# CAIRO MEZZ PLC

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

# CAIRO MEZZ PLC

## REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

## CONTENTS

# BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Eleni Papandreou<br>Christina Ioannidou<br>Katerina Hatzichristofi |
| **Company Secretary:** | Omniserve Ltd<br>17-19, Themistokli Dervi<br>The City House, 1066<br>Nicosia, Cyprus |
| **Independent Auditors:** | KPMG Limited<br>Certified Public Accountants and Registered Auditors<br>14 Esperidon Street<br>1087 Nicosia, Cyprus |
| **Registered office:** | 33, Vasilissis Freiderikis<br>Palais D'Ivoire House, 2nd floor<br>1066, Nicosia<br>Cyprus |
| **Bankers:** | Eurobank Cyprus Limited<br>Arch. Makariou III, 41<br>1065, Nicosia<br>Cyprus |

## MANAGEMENT REPORT

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

**Incorporation, rename and listing on the Athens Stock Exchange**
The Company Cairo Mezz Plc was incorporated in Cyprus on 15 January 2020 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

On 15 September 2020, the Company was renamed from Mairanus Limited to Cairo Mezz Plc and transformed to a public limited liability company under the provisions of the Cyprus Companies Law.

On 29 September 2020, the shares of the Company were listed in the Alternative Market EN.A Plus of the Athens Stock Exchange.

**Principal activities and nature of operations of the Company**
The principal activity of the Company is the holding and management of a) 75% of the mezzanine notes consisting exclusively of Class B2 Notes, and b) 44,9% of the junior notes consisting exclusively of Class C2 Notes ('bonds' or 'notes').

The Company holds bonds which have been contributed to the Company by Eurobank Ergasias Services and Holdings S.A. ("Eurobank Holdings") in June 2020 at the value of Eur56.017.137.

In particular, in the context of the transfer due to securitization of the relevant receivables, in June 2019 Eurobank Ergasias S.A transferred a mixed portfolio of non-performing loans to the special purpose entities Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC incorporated in Ireland ('issuers'). In exchange for the transfer due to the sale of the receivables from the portfolio, each issuer issued notes to Eurobank Ergasias S.A.. Specifically Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC issued fixed rate and mortgage backed floating rate notes. The loans issued are senior (Class A), mezzanine (Class B) and junior notes (Class C).

Subsequently, on 20 March 2020, Eurobank Ergasias S.A. (the demerged entity) was demerged and its banking activity sector was hived down to a new company-credit institution. Following the demerger, 75% of the mezzanine notes and 44,9% of the junior notes (notes) were retained by the demerged entity, which ceased to be a credit institution and was renamed to Eurobank Holdings. Eurobank Holdings contributed the notes to the Company, in exchange for newly issued share capital. Specifically, on 24 June 2020, 309.076.827 shares were issued by the Company at a total value of Eur57.490.010, in exchange for (i) the contribution of the aforementioned notes at a fair value of Eur56.017.137 and (ii) cash of Eur1.472.873.

Finally, in September 2020, the shares held by Eurobank Holdings in the Company were distributed to the shareholders of Eurobank Holdings, through a share capital decrease.

**Review of current position, and performance of the Company's business**
As described above, the Company holds mezzanine notes and junior notes.

The mezzanine notes bear interest rate at Euribor 3m+5% and the junior notes bear interest rate at Euribor 3m+8%.

On the issuance of the notes, a Priority of Payments Schedule (“Waterfall”) was established, which are settled on a quarterly basis. Based on this schedule, the repayments regarding the mezzanine and junior notes are the last ones in the order of priority. The Waterfall is as follows:

- Servicing fees, issuers’ expenses and other securitization expenses - priority 1

- Commissions for Hercules Asset Protection Scheme ("HAPS") - priority 2

- Issuers’ Profit (fixed specified amount of c. €3 000 per annum for all issuers in total) - priority 3

- Interest payments of senior notes (including deferred interest) - priority 4

- Reserves for senior notes’ interest and other expenses and fees - priority 5

- Principal repayments of senior notes - priority 6

- Interest payments of mezzanine notes - priority 7

- Principal repayments of mezzanine notes - priority 8

- Interest payments of junior notes - priority 9

- Principal repayments of junior notes - priority 10

Until today, the Company has not received any interest in relation to the notes it holds.

Consequently, the full redemption of the outstanding principal and/or interest balance of the senior notes and the required funds for the reserves is of higher priority to the payment of interest and / or principal to the holders of the mezzanine notes. Likewise, the full redemption of the outstanding principal and/or interest balance of the mezzanine notes, is of higher priority to the payment of the interest and / or principal to the holders of senior and mezzanine notes.

Therefore, as expected, the Company did not receive any interest income for the years 2020 to 2022. The Company recognised a loss of Eur1.009.000 (2021: profit  Eur940.863) on the fair value adjustment on bonds based on valuation performed by independent valuers.

**Future developments of the Company**
The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future

**Existence of branches**
The Company does not maintain any branches.

**Use of financial instruments by the Company**
The Company is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

The Company's financial risk management objectives and policies are described in note 8 of the financial statements.

**Market price risk**
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss consist of bonds (notes) which are traded in a stock exchange but the market is inactive. The fair value of the bonds as at 31 December 2022 is based on valuation from independent valuers.

**Interest rate risk**
Interest rate risk is the risk that the fair value or the future cash flows of financial instruments will fluctuate due to changes in market interest rates. The acquisition of floating rates investments expose the Company to cash flow interest risk.

**Credit risk**
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and contractual cash flows of debt investments at fair value through profit or loss.

**Liquidity risk**
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company's exposure to liquidity risk is not considered significant at this stage as the available cash at bank are sufficient to cover the Company's liabilities for the next years.

**Results**
The Company's results for the year are set out on page 11.

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

**Research and development activities**
The Company did not carry out any research and development activities during the year.

