

THE AZUR SELECTION

Limited company under Greek law with a share capital of EUR 19,662,520

Registered office: 19 Stratarchou Alexandrou Papagou Street, 16673 Voula Athens, Greece

LEI number: 213800735SBHBKA79E82

HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2023

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This half year financial report has been prepared by the Board of Directors of THE AZUR SELECTION (the "**Company**") on 28 September 2023, in accordance with Article 3.2.2 of the Euronext Access Market Rules dated 30 June 2020.

1. BUSINESS ACTIVITY IN THE FIRST HALF OF 2023

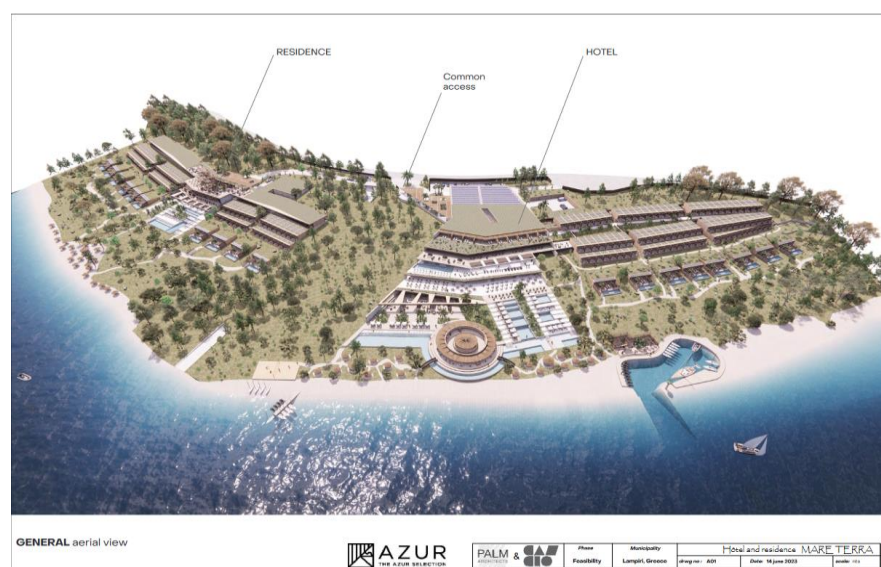
In the first half of 2023, against a backdrop of international events slowing the pace of recovery in tourism following the Covid-19 pandemic, The Azur Selection posted sales of €1,774 K compared with €2,035 K in the same period of the previous year. EBITDA was positive at + €230 K, thanks to a firm grip on operating expenses and overheads. The operating loss was - €5,004 K, mainly due to a capital loss on the disposal of the subsidiary AS Resorts, which was responsible for the construction of a five-star hotel on Agios Stefanos beach in Mykonos. The Azur Selection chose not to develop this project for several reasons:

- The current rise in interest rates, which has increased the expected cost of financing the project, 60% of which is based on borrowing;
- The soaring cost of building materials over the past two years, which has impacted on the project's profitability as planned in the initial business plan;
- A change in building regulations on the island of Mykonos, delaying completion of the project and generation of the first cash flows.

Thanks to the disposal of AS Resorts, The Azur Selection recorded tax income of € 1,277 K, which explains the change from pre-tax income of - €5,082 K to net income of - €3,805 K. The transaction also had a positive impact on cash flow, generating free cash flow of €1,345 K, taking the cash position to €1,087 K, despite a cash outflow linked to the repayment of finance lease obligations.

On the balance sheet, the ratio of non-current assets to total assets was 69% at June 30, 2023, compared with 82% at December 31, 2022.

Update on the construction of a 5-star hotel complex in Greece



The Azur Selection has begun preliminary work on the construction of its 300-room hotel complex with a wide range of facilities, on its coastal site between Patras and Aigio in the Peloponnese region. The schedule for this project, dubbed "Mare Terra", calls for work to start end of 2024 and operations to begin around the second half of 2026. Investment is estimated at 40 million euros.

"We are delighted to be starting up Mare Terra, an emblematic project which will be one of our new projects since our IPO, and which demonstrates our ambitions in Greece and France" says George Arvanitakis, founder and managing director of The Azur Selection.

2. MAIN TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

Sales of goods and services

During the six month period ended June 30 2023, the Group provided Civil engineer consulting services to AZUR Volos -related party through ultimate common control -totalling to €123.000.

Purchases of goods and services

During the six month period ended June 30 2023 Lokland Consulting Limited - related party through ultimate common control - provided Professional Services to the Group amounting to €190.000.

