsidiaries	-	-	(2.324.109)	(2.324.109)
Balance at 31 December 2022	**278.828**	**222.136**	**-**	**500.964**
Net book amount				
Balance at 31 December 2022	**1.951.791**	**311.276**	**-**	**2.263.067**
Balance at 31 December 2021	**2.021.498**	**370.702**	**1.311.149**	**3.703.349**

19. Investment properties

	2022	2021
	€	€
Balance at 1 January	**2.400.000**	14.796.207
Additions	**-**	309.803
Transfer to inventories	**-**	(29.100.000)
Acquired through business combination	**-**	2.300.000
Disposals from disposals of subsidiaries (Note 23)	**(2.500.000)**	-
Fair value adjustment (Note 13)	**100.000**	14.093.990
Balance at 31 December	**-**	2.400.000

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.

On 24 November 2022, the Company sold its 50% share in Aphrodite Hills Resort Limited, which owns the investment properties. The remaining investment was then reclassified to investments in joint ventures based on its fair value of net assets retained at the date of sale (Note 25). As a result, the Aphrodite Hills Resort Limited sub - group is no longer consolidated and the MHV Group has no investment properties as at 31 December 2022.

On 31 December 2021 an amount of € 29.100.000 relating to land for development (building coefficient of CTDC's office tower) was reclassified from investment properties to inventories due to a change in use (Note 26).

Investment properties have been used as collateral in the loan agreements of the Group (Note 32).

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

20. Intangible assets

	Goodwill €	Intangible assets €	Total €
Cost			
Balance at 1 January 2021	-	403.645	403.645
Additions (Note 22)	2.856.252	850	2.857.102
Additions from acquisitions of subsidiaries	-	13.325.817	13.325.817
Balance at 31 December 2021/ 1 January 2022	**2.856.252**	**13.730.312**	**16.586.564**
Additions	-	1.000.000	1.000.000
Disposals from disposals of subsidiaries (Note 23)	-	(13.300.000)	(13.300.000)
Balance at 31 December 2022	**2.856.252**	**1.430.312**	**4.286.564**
Amortisation			
Balance at 1 January 2021	-	305.006	305.006
Amortisation for the year	-	203.706	203.706
Balance at 31 December 2021/ 1 January 2022	**-**	**508.712**	**508.712**
Amortisation for the year	-	1.064.753	1.064.753
Impairment charge (Note 13)	-	2.094.939	2.094.939
Disposals from disposals of subsidiaries (Note 23)	-	(3.200.000)	(3.200.000)
Balance at 31 December 2022	**-**	**468.404**	**468.404**
Net book amount			
Balance at 31 December 2022	**2.856.252**	**961.908**	**3.818.160**
Balance at 31 December 2021	**2.856.252**	**13.221.600**	**16.077.852**

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 "Porto Heli Hotel & Marina S.A." (Note 22).

The intangible assets as of 31 December 2022 include licence fee and computer software. Additions of €1.000.000 relate to a licence fee payable by the subsidiary Parklane Hotels Limited to a non-related party, who acts as the operator under the agreement dated 24 May 2022. According to the agreement, the operator provides restaurant consultancy services in relation to the fit-out of a new restaurant at the Hotel and operates and manages the restaurant under a brand name for a duration of 10 years.

The intangible assets as of 31 December 2021 also included property management services, arising from Aphrodite Hills Resort Limited sub-group (Note 21). These were disposed off during 2022 following partial disposal of Aphrodite Hills sub-group (Note 23). At the date of the disposal, the intangible assets were assessed for impairment which resulted to an impairment charge of €2.094.939 (Note 13).

Impairment assessment

Goodwill

The recoverable amount of the above CGUs has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period. The Management prepares the financial budgets based on past performance experience and its expectations for business and market developments. The discount rate used does not include the tax effects and reflects specific risks relating to the CGU.

The impairment test have not shown any impairment losses either for 2022 or for 2021.

20. Intangible assets (continued)

Intangible assets

The recoverable amount of the intangible assets has been determined based on valuation techniques. The estimated recoverable amount of intangible assets relating to property management services was meausured at their estimated fair value less costs to sell based on an assessment made by independent real estate appraisers.

The recoverable amount has resulted in an impairment charge of €2.094.939.

21. Investments in subsidiaries

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2022 Holding %	2021 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	100
Porto Heli Hotel & Marina S.A	Greece	Hotels, tourism and real estate	100	100
Aphrodite Hills Resort Limited (Note 25)	Cyprus	Hotels, tourism and real estate	-	100
Aphrodite Hotels Limited (Note 25)	Cyprus	Hotels, tourism and real estate	-	100
Aphrodite Hills Services Limited (Note 25)	Cyprus	Provision of drainage and security services to properties located at Aphrodite Hills	-	100
Aphrodite Hills Property Management Limited (Note 25)	Cyprus	Provision of repairs, maintenance and rentals to owners/residents	-	100
The Aphrodite Tennis & Spa Limited (Note 25)	Cyprus	Operation of a tennis academy	-	100
MHV Lifestyle Limited	Cyprus	Retail	100	100
Stromay Holdings Limited	Cyprus	Holding of investments	100	100
MHV IA Limited (Formerly Bartelli Ltd) (Note 28)	Cyprus	Dormant	-	100
Parklane Beach Bar Limited	Cyprus	Dormant	100	100
MHV Bluekey One Single Member S.A.	Greece	Hotels, tourism and real estate	100	100

On 24 November 2022, the Company sold its 50% share in Aphrodite Hills Resort Limited sub-group (Note 23). The remaining 50% investment was then classified as investment in joint ventures based on its fair value at the date of sale (Note 25).

