AGRI EUROPE CYPRUS LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2022

AGRI EUROPE CYPRUS LIMITED

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Year ended 31 December 2022

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AGRI EUROPE CYPRUS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Aleksandar Aleks Kostic (Cypriot) Nikolas Anastasis Neophytou (Cypriot) Martinus Johanned Elling (Dutch) (appointed as of November 17, 2022) Richard Sharko (US) (appointed as of January 1, 2022) Lambros Papadopoulos (Cypriot) (appointed as of January 1, 2022) Jelena Galic (Serbian) (appointed as of January 1, 2022) Georgios Syrichas (Cypriot) (appointed as of January 1, 2022) Romeo Collina (Italian) (appointed as of November 17, 2022) Miodrag Kostic (Cypriot) (resigned as of December 1, 2022)
Company Secretary:	Trident Trust Company (Cyprus) Limited
Independent Auditors:	BDO Ltd Certified Public Accountants (CY) and Registered Auditors 236 Strovolou Avenue P.C. 2048 Strovolos Nicosia, Cyprus
Registered office:	Krinou Street, 3 THE OVAL, Flat/Office 502, Agios Athanasios, CY-4103, Limassol, Cyprus
Bankers:	UBS AG, Switzerland Eurobank Cyprus Ltd, Cyprus J.P. Morgan Bank, Luxembourg Credit Suisse AG, Switzerland AIK Banka, Serbia

AGRI EUROPE CYPRUS LIMITED

MANAGEMENT REPORT

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

Principal activities and nature of operations of the Company
The principal activities of the Company is that of an investment holding company.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7 and 22 of the financial statements.

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

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

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

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

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Results and Dividends
The Company's results for the year are set out on page 7. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Company, does not recommend the payment of a dividend and the net profit for the year is retained.

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

AGRI EUROPE CYPRUS LIMITED

MANAGEMENT REPORT

Board of Directors
The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1.

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

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

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 26 to the financial statements.

Independent Auditors
The Independent Auditors, BDO Ltd, 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.

Richard Sharko
Director

Nikolas Neophytou
Director

Limassol, April 25th, 2023

Independent Auditor's Report

To the Members of Agri Europe Cyprus Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Agri Europe Cyprus Limited (the "Company"), which are presented in pages 7 to 34 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 parent company Agri Europe Cyprus Limited 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 (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss and other comprehensive income in pages 35 to 36, 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.

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. We have nothing to report in this regard.

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 International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

To the Members of Agri Europe Cyprus Limited

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

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

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

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

Report on Other Legal Requirements

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

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its 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 the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

Independent Auditor's Report (continued)

To the Members of Agri Europe Cyprus Limited

Terence Kiely
Certified Public Accountant and Registered Auditor
for and on behalf of
BDO Ltd
Certified Public Accountants (CY) and Registered Auditors

Nicosia, Cyprus, April 25th 2023

AGRI EUROPE CYPRUS LIMITED

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

	Note	2022 €	2021 €
Revenue	8	**44,574,023**	-
Other income	9	**112,935**	174,812
Administration expenses		**(5,487,143)**	(1,376,484)
Operating profit/(loss)	**10**	**39,199,815**	(1,201,672)
Finance income	12	**249,749**	632,845
Finance costs	12	**(195,416)**	(174,814)
Profit/(loss) before tax		**39,254,148**	(743,641)
Tax	13	**9,963**	58,961
Net profit/(loss) for the year		**39,264,111**	(684,680)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**39,264,111**	(684,680)

The notes on pages 11 to 34 form an integral part of these financial statements.

AGRI EUROPE CYPRUS LIMITED

STATEMENT OF FINANCIAL POSITION
31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,829,921	1,898,850
Intangible assets	15	3,043,122	-
Investments in subsidiaries	16	159,645,500	45,500
Loans receivable	17	17,400	148,705
		164,535,943	2,093,055
Current assets			
Receivables	18	54,134	238,734
Loans receivable	17	-	3,600,000
Cash at bank and in hand	19	10,166,331	127,235,591
		10,220,465	131,074,325
Total assets		174,756,408	133,167,380
EQUITY AND LIABILITIES			
Equity			
Share capital	20	1,213	1,213
Retained earnings		171,894,847	132,630,736
Total equity		171,896,060	132,631,949
Trade and other payables	21	2,860,348	535,431
Total equity and liabilities		174,756,408	133,167,380

On April 25th 2023 the Board of Directors of Agri Europe Cyprus Limited authorised these financial statements for issue.