Receivables from related parties

Name	Nature of transactions	30.06.2023	31.12.2022
		€	€
Grisogono Investments (Greece)	Services	171.800	107.500
Office A IKE	Finance	31.395	59.475
Azur Volos (Greece)	Finance/Services	93.663	50.210
Azur Meganisi (Greece)	Finance	615.348	1.501.744
Azur Skiathos (Greece)	Finance	256	256
George Arvanitakis Technical Manufacturing Company	Finance	2.147	51.527
Panamera Manufacturing Company	Finance	18.250	47.213
Kiratsa Stavroula	Finance	109.000	69.000
Latin Beach Athens (Greece)	Services	43.565	43.565
Revithis Ioannis	Finance	0	143.041
		1.085.424	2.073.531

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

Payables to related parties

Name	Nature of transactions	30.06.2023	31.12.2022
		€	€
Grisigono Investments (Greece)	Services	682.265	854.822
Lokland consulting Limited	Services	259.000	439.000
Office A IKE	Finance	21.444	0
Arvanitakis Management Company SARL	Trade	41.243	51.243
Azur Volos (Greece)	Finance	955.544	445.964
Azur Meganisi (Greece)	Finance	73.110	51.660
Latin Beach Athens (Greece)	Services	32.202	95.303
		2.064.808	1.937.991

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

Shareholders' current accounts - debit balances

30.06.2023	31.12.2022
€	€

Georgios Arvanitakis

2.264.187	1.603.556
<u>2.264.187</u>	<u>1.603.556</u>

The directors'/shareholders' current accounts are interest free and have no specified repayment date. Management has assessed the recoverability of the amounts due/from the related parties and concluded that no provision for impairment is required.

Significant agreements with management

At the end of the year, no significant agreements existed between the Group and its Management.

3. MAIN RISKS AND UNCERTAINTIES

The Group is exposed to 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 Group to manage these risks are discussed below:

Interest rate risk

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

Credit risk

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

(i) Risk management

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

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group'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 Group to reduce its credit risk significantly.

(ii) Impairment of financial assets

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

- trade receivables
- cash and cash equivalents
- credit commitments

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

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

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

Significant increase in credit risk

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

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

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward looking

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

Default

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

Write-off

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

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

Trade receivables and contract assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group 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.

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

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

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

Receivables from related parties

For 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 Group assesses whether there was a significant increase in credit risk.

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

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

Lease receivables

Management estimates the loss allowance on lease receivables at the end of the reporting period at an amount equal to lifetime ECL.

None of the lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these lease receivables, Management consider that no lease receivable is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for lease receivables.

Collateral held as security and other enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with finance lease receivables is mitigated because they are secured over the leased store equipment.

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

Cash and cash equivalents

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

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

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

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

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

(iii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Group will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Group monitors the term to maturity of credit related commitments, because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

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 Group 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.

Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Group 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 Group's overall strategy remains unchanged from last year.

4. SUBSEQUENT EVENTS

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

Press releases published by the Company since 30 June 2023 are available on the Company's website (<https://www.azureselection.com/>).

5. **FINANCIAL ACCOUNTS AT 30 JUNE 2023**



THE AZUR SELECTION S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2023

THE AZUR SELECTION S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2023

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THE AZUR SELECTION S.A.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months period ended 30 June 2023

	Notes	1.01.2023- 30.06.2023	1.01.2022- 30.06.2022
Revenue	7	1.774.212	2.035.320
Other operating income		-	188.038
Purchases and consumables used (COS)		-63.671	-346.525
Staff costs	9	-366.069	-374.045
Depreciation and amortisation expense	13,14,15	-445.130	-165.691
Administration and other expenses	8	-1.114.837	-754.662
Loss on disposal of subsidiary	15	-4.788.708	-
Operating profit (loss)		-5.004.203	582.435
Finance costs	10	-104.769	-159.243
Share of results of associates before tax	17	26.643	30.600
Profit (loss) before tax		-5.082.330	453.792
Tax	12	1.277.217	-143.787
Net profit (loss) for the period		-3.805.113	310.005
Other comprehensive income		-	-
Total comprehensive income for the year		-3.805.113	310.005
Net profit (loss) for the period attributable to:			
Equity holders of the parent		-3.777.800	185.137
Non-controlling interests		-27.312	124.868
Net profit (loss) for the period		-3.805.113	310.005
Basic and diluted Earnings (losses) per share	11	-0,192	0,009

The accompanying notes form an integral part of these interim consolidated financial statements.

THE AZUR SELECTION S.A.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30.06.2023	31.12.2022
ASSETS			
Non-current assets			
Property Plant & Equipment	13	1.652.691	1.700.175
Right-of-use assets	14	9.280.975	13.914.835
Intangible assets	15	11.945.413	18.140.234
Investments in associates	17	166.361	139.718
Deferred tax Assets	12	177.991	262.991
Guarantees given		315.282	222.582
		23.538.713	34.380.535
Current assets			
Trade and other receivables	18	9.323.363	7.505.359
Cash at bank and in hand	19	1.086.783	76.571
		10.410.146	7.581.930
Total assets		33.948.859	41.962.465
EQUITY AND LIABILITIES			
Equity			
Share capital	20	19.662.520	19.662.520
Other reserves		1.549	1.549
Accumulated losses		-8.727.015	-6.148.431
		10.937.054	13.515.638
Non-controlling interests		220.802	245.636
Total equity		11.157.856	13.761.274
Non-current liabilities			
Government subsidies		0	0
Non current lease liabilities	21	9.269.954	14.021.655
Deferred tax Liabilities	12	2.663.971	4.026.365
Provisions for other liabilities and charges	22	1.486.706	1.486.706
		13.420.631	19.534.726
Current liabilities			
Trade and other payables	23	8.544.471	7.650.451
Current lease liabilities	21	658.848	831.969
Current tax liabilities		167.053	184.045
		9.370.372	8.666.465
Total liabilities		22.791.003	28.201.191
Total equity and liabilities		33.948.859	41.962.465

The accompanying notes form an integral part of these interim consolidated financial statements.