On 23 December 2022, MHV IA Limited decided to increase its authorised and issued share capital. The Company did not acquire any of the new shares and thus lost control of MHV IA Limited retaining only a holding of 11% (Note 23). The remaining investment was then reclassified to financial assets at fair value through profit or loss based on its fair value at the date of sale (Note 28).

All subsidiaries are included in the consolidation.

22. Acquisition of subsidiaries

No significant acquisitions occurred during the year ended 31 December 2022.

During the year 2021 the Group acquired through business combinations the following subsidiaries. All these transactions had 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 20)	(44.352.347)	2.856.252	**(41.496.095)**

The fair value of assets and liabilities acquired were as follows:

	2021Parklane Hotels Limited	2021Porto 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
	€
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)
Net cash inflow on acquisition	56.694.318

22. Acquisition of subsidiaries (continued)

Part of the acquisition of the subsidiaries concerns deferred consideration (Note 27) and transfer of investment property.

"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.

22.1 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. On 11 November 2021, the acquisition of Aphrodite Hills sub-group 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 directly in equity.

No significant common control transaction occurred during 2022.

23. Disposal of subsidiaries

On 24 November 2022, the Company sold its 50% share in Aphrodite Hills Resort Limited sub-group for a total nominal consideration of €27.865.000 (fair value of €26.846.813 after discounting of deferred consideration part to present value). An amount of €17.365.835 was received during the year and the remaining amount of €10.500.000 (discounted at a present value of €9.480.977) is deferred and included in "Other receivables" (Note 27). The carrying amount of the net assets of the sub-group at the date of the disposal was €51.834.212. The fair value of the retained interest recognised as investment in joint ventures was €27.169.139 (Note 25). Thus, the profit on disposal of subsidiary was €2.181.740 (€26.846.813 plus €27.169.139 minus €51.834.212). As a result of the sale, all the assets and liabilities of the Aphrodite Hills Resort Limited sub-group were removed from the consolidation. The accumulated revaluation gains of €7.096.247 recognised in revaluation reserve in relation to this subsidiary were transferred to retained earnings on the date of the sale. The remaining 50% investment was then classified as investment in joint ventures based on its fair value at the date of sale (Note 25).

On 23 December 2022, MHV IA Limited decided to increase its authorised and issued share capital. The Company did not acquire any of the new shares and thus lost control of MHV IA Limited retaining only a holding of 11%. The remaining investment was then reclassified to financial assets at fair value through profit or loss based on its fair value at the date of sale (Note 28). Impact of this deemed disposal was immaterial as MHV IA Limited was dormant. As a result of the sale, all the assets and liabilities of the MHV IA Limited were removed from the consolidation.

23. Disposal of subsidiaries (continued)

The carrying amounts as at the disposal date of assets and liabilities of Aphrodite Hills sub-group disposed were as follows:

	Aphrodite Hills Resort Limited sub-group
	€
Intangible assets	10.100.000
Property, plant and equipment	62.000.000
Investment property	2.500.000
Deferred tax assets	657.305
Investment in associate	431.872
Right of use asset	647.515
Inventories	32.037.638
Trade and other receivables	6.012.174
Tax refundable	100.000
Other assets	112.530
Cash at bank and in hand	4.788.587
Trade and other payables and provisions	(23.373.759)
Borrowings including finance leases	(32.523.396)
Lease liabilities	(1.889.710)
Corporation tax liability	(181.447)
Deferred tax liabilities	(9.585.097)
Net assets disposed	**51.834.212**
Fair value of consideration received	26.846.813
Cash and cash equivalents disposed	(4.788.587)
Deferred cash consideration	(9.480.977)
Cash inflow on disposal	**12.577.249**

Aphrodite Hills Resort Limited sub-group contributed €31.104.774 of revenues and €6.845.522 of loss before tax for the period between the dates of the opening reporting date and the disposal date.

MHV IA Limited contributed €14.958 of loss before tax for the year.

24. Investments in associates

	2022	2021
	€	€
Balance at 1 January	**444.934**	-
Additions from business combinations	**-**	443.043
Disposals	**(431.872)**	-
Share of results of associates	**225.256**	1.891
Dividends received	**(238.318)**	-
Balance at 31 December	**-**	444.934

24. Investments in associates (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	**2022 Holding %**	2021 Holding %
Aphrodite Hills Pantopoleion Limited	Cyprus	Operation of supermarkets at Aphrodite Hills	-	45

On 24 November 2022, the Company sold its 50% share in Aphrodite Hills Resort Limited sub-group (Note 21). As a result of the sale, all the assets and liabilities of the Aphrodite Hills Resort Limited subgroup were removed from the consolidation which is also the case with the investment in associate.