Richard Sharko
Director

Nikolas Neophytou
Director

The notes on pages 11 to 34 form an integral part of these financial statements.

AGRI EUROPE CYPRUS LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Share capital €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2021 as previously reported	**1,213**	**12,000**	**133,315,416**	**133,328,629**
Adjustment on initial application of IFRS 9 "Derecognition of Financial Instrument"	-	(12,000)	-	(12,000)
Balance at 1 January 2021 as restated	**1,213**	**-**	**133,315,416**	**133,316,629**
Comprehensive income				
Net loss for the year	-	-	(684,680)	(684,680)
Balance at 31 December 2021/ 1 January 2022	**1,213**	**-**	**132,630,736**	**132,631,949**
Comprehensive income				
Net profit for the year	-	-	39,264,111	39,264,111
Balance at 31 December 2022	**1,213**	**-**	**171,894,847**	**171,896,060**

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.

AGRI EUROPE CYPRUS LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**39,254,148**	(743,641)
Adjustments for:			
Depreciation of property, plant and equipment	14	**68,929**	73,541
Unrealised exchange loss		**8,512**	89
Amortisation of intangible assets	15	**316,751**	-
Dividend income	12	**(44,574,023)**	-
Interest income	12	**(249,750)**	(632,656)
Interest expense	12	**132,537**	131,400
		(5,042,896)	(1,171,267)
Changes in working capital:			
Decrease in receivables		**175,972**	262,280
Increase in trade and other payables		**2,324,917**	473,161
Cash used in operations		**(2,542,007)**	(435,826)
Dividends received		**44,574,023**	-
Tax refunded/(paid)		**9,963**	(15,529)
Net cash generated from/(used in) operating activities		**42,041,979**	(451,355)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	15	**(3,359,873)**	-
Payment for purchase of property, plant and equipment	14	**-**	(1,371)
Payment for purchase of investments in subsidiaries	16	**(159,600,000)**	-
Loans granted		**-**	30,060,404
Loans repayments received		**3,731,421**	-
Redemption of financial assets at fair value through other comprehensive income		**-**	30,012,000
Interest received		**249,750**	1,642,422
Net cash (used in)/generated from investing activities		**(158,978,702)**	61,713,455
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(132,537)**	(131,400)
Net cash used in financing activities		**(132,537)**	(131,400)
Net (decrease)/increase in cash and cash equivalents		**(117,069,260)**	61,130,700
Cash and cash equivalents at beginning of the year		**127,235,591**	66,104,891
Cash and cash equivalents at end of the year	**19**	**10,166,331**	127,235,591

The notes on pages 11 to 34 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company Agri Europe Cyprus Limited (the "Company") was incorporated in Cyprus on 16 March 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3, Krinou Street, THE OVAL, Flat/Office 502, Agios Athanasios, CY-4103, Limassol, Cyprus.

Principal activities

The principal activities of the Company is that of an investment holding company.

2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

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.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from 3, Krinou Street, THE OVAL, Flat/Office 502, Agios Athanasios, CY-4103, Limassol, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2022 in order to obtain a proper understanding of the financial position, the financial performance, the cash flows and risks of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

4. 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.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

4. Significant accounting policies (continued)

Revenue

Recognition and measurement

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

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

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

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

Identification of performance obligations

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

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

- **Rental income**

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

- **Dividend income**

  Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

4. Significant accounting policies (continued)

Employee benefits

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

Finance income

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

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Property, plant and equipment

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

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

	%
Buildings	3
Furniture, fixtures and office equipment	20
Computer hardware	20

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

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

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

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

Intangible assets

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

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

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

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

The amortisation rates used are as follows:

	%
Computer software	33
Licenses	33

Computer software

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

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

4. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets

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.

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 FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition

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 other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

4. Significant accounting policies (continued)

Financial assets (continued)

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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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:

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 and financial assets at amortised cost.

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.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

4. Significant accounting policies (continued)

Financial assets (continued)

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.

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, and lease receivables 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.

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 -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.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

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.

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.

Classification as cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at banks, deposits held at call with banks net of outstanding bank overdrafts and investments in money market instruments. 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 goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The 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. See note 6, Credit risk section.

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

4. Significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - measurement categories

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

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

Payables

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

Derecognition of financial assets and liabilities

<u>Financial assets</u>

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- 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.