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

**Treasury shares**
The Company has not made any share buybacks either itself directly or through a person acting in his own name on the Company's behalf.

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

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

**Operating Environment of the Company**
Any significant events that relate to the operating environment of the Company are described in note 1 to the financial statements.

**Events after the reporting period**
Any significant events that occurred after the end of the reporting period are described in note 19 to the financial statements.

**Related party transactions**
Disclosed in note 18 of the financial statements.

**Independent Auditors**
The Independent Auditors, KPMG 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,

Eleni Papandreou
Director

Nicosia, 28 April 2023

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## CAIRO MEZZ PLC

### Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements of Cairo Mezz Plc (the "Company"), which are presented on pages 11 to 43 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**Carrying amount of investments at fair value through profit or loss**

Refer to note 8 and 14 of the Financial Statements

| **Key audit matter** | **How the matter was addressed in our audit** |
|---|---|
| The main asset of the Company is the investments in Fair Value through profit or loss, for which their value as of 31 December 2022 amounted to €55.949.000 representing 99% of Company's total assets. The said investments relate to bonds listed at an inactive market and therefore the Company uses external independent valuers for the determination of the fair value (Level 3).<br>Given the significance of the size of the said assets and the subjectivity entailed in the valuation process for the determination of the fair value, we have determined this to be a key audit matter. | Our audit procedures in relation to the estimation of the fair value included the following among others:<br>• Reviewing the valuation reports prepared by the independent bor valuer to confirm the accuracy and completeness of the information used in the valuation.<br>• Evaluating the independence and competence of the independeı bond valuer.<br>• With the assistance of our internal valuation specialist, we assesse the appropriateness of the methodology and assumptions used by the bond valuer, and whether this is in line with common valuation practices and the requirements of the International Financial Reporting Standard 13 ''Fair value Measurement" ("IFRS 13"). Also, we reviewed the application of the waterfall workings as per the liability side model prepared by the independent valuer. Additionally, in order to assess the mathematical accuracy of the business model, we re-performed the mathematical calculations of:<br>-the cashflows derived from the business model<br>-the waterfall workings and;<br>-the discount rate used.<br>• Evaluating the completeness, accuracy and relevance of tł disclosures required by IFRS 13. |

**Other information**

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the management report, our report in this regard is presented in the "Report on other legal requirements" section.

**Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (continued)

## CAIRO MEZZ PLC

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (continued)

## CAIRO MEZZ PLC

### Report on Other Legal Requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

### Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Constantinos N. Kallis.

Constantinos N. Kallis
Certified Public Accountant and Registered Auditor
for and on behalf of
**KPMG Limited**
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia, Cyprus

28 April 2023

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

| | Note | **2022** € | 2021 € |
|---|---|---|---|
| (Loss) / profit from financial assets at fair value through profit or loss | 9 | **(1.009.000)** | 940.863 |
| **Total (expenses) / revenue** | | **(1.009.000)** | 940.863 |
| Operating expenses | 10 | **(309.734)** | (360.061) |
| **(Loss)/profit before tax** | | **(1.318.734)** | 580.802 |
| Tax | 11 | **-** | - |
| **Net (loss)/profit for the year** | | **(1.318.734)** | 580.802 |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive (expenses)/income for the year** | | **(1.318.734)** | 580.802 |
| **Basic and fully diluted (loss)/profit per share (cent)** | **12** | **(0,43)** | 0,19 |

The notes on pages 15 to 43 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION
31 December 2022

| | Note | 2022 € | 2021 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Financial assets at fair value through profit or loss | 14 | **55.949.000** | 56.958.000 |
| **Total non-current assets** | | **55.949.000** | 56.958.000 |
| **Current assets** | | | |
| Trade and other receivables | 13 | **17.730** | 17.670 |
| Cash at bank | 15 | **810.598** | 1.135.101 |
| **Total current assets** | | **828.328** | 1.152.771 |
| **Total assets** | | **56.777.328** | 58.110.771 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 16 | **30.909.683** | 30.909.683 |
| Share premium | 16 | **26.582.327** | 26.582.327 |
| (Accumulated losses) /retained earnings | | **(954.807)** | 363.927 |
| **Total equity** | | **56.537.203** | 57.855.937 |
| **Current liabilities** | | | |
| Trade and other payables | 17 | **240.125** | 254.834 |
| **Total current liabilities** | | **240.125** | 254.834 |
| **Total equity and liabilities** | | **56.777.328** | 58.110.771 |

On 28 April 2023 the Board of Directors of Cairo Mezz Plc approved and authorised these financial statements for issue.

| | | |
|---|---|---|
| .................................. | .................................. | .................................. |
| Eleni Papandreou | Christina Ioannidou | Katerina Hatzichristofi |
| Director | Director | Director |

# STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

| | Share capital € | Share premium € | (Accumulated losses) / retained earnings € | Total € |
|---|---|---|---|---|
| **Balance at 1 January 2021** | **30.909.683** | **26.582.327** | **(216.875)** | **57.275.135** |
| **Comprehensive income** | | | | |
| Net profit for the year | - | - | 580.802 | 580.802 |
| **Balance at 31 December 2021/ 1 January 2022** | **30.909.683** | **26.582.327** | **363.927** | **57.855.937** |
| **Comprehensive expense** | | | | |
| Net loss for the year | - | - | (1.318.734) | (1.318.734) |
| **Balance at 31 December 2022** | **30.909.683** | **26.582.327** | **(954.807)** | **56.537.203** |

Share premium is not available for distribution.

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.