THE AZUR SELECTION S.A.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months period ended 30 June 2023

	Attributable to equity holders of the Company				Non-controlling interests	Total
	Share capital	Statutory reserve	Accumulated losses	Total		
	€	€	€	€		
Balance at 1 January 2022	19.662.520	1.549	-2.404.102	17.259.967	33.696	17.293.663
Comprehensive income						
Net profit for the period	0	0	185.137	185.137	124.868	310.005
Total comprehensive income for the year	0	0	185.137	185.137	124.868	310.005
Balance at 30 June 2022	19.662.520	1.549	-2.218.966	17.445.103	158.564	17.603.667
Balance at 1 January 2023	19.662.520	1.549	-6.148.431	13.515.638	245.637	13.761.275
Comprehensive income						
Net profit for the period	0	0	-3.777.800	-3.777.800	-27.312	-3.805.113
Sale of subsidiary	0	0	1.201.695	1.201.695	0	1.201.695
Total comprehensive income for the year	0	0	-2.576.105	-2.576.105	-27.312	-2.603.418
Balance at 30 June 2023	19.662.520	1.549	-8.724.536	10.939.533	218.325	11.157.857

The accompanying notes form an integral part of these interim consolidated financial statements.

THE AZUR SELECTION S.A.

INTERIM CONSOLIDATED CASH FLOW STATEMENT For the six months period ended 30 June 2023

	30 June 2023 €	30 June 2022 €
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	-5.082.330	453.792
Adjustments for:		
Depreciation of property, plant and equipment	445.130	165.691
Share of loss/(profit) from associates	-26.643	-30.600
Loss on disposal of subsidiary	4.788.708	0
Interest expense	104.769	159.243
	<u>229.635</u>	<u>748.126</u>
Changes in working capital:		
(Increase)/decrease in trade and other receivables	-1.113.429	-4.636.404
(Decrease)/increase in trade and other payables	1.055.233	4.505.355
Cash generated from/(used in) operations	<u>171.439</u>	<u>617.078</u>
Tax (paid)/refunded		0
Net cash generated from/(used in) operating activities	<u>171.439</u>	<u>617.078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	-28.713	-17.509
Receipt from the disposal of subsidiary	1.373.331	0
Interest received	0	0
Net cash generated from/(used in) investing activities	<u>1.344.618</u>	<u>-17.509</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of obligations under finance leases	-470.918	-416.480
Interest paid	-34.927	-159.243
Net cash (used in)/generated from financing activities	<u>-505.845</u>	<u>-575.723</u>
Net increase/(decrease) in cash and cash equivalents	1.010.212	23.846
Cash and cash equivalents at beginning of the period	76.571	367.250
Cash and cash equivalents at end of the period	<u>1.086.783</u>	<u>391.096</u>

The accompanying notes form an integral part of these interim consolidated financial statements.

1. Incorporation and principal activities

The accompanying interim consolidated financial statements include the accounts of THE AZUR SELECTION SA (the "Company" or the "Group") and its subsidiaries. The Company has been incorporated in Cyprus on 20 February 2017, as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113, with registered address at Anexartisias & Athinon, NORA COURT, 2nd floor, Limassol, 3040, Cyprus. On 31 May 2022, the Company's shareholders resolved the domiciliation of the Company in Greece and the transfer of the Company's headquarters from Cyprus to Greece. On 16 September 2022, the amendment of the Company's Articles of Association due to the redomicile in Greece were approved by the General Commercial Register Service of the Athens Chamber of Commerce & Industry (GEMI) and on the same date the Company was registered with the General Commercial Register of the Hellenic Republic, as a société anonyme under the registration number 164362401000.

THE AZUR SELECTION SA is incorporated in Greece with an indefinite corporate life, the address of its registered office is 19, Stratarchou Alexandrou Papagou Street, 16673 Voula, Athens, Greece and its web address is www.azurselection.com.

The Company's ordinary shares were listed on the Cyprus Stock Exchange on the Emerging Companies Market (E.C.M.) since 29 October 2020. On 27 May 2022, the Company decided to delist from the Cyprus Stock Exchange in the perspective of its listing on Euronext Access+Paris. On 20 September 2022, the Company's shareholders approved the listing of the Company's ordinary shares on Euronext Access+Paris. Since 22 November 2022 the Company is traded under the ticker MLAZR. The majority shareholder of the parent company holding 84% (as at 30 June 2023) is Mr George Arvanitakis.

Apart of the taxation the aforementioned redomiciliation has no significant effect on the consolidated financial information for the current period or comparative figures.

Based on its articles of incorporation, the primary activities of the Company are to participate to the share capital of selected hotel groups located mainly in Greece and to act as lessor and operator. In addition, other activities include:

- Rendering of advisory services in relation to the organisation, administration and management of hotels and other touristic units
- Construction, repair and maintenance, administration, development and management of bars, restaurants, coffee shops, clubs, casinos and commercial shops.
- Acquisition, disposal, development, management, lease of real estate properties
- Retail sale of food, beverages, books, and touristic products
- Lease of beach umbrellas, sunbeds and chairs
- Lease of parking spaces, cars and vans
- Operation of hairdressing, sauna and spa facilities

The accompanying interim consolidated financial statements were approved for issuance by the Board of directors on 28 September 2023.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), including IAS 34 "Interim Financial Reporting".