<u>Financial liabilities</u>

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.

Share capital

Ordinary shares are classified as equity.

Comparatives

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

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

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

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets.

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

	2022	2021
	€	€
Fixed rate instruments		
Financial assets	**-**	97,738,152
Variable rate instruments		
Financial assets	**1,386,763**	31,311,825
	1,386,763	129,049,977

Sensitivity analysis

Any increase/(decrease) in interest rates will have minor effect on results and equity of the Company, because, the variable rate instruments are subject to a minimum interest rate.

6.2 Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables.

(i) Risk management

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

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Company to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:
- receivables
- loans receivable
- cash and cash equivalents

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

Low credit risk

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

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 financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

Loans Receivable and Receivables from related parties

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

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

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

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Loans Receivable and Receivables from related parties (continued)

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

Cash and cash equivalents

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

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

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

	External credit rating	**2022**	2021
		€	€
Credit Suisse AG	Ba2	**9,496**	95,664,081
UBS Switzerland AG	A3	**321,703**	31,313,049
AIK Banka	Ba3	**8,474,023**	-
J.P. Morgan	Ba3	**164,538**	-
Eurobank Cyprus	Ba2	**1,195,401**	258,172
Total		**10,165,161**	127,235,302

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

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

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

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2022	Carrying amounts	Contractual cash flows	Up to 12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Other creditors	712,427	712,427	712,427	-	-	-
Payables to related parties	1,783,726	1,783,726	1,783,726	-	-	-
	2,496,153	**2,496,153**	**2,496,153**	**-**	**-**	**-**

6. Financial risk management (continued)

6.3 Liquidity risk (continued)

31 December 2021	Carrying amounts	Contractual cash flows	Up to 12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Other creditors	51,149	51,149	51,149	-	-	-
Payables to related parties	1,551	1,551	1,551	-	-	-
	52,700	52,700	52,700	-	-	-

6.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

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

		Liabilities		**Assets**
	2022	2021	**2022**	2021
	€	€	**€**	€
United States Dollars	**-**	-	**474**	1,225
	-	-	**474**	1,225

6.5 Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

7. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

- **Impairment of loans receivable**

  The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

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

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of intangible assets**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Useful live of depreciable assets**

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

8. Revenue

	2022	2021
	€	€
Dividend income	**44,574,023**	-
	44,574,023	-

Dividend income is related to received income from operating activities of the subsidiaries.

9. Other income

	2022	2021
	€	€
Leasing of office space (Note 23.1)	**112,935**	174,812
	112,935	174,812

10. Operating profit/(loss)

	2022	2021
	€	€
Operating profit/(loss) is stated after charging the following items:		
Amortisation of intangible assets (included in "Administration expenses") (Note 15)	**316,751**	-
Depreciation of property, plant and equipment (Note 14)	**68,929**	73,541
Staff costs including Directors in their executive capacity (Note 11)	**542,138**	232,453
Auditors' remuneration - current year	**44,030**	44,030
Auditors' remuneration - prior years	**(92)**	25,687
Fees for the provision of supporting services	**2,264,988**	-

11. Staff costs

	2022	2021
	€	€
Salaries	**499,294**	203,974
Social security costs	**42,844**	28,479
	542,138	232,453

The average number of employees (including Directors in their executive capacity) employed by the Company during the year 2022 and 2021 were 12 and 7 respectively.

12. Finance income/(costs)

	2022	2021
	€	€
Bank interest income	**249,633**	206,124
Loan interest	**116**	426,532
Other Interest	**-**	189
Finance income	**249,749**	632,845
Net foreign exchange losses	**(8,512)**	(89)
Interest on overdue payments	**(154)**	-
Bank interest expense	**(132,383)**	(131,400)
Bank charges	**(54,367)**	(43,325)
Finance costs	**(195,416)**	(174,814)
Net finance income	**54,333**	458,031

13. Tax

	2022	2021
	€	€
Corporation tax - current year	**-**	(59,256)
Refundable tax for income tax 2018	**(9,963)**	295
Credit for the year	**(9,963)**	(58,961)

13. Tax (continued)

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

	2022	2021
	€	€
Profit/(loss) before tax	**39,254,148**	(743,641)
Tax calculated at the applicable tax rates	**4,906,769**	(92,955)
Tax effect of expenses not deductible for tax purposes	**688,683**	86,103
Tax effect of allowances and income not subject to tax	**(5,580,610)**	(9,196)
Tax effect of tax losses brought forward	**(14,842)**	-
Tax effect of tax loss for the year	**-**	16,048
Prior year tax	**(9,963)**	295
Reversal of income tax provision for 2020 due to group relief	**-**	(59,256)
Tax charge	**(9,963)**	(58,961)

The corporation tax rate is 12.5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

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

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

The Company's chargeable income for the year amounted to €118,733 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2022 the balance of tax losses which is available for offset against future taxable profits amounts to € 9,650.