25. Investments in joint ventures

	2022	2021
	€	€
Balance at 1 January	**8.978**	-
Additions as a result of partial disposal of subsidiary	**27.169.139**	-
Share of joint venture loss	**(165.146)**	-
Dividends received	**(646.997)**	3.166
Additions	**-**	5.812
Group's share of other comprehensive income	**8.939**	-
Balance at 31 December	**26.374.913**	8.978

The details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	**2022 Holding %**	2021 Holding %	**2022 €**	2021 €
L'Union Branded Residences	Cyprus	Dormant	50	50	**8.978**	8.978
Aphrodite Hills Resort Limited sub-group	Cyprus	Hotels, Tourism and Real Estate	50	-	**26.365.935**	-
					26.374.913	8.978

The joint venture investment in Aphrodite Hills Resort Limited sub-group, comprises of Aphrodite Hills Resort Limited and its following subsidiaries and associate:

Name	Country of incorporation	Principal activities	**2022 Holding %**
Aphrodite Hotels Limited	Cyprus	Hotels, Tourism and Real Estate	50
Aphrodite Hill Services Limited	Cyprus	Provision of drainage and security services to properties located at Aphrodite Hills	50
Aphrodite Hills Property Management Limited	Cyprus	Provision of repairs, maintenance and rentals to owners/residents	50
The Aphrodite Tennis & Spa Limited	Cyprus	Operation of a tennis academy	50
Aphrodite Hills Pantopoleion Limited	Cyprus	Operation of supermarkets at Aphrodite Hills	22,5%

25. Investments in joint ventures (continued)

The fair value of assets and liabilities acquired were as follows:

	Aphrodite Hills Resort Limited - sub-group €
Property, plant and equipment	59.080.242
Furniture, Fixtures and equipment	2.919.758
Investment properties	2.500.000
Intangible assets	10.100.000
Investment in associates	431.872
Deferred tax assets	657.305
Right of use asset	647.515
Inventories	34.899.429
Trade and other receivables	6.012.174
Tax refundable	100.000
Other assets	112.530
Cash at bank and in hand	4.788.587
Trade and other payables and provisions	(23.373.759)
Borrowings including finance leases	(32.523.396)
Lease liabilities	(1.889.710)
Corporation tax liability	(181.447)
Deferred tax liabilities	(9.942.821)
Fair value of net assets of joint venture	**54.338.279**
Less: 50% of non retained interest	(27.169.140)
Fair value of net assets retained	**27.169.139**

Significant aggregate amounts in respect of Joint Venture 'Aphrodite Hills Resort Limited ' sub-group:

	2022 **€**
Non-current assets	**77.344.894**
Current assets	**39.758.577**
Non-current liabilities	**(40.872.169)**
Current liabilities	**(26.361.223)**
Net assets (100%)	**49.870.079**
Group's share of net assets (50%)	**24.935.040**
Fair Value adjustment of inventory at initial recognition	**1.430.895**
Carrying amount of interest in joint venture as at 31.12.2022	**26.365.935**

25. Investments in joint ventures (continued)

Revenue	**1.352.513**
Cost of sales	**(457.772)**
Marketing and administrative expenses	**(900.091)**
Net finance costs	**(191.480)**
Share of loss of associate	**(19.892)**
Tax	**(113.571)**
Loss for the period (100%)	**(330.292)**
Other comprehensive income (100%)	**17.877**
Loss and total comprehensive income (100%)	**(312.415)**
Loss and total comprehensive income (50%)	**(156.207)**
Group's share of loss and total comprehensive income (for the period 25 November 2022 - 31 December 2022)	**(156.207)**
Group's share of loss (for the period 25 November 2022 - 31 December 2022)	**(165.146)**
Group's share of other comprehensive income (for the period 25 November 2022 - 31 December 2022)	**8.939**
Dividends received by the Group	**646.997**

The difference on the group's share of net assets and the carrying amount of interest in joint venture relates to the fact that the inventory is carried at the lower of cost and net realisable value in the financial statements of the sub-group whereas the carrying amount represents the fair value of the inventory at the date of the recognition of the investment in joint ventures.

26. Inventories

	2022	2021
	€	€
Finished products	**1.438.277**	1.787.450
Stock of completed property	**28.753.186**	69.736.639
Land under development	**37.210.402**	33.744.419
Property under construction	**-**	5.285.937
	67.401.865	110.554.445

The cost of inventories recognised as expense and included in "cost of sales" amounted to €18.927.965 (2021: €29.577.578).

Inventories are stated at cost.

An amount of €197.569 (2021: €558.854) and an amount of €1.056.312 (2021: nil) were recognised in the statement of profit or loss and other comprehensive income as impairments in value of land under development, stock of completed property and property under construction (Note 13).