The accounting policies used in the preparation of the consolidated financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2022.

THE AZUR SELECTION S.A.

These consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in euros (€) rounded to the nearest value, except when otherwise indicated.

In determining the appropriate basis of preparation of the consolidated and Company financial statements, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future. It is noted that since the activity of the Company is directly related to the activity of its subsidiaries, the assessment of the going concern principle of the Company is directly related to the going concern of the Group. The future financial performance of the Group is dependent upon the wider economic environment and factors that particularly affect the environment and therefore the performance of the Group include macroeconomic conditions and supply and demand of touristic product and the value of the hoteling assets.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material judgement in the carrying amount of assets or liabilities affected in future periods. Actual results may differ from those estimates. Estimates are based on management's previous experience including expectations of future events under normal conditions.

The aforementioned judgments, estimates and assumptions are periodically re - assessed in order to be in line with current available data and reflect current risks. When applying the Group's accounting policies, management has made the following judgments, estimates and assumptions that may have a significant impact on the items reported in the financial statements:

Deferred tax assets: Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profits will be available against which the losses or deductible differences can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Right of use assets: On the beginning date of the leasing period, a right of use asset and a liability are recognized by calculating the present value of leases which remain unpaid, discounted with leasing interest rate (interest rate which would be accepted by the lessee in order to borrow all necessary funds with similar terms). The Group determines the leasing duration as the contractual leasing duration, including the period which is covered by a) the right to extend leasing if it is almost sure that it will be exercised, or b) the right to terminate the contract if it is almost sure that it will be exercised. The Group implements a single discount rate at each leasing category with similar characteristics (as leasing with similar duration, assets and economic environment). Afterwards, the asset is measured at cost less depreciation and any impairment losses while, the liability is measured by increasing book value with interest expenses on the liability and by decreasing book value with leases payment.

Useful life of property plant and equipment: Management makes estimates when determining the useful life of depreciable assets. Such estimates are periodically reviewed.

Determination of cash generating units for impairment testing: For the purposes of its impairment testing the Company identifies each cash generating unit ("CGU") which represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In determining the CGUs the Group considers various factors including management's marketing and trading strategies and nature and terms of contractual arrangements. The Group also considers other factors such as investment and discontinuance decisions, and how management monitors financial performance.

The determination as to whether the cash inflows of groups of products which form a CGU are largely dependent on each other requires judgment to be exercised in assessing all the available data and information noted above, particularly with reference to assumptions and judgments regarding future

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planned and expected marketing and trading strategies. Should these judgments be proven, through the passage of time, to be incorrect or subject to change or amendment in future periods it is possible that impairment charges may arise, or reversals of impairments may occur.

3. Adoption of new or revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS amendments which have been adopted by the Group as of 1 January 2023:

- **IFRS 17 Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The Group does not issue contracts in scope of IFRS 17; therefore its application does not have an impact on the Group's financial performance, financial position or cash flows.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments).**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments).**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments).**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published

the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. The amendments have not yet been endorsed by the EU.

Standards issued but not yet effective and not early adopted

The Group has not early adopted any of the following standard, interpretation or amendment that have been issued but are not yet effective. In addition, the Group is in the process of assessing the impact of all standards, interpretations and amendments issued but not yet effective, on the interim condensed consolidated financial statements.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU.
- **IFRS 16 Leases:**
Lease Liability in a Sale and Leaseback (amendments) The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU.
- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**
The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance

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providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose as at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

- **IAS 21 Amendments in Lack of Exchangeability.**

The amendments are effective for annual reporting periods beginning on or after January 2025, with earlier application permitted. The amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide. The amendments have not yet been endorsed by the EU.

4. Significant accounting policies

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

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the parent company THE AZUR SELECTION S.A. and the financial statements of its subsidiaries, described in Note 16.

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

Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

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- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

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

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

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's

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share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

Goodwill

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

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

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

Segmental reporting

The Group operates only in Greece and for this reason operations are not analysed by geographical segment. The Group reports financial information and evaluates its operations by one reportable segment. The Group's revenue is analysed in Note 7.

Revenue

Recognition and measurement

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

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective

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obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

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

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

Identification of performance obligations

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

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

- **Sale of products**

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

- **Rendering of services**

Rendering of services - over time:

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

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

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

Rendering of services - at a point in time:

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

- **Work executed**

Work executed is recognised in the accounting period in which the work is carried out by reference to completion of the specific transaction assessed on the basis of the actual work executed provided as a proportion of the total work to be carried out.

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- **Rental income**

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

- **Interest income**

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

Employee benefits

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

Finance costs

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

Tax

Current income tax: Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income (income statement component). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax: Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable

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profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of comprehensive income (income statement component) is recognized outside the statement of comprehensive income (income statement component). Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Property, plant and equipment

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

No depreciation is provided on land.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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 for the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

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

Deferred income

Deferred income represents income receipts which relate to future periods.

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Investment properties

Investment property, principally comprising shops and office buildings, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is treated as a non-current asset and is stated at historical cost less depreciation. 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.