14. Property, plant and equipment

	Building	Furniture, fixtures and office equipment	Computer hardware	Total
	€	€	€	€
Cost				
Balance at 1 January 2021	2,227,364	5,820	17,333	2,250,517
Additions	-	-	2,862	2,862
Balance at 31 December 2021/ 1 January 2022	**2,227,364**	**5,820**	**20,195**	**2,253,379**
Balance at 31 December 2022	**2,227,364**	**5,820**	**20,195**	**2,253,379**
Depreciation				
Balance at 1 January 2021	267,284	4,656	10,566	282,506
Charge for the year	66,819	1,164	4,040	72,023
Balance at 31 December 2021/ 1 January 2022	**334,103**	**5,820**	**14,606**	**354,529**
Charge for the year	66,821	-	2,108	68,929
Balance at 31 December 2022	**400,924**	**5,820**	**16,714**	**423,458**
Net book amount				
Balance at 31 December 2022	**1,826,440**	**-**	**3,481**	**1,829,921**
Balance at 31 December 2021	**1,893,261**	**-**	**5,589**	**1,898,850**

15. Intangible assets

	Computer software	Licenses	Intangible assets in progress	Total
	€	€	€	€
Cost				
Balance at 1 January 2021	12,965	-	-	12,965
Balance at 31 December 2021/ 1 January 2022	**12,965**	**-**	**-**	**12,965**
Additions	-	1,900,698	1,459,175	3,359,873
Balance at 31 December 2022	**12,965**	**1,900,698**	**1,459,175**	**3,372,838**
Amortisation				
Balance at 1 January 2021	11,447	-	-	11,447
On disposals	1,518	-	-	1,518
Balance at 31 December 2021/ 1 January 2022	**12,965**	**-**	**-**	**12,965**
Amortisation for the year (Note 10)	-	316,751	-	316,751
Balance at 31 December 2022	**12,965**	**316,751**	**-**	**329,716**
Net book amount				
Balance at 31 December 2022	**-**	**1,583,947**	**1,459,175**	**3,043,122**

16. Investments in subsidiaries

	2022	2021
	€	€
Balance at 1 January	**45,500**	45,500
Additions	**159,600,000**	-
Balance at 31 December	**159,645,500**	45,500

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2022 Holding %	2021 Holding %	2022 €	2021 €
NordAgri N.V. (direct subsidiary)	The Netherlands	Holding Company	100	100	**45,500**	45,500
Gorenjska Banka d.d. (direct subsidiary)	Slovenia	Banking sector	100	100	**159,600,000**	-
M&V Investments a.d. (indirectly owned subsidiary-through Nord Agri N.V.)	Serbia	Holding Company	100	100	**-**	-
AIK banka a.d. (indirectly owned subsidiary-through M&V Investments a.d.)	Serbia	Banking sector	100	100	**-**	-
GB leasing d.o.o. (indirectly owned subsidiary-through Gorenjska Banka d.d.)	Slovenia	Leasing Company	100	100	**-**	-
Hypo Alpe-Adria leasing d.o.o. (indirectly owned subsidiary-through Gorenjska Banka d.d.)	Slovenia	Leasing Company	100	100	**-**	-
Imobilia - GBK d.o.o. (indirectly owned subsidiary-through Gorenjska Banka d.d.)	Slovenia	Real Estate	100	100	**-**	-
Filira, Business Services d.o.o. (indirectly owned sub-subsidiary-through Hypo Alpe-Adria leasing d.o.o.)	Slovenia	Business Services	100	-	**-**	-
					159,645,500	45,500