Part of the decrease in inventories relates to the sale of Aphrodite Hills Resort Limited (Note 23).

On 31 December 2021, an amount of €29.100.000 relating to land for development was reclassified from Investment Properties (Note 19). As cost was considered the fair value of the land as at the transfer date, i.e. 31 December 2021. The methodology and information used to estimate fair value at the date of transfer are given in Note 8.

The Group's inventories have been used as collateral in the loan agreements, as mentioned in Note 32.

27. Trade and other receivables

	2022	2021
	€	€
Trade receivables	**2.269.511**	3.736.311
Less: credit loss on trade receivables	**(176.322)**	(942.311)
Trade receivables - net	**2.093.189**	2.794.000
Receivables from related parties (Note 41.4)	**703.202**	67.210
Directors' current accounts - debit balances (Note 41.6)	**-**	2.039
Shareholders' current accounts - debit balances (Note 41.6)	**72.506**	840
Deposits and prepayments	**27.139.257**	48.091.545
Advances to subcontractors	**-**	133.570
VAT receivable	**699.176**	1.607.804
Other receivables	**9.501.970**	1.832.889
	40.209.300	54.529.897
Less non-current receivables	**(34.336.171)**	(47.631.304)
Current portion	**5.873.129**	6.898.593

An amount of €24.623.874 (2021: € 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.

An amount of €9.480.977, which is included in other receivables, relates to the deferred consideration in respect of the sale of the investment in Aphrodite Hills Resort Limited sub-group (Note 21).

Ageing of trade receivables - net:

	2022	2021
	€	€
Up to 30 days	**12.896**	582.736
31-120 days	**1.931.583**	2.169.118
More than 120 days	**148.710**	42.146
	2.093.189	2.794.000

The Group has recognised a loss of €167.488 (2021: €nil) for the impairment of its trade receivables during the year ended 31 December 2022. The loss has been included in selling and distribution costs in profit or loss.

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

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.

28. Financial assets at fair value through profit or loss

	2022	2021
	€	€
Balance at 1 January	**1**	1
Additions due to deemed disposal of subsidiary (Note 23)	**1.000**	-
Balance at 31 December	**1.001**	1

28. Financial assets at fair value through profit or loss (continued)

On 23 December 2022, MHV IA Limited decided to increase its authorised and issued share capital. The Company did not acquire any of the new shares and thus lost control of MHV IA Limited retaining only a holding of 11% (Note 23). The remaining investment was then reclassified to financial assets at fair value through profit or loss based on its fair value at the date of sale.

29. Other asset

	2022	2021
	€	€
Balance at 1 January	**112.470**	112.470
Disposals	**(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.

30. Cash at bank and in hand

	2022	2021
	€	€
Cash in hand	**131.850**	166.828
Cash at bank	**37.231.611**	96.761.022
	37.363.461	96.927.850

An amount of € 799.235 (2021: € 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 € 291.078 (2021: € 181.784) is held as reserve on the deposit accounts of the subsidiary Porto Heli Hotel & Marina S.A. to secure debt service.

As of 31 December 2021, an amount of € 368.431 concerned funds which were held on behalf of customers for future payments of utility bills. As of 31 December 2022, no such amount is held as the Aphrodite Hills Resort Limited is no longer consolidated.

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

	2022	2021
	€	€
Cash at bank and in hand	**37.363.461**	96.927.850
Bank overdrafts	**-**	(4.175.439)
	37.363.461	92.752.411

Non-cash transactions

The principal non-cash transactions during the current year were:

- A dividend receivable from Aphrodite Hills Resort Limited amounting to €646.997, which was declared in December 2022 (Note 25);

- The deferred consideration amounting to €9.480.977 regarding the partial disposal of Aphrodite Hills Resort Limited sub-group (Note 23).

30. Cash at bank and in hand (continued)

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.

31. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €1 each	**1.000**	**1.000**	1.000	1.000
Preference shares of €0,01 each	**1**	**0,01**	1	0,01
Redeemable preference shares of €1 each	**196.789**	**196.789**	196.789	196.789
	197.790	**197.789,01**	197.790	197.789,01
Issued and fully paid				
Balance at 1 January	**185.920**	**185.920**	201	200,01
Issue of ordinary shares	**-**	**-**	520	520
Issue of Redeemable preference shares of €1 each	**-**	**-**	185.200	185.200
Redemption of preference share	**-**	**-**	(1)	0,01
Redemption of Redeemable preference shares	**(40.000)**	**(40.000)**	-	-
Balance at 31 December	**145.920**	**145.920**	185.920	185.920

Authorised capital

On 7 April 2021 the Authorised Capital of the Company was increased from EUR 1.000,01 (1.000 ordinary shares of EUR 1 and 1 share of EUR 0,01) to EUR 144.449,01 (1.000 Ordinary shares of EUR 1, 143.449 Preference Shares of EUR 1 plus 1 Preference Share of EUR 0,01).

