



THE AZUR SELECTION S.A.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2024

THE AZUR SELECTION S.A.

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

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THE AZUR SELECTION S.A.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Georgios Arvanitakis (President and Managing Director)
Konstantinos Maridakis (BoD member, non-executive)
Panagiotis Ioannidis (BoD member, non-executive)
Athanasios Alikaniotis (BoD member, non-executive)

Managing Director: Georgios Arvanitakis

Independent Auditors: tgs (Hellas) Certified Auditors Accountants SA

Registered office: 19 Stratarchou Alexandrou Papagou str.
Voula - Athens
16673
Greece

Bankers: Piraeus Bank
Alpha Bank
Bank of Cyprus Public Company Ltd
Viva Bank

Registration number: EL GEMI: 164362401000

THE AZUR SELECTION S.A.

The Board of Directors presents its report and audited consolidated financial statements of the Azur Selection SA and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2024.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, are the investments in the tourism sector and in commercial real estate. The Group invests in hotels and hospitality as well as real estate through a leasing and subleasing business model. The Company conduct business through its subsidiaries and associated companies and focuses on investing in hotels, hospitality and real estate in selected touristic geographical areas in Greece. Currently the Group operates a portfolio of seven hotels (four of which are subleased to hotel operators and three fully managed as hotel operators) and a shopping center. Since 22 November 2022 the Company, by direct admission, is listed on Euronext Access+ Paris (ISIN# GRS528003007) and traded under the ticker MLAZR.

Review of current position, future developments and performance of the Group's business

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

The Group's results for the years ended 31 December 2024 and 2023, are presented in the statement of Profit or Loss and Comprehensive income in the accompanying consolidated financial statements.

During 2024 revenues increased by € 511.994 or 10,32% and the results before taxes were improved by €6.202.795, or 79,49%.

The overall performance of the Company has been improved as depicted by the ratio below:

	2024		2023	
<u>Profit before tax / (Losses)</u>	<u>(1.600.282)</u>		<u>(7.803.078)</u>	
Revenues	5.475.459	-29,23%	4.963.465	-157,21%

Non Current assets mainly include leased properties representing the most significant balances of our Balance sheet:

	2024		2023	
<u>Non Current Assets</u>	<u>33.867.231</u>		<u>34.934.904</u>	
Total Assets	39.963.035	84,75%	41.317.170	84,55%

As a result EBITDA increased by 103,99% or €6.747.944, from € (6.489.304), in 2023 to € 258.640, in 2024. The Company monitors its results based on the Adjusted EBITDA a measure useful to the management and the investors as is used in the context of decision making for financial, operational and strategic planning as well as for the assessment of performance. In calculating Adjusted EBITDA the management considers the results relating to continuing operations. The reconciliation of the Adjusted EBITDA to the consolidated financial statements is depicted below:

EBITDA	1.01.2024- 31.12.2024	1.01.2023- 31.12.2023
Profit (loss) before tax	(1.600.282)	(7.803.078)
(+) Finance costs	637.728	440.914
(+) Depreciation and amortisation expense	1.221.916	872.859
Subtotal EBITDA	259.362	(6.489.304)
(+) Goodwill impairment	-	2.483.042
(+) Loss on disposal of subsidiary	-	4.788.708
(+) Write off of Receivables	576.103	-
Adjusted EBITDA	835.465	782.446

As a result, Adjusted EBITDA increased by 6,78 % or € 53.019, from € 782.446 in 2023 to € 835.465 in 2024.

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Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in notes 5, 6 and 25 of the consolidated financial statements.

Operating Environment of the Group

Hospitality (tourism) industry is dependent on consumer confidence, highly sensitive to economic, but also social environment. In Greece the industry has been growing fast and systematically in the last four years, in terms of both visitors and revenues. Furthermore, Greece's hotel market is shifting towards sustainable tourism practices to attract environmentally conscious travellers and increase the touristic season. The early signs for 2025, consistently indicate to a positive trend to the year in terms of air arrivals, and trend to higher occupancy with an anticipated close to double-digit annual growth. Prior year (2024) was another very good season for the Greek hospitality industry and the industry experts anticipate the 2025 to be a record year. The Greek economy maintains its growth trend, with rates higher than the EU average. It shows resilience against external shocks such as the war in Ukraine, geopolitical tensions in the Middle East, the energy crisis, and the resulting rise in inflation. Unemployment has dropped to a single-digit percentage, while inflation is deescalating. Investments and exports have increased significantly, with a focus on productive investments. The Greek economy has achieved an upgrade to investment grade by rating agencies. However, significant challenges remain, such as weak external demand, ongoing geopolitical tensions, high public debt, and various structural weaknesses.