# CASH FLOW STATEMENT
For the year ended 31 December 2022

| | Note | **2022** | 2021 |
|---|---|---|---|
| | | **€** | € |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **(Loss)/profit before tax** | | **(1.318.734)** | 580.802 |
| Increase in trade and other receivables | | **(60)** | (6.998) |
| Fair value (losses) / gains on financial assets at fair value through profit or loss | 14 | **1.009.000** | (940.863) |
| (Decrease)/increase in trade and other payables | 17 | **(14.709)** | 114.783 |
| **Cash used in operations** | | **(324.503)** | (252.276) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | **-** | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | **-** | - |
| **Net decrease in cash and cash equivalents** | | **(324.503)** | (252.276) |
| Cash and cash equivalents at beginning of the year | | **1.135.101** | 1.387.377 |
| **Cash and cash equivalents at end of the year** | **15** | **810.598** | 1.135.101 |

## 1. Incorporation and principal activities

### Country of incorporation

The Company Cairo Mezz Plc (the "Company") was incorporated (and is a resident) in Cyprus on 15 January 2020 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 15 September 2020, it was transformed into a public limited liability company and on 29 September 2020 the shares of the Company were listed in the Alternative Market EN.A Plus of the Athens Stock Exchange.

Its registered office and business address is at 33, Vasilissis Freiderikis, Palais D'Ivoire House, 2nd floor, 1066, Nicosia, Cyprus.

### Principal activities

The principal activity of the Company is the holding and management of a) 75% of the mezzanine notes consisting exclusively of Class B2 Notes, and b) 44,9% of the junior notes consisting exclusively of Class C2 Notes ('bonds' or 'notes').

The Company holds bonds which have been contributed to the Company by Eurobank Ergasias Services and Holdings S.A. ("Eurobank Holdings") in June 2020 at the value of Eur56.017.137.

In particular, in the context of the transfer due to securitization of the relevant receivables, in June 2019 Eurobank Ergasias S.A  transferred a mixed portfolio of non-performing loans to the special purpose entities Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC incorporated in Ireland ('issuers'). In exchange for the transfer due to the sale of the receivables from the portfolio, each issuer issued notes to Eurobank Ergasias S.A.. Specifically Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC issued fixed rate and mortgage backed floating rate notes. The loans issued are senior (Class A), mezzanine (Class B) and junior notes (Class C).

Subsequently, on 20 March 2020, Eurobank Ergasias S.A. (the demerged entity) was demerged and its banking activity sector was hived down to a new company-credit institution. Following the demerger, 75% of the mezzanine notes and 44,9% of the junior notes (notes) were retained by the demerged entity, which ceased to be a credit institution and was renamed to Eurobank Holdings. Eurobank Holdings contributed the notes to the Company in exchange for newly issued share capital. Specifically, on 24 June 2020, 309.076.827 shares were issued by the Company at a total value of Eur57.490.010, in exchange for (i) the contribution of the aforementioned notes at a fair value of Eur56.017.137 and (ii) cash of Eur1.472.873.

Finally, in September 2020, the shares held by Eurobank Holdings in the Company were distributed to the shareholders of Eurobank Holdings through a share capital decrease.

### Operating Environment of the Company

The geopolitical situation in the Eastern Europe peaked on 24 February 2022 with the breakout of the hostilities between Russia and Ukraine. At the time of the approval of the present financial statements the confrontation increases given the ongoing military activity. On top of the impact on entities that are either active in Russia, Ukraine and Belarus or maintain business links with companies operating in these countries, the conflict has an increasing impact on the economies and financial markets worldwide, leading to further worsening of the ongoing economic challenges.

In Greece, however, the post-pandemic recovery continued for the second consecutive year. Based on the annual report from the Governor of Bank of Greece, real GDP growth amounted to 5,9%, despite the intense inflationary pressures and the worsening of the international environment, mainly because of the higher private consumption and service exports, especially tourism, which recovered faster in Greece than the rest of the world. Growth was also fueled by investments, on the back of improved corporate profitability and positive foreign direct investment.

Inflation, calculated as the 12 month average increase rate of the Harmonised Index of Consumer Prices (HICP), rose to 9,3% in 2022, mainly due to the supply disruptions and the energy, food and raw materials price hikes.

The labor market improved further during 2022. The number of employed people increased by 5,4% in 2022, compared to 1,4% in 2021. Unemployment rate decreased to 12,4% from 14,7% in 2021.

The momentum of the residential real estate market was intensified in 2022, mainly on the back of the high foreign demand and tourism. High growth rates in both house prices and real estate investments were sustained, while commercial real estate prices, mainly for high-end properties, kept on rising during the first half of 2022.

All of the above are indirectly reflected in recognition and measurement of assets and liabilities in the financial statements for the year ended 31 December 2022. More specifically, impact of the geopolitical situation in Eastern Europe and Greek economy's prospects have been taken into account in the expected future cash flows for the assessment of fair value of investments at fair value through profit or loss, carried out by independent valuers. The Management of the Company evaluated the necessity of any impairment provision of the financial assets value taking into account the current and the estimated financial conditions at the end of the financial year. However, the exact economic impact of the current crisis on global economy and overall business activity cannot be estimated reasonably due to the high level of uncertainty globally. Management's current expectations and estimates may differ from actual results.

## 2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention except from the financial assets which are measured at fair value through profit or loss.

## 3. Critical accounting estimates and judgments

In preparing these financial statements in accordance with IFRSs as adopted by the EU management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognised prospectively - that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

The significant 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:

*Critical judgements in applying the Company's accounting policies*

- **Fair value of financial assets**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which are based on significant non-observable parameters. (Note 8.7)

## 4. Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

**5. Adoption of new or revised standards and interpretations**

During the current year the Company adopted all the new and revised IFRSs as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

**6. Significant accounting policies**

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

**Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated in the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

**Dividends**

Final dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders. Interim dividend distribution is recognised when this is approved by the Board of Directors and paid.