On 11 November 2021 the Authorised Capital of the Company increased from 144.449,01 (1.000 Ordinary shares of EUR 1, 143.449 Redeemable Preference Shares of EUR 1 and 1 Preferene Share of EUR 0,01) to EUR 197.789,01 (1.000 Ordinary shares of EUR 1, 196.789 Redeemable Preference Shares of EUR 1 and 1 Preference Share of EUR 0,01).

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.

31. Share capital (continued)

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.

On 17 December 2021 a redemption of 94.000 Redeemable Preference Shares of EUR 1.000 was made (Share Premium: EUR 999): 9.400 to Flowpulse Limited, 42.300 Redeemable Preference Shares to Prodea Real Estate Investment Company S.A. and 42.300 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 59.261 Redeemable Preference Shares of EUR 1.000 (Share Premium: EUR 999): 26.761 Redeemable Preference Shares to Flowpulse Limited, 32.455 Redeemable Preference Shares to Papabull Investments Limited 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.

On 31 May 2022 the Company redeemed 40.000 of the redeemable preference shares as follows:

a) 8.000 redeemable preference shares of nominal value €1 each held by Flowpulse Limited for a total amount of €8.000.000 being the aggregate amount of the consideration for which they were issued;

b) 10.000 redeemable preference shares of nominal value €1 each held by Prodea Real Estate Investment Company S.A. for a total amount of €10.000.000 being the aggregate amount of the consideration for which they were issued;

c) 17.000 redeemable preference shares of nominal value €1 each held by Papabull Investments Limited for a total amount of €17.000.000 being the aggregate amount of the consideration for which they were issued;

d) 5.000 redeemable preference shares of nominal value €1 each held by Ascetico Limited for a total amount of €5.000.000 being the aggregate amount of the consideration for which they were issued.

32. Borrowings

	2022	2021
	€	€
Balance at 1 January	**107.568.450**	1.168.613
Additions from business combinations	**-**	108.053.038
Additions	**30.500.000**	(8.141.683)
Repayment of principal	**(24.204.547)**	-
Repayment of interest	**(3.745.148)**	-
Disposals from disposal of subsidiaries	**(32.523.396)**	-
Interest of the year	**3.958.991**	5.135.297
Arrangement fees paid	**(1.811.318)**	1.285.108
Amortisation of arrangement fees	**615.869**	68.077
Balance at 31 December	**80.358.901**	107.568.450

32. Borrowings (continued)

	2022	2021
	€	€
Current borrowings		
Bank loans	**5.471.491**	14.931.069
Non-current borrowings		
Bank loans	**74.887.410**	92.637.381
Total	**80.358.901**	107.568.450

Maturity of borrowings:

	2022	2021
	€	€
Within one year	**5.471.491**	14.931.069
Between one and five years	**14.561.570**	92.637.381
After five years	**60.325.840**	-
	80.358.901	107.568.450

Loan amounting to: €3.615.500 (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 previous 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 31 December 2022 and for this reason the company has requested a waiver on the financial covenants for the year 2022 by the lending bank. The loan was classified as short-term. Management is also in discussions with the bond lender to sign an amendment to the loan agreement in the near future.

Loan amounting to: €47.600.454 (Parklane Hotels Limited)

On 8 July 2021 (the loan agreement date), 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 with 6-month loan repayments on the 12 years anniversary of the loan agreement date, and

- Facility B: a total of €20.000.000 which is repayable with 6-month loan repayments on the 5 and a half year anniversary of the loan agreement date. The Facility B was fully repaid during the year ended 31 December 2022.

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. If the Company's "Total Debt to EBITDA" ratio is below 5,5 times, such margin shall be decrease to 2,4%.

32. Borrowings (continued)

Loan with Bank of Cyprus (The Cyprus Tourism Develoment Company)

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.

Loan amounting to: €29.145.947 (The Cyprus Tourism Develoment Company)

On 28 January 2022, The Cyprus Tourism Development Company Limited signed a term loan facility agreement of up to € 82.000.000 with Apha Bank S.A. with an interest of 3 month Euribor (or zero if negative) plus margin (margin 2,95% for development facility and 2,75% for investment facility). The loan consists of two tranches (tranche A and tranche B).

Tranche A is up to €30.500.000 and is for the purpose of partial repayment of the existing debt, partial funding of the working capital and partial financing of fees. As at 31 December 2022, the balance of tranche A amounted to €29.145.947 (including accrued interest).

Tranche B of the development facility is up to €51.500.000 and is for the purpose of partial financing of the hotel renovation, partial financing of the office tower development costs and partial financing of interest during construction (IDC), fees and DSRA.