The Greek Hotel industry in 2024 showed remarkable resilience despite global economic headwinds. Tourism arrivals in Greece exceeded pre-pandemic levels, with luxury and sustainable accommodation segments performing particularly well. While global inflation moderated somewhat in 2024, Greece experienced slightly higher-than-average hospitality price increases at 4-5% compared to the international average of 3%. The ongoing energy crisis continued to impact operational expenses, though many Greek hotels invested in renewable energy solutions and efficient systems, helping mitigate costs. Government energy subsidies for the tourism sector provided additional relief.

Investment in Greek hospitality remained strong, outpacing global hospitality investment growth as international hotel chains expanded their Greek portfolios, particularly in island destinations and Athens.

Labor shortages remained a challenge, reflecting similar trends in hospitality markets worldwide, prompting wage increases and improved staff benefits.

By 2028, the Greek Hotel market is anticipated to experience a Compound Annual Growth Rate of 2.13%, with the average revenue per user expected also to increase.

Regarding the labour market, the employment index in Greece 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. Hoteliers are worried about the number of workers who will drive the industry. According to a survey one in five jobs at Greek hotels remained unfilled in 2024, indicating that there is a great need for staff, which may result to increased cost of services or deterioration of the touristic product.

The economic conditions are anticipated to ease the borrowing interest rates. The interest rate on the "ECB's main refinancing operations borrowings" is expected to decrease from 3.4% in December 2024 to 3.00% in 2025. Hence the Group may identify opportunities to finance new investments at a decreased borrowing cost.

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

Based on the evaluation performed, 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 on a going concern basis in the current business and economic environment.

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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.

Credit risk is managed on the Group level. For cash & cash equivalents and financial portfolios, the Group has established policies whereby the majority of bank balances are maintained with banks and financial institutions with a minimum rating of B.

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.

Share capital

During 2024, there were no changes in the Company's and Group share capital.

Acquisition of Own Shares

During the year ended December 31, 2024, Group's companies did not acquire own shares.

Other issues

Corporate Governance Code: The Group does not apply any specific corporate governance code. Due to its size, it adopts governance practices appropriate to its, structure, and activities.

Governance Structure: The Group is managed by Parent Company's Board of Directors, whose composition and operation are governed by the provisions of Law 4548/2018 and the Parent Company's Articles of Association.

Internal Control and Risk Management Systems: Given the size and nature of the Group's operations, internal control procedures and risk management systems are implemented in accordance with generally accepted practices, ensuring the reliability of corporate reporting.

Shareholder Rights and General Assembly: The rights of the shareholders and the procedures for convening and operating the General Assembly are governed by the relevant provisions of Law 4548/2018 and Parent Company's Articles of Association.

Diversity Policy: The Group has not adopted a specific diversity policy regarding the composition of Parent Company's Board of Directors or other administrative bodies, taking into account its size and organizational structure.

Independent Auditors: The Independent Auditors tgs (Hellas) Certified Auditors Accountants SA, have expressed their willingness to continue in office and a resolution giving authority to the Directors to fix their remuneration will be proposed at the Annual General Meeting.

In October 2024, the Management announced that the Group and Hotels Du Groupe Boucau decided not to pursue the proposed share acquisition of the latest. The Management continues exploring opportunities of investments in hoteling, notably in Southern France.

Events after the reporting period

During Q1 2025 the majority shareholder contributed the 100% of Latin Beach Athens IKE, at a fair value of € 2.351.610, with the issuance of 2.040.677 new shares. The valuation was conducted by certified

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professionals in accordance with Article 17 of Law 4548/2018, using the Discounted Free Cash Flows method. As a result, the Company's total share capital increased to 22.999.532 shares. Latin Beach Athens IKE is a company operating in the F&B market in Athens Riviera.