**Investments**

**Financial assets - Classification**

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

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

**6. Significant accounting policies (continued)**

**Investments (continued)**

**Financial assets - Classification (continued)**

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

All other financial assets are classified as measured at fair value through profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

<u>Financial assets - Business model assessment</u>

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets,

- how the performance of the portfolio is evaluated and reported to the Company's management,

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed,

- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected, and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

<u>Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest</u>

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

**6. Significant accounting policies (continued)**

**Investments (continued)**

**Financial assets - Classification (continued)**

- contingent events that would change the amount or timing of cash flows,

- terms that may adjust the contractual coupon rate, including variable rate features,

- prepayment and extension features, and

- terms that limit the Company claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets - Recognition**

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

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

**Financial assets - Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, 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.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**6. Significant accounting policies (continued)**

**Investments (continued)**

**Financial assets - Measurement (continued)**

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

**Financial assets - impairment - credit loss allowance for ECL**

The Company 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 Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

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

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

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Company 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, the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

**6. Significant accounting policies (continued)**

**Investments (continued)**

**Financial assets - impairment - credit loss allowance for ECL (continued)**

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

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

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

**Financial assets -Reclassification**

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

**Financial assets - write-off**

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

**Financial assets - modification**

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company 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 Company 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 Company 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.

**6. Significant accounting policies (continued)**

**Investments (continued)**

**Financial assets - modification (continued)**

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company 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 Company 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 cash flow statement, cash and cash equivalents comprise cash at bank. 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.

**Classification as financial assets at amortised cost**

These amounts generally arise from transactions outside the usual operating activities of the Company. 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 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 Company 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 Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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 Company, 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.

**6. Significant accounting policies (continued)**

**Investments (continued)**

**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 Company 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 Company 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 Company and the costs can be measured reliably.

**Derecognition of financial assets and liabilities**

<u>Financial assets</u>

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**6. Significant accounting policies (continued)**

**Derecognition of financial assets and liabilities (continued)**

Financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Offsetting financial instruments**

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

**Prepayments**

Prepayments are carried at cost less provision for impairment. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received.

**Share capital**

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

**Provisions**

Provisions are recognised when the Company 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 Company 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.

**7. New accounting pronouncements**

**Standards issued but not yet effective**

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

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

- **IAS 1 Presentation of Financial Statements (Amendments) and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies** (effective for annual periods beginning on or after 1 January 2023)
The amendments to IAS 1 and the update to IFRS Practice Statement 2 aim to help companies on the application of materiality to the disclosure of accounting policies. The key amendments to IAS 1 include: (1) requiring companies to disclose their material accounting policies rather than their significant accounting policies, (2) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed, and (3) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments to IFRS Practice Statement 2 are to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material i.e. "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

- **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments): Definition of Accounting Estimates** (effective for annual periods beginning on or after 1 January 2023)
The amendments to IAS 8 are issued to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both: (1) selecting a measurement technique (estimation or valuation technique), and (2) choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

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

- **IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-current** (effective for annual periods beginning on or after 1 January 2023)
IASB has amended IAS 1 to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

**7. New accounting pronouncements (continued)**

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

- **IAS 12 Income Taxes (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (effective for annual periods beginning on or after 1 January 2023)
  Targeted amendments to IAS 12 clarify how companies should account for deferred tax on certain transactions (e.g. leases and decommissioning provisions). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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

**8. Financial risk management**

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

**8.1 Financial instruments by category**

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

| **31 December 2022** | Fair value through profit or loss | Financial assets at amortised cost | Total |
|---|---|---|---|
| | € | € | € |
| **Assets as per statement of financial position:** | | | |
| Financial assets at fair value through profit or loss | 55.949.000 | - | 55.949.000 |
| Cash at bank | - | 810.598 | 810.598 |
| Trade and other receivables | - | 17.730 | 17.730 |
| **Total** | **55.949.000** | **828.328** | **56.777.328** |

| | Other financial liabilities | Total |
|---|---|---|
| | € | € |
| **Liabilities as per statement of financial position:** | | |
| Trade payables | 240.125 | 240.125 |
| **Total** | **240.125** | **240.125** |

| **31 December 2021** | Fair value through profit or loss | Financial assets at amortised cost | Total |
|---|---|---|---|
| | € | € | € |
| **Assets as per statement of financial position:** | | | |
| Financial assets at fair value through profit or loss | 56.958.000 | - | 56.958.000 |
| Cash at bank | - | 1.135.101 | 1.135.101 |
| Trade and other receivables | - | 17.670 | 17.670 |
| **Total** | **56.958.000** | **1.152.771** | **58.110.771** |

**8. Financial risk management (continued)**

**8.1 Financial instruments by category (continued)**

| | Other financial liabilities<br>€ | Total<br>€ |
|---|---|---|
| **Liabilities as per statement of financial position:** | | |
| Trade payables | 254.834 | 254.834 |
| **Total** | **254.834** | **254.834** |

**8.2 Market price risk**
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss consist of bonds (notes) which are traded in a stock exchange but the market is inactive. The fair value of the bonds as at 31 December 2022 is based on valuation from independent valuers (See note 8.7).

**8.3 Interest rate risk**
Interest rate risk is the risk that the fair value or the future cash flows of financial instruments will fluctuate due to changes in market interest rates. The acquisition of floating rates investments expose the Company to cash flow interest risk.

The financial assets held by the Company consist of mezzanine notes and junior notes.

The mezzanine notes bear interest at Euribor 3m+5% and the junior notes bear interest at Euribor 3m+8%.

The Company did not receive any interest in relation to the notes it holds until today.

As a result an increase/decrease of the interest rates by 100 units at 31 December 2022 would not had a direct impact in the equity and results of the Company.

**8.4 Credit risk**
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and contractual cash flows of debt investments at fair value through profit or loss.

*(i) Risk management*

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

*(ii) Impairment*

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

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:
- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the investments.

**8. Financial risk management (continued)**

**8.4 Credit risk (continued)**

*(ii) Impairment (continued)*

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

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

*Significant increase in credit risk*

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

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

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. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

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

*Low credit risk*

The Company considers a debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per the credit rating of Moody's.