In 12 September 2019, Agri Europe Cyprus Limited, Cyprus ("The Principal") and MK Holding Limited, Cyprus (formerly MK Group Global Limited) ("the Nominee") entered into a scheme of arrangement (the Scheme) which has been sanctioned by the Court and came into effect on December 10, 2019 (the Effective Date). The aim of the scheme was to separate the subsidiaries of the Agri Europe Cyprus Limited group engaged in the banking sector from other business sectors (agriculture, real estate and hotel sector). As a result, Agri Europe Cyprus Limited, will act only as the holding company for the Group's activities in the banking sector through its holding in Nord Agri A.G., Netherlands. As part of the Scheme on the Effective Date the Principal transferred the legal interest of the following assets held by the Principal to the Nominee:

(i) 1.000 ordinary shares of nominal value €1 each in the issued share capital of Oseane Holding Limited, Cyprus with boook value of €1,000 representing 100% of the issued share capital of the subsidiary ("nominee shares")

(ii) 1.300 ordinary shares of nominal value €1 each in the issued share capital of MKG Properties Limited, Cyprus with book value of €23,000,300, representing 100% of the issued share capital of the subsidiary ("nominee shares") and

(iii) 1.001 ordinary shares of nominal value €1 each in the issued share capital of MKG Agrinvestment Limited (formerly AEC Agrinvestment Limited), Cyprus with value of €49,307,456.08, representing 100% of the issued share capital of the subsidiary ("nominee shares")

16. Investments in subsidiaries (continued)

In consideration for the transfer of assets, MK Holding Limited allotted and issued the shares of MK Holding Limited to Agri Holding AG, the sole shareholder of Agri Europe Cyprus Limited, credited as fully paid. The transfer of the Assets was provided for out of the share premium account of Agri Europe Cyprus Limited. For this purpose the share premium of Agri Europe Cyprus Limited was reduced to nil and cancelled. The reduction and cancellation of the share premium account of Agri Europe Cyprus Limited, has been approved by the Court in accordance with sections 64 and 65 of the Law.

On December 10, 2019, The Nominee and the Principal entered into a nominee agreement to postpone the Effective Date to the Cut-Off Date, being December 31, 2019. In pursuance of the nominee agreement, the Nominee and the Principal have been agreed that the Nominee will hold the beneficial interest in the Nominee Shares transferred on trust for the benefit of the Principal from the Effective Date until the Cut-Off Date.

On 26 December 2022, AIK Banka a.d. Beograd agreed to transfer the shares held in Gorenjska Banka D.D., Kranj to Agri Europe Cyprus Limited. The registered share capital of Gornjska Banka D.D. Kranj amounts to €16,188,366.33 and consists of 387,938 ordinary shares. At the date of the agreement, AIK Banka a.d. held 355,723 shares in Gornjska Banka D.D., corresponding to 91.7% interest in the issued share capital and 100% interest in the profit and voting rights of Gornjska. The total consideration for the purchase of the bank's shares amounted to €159,600,000.

17. Loans receivable

	2022	2021
	€	€
Balance at 1 January	**3,748,705**	34,860,984
Repayments	**(3,731,305)**	(31,538,811)
Interest charged	**-**	426,532
Balance at 31 December	**17,400**	3,748,705

	2022	2021
	€	€
Loans receivable	**17,400**	3,600,000
Loans to related parties (Note 23.5)	**-**	148,705
	17,400	3,748,705

The loans are repayable as follows:

	2022	2021
	€	€
Within one year	**17,400**	3,600,000
Between one and five years	**-**	148,705
	17,400	3,748,705

Loans are denominated in Euro.

On 10 December 2018, the Company entered into a loan agreement with Aspara Limited, Cyprus for the principle amount of €3,600,000. The loan is unsecured, interest-free and is repayable 15 months after the date of EBRD completion, as per the purchase option agreement between the Company, EBRD and other parties or on the Business day immediately after the Company will receive payment from the sale of EBRD shares, whichever occurs earlier. The repayable date is on 30 June 2020. On 17 March 2022 the amount of €3,582,600 was repaid.

On 21 June 2019, the Company signed a loan agreement with Oseane Holdings Limited, Cyprus, for the principal amount of €145,000. The loan is unsecured, bears interest at the fixed rate of 1% p.a. on the basis of 360 days and is repayable on 30 June 2024. On 28 January, 31 January and 1 February 2022 the loan and interest were fully repaid in three instalments of €60,000, €60,000 and €28,754, respectively.