On 6 February 2025, by virtue of the Extraordinary General Meeting (EGM) power has been delegated to the Company's BoD to decide on the increase in the Company's share capital, up to €15.000.000, for a period of three years with the removal of the pre-emptive rights of the Company's existing shareholders in favor of LDA CAPITAL GROUP, LLC in execution of the relevant terms of the Company's agreement with the investment entity above. Additionally it was decided to issue 733.559 share acquisition warrants, entitling holders to subscribe 733.559 shares at a price of €3,625 per warrant totaling to €2.659.151, which may be revalued.

During Q1 2025 and in execution of the decision of the of the EGM held on 06.02.2025 the management appointed Invest Securities to implement a liquidity contract aiming at improving Company's shares trading on the market of Euronext Access in Paris, for a period of two years. In this respect the Company allocated €80.000 to the liquidity account.

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

George Arvanitakis
Managing Director

Voula- Athens, Greece, 16 April 2025

Independent Auditor's Report

To the Shareholders of THE AZUR SELECTION SA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of THE AZUR SELECTION SA (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union.

Basis for Opinion

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

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

tgs (Hellas) Certified Auditors Accountants SA

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Independent Auditor's Report (continued)

Lease liabilities and assets with right of use

The key audit matter

The Group has entered into leasing agreements (Note 22 of the consolidated financial statements).

How the matter was addressed in our audit

Our audit procedures include, among others, the following: We assessed the appropriateness of the main assumptions that have been applied to the estimated value of the assets with the right of use. We also assessed the adequacy of the disclosures in the financial statements.

Assessing the value of Goodwill

The key audit matter

Goodwill recognized by the Group during prior years, amounting to € 13.462.086 (Note 16) and is assessed for impairment at each reporting period. The Group is required to perform an impairment test to determine the recoverable amount and to account for impairment losses, if any.

How the matter was addressed in our audit

The audit procedures include, but are not limited to, the following: We have assessed the suitability of the main assumptions applied to calculate the amount of the Goodwill, such as the net present value of cash flow and attainability of growth and inflation. In this respect an impairment test has been performed by the management, and we assessed the assumptions and methodologies used to determine the recoverable amount of assets (cash generating units) and the level at which the recoverable amount was determined.

Group audit

The key audit matter

Group's components were not audited by an Independent Certified Auditor, because it is not required by law as they are considered small-sized companies based on Greek legislation and regulations.

How the matter was addressed in our audit

We have performed audit procedures on the components based on ISA600.

Other information

Management is responsible for the other information. The other information comprises the information included in the Management Report, for which reference is also made in section "Report on other legal and regulatory requirements" but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report (continued)

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

- a) The Board of Directors' Report contains the information required by article 152 of Law 4548/2018.
- b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150-151 and 153 -154 and paragraph 1 (c and d) of article 152 of Law 4548/2018 and the content of the Board of Directors' report is consistent with the accompanying consolidated financial statements for the year ended December 31, 2024.
- c) Based on the knowledge and understanding concerning AZUR SELECTION S.A. and its environment, obtained during our audit, we have not identified information included in the Board of Directors' Report that contains a material misstatement.

2. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014

3. Appointment of the Auditor

We were firstly appointed as auditors of the Company on 12 January 2022.

Certified Auditor Accountant

Aristotelis Androutsopoulos
SOEL RN 23271

tgs (Hellas) Certified Auditors Accountants SA
SOEL RN 182

Maroussi, Greece,
17 April 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2024