**8. Financial risk management (continued)**

**8.4 Credit risk (continued)**

*(ii) Impairment (continued)*

*Default*

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

*Write-off*

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

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

**Trade receivables and contract assets**

The Company assesses, on an individual basis, its exposure to credit risk arising from trade receivables and contract assets. This assessment is based on the period which the contract asset is more than 90 days past due. 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.

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

**Cash and cash equivalents**

The Company assesses, on an individual 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.

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

| **Company internal credit rating** | **External credit rating (*)** | **2022** | 2021 |
|---|---|---|---|
| | | **€** | € |
| Performing | Ba1 | **810.598** | 1.135.101 |
| **Total** | | **810.598** | 1.135.101 |

* Source: Moody's.
The above external credit rating is the rating of the holding company of the bank, as the external credit rating of the bank is not available.

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

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

*(iii) Financial assets at fair value through profit or loss*

The maximum exposure at the end of the reporting period is the carrying amount of these investments.

**8. Financial risk management (continued)**

**8.5 Liquidity risk**
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company's exposure to liquidity risk is not considered significant at this stage as the available cash at bank are sufficient to cover the Company's liabilities for the next years.

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| **31 December 2022** | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | € | € | € | € | € | € |
| Trade and other payables | 240.125 | 240.125 | 240.125 | - | - | - |
| | **240.125** | **240.125** | **240.125** | **-** | **-** | **-** |

| 31 December 2021 | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | € | € | € | € | € | € |
| Trade and other payables | 254.834 | 254.834 | 254.834 | - | - | - |
| | 254.834 | 254.834 | 254.834 | - | - | - |

**8.6 Capital risk management**
Capital includes equity shares and share premium.

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

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

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

The Company did not have any borrowings at 31 December 2022 and 31 December 2021.

### 8. Financial risk management (continued)

#### 8.7 Fair value estimation

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

| | **Carrying amounts** | | **Fair values** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **€** | € | **€** | € |
| **Financial assets measured at fair value** | | | | |
| Mezzanine notes (Class B2) | **55.949.000** | 56.958.000 | **55.949.000** | 56.958.000 |
| Junior notes (Class C2) | **-** | - | **-** | - |
| | **56.958.000** | 56.958.000 | **56.958.000** | 56.958.000 |
| **Financial assets not measured at fair value** | | | | |
| Cash and cash equivalents | **810.598** | 1.135.101 | **810.598** | 1.135.101 |
| | **810.598** | 1.135.101 | **810.598** | 1.135.101 |
| **Financial liabilities not measured at fair value** | | | | |
| Trade and other payables | **240.125** | 254.834 | **240.125** | 254.834 |
| | **240.125** | 254.834 | **240.125** | 254.834 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined by using various valuation techniques. The Company uses the Discounted Expected Cash Flow Method and/or the Comparable Transactions Method and makes assumptions that are based on market conditions existing at the reporting date.

For the valuation of the financial assets as at 31 December 2022 and 2021 under the Discounted Expected Cash Flow Method, the estimation of the expected future cash flows for the period from the Valuation Date to their maturity has been developed based on assumptions and forecasts used in the Initial business plan, information regarding the current status of the portfolio datatape, historical collections up to the valuation date and the current macroeconomic environment in Greece (updated business plan).

The valuation of the financial assets as at 31 December 2022 and 31 December 2021 was made exclusively with the method of discounting expected future cash flows.

**8. Financial risk management (continued)**

**8.7 Fair value estimation (continued)**

**Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used in the measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used:

| 31 December 2022<br>Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Mezzanine notes (Class B2) - Cairo1/Cairo2/Cairo3 | Discounted Expected Cash Flow Method (DCF) | - Discounted rate 18,4%<br>- Main parameters of the revised business plan:<br>(i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively:<br>-average term (new): 20/20/8 years,<br>-average term (existing): 12/7/7 years,<br>-average bond interest rate: 3%/3%/3,5%,<br>- targeted average loan to value ratio: 100%/87%/120%<br>(ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively:<br>-average liquidation period: 20-48 months/20-48 months/33-51 months,<br>-average liquidation rate: 25%/25%/25%<br>(iii) Probability weight (Liquidation parameters/restructuring parameters): 53:47/51:49/56:44 | The estimated fair value would increase/(decrease) if:<br>- the discount rate was lower/(higher)<br>- the average term was lower/(higher)<br>- the average bond interest rate was higher/(lower)<br>- the targeted average loan to value ratio was higher/(lower)<br>- the average liquidation period was lower/(higher)<br>- the average liquidation rate was lower/(higher)<br>- the probability weight of restructuring strategy was higher/(lower) |

**8. Financial risk management (continued)**

**8.7 Fair value estimation (continued)**

| | | | |
|---|---|---|---|
| Junior notes (Class C2) - Cairo1/Cairo2/Cairo 3 | Discounted Expected Cash Flow Method (DCF) | - Discounted rate 18,4%<br>- Main parameters of the revised business plan:<br>(i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively:<br>- average term (new): 20/20/8 years<br>- average term (existing): 12/7/7 years<br>-average bond interest rate: 3%/3%/3,5%<br>- targeted average loan to value ratio: 100%/87%/120%<br>(ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively:<br>-average liquidation period: 20-48 months/20-48 months/33-51 months<br>- average liquidation rate: 25%/25%/25%<br>(iii) Probability weight (Liquidation parameters/restructuring parameters):<br>- 53:47/51:49/56:44 | The estimated fair value would increase/(decrease) if:<br>- the discounted rate was lower/(higher)<br>- the average term was lower/(higher)<br>- the average bond interest rate was higher/(lower)<br>- the targeted average loan to value ratio was higher/(lower)<br>- the average liquidation period was lower/(higher)<br>- the average liquidation rate was lower/(higher)<br>- the probability weight of restructuring strategy was higher/(lower) |