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

Intangible assets

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

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

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

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

Leases

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

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

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

1.1 THE GROUP AS LESSOR

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

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

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

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

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

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

1.2 THE GROUP AS LESSEE

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

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

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

Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Impairment of non-financial assets

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

Financial assets

Financial assets - Classification

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

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Financial assets - Recognition and derecognition

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

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

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

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

Financial assets - impairment - credit loss allowance for ECL

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

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

Debt instruments carried at amortised cost are presented in the consolidated 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 consolidated 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 Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

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

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

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL

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

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Group determines low credit risk 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 Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

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

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

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

Cash and cash equivalents

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

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Classification as financial assets at amortised cost

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

Classification as trade receivables

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

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

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

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

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued.

Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. In the absence of fees received, the fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantees are subsequently measured at the higher of (i) the amount determined in accordance with the expected credit loss model under IFRS 9 "Financial Instruments", and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with customers".

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.

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

Borrowings

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

Share capital

Ordinary shares are classified as equity.

Financial liabilities - Modifications

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

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

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

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

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

Offsetting financial instruments

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

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or

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

Provisions

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

Non-current liabilities

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

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. During the preparation of the consolidated financial statements of 31 December 2022, certain errors and omissions were identified that related to the prior year financial statements (see note 27).

5. Financial risk management

Financial risk factors

The Group is exposed to 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 Group to manage these risks are discussed below:

5.1 Interest rate risk

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

5.2 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. Further, credit risk arises from financial guarantees and credit related commitments.

(i) Risk management

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

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

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financial position, past experience and other factors. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.]

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group'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 Group to reduce its credit risk significantly.

(ii) Impairment of financial assets

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

- trade receivables
- cash and cash equivalents
- credit commitments

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

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

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

Significant increase in credit risk

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

- internal credit rating
- 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

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- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group 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 Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

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

Write-off

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

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

Trade receivables and contract assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group 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.

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

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

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

Receivables from related parties

For 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 Group assesses whether there was a significant increase in credit risk.

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

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

Lease receivables

Management estimates the loss allowance on lease receivables at the end of the reporting period at an amount equal to lifetime ECL.

None of the lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these lease receivables, Management consider that no lease receivable is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for lease receivables.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with finance lease receivables is mitigated because they are secured over the leased store equipment.

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

Cash and cash equivalents

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

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

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

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

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

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(iii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Group will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

5.3 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 Group 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.

5.4 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Group 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 Group's overall strategy remains unchanged from last year.

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

- **Calculation of loss allowance**

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

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

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Income taxes**

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

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Critical judgements in applying the Group's accounting policies

- **Impairment of investments in associates**

The Group periodically evaluates the recoverability of investments in associates 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, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these associates 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 Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5, 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 Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of goodwill**

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

- **Useful lives 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 Group. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

- **Provisions**

The amount recognised for provisions is estimated based on Directors' past experience and its future expectations. However, the actual outcome may vary from the amount recognised.

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7. Revenue

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

	30 June 2023	30 June 2022
	€	€
Rendering of services	1.246.770	1.574.382
Rental income	527.442	460.938
	1.774.212	2.035.320

Rendering of services represents the income received from the hotel activities, specifically from the hotel operations and the short-term rentals of hotel luxury apartments (suites).

Rental income consists of the rent receivable amounts from the sub-lease of the right-of-use assets (hotel units).

8. Administration and other expenses

	30 June 2023	30 June 2022
	€	€
Rent -short term	21.000	72.660
Electricity	44.807	46.409
Water supply and cleaning	44.953	10.680
Insurance	7.825	3.601
Repairs and maintenance	4.928	8.630
Telephone and postage	2.862	4.912
Stationery and printing	12.659	15.966
Accounting fees	52.759	38.584
Legal and professional	50.913	6.118
Other professional fees	421.721	337.816
Fines	147.587	89.281
Travelling and accommodation	66.073	9.291
Advertising and marketing	5.000	0
Licences and taxes	19.000	19.814
Irrecoverable VAT & other taxes	16.072	9.049
Sundry expenses	196.678	81.851
	1.114.837	754.662

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9. Staff costs

	30 June 2023	30 June 2022
	€	€
Salaries	296.774	301.870
Social security costs	67.051	72.175
Other costs	2.244	0
	<u>366.069</u>	<u>374.045</u>

10. Finance costs

	30 June 2023	30 June 2022
	€	€
Interest expense on lease liabilities	69.842	115.952
Sundry finance expenses	34.927	43.291
	<u>104.769</u>	<u>159.243</u>

11. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. There is no diluted EPS as at 30 June 2023 and 2022.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	1.01.2023- 30.06.2023	1.01.2022- 30.06.2022
Profit (loss) for the year attributable to equity holders of the parent	<u>(3.777.800)</u>	<u>185.137</u>
Weighted average number of ordinary shares	<u>19.662.520</u>	<u>19.662.520</u>
EPS	(0,192)	0,009

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12.Tax

The corporate income tax rate in Greece for periods commencing after 1 January 2021, is 22%. The company calculates deferred income tax on goodwill following the redomicile from Cyprus to Greece.