	Notes	1.01.2024- 31.12.2024	1.01.2023- 31.12.2023
Revenue	8	5.475.459	4.963.465
Purchases and consumables used (COS)		(192.390)	(158.020)
Staff costs	10	(1.228.302)	(894.224)
Depreciation and amortisation expense	14,15,16	(1.221.916)	(872.859)
Administration and other expenses	9	(3.808.919)	(2.983.926)
Loss on disposal of subsidiary		-	(4.788.708)
Goodwill impairment		-	(2.483.042)
Finance costs	11	(637.728)	(440.914)
Share of results of associates before tax	18	13.514	(144.850)
Profit (loss) before tax		<u>(1.600.282)</u>	<u>(7.803.078)</u>
Tax	13	(166.135)	996.666
Net profit (loss) for the period		<u>(1.766.417)</u>	<u>(6.899.224)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(1.766.417)</u>	<u>(6.899.224)</u>
Net profit (loss) for the period attributable to:			
Equity holders of the parent		(1.649.273)	(6.442.738)
Non-controlling interests		(117.144)	(363.674)
Net profit (loss) for the period		<u>(1.766.417)</u>	<u>(6.899.224)</u>
Basic and diluted Earnings (losses) per share	12	(0,079)	(0,326)
Alternative performance measures		1.01.2024- 31.12.2024	1.01.2023- 31.12.2023
EBITDA		259.362	(6.489.304)
Adjusted EBITDA		835.465	782.446

The analysis of the Adjusted EBITDA, described in accounting policies of financial statements.

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2024

	Notes	31.12.2024 €	31.12.2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	14	2.601.024	2.788.100
Right-of-use assets	15	14.603.974	15.339.820
Intangible assets	16	13.483.590	13.480.452
Investments in associates	18	1.232.629	1.219.114
Deferred tax assets	13	1.575.501	1.736.676
Guarantees given		370.513	370.741
		<u>33.867.231</u>	<u>34.934.904</u>
Current assets			
Trade and other receivables	19	6.024.795	5.934.903
Cash at bank and in hand	20	71.008	447.363
		<u>6.095.803</u>	<u>6.382.266</u>
Total assets		<u>39.963.035</u>	<u>41.317.170</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	21	20.958.855	20.958.855
Other reserves		1.549	1.549
Additional paid in capital		3.240.838	3.240.838
Accumulated losses		<u>(13.038.748)</u>	<u>(11.389.474)</u>
		<u>11.162.494</u>	<u>12.811.768</u>
Non-controlling interests		(235.182)	(118.038)
Total equity		<u>10.927.312</u>	<u>12.693.730</u>
Non-current liabilities			
Non current lease liabilities	22	16.870.371	17.454.376
Government grants		285.336	-
Trade and other payables		461.161	180.432
Deferred tax liabilities	13	4.186.643	4.286.317
Provisions for other liabilities and charges	23	1.629.242	1.630.519
		<u>23.432.752</u>	<u>23.551.643</u>
Current liabilities			
Trade and other payables	24	4.497.460	4.184.905
Current lease liabilities	22	792.755	661.808
Current tax liabilities	13	312.755	225.084
		<u>5.602.971</u>	<u>5.071.797</u>
Total liabilities		<u>29.035.723</u>	<u>28.623.440</u>
Total equity and liabilities		<u>39.963.035</u>	<u>41.317.170</u>

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company				Total €	Non-controlling interests €	Total €
	Share capital €	Additional share capital	Statutory reserve €	Accumulated losses €			
Balance at 1 January 2023	19.662.520	-	1.549	(6.148.433)	13.515.636	245.637	13.761.273
Comprehensive income							
Net loss for the year	-	-	-	(6.442.738)	(6.442.738)	(363.674)	(6.806.412)
Sale of subsidiary	-	-	-	1.201.697	1.201.697	-	1.201.697
Total comprehensive income for the year	-	-	-	(5.241.041)	(5.241.041)	(363.674)	(5.604.715)
Share capital increase	1.296.335	3.240.838	-	-	4.537.173	-	4.537.173
Balance at 31 December 2023	20.958.855	3.240.838	1.549	(11.389.474)	12.811.768	(118.038)	12.693.730
Comprehensive income							
Net profit for the period	-	-	-	(1.649.273)	(1.649.273)	(117.144)	(1.766.417)
Sale of subsidiary	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1.649.273)	(1.649.273)	(117.144)	(1.766.417)
Share capital increase	-	-	-	-	-	-	-
Balance at 31 December 2024	20.958.855	3.240.838	1.549	(13.038.747)	11.162.494	(235.182)	10.927.312

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

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CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2024