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

17. Loans receivable (continued)

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

18. Receivables

	2022	2021
	€	€
Receivables from related parties (Note 23.4)	**50,708**	237,889
Shareholders' current accounts - debit balances (Note 23.8)	**363**	286
Deferred expenses	**3,063**	199
Other receivables	**-**	360
	54,134	238,734

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

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

19. Cash at bank and in hand

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash in hand	**1,170**	288
Cash at bank	**10,165,161**	127,235,303
	10,166,331	127,235,591

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

20. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €1 each	**5,000**	**5,000**	5,000	5,000
Issued and fully paid				
Balance at 1 January	**1,213**	**1,213**	1,213	1,213
Balance at 31 December	**1,213**	**1,213**	1,213	1,213

Authorised capital

Upon the date of incorporation of the Company, on March 16, 2011, the authorized share capital of the Company was €5,000 dividend into 5.000 ordinary shares of €1 each.

Issued capital

Upon incorporation the Parent Company issued to the subscriber of its Memorandum of Association (Agri Holding AG) 1,000 ordinary shares of €1 each at par.

During 2013 the Parent Company issued to its shareholders 100 shares of nominal value €1 each at a premium of €47.62 per share (Agri Holding AG) and 72 shares of nominal value EUR 1 at a premium of €694,437.50 per share (EBRD). During 2016 Agri Holding AG transferred to EBRD 26 ordinary shares out of the Agri Holding AG shares, being the effect of an upward adjustment per the terms of Shareholders Agreement signed during 2013.

20. Share capital (continued)

On September 7, 2017, the ultimate holding Company Agri Holding A.G., Switzerland signed a Capital Contribution Agreement for the transfer of 100% of the shares in the company Hotel Palace Portoroz d.o.o., Slovenia (hereinafter "HPP") with Agri Europe Cyprus Limited, Cyprus. As consideration payable for the contribution, Agri Europe Cyprus Limited issued 41 ordinary shares with the nominal value of €1 in favour of Agri Holding AG, while the value of capital contribution amounted to €23,000 thousand (the difference represents the share premium in the amount of €22,999,959).

In December 2019 the AEC has transferred 3 out of 4 subsidiaries (all except NordAgri N.V.) to the newly established company MK Group Global, whereas both AEC and MK Group Global are wholly owned by the common owner - Agri Holding AG. As a part of this reconstruction the AEC transferred to the MK Group Global following:

(i) 1,000 ordinary shares of €1 each in Oseane Holding Limited, with book value of €1,000

(ii) 1,300 ordinary shares of €1 each in AEC Hotels Limited, with book value of €23,000,000

(iii) 1,101 ordinary shares of €1 each in AEC Agrinvestment Limited, with book value of €49,307,000

Cash and cash equivalents in the amount of €695,000 and

Share premium in the amount of €73,004,000.

21. Trade and other payables

	2022	2021
	€	€
Accruals	**290,158**	482,731
Other creditors	**712,427**	51,149
Accruals to own subsidiary (Note 23.7)	**74,037**	-
Payables to own subsidiary (Note 23.6)	**1,781,059**	-
Payables to related companies (Note 23.6)	**2,667**	1,551
	2,860,348	535,431

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

22. Operating Environment of the Company

Ukraine conflict

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

22. Operating Environment of the Company (continued)

Covid-19

With the development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures. Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as retail, manufacturing and financial services have been indirectly affected. Whilst factors such as mass vaccination programs and less severe strains of the disease have reduced the impact and there has been some degree of stabilisation of the pandemic, uncertainties still remain.

23. Related party balances and transactions

The Company's parent is Agri Holding AG, incorporated in Switzerland, which owns 100% of the Company's shares and the ultimate controlling party is Mr. Miodrag Kostic.

The related party balances and transactions are as follows:

23.1 Other income (Note 9)

	2022	2021
	€	€
MK Holding Limited (formerly MKG Group Global Limited), Cyprus	**112,935**	174,812
	112,935	174,812

23.2 Directors' remuneration

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

	2022	2021
	€	€
Directors' remuneration	**398,429**	64,842
	398,429	64,842

23.3 Finance Income (Note 12)

	2022	2021
	€	€
Oseane Holding Limited, Cyprus	**120**	1,470
	120	1,470

23. Related party balances and transactions (continued)

23.4 Receivables from related parties (Note 18)

Name	Nature of transactions	2022 €	2021 €
MKG Properties Limited (formerly AEC Hotels Limited), Cyprus	Finance	**-**	29,526
Tampten Limited, Cyprus	Finance	**-**	39,897
Tandexon Limited, Cyprus	Finance	**-**	19,404
Melentya Limited, Cyprus	Finance	**-**	32,695
Mormont Limited, Cyprus	Finance	**-**	27,530
Pleston Limited, Cyprus	Finance	**-**	23,898
Wirfil Limited, Cyprus	Finance	**-**	21,960
Beater Limited, Cyprus	Finance	**-**	3,991
Ermaged Limited, Cyprus	Finance	**-**	3,694
Lopeda Limited, Cyprus	Finance	**-**	6,639
MK Holding Limited (formerly MKG Group Global Limited), Cyprus	Finance	**50,347**	25,366
Oseane Holding Limited, Cyprus	Finance	**-**	3,289
MK Group d.o.o.	Finance	**360**	-
		50,707	237,889