The bank loans are secured as follows:

- First rank mortgage on the land and development (including hotel and office tower) securing 130% the facility and hedging.
- Guarantee to be provided by the shareholder in relation to the obligation to cover a)any construction time and cost overruns of the project, b) any obligations for return to buyers of advance payments /installments received from residential tower sale/pre-sale agreements, in case of cancellation of the respective sales/pre-sales, c) any shortfall in case of not realisation of the office tower sale to Prodea (i.e. reduction of the development facility balance to €46.500.000 upon project completion) or the actual acquisition price achieved for the office tower being lower than €70.000.000 (i.e. completion of the project development) and d) any other material economic/financial obligations of the borrower potentially identified during the due diligence phase, to be released on the Ramp Up Trigger Date.
- Pledge over borrower’s shares.
- Assignment/pledge of borrowers receivables. Pledge over future receivables deriving from the office tower, to be released upon acquisition of the office tower by Prodea.
- Assignment/pledge of the key project documents and stemming LGs.
- Assignment of the Prodea Forward Purchase Agreement with Prodea.
- Assignment / pledge on movable assets.
- Floating charge on borrower’s assets.
- Pledge of project accounts.
- Pledge of insurances, the facility agent to be named first loss payee.
- Direct agreements with the project manager and the contractor, in form and in substance satisfactory to the lenders, ensuring inter alias lenders step in rights.
- Acknowledgment letter by the hotel franchisor, in form and in substance satisfactory to the lenders, ensuring inter alias lenders step in rights.
- Assignment/pledge/subordination of shareholder loans.
- Subordination of the Prodea Forward Purchase Agreement initial installments.
- Assignment/pledge of VAT receivables.
- Assignment/pledge of the hedging agreement.

33. Lease liabilities

	2022	2021
	€	€
Balance at 1 January	**4.427.200**	-
Additions from business combinations	**243.430**	5.053.565
Repayments	**(528.509)**	(785.419)
Interest on lease liabilities	**155.277**	179.669
Financial expenses	**-**	(20.615)
Disposals from disposals of subsidiaries	**(1.889.710)**	-
Balance at 31 December	**2.407.688**	4.427.200

	Minimum lease payments		The present value of minimum lease payments	
	2022	2021	**2022**	2021
	€	€	**€**	€
Not later than 1 year	**181.800**	1.146.406	**102.769**	991.371
Later than 1 year and not later than 5 years	**752.604**	1.755.917	**501.420**	1.376.626
Later than 5 years	**2.760.000**	3.042.000	**1.803.499**	2.059.203
	3.694.404	5.944.323	**2.407.688**	4.427.200
Future finance charges	**(1.286.716)**	(1.517.123)	**-**	-
Present value of lease liabilities	**2.407.688**	4.427.200	**2.407.688**	4.427.200

The lease liabilities for the year ended 31 December 2022 relate to Parklane Hotels Limited and Porto Heli Hotel & Marina SA (2021: Parklane Hotels Limited, Porto Heli Hotel & Marina SA and Aphrodite Hills Resort Limited).

PARKLANE HOTELS LIMITED

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

PORTO HELI HOTEL & MARINA SA

The Company leases a number of residential properties that are used as part of the accommodation it provides to its employees. The Company also leases a plot of land which is used as parking for visitors.

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. These were disposed off during 2022 following partial disposal of Aphrodite Hills sub-group (Note 23).

34. Deferred consideration

	2022 €	2021 €
Balance at 1 January	**9.368.142**	-
Additions	**-**	9.145.858
Effective interest expense for the year (Note 15)	**313.833**	222.284
Balance at 31 December	**9.681.975**	9.368.142
Less non-current portion	**-**	(9.368.142)
Current portion	**9.681.975**	-

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 24 December 2023. The amount of €10.000.000 was discounted using a discount rate of 3,35% as at 31 December 2021, resulting to €9.368.142. The effective interest for the year 2022 amounted to €313.833.

35. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 16). The applicable corporation tax rate in Cyprus and in Greece in the case of tax losses is 12,5% and 22% respectively.

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.

The movement on the deferred taxation account is as follows:

Deferred tax liabilities

	Temporary tax differences €
Balance at 1 January 2021	2.740.238
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 16)	(684.162)
Additions from acquisitions of subsidiaries	12.760.355
Fair value reserves	5.314.272
Balance at 31 December 2021/ 1 January 2022	**20.130.703**
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 16)	(3.015.926)
Fair value reserve	24.342.096
Derecognision due to disposals of subsidiaries	(9.585.097)
Balance at 31 December 2022	**31.871.776**

35. Deferred tax (continued)

Deferred tax assets

	Tax losses €
Balance at 1 January 2021	363.051
(Charged)/credited to:	
Statement of profit or loss and other comprehensive income (Note 16)	444.353
Additions from business combinations	4.700.188
Balance at 31 December 2021/ 1 January 2022	**5.507.592**
(Charged)/credited to:	
Statement of profit or loss and other comprehensive income (Note 16)	(101.530)
Fair value reserve	(1.964.202)
Disposals from disposals of subsidiaries	(657.305)
Balance at 31 December 2022	**2.784.555**

36. Provisions for other liabilities and charges

	Special provision for government grant €
Balance at 1 January 2021	-
Additions from acquisitions of subsidiaries	616.500
Balance at 31 December 2021/ 1 January 2022	**616.500**
Credited to profit or loss	(616.500)
Balance at 31 December 2022	**-**

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 2021 by the Cypriot Government, which the management expected to be revoked. Provision was reversed in 2022 following developments and the expectation that this subsidy will be retained.