	31 December 2024 €	31 December 2023 €
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(1.600.282)	(7.803.078)
Adjustments for:		
Depreciation and amortisation expense	1.221.916	872.859
Share of loss/(profit) from associates	(13.514)	144.850
Write off of receivables	576.103	
Loss on disposal of subsidiary	-	4.788.708
Goodwill impairment losses	-	2.483.042
Interest expense	637.728	440.914
Provision for pension and other post retirement obligations	727	(6.187)
	822.678	921.108
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(665.768)	2.028.712
(Decrease)/increase in trade and other payables	1.308.608	(3.366.910)
Cash generated from/(used in) operations	1.465.517	(417.089)
Tax (paid)/refunded	(131.758)	(175.789)
Net cash generated from/(used in) operating activities	1.333.760	(592.878)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary	-	1.042.632
Disposal of subsidiary	-	1.373.331
Payment for purchase of property, plant and equipment	(76.976)	(69.187)
Increase in guarantees given	227	(93.663)
Net cash generated from/(used in) investing activities	(76.749)	2.253.112
CASH FLOWS FROM FINANCING ACTIVITIES		
Additons / (Repayments) of obligations under finance leases	(995.636)	(848.529)
Interest paid	(637.728)	(440.914)
Net cash (used in)/generated from financing activities	(1.633.364)	(1.289.442)
Net increase/(decrease) in cash and cash equivalents	(376.353)	370.792
Cash and cash equivalents at beginning of the period	447.363	76.571
Cash and cash equivalents at end of the period	71.008	447.363

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

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1. Incorporation and principal activities

The accompanying 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 Anexartiasias & 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 is Mr. George Arvanitakis.

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 consolidated financial statements were approved for issuance by the Board of Directors on 16 April 2025.

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). 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's financial statements, the Directors are required to consider whether the Group and the Company can continue in

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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 deductible temporary differences to the extent that it is probable that taxable profits will be available against which 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. Due to the uncertainty in the tax environment and as the company has not been audited by tax authorities, the management did not recognised deferred tax asset on the carried forward unused tax losses.

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 the 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. Changes in accounting policy and disclosures

Standards/amendments that are effective and have been endorsed by the European Union

- **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, and are applied retrospectively. 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 within twelve months after the reporting period. The amendments had no impact on the financial statements of the Group.

- **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. 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. Under the amendments, 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. The amendments apply retrospectively 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 had no impact on the financial statements of the Group.

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. 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 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 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 had no impact on the financial statements of the Group

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4. Standards issued but not yet effective and not early adopted

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. Management has assessed the amendment has no impact on the financial statements of the Group

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income. The amendments have not yet been endorsed by the EU. Management has assessed the amendment has no impact on the financial statements of the Group

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments have not yet been endorsed by the EU. Management has assessed the amendment has no impact on the financial statements of the Group

- **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These

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categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the EU. Management has assessed this newly issued standard has no impact on the financial statements of the Group

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The standard has not yet been endorsed by the EU. Management has assessed this standard has no impact on the financial statements of the Group.

- **Annual Improvements to IFRS Accounting Standards – Volume 11**

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. The Annual Improvements to IFRS Accounting Standards - Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards. The standard has not been endorsed by the EU. Management has assessed this standard has no impact on the financial statements of the Group.

- **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 recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised 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. Management has assessed this amendment has no impact on the financial statements of the Group.

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5. 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, as described in Note 17.

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

Business combinations

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

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

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

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

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

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

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

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

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

Investments in associates

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

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

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

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment

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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. Recent investment in France, made through Azur Selection France SAS with no operations during 2024, consequently the Group reported financial information and evaluates its operations by one reportable geographical segment. The Group's revenue is analysed in Note 8.

Government grants

Government grants related to the construction of fixed assets are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants for the construction of fixed assets are separately reflected in the statement of financial position, and are amortised over the expected useful life of the related fixed assets. The amortization of the Government grants related to the construction of fixed assets is recorded as Other Income in the Statement of Comprehensive Income.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group includes unamortized balance of grants related to expenses in Other payables due to their short term maturity.

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Revenue

Recognition and measurement

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

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

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

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

Identification of performance obligations

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

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

- **Sale of products**

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

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- **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.

- **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 on an accrual basis.

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

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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 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.

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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.

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

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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.

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.

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

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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.

The Group as lessee

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

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

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

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

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

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

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

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

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

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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).