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

23.5 Loans to related parties (Note 17)

	Nature of transactions	2022 €	2021 €
Oseane Holding Limited, Cyprus	Finance	**-**	148,705
		-	148,705

The loan and interest receivable from Oseane Holdings Limited, Cyprus amounting to €148,754 (including interest) was fully repaid in three instalments on 28 January, 31 January and 1 February 2022, amounting to €60,000, €60,000 and €27,854, respectively.

23.6 Payables to related parties (Note 21)

Name	Nature of transactions	2022 €	2021 €
MKG Agrinvestment Limited (formerly AEC Agrinvestment Limited), Cyprus	Finance	**100**	100
MK Holding Limited (formerly MKG Group Global Limited), Cyprus	Finance	**2,567**	1,451
AIK Banka	Provision of services	**1,781,059**	-
		1,783,726	1,551

The payables to related parties were provided interest free.

23.7 Accruals to own subsidiary (Note 21)

	Nature of transactions	2022 €	2021 €
Gorenjska Banka d.d.	Provision of services	**74,037**	-
		74,037	-

23. Related party balances and transactions (continued)

23.8 Shareholder's current account - debit balance (Note 18)

	2022	2021
	€	€
Shareholder's current accounts	**363**	286
	363	286

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

24. Contingent liabilities

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

25. Commitments

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

26. 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 4 to 6

AGRI EUROPE CYPRUS LIMITED

COMPUTATION OF WEAR AND TEAR ALLOWANCES
Year ended 31 December 2022

	Year	%	COST Balance 01/01/2022 €	Additions for the year €	Disposals for the year €	Balance 31/12/2022 €	ANNUAL ALLOWANCES Balance 01/01/2022 €	Charge for the year €	On disposals €	Balance 31/12/2022 €	Net value 31/12/2022 €
Building											
THE OVAL - office No 502	2017	3	2,227,364	-	-	2,227,364	334,105	66,821	-	400,926	1,826,438
			2,227,364	-	-	2,227,364	334,105	66,821	-	400,926	1,826,438
Furniture, fixtures and office equipment											
Furnitures & Fittings	2016	20	5,820	-	-	5,820	5,820	-	-	5,820	-
			5,820	-	-	5,820	5,820	-	-	5,820	-
Computer hardware											
Computer Hardware	2018	20	17,333	-	-	17,333	14,033	3,300	-	17,333	-
Acenetworks Ltd	2020	20	2,861	-	-	2,861	572	572	-	1,144	1,717
			20,194	-	-	20,194	14,605	3,872	-	18,477	1,717
Total			2,253,378	-	-	2,253,378	354,530	70,693	-	425,223	1,828,155
Computer software											
Computer Software		33	12,965	-	-	12,965	12,965	-	-	12,965	-
			12,965	-	-	12,965	12,965	-	-	12,965	-

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2022

	Page	€	€
Net profit per income statement	7		39,254,148
Add:			
Amortisation		316,751	
Depreciation		68,929	
Unrealised foreign exchange loss		8,675	
Non charitable donations		318,190	
Fines		1,986	
Irrecoverable VAT		83,193	
Notional Interest		13,986	
Non-allowable legal fees		4,697,754	
			5,509,464
			44,763,612
Less:			
Annual wear and tear allowances	35	70,693	
Dividends received		44,574,023	
Unrealised foreign exchange profit		163	
			(44,644,879)
Chargeable income for the year			118,733
Loss brought forward			(128,383)
Loss carried forward			(9,650)

CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD

Tax year	2017	2018	2019	2020	2021	2022
	€	€	€	€	€	€
Profits/(losses) for the tax year	-	-	-	-	(128,383)	118,733
Gains Offset (€)	-	-	-	-	118,733	-
- Year					2022	
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (9,650)