**8. Financial risk management (continued)**

**8.7 Fair value estimation (continued)**

| 31 December 2021<br>Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Mezzanine notes (Class B2) - Cairo1/Cairo2/Cairo3 | Discounted Expected Cash Flow Method (DCF) and Comparable Transaction Method (CTM) with a weight of 100:0 to each valuation | - Discounted rate 15,3%<br>- Main parameters of the revised business plan:<br>(i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively:<br>-average term (new): 20/20/8 years<br>- average term (existing): 13/8/8 years<br>-average bond interest rate: 2.5%/2,5%/3%<br>- targeted average loan to value ratio: 100%/87%/120%<br>(ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively:<br>-average liquidation period: 30-60 months/33-60 months/33-63 months<br>-average liquidation rate: 25%/25%/25%<br>(iii) Probability weight (Liquidation parameters: restructuring parameters):<br>- 44:56/44:56/45:55 | The estimated fair value would increase/(decrease) if:<br>- the discount rate was lower/(higher)<br>- the average term was lower/(higher)<br>- the average bond interest rate was higher/(lower)<br>- the targeted average loan to value ratio was higher/(lower)<br>- the average liquidation period was lower/(higher)<br>- the average liquidation rate was lower/(higher)<br>- the probability weight of restructuring strategy was higher/(lower) |

**8. Financial risk management (continued)**

**8.7 Fair value estimation (continued)**

| | | | |
|---|---|---|---|
| Junior notes (Class C2) - Cairo1/Cairo2/Cairo 3 | Discounted Expected Cash Flow Method (DCF) and Comparable Transaction Method (CTM) with a weight of 100:0 to each valuation | - Discounted rate 15,3%<br>- Main parameters of the revised business plan:<br>(i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively:<br>average term (new): 20/20/8 years<br>- average term (existing): 13/8/8 years,<br>- average bond interest rate: 2,5%/2,5%/3%,<br>-targeted average loan to value ratio: 100%/87%/120%<br>(ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively:<br>-average liquidation period: 33-60 months/33-60 months/33-63 months,<br>-average liquidation rate: 25%/25%/25%<br>(iii) Probability weight (Liquidation parameters: restructuring parameters): 45:56/44:56/45:55 | The estimated fair value would increase/(decrease) if:<br>- the discount rate was lower/(higher)<br>- the average term was lower/(higher)<br>- the average bond interest rate was higher/(lower)<br>- the targeted average loan to value ratio was higher/(lower)<br>- the average liquidation period was lower/(higher)<br>- the average liquidation rate was lower/(higher)<br>- the probability weight of restructuring strategy was higher/(lower) |

**8. Financial risk management (continued)**

**8.7 Fair value estimation (continued)**

**Sensitivity analysis**

A possible change at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

| | **Λογαριασμός κερδοζημιών και ιδία κεφάλαια** | |
|---|---|---|
| **31 December 2022** | **Άυξηση** | **Μείωση** |
| Mezzanine notes (Class B2) | **€** | **€** |
| Discount rate (+/-1%) | 4.952.000 | 4.470.000 |
| Restructuring parameters | | |
| Average term (+/-12 months) | 13.298.000 | 11.086.000 |
| Average bond interest rate (+/-1%) | 11.843.000 | 9.992.000 |
| Targeted average loan to value ratio (+/-10%) | 10.996.000 | 10.453.000 |
| Liquidation parameters | | |
| Average liquidation period (+/- 12 months) | 18.202.000 | 14.603.000 |
| Average liquidation rate (+/-10%) | 21.994.000 | 19.902.000 |
| Probability weight | | |
| Weight-of liquidation strategy: restructuring strategy (+/-10%) | 5.485.000 | 6.453.000 |

There is no effect on the fair value from any possible changes in the above parameters for junior notes (Class C2).

| | **Profit or loss accountand equity** | |
|---|---|---|
| **31 December 2021** | **Increase** | **Decrease** |
| Mezzanine notes (Class B2) | **€** | **€** |
| Discount rate (+/-1%) | 6.236.000 | 5.537.000 |
| Restructuring parameters | | |
| Average term (+/-12 months) | 13.623.000 | 11.958.000 |
| Average bond interest rate (+/-1%) | 8.944.000 | 8.278.000 |
| Targeted average loan to value ratio (+/-10%) | 14.016.000 | 13.467.000 |
| Liquidation parameters | | |
| Average liquidation period (+/- 12 months) | 25.323.000 | 20.532.000 |
| Average liquidation rate (+/-10%) | 42.822.000 | 27.993.000 |
| Probability weight | | |
| Weight-of liquidation strategy: restructuring strategy (+/-10%) | 10.845.000 | 11.189.000 |

There is no effect on the fair value from any possible changes in the above parameters for junior notes (Class C2).

**Fair value measurements recognised in statement of financial position**

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).

**8. Financial risk management (continued)**

**8.7 Fair value estimation (continued)**

**Fair value measurements recognised in statement of financial position (continued)**

| **31 December 2022** | Level 1<br>€ | Level 2<br>€ | Level 3<br>€ | Total<br>€ |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Mezzanine notes (Class B2) | - | - | 55.949.000 | 55.949.000 |
| Junior notes (Class C2) | - | - | - | - |
| **Total** | **-** | **-** | **55.949.000** | **55.949.000** |

| 31 December 2021 | Level 1<br>€ | Level 2<br>€ | Level 3<br>€ | Total<br>€ |
|---|---|---|---|---|
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Mezzanine notes (Class B2) | - | - | 56.958.000 | 56.958.000 |
| Junior notes (Class C2) | - | - | - | - |
| Total | - | - | 56.958.000 | 56.958.000 |

| **Reconciliation of level 3 fair values** | **Mezzanine notes (ClassB2)**<br>**€** | **Junior notes (ClassC2)**<br>**€** | **Total**<br>**€** |
|---|---|---|---|
| Balance 1 January 2021 | 55.990.251 | 26.886 | 56.017.137 |
| Additions | - | - | - |
| Change in fair value through profit or loss | 967.749 | (26.886) | 940.863 |
| Balance 31 December 2021 / 1 January 2022 | 56.958.000 | - | 56.958.000 |
| Additions | - | - | - |
| Change in fair value through profit or loss | (1.009.000) | - | (1.009.000) |
| **Balance 31 December 2022** | **55.949.000** | **-** | **55.949.000** |

The changes in the fair value through profit or loss is shown in '(loss) /profit from financial assets at fair value through profit or loss'.