37. Trade and other payables

	2022	2021
	€	€
Trade payables	**3.998.404**	5.182.268
Advances from customers	**992.488**	4.763.464
Provision for bonuses	**400.000**	878.912
Social insurance and other taxes	**462.601**	-
VAT payable	**1.524.862**	301.900
Directors' current accounts - credit balances (Note 41.7)	**1.740**	-
Shareholders' current accounts - credit balances (Note 41.7)	**-**	24.941.240
Provision for employees' compensation	**-**	5.010
Employee leave liability	**678.004**	560.395
Accrued renovation costs	**675.000**	-
Accruals	**2.170.853**	3.724.338
Other creditors	**1.236.743**	5.966.681
Payables to other related parties (Note 41.5)	**3.200**	283
	12.143.895	46.324.491
Less non-current payables	**-**	(2.280.674)
Current portion	**12.143.895**	44.043.817

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

38. Government grants

	2022	2021
	€	€
Government grants	**3.229.397**	3.390.602
	3.229.397	3.390.602
Deferred income after more than one year	**(3.100.397)**	(3.368.721)
Deferred income within one year	**129.000**	21.881

The amount of €3.188.400 (2021: € 3.220.606) relates to other long-term liabilities from received government grants in the subsidiary of Porto Heli Hotel & Marina S.A.

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. The amortisation for the year recognised in Statement of profit or loss and other comprehensive income was €128.999 (2021: €128.824).

In 2021, control order number 1990/469636 was issued by the General Directorate of the Economic Crime Prosecution Service (S.D.O.E.) to verify the correct application of the provisions of Law 3299/2004, related to national and community subsidies and grants, in relation to the aforementioned grant. The inspection was completed without any findings.

An amount of €169.996 (2021: €169.996) relates to refundable goverment grant of Porto Heli Hotel & Marina S.A.

39. Current tax (liabilities)/current tax assets

	2022	2021
	€	€
Corporate tax payable	**(499.195)**	(54.891)
Corporate tax refundable	**-**	100.000
Overseas tax	**-**	(34.504)
	(499.195)	10.605

40. Operating Environment of the Group

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

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

The Group has exposures in Ukraine, the Russian Federation and Belarus relating to its operations.

Operating in Russia, Belarus and Ukraine involves some risk of political instability, which may include changes in government, negative policy shifts and civil unrest. Financial and economic sanctions imposed by the global community on certain sectors of the Russian economy as well as businesses and individuals in Russia in the first quarter of 2022, and the counter-measures imposed by Russia on the United States of America, United Kingdom and European Union, may potentially pose a risk to the Company's operations. These factors may have a negative impact on the Company's liquidity, capital flows and ability of the Company to secure external financing.

The Group actively monitors political developments on an ongoing basis. However, the macroeconomic situation in Ukraine, Russia and Belarus is out of Management's control. The scope and impact of any new potential sanctions (and any counter-sanctions) is yet unknown, however they might further affect key Russian financial institutions as well as companies operating in the Russian Federation and Belarus.

Management is in the process of reassessing their trading and relevant cash flows using revised assumptions and incorporating downside scenarios in assessing actual and potential financing needs, taking into consideration the main impacts identified above.

The Group's management has proactively taken the following measures:
- Reduction in operational costs and renegotiated payment terms with key suppliers and creditors

40. Operating Environment of the Group (continued)

- Entrance into new contractual terms with new tour operators and agents with the aim to attract alternative markets from Middle East, UK and Central Europe
- Focus on local market
- Actions to sale or long-term leasing of stock of completed property and land under development

In addition, during the year the Covid-19 pandemic continued to affect the global economy as well as the Cypriot economy.

Management will continue to monitor both the Covid-19 outbreak and the current situation between Russia and Ukraine closely and also the sanctions imposed in Russia in the tourism industry and its business. The management will assess/seek additional measures/committed facilities as a fall-back plan in case the crisis becomes prolonged.

41. Related party transactions

At the year end the shareholders of the Company were: Yoda Plc (merged with the previous shareholder 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:

	2022	2021
	€	€
Directors' remuneration	**761.863**	522.719
	761.863	522.719

41.2 Sales and other income

	Nature of transactions	**2022** €	2021 €
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
Aphrodite Hills Pantopoleion Limited	Rental income	**85.419**	-
Prodea Real Estate Investment Company S.A.	Accommodation income	**4.746**	-
Invel Real Estate Advisors LLP	Accommodation income	**3.530**	-
Invel Real Estate Management Ltd	Accommodation income	**45.689**	-
Shareholder (Yoda group)	Accommodation income and F&B services	**363.786**	-
		503.170	7.011.389

41.3 Purchases and other expenses

	Nature of transactions	**2022** €	2021 €
Invel Real Estate Management Ltd	Consulting services	**-**	3.595.597
Aphrodite Hotels Limited	Trade	**3.458**	-
		3.458	3.595.597