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.

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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 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 6.2, 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

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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 6.2, 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 6.2, 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".

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Financial liabilities - measurement categories

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

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

Borrowings

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

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.

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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 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.

Alternative Performance Measure (APM)

Under the implementation of ESMA Guidelines (05/10/2015|ESMA/2015/1415), the Group adopted as Alternative Performance Measure (APM) the Adjusted Earnings Before Taxes, Interest Depreciation and Amortization (Adjusted EBITDA). Alternative Performance Measures (APMs) are useful to the management and the investors as are used in the context of decision making for financial, operational and strategic planning as well as for the assessment of performance. APMs are taken into account combined with financial results which have been prepared according to IFRS and under no circumstances they replace them. Adjusted EBITDA is not a recognized measurement under IFRS.

Adjusted EBITDA removes one-time, irregular, and non-recurring items that distort EBITDA. Adjusted EBITDA represents Earnings before interest, taxes, depreciation, amortization, profit or loss from the disposal of subsidiaries, write off of uncollectable balances and impairment. More specifically, the reconciliation of the Adjusted EBITDA to the financial statements of the Group for the respective years is as follows:

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	1.01.2024- 31.12.2024	1.01.2023- 31.12.2023
EBITDA		
Profit (loss) before tax	(1.600.282)	(7.803.078)
(+) Finance costs	637.728	440.914
(+) Depreciation and amortisation expense	1.221.916	872.859
Subtotal EBITDA	259.362	(6.489.304)
(+) Goodwill impairment	-	2.483.042
(+) Loss on disposal of subsidiary	-	4.788.708
(+) Write off of Receivables	576.103	-
Adjusted EBITDA	835.465	782.446

6. 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:

6.1 Interest rate risk

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

6.2 Credit risk

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

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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.

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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 2023 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.

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The average credit period on sales of goods or services 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 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 creditworthy financial institutions in Greece and Cyprus with investment grade rating are considered as low credit risk.

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

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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.

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The 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.

6.4 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.

7. Critical accounting estimates, judgments and assumptions

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

Critical accounting estimates and assumptions

The 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.

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- **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.

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 Group's cash generating units on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

- **Useful live of depreciable assets**

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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8. 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:

Revenue	2024	2023
	€	€
Rendering of services	4.083.075	3.100.268
Work executed	-	764.956
Rental income	1.392.384	1.098.241
	<u>5.475.459</u>	<u>4.963.465</u>

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 and tourism related properties).

9. Administration and other expenses

	2024	2023
	€	€
Rent	168.809	7.674
Electricity	135.422	92.423
Water supply and cleaning	147.410	130.606
Insurance	12.525	9.980
Repairs and maintenance	24.663	9.701
Telephone and postage	17.884	9.360
Stationery and printing	10.795	9.457
Legal and accounting fees	362.462	143.494
Other professional fees	1.245.244	1.333.454
Fines	138.494	410.809
Travelling and accommodation	117.197	188.098
Irrecoverable VAT & other taxes	82.553	103.877
Write off of receivables	576.103	-
Sundry expenses	769.360	534.993
	<u>3.808.919</u>	<u>2.983.926</u>

Rent expenses amounting to 168.809 and 7.674 for the years ended December 31, 2024 and 2023, respectively relate to leases with short term maturity and variable lease payments not included in the initial measurement of the lease.

During the year ended 31 December 2024, the management provided for the impairment of uncollectable receivable balances totalling to €576.103.

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10. Staff costs

	2024	2023
	€	€
Salaries	977.021	724.724
Social security costs	248.080	163.787
Other costs	3.201	5.713
	<u>1.228.302</u>	<u>894.224</u>

11. Finance costs

	2024	2023
	€	€
Interest expense on lease liabilities	542.575	361.389
Sundry finance expenses	95.153	79.525
	<u>637.728</u>	<u>440.914</u>

12. 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 31 December 2024 and 2023.