**9. (Loss) / profit from financial assets at fair value through profit or loss**

| | **2022**<br>**€** | 2021<br>€ |
|---|---|---|
| Fair value (losses) / gains on financial assets at fair value through profit or loss (Note 14) | **(1.009.000)** | 940.863 |
| | **(1.009.000)** | 940.863 |

### 10. Expenses by nature

| | 2022 | 2021 |
|---|---|---|
| | € | € |
| Directors' remuneration (Note 18.1) | **28.560** | 28.560 |
| Auditor's remuneration for statutory audit | **47.600** | 35.700 |
| Auditor's remuneration for statutory audit - prior years | **238** | 238 |
| Insurance | **16.700** | 15.485 |
| Accounting fees | **32.070** | 32.130 |
| Advisory fees | **136.516** | 193.946 |
| Administration expenses | **11.967** | 13.162 |
| Stock exchange fees | **17.915** | 16.453 |
| Other professional fees | **-** | 9.140 |
| Legal fees | **2.380** | 3.570 |
| Other expenses | **15.788** | 11.677 |
| **Total expenses** | **309.734** | 360.061 |

The Company does not have any employees.

### 11. Tax

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

| | 2022 | 2021 |
|---|---|---|
| | € | € |
| (Loss)/profit before tax | **(1.318.734)** | 580.802 |
| Tax calculated at the applicable tax rates | **(164.842)** | 72.600 |
| Tax effect of expenses not deductible for tax purposes | **128.408** | 2.101 |
| Tax effect of allowances and income not subject to tax | **-** | (117.608) |
| Tax effect of tax loss for the year | **36.434** | 42.907 |
| **Tax charge** | **-** | - |

The corporation tax rate is 12,5%.

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

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

No deferred tax asset was recognised on the tax losses.

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

| | Gross amount 2022 | Tax effect 2022 | Gross amount 2021 | Tax effect 2021 |
|---|---|---|---|---|
| | € | € | € | € |
| Tax losses | **829.456** | **103.682** | 537.987 | 67.248 |
| | **829.456** | **103.682** | 537.987 | 67.248 |

**11. Tax (continued)**

**Tax losses carried forward**

Tax losses for which no deferred tax asset was recognised expire as follows.

| | **2022** | **Έτος εκπνοής** | 2021 | Έτος εκπνοής |
|---|---|---|---|---|
| | **€** | | € | |
| Expire | **194.729** | **2025** | 194.729 | 2025 |
| Expire | **343.258** | **2026** | 343.258 | 2026 |
| Expire | **291.469** | **2027** | - | |
| | **829.456** | | 537.987 | |

**12. (Loss)/profit per share**

| | **2022** | 2021 |
|---|---|---|
| **(Loss)/profit attributable to shareholders (€)** | **(1.318.734)** | 580.802 |
| Weighted average number of ordinary shares in issue during the year | **309.096.827** | 309.096.827 |
| **Basic and fully diluted (loss)/profit per share (cent)** | **(0,43)** | 0,19 |

**13. Trade and other receivables**

| | **2022** | 2021 |
|---|---|---|
| | **€** | € |
| Deposits and prepayments | **17.730** | 17.670 |
| | **17.730** | 17.670 |

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

**14. Financial assets at fair value through profit or loss**

| | **2022** | 2021 |
|---|---|---|
| | **€** | € |
| Balance at 1 January | **56.958.000** | 56.017.137 |
| Change in fair value of investments at fair value through profit or loss | **(1.009.000)** | 940.863 |
| **Balance at 31 December** | **55.949.000** | 56.958.000 |

The financial assets at fair value through profit or loss are analysed as follows:

| | **2022** | 2021 |
|---|---|---|
| | **€** | € |
| Mezzanine notes (Class B2) | 55.949.000 | 56.958.000 |
| Junior notes (Class C2) | - | - |
| | 55.949.000 | 56.958.000 |

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

The terms of the bonds are presented below:

| | | | | 31 December 2022 | | 31 Δεκεμβρίου 2021 | |
|---|---|---|---|---|---|---|---|
| | **Currency** | **Interest rate** | **Maturity date** | **Nominal value €'000** | **Carrying amount €** | **Nominal value €'000** | **Carrying amount €** |
| Mezzanine notes (Class B2) - Cairo1 | Euro | Euribor 3m + 5% | 31.12.2054 | 235.813 | 5.042.000 | 235.813 | 3.016.000 |
| Mezzanine notes (Class B2) - Cairo2 | Euro | Euribor 3m + 5% | 31.12.2062 | 449.939 | 8.025.000 | 449.939 | 17.633.000 |
| Mezzanine notes (Class B2) - Cairo3 | Euro | Euribor 3m + 5% | 31.12.2035 | 412.425 | 42.882.000 | 412.425 | 36.309.000 |
| Junior notes (Class C2) - Cairo1 | Euro | Euribor 3m + 8% | 31.12.2054 | 377.962 | - | 377.962 | - |
| Junior notes (Class C2) - Cairo2 | Euro | Euribor 3m + 8% | 31.12.2062 | 622.305 | - | 622.305 | - |
| Junior notes (Class C2) - Cairo3 | Euro | Euribor 3m + 8% | 31.12.2035 | 630.845 | - | 630.845 | - |
| | | | | **2.729.289** | **55.949.000** | **2.729.289** | **56.958.000** |

The financial assets of the Company consist of bonds which were issued by the special purpose companies Cairo No.1 Finance DAC ("Cairo1"), Cairo No. 2 Finance DAC ("Cairo2"), and Cairo No.3 Finance DAC ("Cairo3") based in Ireland.