Current income and deferred tax are analysed below:

	30 June 2023	30 June 2022
Current income tax:		
Current income tax charge	56.887	143.787
Deferred tax:		
Relating to originating and reversal of temporary differences	-1.334.104	0
Total income tax (benefit) / expense	<u>-1.277.212</u>	<u>143.787</u>

Reconciliation of deferred tax is presented below:

	Consolidated Statement of financial position		Consolidated Statement of profit or loss	
	30 June 2023	31 December 2022	30 June 2023	30 June 2022
Right of use assets	138.028	223.264	28.526	
Goodwill	-2.624.008	-3.986.638	-1.362.630	0
Deferred tax expense (benefit)			<u>-1.334.104</u>	<u>0</u>
Net deferred tax assets	<u>-2.485.980</u>	<u>-3.763.374</u>		
Deferred tax assets	177.991	262.991		
Deferred tax liabilities	-2.663.971	-4.026.365		
Deferred tax assets net	<u>-2.485.980</u>	<u>-3.763.374</u>		

Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities in the countries the companies operate in, examine the returns and the records of the taxpayer and a final assessment is issued.

Pending the tax examination of the related unaudited tax years, the Group, based upon previous years' tax examinations and past interpretations of the tax laws, believes that adequate provisions for probable future tax assessments have been made in the consolidated financial statements. Books and records of all the entities included in the consolidation have not been audited by the tax authorities since their incorporation. The management of the Group does not anticipate any additional liabilities for 2022 and 2023, other than those recorded in the accompanying consolidated financial statements.

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13. Property, plant and equipment

Property plant and Equipment is analysed as follows:

	Buildings	Furniture, fixtures and office equipment	Total
	€	€	€
Cost			
Balance at 1 January 2022	<u>1.760.286</u>	<u>919.927</u>	<u>2.680.214</u>
Additions	0	14.487	14.487
Balance at 31 December 2022/ 1 January 2023	<u>1.760.286</u>	<u>934.414</u>	<u>2.694.700</u>
Additions/Disposals	0	28.713	28.713
Balance at 30 June 2023	<u>1.760.286</u>	<u>963.127</u>	<u>2.723.413</u>
Depreciation			
Balance at 1 January 2022	<u>222.343</u>	<u>642.163</u>	<u>864.506</u>
Charge for the year	80.917	49.103	130.020
Balance at 31 December 2022/ 1 January 2023	<u>303.260</u>	<u>691.265</u>	<u>994.525</u>
Charge for the period	40.458	35.739	76.197
Balance at 30 June 2023	<u>343.718</u>	<u>727.004</u>	<u>1.070.722</u>
Net book value			
Balance at 31 December 2022	<u>1.457.026</u>	<u>243.148</u>	<u>1.700.175</u>
Balance at 30 June 2023	<u>1.416.568</u>	<u>236.122</u>	<u>1.652.691</u>

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14. Right-of-use assets

The movement of the right of use assets is analysed below:

	Land and buildings	Total
	€	€
Cost		
Balance at 1 January 2022	15.759.491	15.759.491
Additions	1.634.209	1.634.209
Balance at 31 December 2022	17.393.700	17.393.700
Additions	0	0
Disposals	-4.503.753	-4.503.753
Balance at 30 June 2023	12.889.947	12.889.947
Depreciation		
Balance at 1 January 2022	2.755.982	2.755.982
Charge for the period	722.883	722.883
Balance at 31 December 2022	3.478.865	3.478.865
Charge for the period	367.883	367.883
Disposals	-237.776	-237.776
Balance at 31 December 2022	3.608.972	3.608.972
Net book value		
Balance at 30 June 2023	9.280.975	9.280.975
Balance at 31 December 2022	13.914.835	13.914.835

The Group leases several assets including buildings, land for hotel and hotel apartments units. The average lease term is 24 years.

The lease agreements consist of the agreed rentals over the lease period, with a Company right for renewal.

The Right-of-use assets were recognized using the Discounted Cash flows Method. The discount rates were used in all periods presented is 3%.

The assumptions and estimates used are based on future forecasts as at 31 December 2022.

Depreciation expense on right-of-use assets has been recognised in the consolidated statement of profit and loss.

The lease liabilities are analysed in Note 21.

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15. Intangible assets

Intangible assets are analysed as follows:

	Software €	Goodwill €	Total €
Cost			
Balance at 1 January 2022	9.625	18.121.081	18.130.706
Additions	14.834	0	14.834
Balance at 31 December 2022	24.459	18.121.081	18.145.540
Additions/Disposals		-6.193.772	-6.193.772
Balance at 30 June 2023	24.459	11.927.309	11.951.768
Depreciation			
Balance at 1 January 2022	2.255	0	2.255
Charge for the year	3.051	0	3.051
Balance at 31 December 2022	5.306	0	5.306
Charge for the period	1.050	0	1.050
Balance at 30 June 2023	6.355	0	6.355
Net book amount			
Balance at 30 June 2023	18.104	11.927.309	11.945.413
Balance at 31 December 2022	19.153	18.121.081	18.140.234

Goodwill represents the premium paid to acquire the business of the Company's subsidiaries and associates and is measured at cost less any accumulated impairment losses.