41. Related party transactions (continued)

41.4 Receivables from related parties (Note 27)

Name	Nature of transactions	2022 €	2021 €
Aphrodite Springs Public Limited	Trade	-	31.356
For the Love and Life Foundation Ltd	Trade	-	9.108
Aphrodite Hills Pantopoleion Limited	Trade	-	26.746
MHV IA Limited	Financing	**16.999**	-
Flowpulse Limited	Financing	**2.510**	-
Aphrodite Hills Resort Limited	Dividends receivable	**646.997**	-
Aphrodite Hills Resort Limited	Recharge of expenses	**136**	-
Invel Real Estate Advisors LLP	Trade	**1.205**	-
Invel Real Estate Management Ltd	Trade	**35.355**	-
		703.202	67.210

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

41.5 Payables to related parties (Note 37)

Name	Nature of transactions	2022 €	2021 €
A.M. Resort Pharmacy Kouklia Ltd	Trade	-	283
MHV IA Limited	Trade	**1.000**	-
Aphrodite Hills Resort Limited	Trade	**2.200**	-
		3.200	283

41.6 Debit balances of current accounts of shareholders / directors (Note 27)

	2022 €	2021 €
Prodea Real Estate Investment S.A.	-	840
Director	-	2.039
Shareholder (individuals)	**72.506**	-
	72.506	2.879

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

41.7 Directors'/ Shareholders' current accounts - credit balances (Note 37)

	2022 €	2021 €
Prodea Real Estate Investment S.A.	-	11.193.750
Flowpulse Limited	-	2.497.490
Papabull Investment Limited	-	11.250.000
Director	**1.740**	-
	1.740	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 VENTYRE LIMITED

Eurobank Cyprus Limited and Parklane Hotels Limited have entered into a facility agreement dated July 8, 2021 for an amount 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 34.980.292 common shares with a nominal value of €0,17 each, representing 50% 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.

Alpha Bank Cyprus Limited and The Cyprus Tourism Development Company Limited ("CTDC") have entered into a facility agreement dated January 28, 2022 for an amount of up to €82.000.000. As a condition to the Agreement, MHV Mediterranean Hospitality Venture Limited grants to Alpha Bank Cyprus Limited a pledge and first rank security for the entire Pledged Property (all its shares and all its participations in CTDC). MHV Mediterranean Hospitality Venture Limited guarantees and agrees with Alpha Bank Cyprus Limited that it will pay the Secured Liabilities and Obligations 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.

APHRODITE HILLS RESORT LIMITED (AHRL)

AHRL has entered into agreements with contractors and subcontractors for the development of the residential project Alexander Heights Phase B, Aeneas, Dionysus Greens Phase A and Poseidon. As at 31 December 2022, the remaining value of these contracts to which the Company is committed to make payments amounts to €5.3 million (2021: €8.9 million). These commitments are expected to be settled upon completion of the respective projects.

AHRL group companies are guarantors for bank facilities granted to AHRL and their shares are pledged for the same purpose.

THE CYPRUS TOURISM DEVELOPMENT COMPANY LIMITED

The Company has signed with K. Athienitis Contractors Limited a letter of award of works for the construction of two towers and an underground hotel parking at The Landmark Nicosia Hotel in Nicosia dated September 6, 2022 with an estimated total budget of €56.4 million. As at the date of these financial statements, a formal final works contract with the contractor is yet to be signed.

The Group had no other contingent liabilities and commitments as at 31 December 2022.

43. Events after the reporting period

As explained in note 40 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these consolidated financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Group might experience negative results, and impact on its operations after the reporting period. Management will continue to monitor the situation closely and will assess the need for additional measures in case the crisis becomes prolonged.

On 5 January 2023, the Company received an amount of €6.605.786 from its subsidiary Parklane Hotels Limited representing repayment of a shareholders loan and partial repayment of an open intercompany balance.

On 12 January 2023, the Company approved a capital reduction, by way of redemption of 25.000 redeemable preference shares held by its shareholders for a total amount of €25.000.000. On the same date, the Company paid the first instalment of the capital reduction of a total amount of €20.000.000.

On 12 January 2023, the Registrar of Companies certified the capital reduction of the Company's subsidiary, The Cyprus Tourism Development Company Limited, which cancelled 1.754.386 shares held by the Company. On the same date its share premium account decreased from €10.146.980,29 to €3.299.967 following a court order dated 2 November 2022. The total amount of €9.847.013 was returned to the Company by way of set off of a loan granted to CTDC by the Company.

In February 2023, Aphrodite Hills Resort Limited entered into an agreement with the Bank of Cyprus, in respect of its loan facilities, for a temporary reduction in the margin and interest rate beginning on 6 February 2023 and ending on 5 February 2025.

In March 2023, Aphrodite Hills Resort Limited issued 20.000 redeemable preference shares for €20.000 (€1 each) and share premium of €1.273.993 (€63,70 each). The total consideration of €1.293.993 was set off against an equal outstanding amount due to the Company's shareholders, representing a dividend declared out of the 2020 profits.

On 31 March 2023, Yoda Plc transferred 100% of its shares (both ordinary and redeemable preference shares) in the Company to its affiliated entity, Ascetico Limited.

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report on pages 4 to 6