On initial recognition, bonds were classified as financial assets at fair value through profit or loss since the contractual cash flows will not only be repayment of capital and interest.

The bonds are backed by mortgage and non-mortgage receivables. The bonds are under the subordination levels of mezzanine (Class B2) and junior (Class C2).

On the issuance of the notes, a Priority of Payments Schedule ("Waterfall") was established, which they are repaid on a quarterly basis. Based on this schedule, the repayments regarding the mezzanine and junior notes are the last in the order of priority. The Priority of Payments Schedule ("Waterfall") is as follows:
- Servicing fees, issuers' expenses and other securitization expenses - priority 1
- Commissions for Hercules Asset Protection Scheme ("HAPS") - priority 2
- Issuers' Profit (fixed specified amount of c. €3 000 per annum for all issuers in total) - priority 3
- Interest payments of senior notes (including deferred interest) - priority 4
- Reserves for senior notes' interest and other expenses and fees - priority 5
- Principal repayments of senior notes - priority 6
- Interest payments of mezzanine notes - priority 7
- Principal repayments of mezzanine notes - priority 8
- Interest payments of junior notes - priority 9
- Principal repayments of junior notes - priority 10

The Company's investments in debt instruments are considered to be medium and high risk investments. As described above, on the issuance of the notes a Priority Payment Schedule ("Waterfall") was astablished, which they are repaid on a quarterly basis. Based on this schedule, repayments regarding the mezzanine and junior notes are the last ones in the priority.

The bonds are traded on the Vienna Stock Exchange, but the market is not active. Fair value is therefore determined by valuation techniques by independent valuers. In 2022, the management decided to proceed with fair value adjustment on the investments in debt instruments based on the valuation, the total fair value of the bonds had a central value of €55.949.000 (2021: €56.958.000) and therefore a loss of €1.009.000 (2021: profit of €940.863) was recognized in the Statement of Profit and Loss and other Comprehensive Income.

Investments at fair value through profit or loss are classified as non current assets because they are not expected to be realised within twelve months from the reporting date.

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

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in profit from financial assets at fair value through profit or loss.

The exposure of the Company to market risk in relation to financial assets is reported in note 8 of the financial statements.

### 15. Cash at bank

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

| | **2022** | 2021 |
|---|---|---|
| | **€** | € |
| Cash at bank | **810.598** | 1.135.101 |
| **Cash at bank as presented in the statement of Financial Position and the Cash Flow Statement** | **810.598** | 1.135.101 |

**Cash and cash equivalents by currency:**

| | **2022** | 2021 |
|---|---|---|
| | **€** | € |
| Euro | **810.598** | 1.135.101 |
| | **810.598** | 1.135.101 |

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 8 of the financial statements.

### 16. Share capital and share premium

| | **2022 Number of shares** | **2022 €** | 2021 Number of shares | 2021 € |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of €0,10 each | 309.096.827 | 30.909.683 | 309.096.827 | 30.909.683 |

| **Issued and fully paid** | **Number of shares** | **Share capital €** | **Share premium €** | **Total €** |
|---|---|---|---|---|
| Balance at 1 January 2021 | 309.096.827 | 30.909.683 | 26.582.327 | 57.492.010 |
| **Balance at 31 December 2021** | **309.096.827** | **30.909.683** | **26.582.327** | **57.492.010** |
| **Balance at 1 January 2022** | **309.096.827** | **30.909.683** | **26.582.327** | **57.492.010** |
| **Balance at 31 December 2022** | **309.096.827** | **30.909.683** | **26.582.327** | **57.492.010** |

### 16. Share capital and share premium (continued)

**Authorised capital**

Under its Memorandum the Company fixed its share capital at 2.000 ordinary shares of nominal value of Eur1 each.

Based on shareholders' decision on 24 June 2020, the share capital was converted into 20.000 ordinary shares of nominal value of Eur0,10 each and then increased to 309.096.827 ordinary shares of nominal value Eur0,10 each.

**Issued capital**

Upon incorporation the Company issued to the subscribers of its Memorandum of Association 2.000 ordinary shares of Eur1 each at nominal value.

Based on shareholders' decision on 24 June 2020, the share capital was converted into 20.000 ordinary shares of nominal value of Eur0,10 each. On the same date 309.076.827 shares of nominal value Eur0,10 each were issued to Eurobank Holdings for Eur0,186, i.e. total value Eur57.490.010 (share premium value Eur26.582.327) in exchange for (i) the contribution of notes/bonds at a fair value of Eur56.017.137 based on the valuation of independent valuers and (ii) cash Eur1.472.873.

In September 2020, the shares held by Eurobank Holdings in the Company were distributed to the shareholders of Eurobank Holdings through a share capital decrease.

The acquisition of financial assets financed through the issuance of these shares (Note 14).

All shares are listed and traded in the Alternative Market EN.A PLUS of the Athens Stock Exchange, have the same and equal rights and no restriction on their transfer. All shares are entitled to one vote per share at general meetings of the Company.

### 17. Trade and other payables

| | **2022** | 2021 |
|---|---|---|
| | **€** | € |
| VAT | **568** | 504 |
| Accruals | **203.216** | 246.926 |
| Other creditors | **36.341** | 7.404 |
| | **240.125** | 254.834 |

The Company trade and other payables are denominated in the following currencies:

| | **2022** | 2021 |
|---|---|---|
| | **€** | € |
| Euro | **240.125** | 254.834 |
| | **240.125** | 254.834 |

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

## 18. Related party transactions

The following transactions were carried out with related parties:

### 18.1 Directors' remuneration

The remuneration of Directors was as follows:

| | 2022 | 2021 |
|---|---|---|
| | € | € |
| Directors' remuneration | 28.560 | 28.560 |
| | 28.560 | 28.560 |

## 19. Events after the reporting period

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

**Independent auditor's report on pages 6 to 10**