The Group reassess annually the Goodwill paid for the acquisition of subsidiaries and associates. The initial goodwill estimate is based on the net present value of the future cash flows (NPV model) of the acquired assets. The sensitivity and achievability of the set expected cash flows are being evaluated on an annual basis.

These future cash items have been discounted using the Group's average cost of capital plus a risk premium of 2%. Goodwill was impaired in 2019 by € 1.366.435 due to the COVID-19 pandemic and the Management of the Group, having reassessed the impact on future cash flows, concluded that no further impairment is required.

Disposal of €6.193.772 recorded in the current period relates to the goodwill amount of subsidiary AS Resort IKE that has been recognised in prior years and was disposed of to third parties in May 2023.

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16. Investments in subsidiaries

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	30.06.2023 Holding %	31.12.2022 Holding %
A.S Resort IKE	Greece	Investment activities in the tourism sector	-	100
ARISTON Glyfada IKE	Greece	Investment activities in the tourism sector	100	100
Crystal Vouliagmeni IKE	Greece	Hotel management	80	80
ARVAN Hotel Constructions IKE	Greece	Construction Company	100	100
Housepeak Investments Limited	Cyprus	Investments in Properties (57% owner of A & K Anaptyxiaki IKE)	80	80
R&A Biene Propertia Investments Ltd	Cyprus	Investment activities in the tourism sector (100% owner of A Mykonos Hotels IKE)	58	58
Estoril Holdings Limited	Cyprus	Investment activities in the tourism sector (100% owner of B Mykonos Hotels IKE)	75	75

Loss on disposal of subsidiary:

	30.06.2023	30.06.2022
Loss on disposal of subsidiary	4.788.708	-

In May 2023 the Group sold its subsidiary AS Resort IKE to third parties for a consideration of € 1.405.554. The difference from the initial acquisition cost amounting to € 4.788.708, is recorded in the six month period statement of profit or loss, as a loss on disposal.

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17. Investments in associates

	30.06.2023	31.12.2022
	€	€
Balance at 1 January	139.718	74.845
Additions	-	-
Share of results of associates before tax	26.643	64.873
Balance at 30 June/31 December	<u>166.361</u>	<u>139.718</u>

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2023	2022
			Holding	Holding
			%	%
MATSAR LTD	Cyprus	Investments activities in tourist sector (100% owner of Grisogono Investments IKE, a company established in Greece)	50	50

18. Trade and other receivables

	30.06.2023	31.12.2022
	€	€
Trade receivables	308.216	784.781
Shareholders' current accounts - debit balances	2.145.011	1.603.556
Deposits and prepayments	65.714	429.311
Advances to subcontractors	643.384	353.320
Other receivables	5.607.020	4.044.610
Accrued income	327.500	-
Refundable VAT	226.518	289.781
Trade and other receivables	<u>9.323.363</u>	<u>7.505.359</u>

The Group does not hold any collateral over the trading balances.

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 5 of the consolidated financial statements.

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19. Cash at bank and in hand

	30.06.2023	31.12.2022
	€	€
Cash at bank and in hand	1.086.783	76.571
	<u>1.086.783</u>	<u>76.571</u>

The Group's sight and time deposits earn interest at floating rates based on daily bank deposits rates. Sight and time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group.

There are no balances in foreign currency as at 30.06.2023 and 31.12.2022.

20. Share capital

	2023	2023	2022	2022
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>
Issued and fully paid				
Balance at 1 January	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>
Balance at 30 June	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>

21. Lease Liabilities

Lease liabilities

At 1st January 2022	14.061.671
Additions	1.634.209
Interest expense	119.702
Lease payments	-961.960
At 31 December 2022	14.853.622
At 1st January 2023	14.853.622
Additions/ (Disposals)	-4.523.744
Interest expense	69.842
Lease payments	-470.918
At 30 June 2023	9.928.802

All lease liabilities are denominated in Euro. The present value of lease liabilities consists of minimum lease payments minus future finance charges.

During the fourth quarter of 2022 the Group entered into an agreement for the long-term lease of a plot of land located in the Peloponnese region, between Patras and Aigio. The Group contemplates the construction of a 5-Star resort on the 7,5 hectare site at an estimated investment of €40 million.

It is the Group's policy to lease properties and operate or sublease them as hotel units or in hospitality industry with average lease and sublease term 24 years and 9 years respectively. For year ended 30 June 2023, the average effective borrowing rate was 3.0% (2022: 3.0%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed

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repayment basis and no arrangements have been entered into for contingent rental payments.

Future minimum lease payments are analysed as follows:

Maturity of lease liabilities	30.06.2023	31.12.2022
0-1 year	658.848	831.969
1-5 years	2.444.822	3.261.393
Over 5 years	6.825.132	10.760.260
	<u>9.928.802</u>	<u>14.853.622</u>

The fair values of lease obligations approximate to their carrying amounts as presented above.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

22. Provisions for other liabilities and charges

The amounts included in the consolidated statement of financial position include the following:

	Pension and other post retirement obligations	Warranty on Rents receivable	Total
	€	€	€
Balance at 1 January 2022	26.424	1.474.927	1.501.351
Additions	-	2.414	2.414
Used	-17.059	-	-17.059
Balance at 31 December 2021/ 1 January 2022	<u>9.365</u>	<u>1.477.341</u>	<u>1.486.706</u>
Used	-	-	-
Additions	-	-	-
Balance at 30 June 2022	<u>9.365</u>	<u>1.477.341</u>	<u>1.486.706</u>

The amounts included in the consolidated statement of financial position include the following:

	30.06.2023	31.12.2022
	€	€
Provisions to be used after more than twelve months	1.486.706	1.486.706

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23. Trade and other payables

Trade and other payables are analysed as follows:

	30.06.2023	31.12.2022
	€	€
Trade payables	1.077.179	1.255.219
Social insurance and other taxes	1.668.732	1.520.427
VAT	22.252	155.890
Accruals	20.758	37.527
Other creditors	3.634.999	2.470.063
Government subsidies	326.851	273.334
Payables to associates	1.793.700	1.937.991
	<u>8.544.471</u>	<u>7.650.451</u>

Government grants relate to Government subsidies given to the Group's Greek subsidiaries for financial support purposes due to the adverse consequences caused by the pandemic COVID-19.

According to decision issued by the Ministry of Finance in Greece, it was established that approximately 50% of the grants given by the government will not be returned by the companies. The Group will repay the balance of € 326.851.

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

24. Operating Environment of the Group

Hospitality (tourism) industry is dependent on consumer confidence, highly sensitive to economic, but also social environment. In Greece despite the economic crisis the industry has been growing fast and systematically in the last three years, in terms of both visitors and revenues. That increased Greek share in the global market, led to higher occupancy and stabilised business profitability. 2022 was a very good season for the Greek hospitality industry and the industry experts anticipate the same for 2023.

Two years after inflation began its rapid increase, investors, economists and governments remain divided over the future. Inflation in developed economies is either stable or declining. Inflationary pressures from the Covid 19 pandemic are weakening and the energy crisis in Europe, following Russia's invasion in Ukraine, tends to de-escalate. Supply chain disruptions caused by the Covid 19 pandemic and the war in Ukraine - key drivers of increasing inflation - have eased significantly. Global supply chains have "returned to normal", with the restart of China, which lifted strict anti-pandemic restrictions as the last driver of improvement.

The aim of the Company's management is to adapt to the post-Covid era, maintain positive cash flows mainly through the optimization of working capital management, as well as strict selection and evaluation of investment opportunities.

Regarding the labour market, the employment cost index is slowing down. For an economy where the demand for workers significantly outstrips the supply, we would expect to see wages and employment costs rise.

These economic conditions will affect the borrowing interest rates hence the ability of the Group to obtain new borrowings to finance new investments.

The Company's Management is unable to predict all developments which could have an impact on the Greek economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group.

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Based on the evaluation performed, the Group's management has concluded that no provisions or impairment charges are required. The management believes that it is taking all the necessary measures to maintain the viability of the Group and the smooth conduct of its operations in the current business and economic environment.

25. Related party transactions

The following transactions were carried out with related parties:

25.1 Sales of goods and services

During the six month period ended June 30 2023, the Group provided Civil engineer consulting services to AZUR Volos -related party through ultimate common control -totalling to €123.000.

25.2 Purchases of goods and services

During the six month period ended June 30 2023 Lokland Consulting Limited - related party through ultimate common control - provided Professional Services to the Group amounting to €190.000.

The following balances exist with related parties:

25.3 Receivables from related parties

		30.06.2023	31.12.2022
Name	Nature of transactions	€	€
Grisogono Investments (Greece)	Services	171.800	107.500
Office A IKE	Finance	31.395	59.475
Azur Volos (Greece)	Finance/Services	93.663	50.210
Azur Meganisi (Greece)	Finance	615.348	1.501.744
Azur Skiathos (Greece)	Finance	256	256
George Arvanitakis Technical Manufacturing Company	Finance	2.147	51.527
Panamera Manufacturing Company	Finance	18.250	47.213
Kiratsa Stavroula	Finance	109.000	69.000
Latin Beach Athens (Greece)	Services	43.565	43.565
Revithis Ioannis	Finance	0	143.041
		1.085.424	2.073.531

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

25.4 Payables to related parties

		30.06.2023	31.12.2022
Name	Nature of transactions	€	€
Grisogono Investments (Greece)	Services	682.265	854.822
Lokland consulting Limited	Services	259.000	439.000
Office A IKE	Finance	21.444	0
Arvanitakis Management Company SARL	Trade	41.243	51.243
Azur Volos (Greece)	Finance	955.544	445.964
Azur Meganisi (Greece)	Finance	73.110	51.660
Latin Beach Athens (Greece)	Services	32.202	95.303
		2.064.808	1.937.991

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

25.6 Shareholders' current accounts - debit balances

	30.06.2023	31.12.2022
	€	€
Georgios Arvanitakis	<u>2.264.187</u>	<u>1.603.556</u>
	<u>2.264.187</u>	<u>1.603.556</u>

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

Management has assessed the recoverability of the amounts due/from the related parties and concluded that no provision for impairment is required.

25.7. Significant agreements with management

At the end of the year, no significant agreements existed between the Group and its Management.

26. Contingent liabilities

The Group had no contingent liabilities as of 30 June 2023.

27. Commitments

The Group had no capital or other commitments as of 30 June 2023.

28. Events after the reporting period

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