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

	2024	2023
	€	€
Profit (loss) for the year attributable to equity holders of the parent	(1.649.273)	(6.442.738)
Weighted average number of ordinary shares	<u>20.958.855</u>	<u>19.770.548</u>
EPS	(0,079)	(0,326)

13. 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:

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	2024 €	2023 €
Current income tax:		
Current income tax charge	104.634	217.066
Deferred tax:		
Relating to originating and reversal of temporary differences	61.501	(1.213.733)
Total income tax (benefit) / expense	<u><u>166.135</u></u>	<u><u>(996.666)</u></u>

Reconciliation of deferred tax:

	Consolidated Statement of financial position		Consolidated Statement of profit or loss	
	2024	2023	2024	2023
	€	€	€	€
Right of use assets	620.499	682.713	62.214	(459.449)
Provision for retirement	(648)	(1.361)	(713)	1.361
Goodwill	(3.230.993)	(3.230.993)	0	(755.645)
Deferred tax expense (benefit)			<u><u>61.501</u></u>	<u><u>(1.213.733)</u></u>
Net deferred tax liability	<u><u>(2.611.142)</u></u>	<u><u>(2.549.641)</u></u>		
Deferred tax assets	1.575.501	1.736.676		
Deferred tax liabilities	(4.186.643)	(4.286.317)		
Deferred tax liability	<u><u>(2.611.142)</u></u>	<u><u>(2.549.641)</u></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 2024, other than those recorded in the accompanying consolidated financial statements.

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14. Property, plant and equipment

	Buildings	Furniture, fixtures and office equipment	Total
	€	€	€
Cost			
Balance at 1 January 2023	1.760.286	934.414	2.694.700
Additions	-	67.850	67.850
Acquisition of subsidiaries	993.575	225.925	1.219.500
Balance at 31 December 2023	2.753.861	1.228.189	3.982.050
Additions/Disposals	-	73.646	73.646
Acquisition of subsidiaries			-
Balance at 31 December 2024	2.753.861	1.301.835	4.055.697
Depreciation			
Balance at 1 January 2023	303.260	691.265	994.525
Acquisition of subsidiaries	848	16.893	17.741
Charge for the period	80.952	100.732	181.684
Balance at 31 December 2023	385.060	808.890	1.193.950
Acquisition of subsidiaries			-
Charge for the period	120.515	140.207	260.722
Balance at 31 December 2024	505.575	949.097	1.454.672
Net book value			
Balance at 31 December 2023	2.368.801	419.299	2.788.100
Balance at 31 December 2024	2.248.286	352.738	2.601.024

Additions totalling to €1.201.759 in 2023 relate to Net Book Value of property, plant and equipment transferred to the Group following the acquisition of the subsidiary entities Azur Volos IKE and Azur Meganisi IKE (see Note 16).

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15. Right-of-use assets

	Land and buildings	€
Cost		
Balance at 1 January 2023	17.393.700	
Additions	6.380.013	
Disposals	(4.503.753)	
Balance at 31 December 2023	19.269.960	
Additions	225.156	
Balance at 31 December 2024	19.495.115	
Depreciation		
Balance at 1 January 2023	3.478.865	
Charge for the period	689.050	
Disposals	(237.776)	
Balance at 31 December 2023	3.930.139	
Charge for the period	961.002	
Balance at 31 December 2024	4.891.141	
Net book value		
Balance at 31 December 2024	14.603.974	
Balance at 31 December 2023	15.339.820	

The Group leases several assets including buildings, land for hotel and hotel apartments units. The average lease term is 20 years (2023: 21 years).

The lease agreements consist of the agreed rentals over the lease period, with Company's 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 2024. The management considers that the estimates and assumptions used in the calculation of impairment losses are reasonable and appropriate, but such estimates are highly subjective. No impairment loss was recognized on the assets as a result of the impairment test.

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

The lease liabilities are analyzed in Note 22.

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16. Intangible assets

Intangible Assets	Software €	Goodwill €	Total €
Cost			
Balance at 1 January 2023	24.459	16.896.835	16.921.294
Additions	1.338	3.837.002	3.838.339
Disposals		(4.788.708)	(4.788.708)
Impairment Losses		(2.483.042)	(2.483.042)
Balance at 31 December 2023	25.797	13.462.086	13.487.883
Additions	3.329		3.329
Disposals	-		-
Impairment Losses	-		-
Balance at 31 December 2024	29.126	13.462.086	13.491.212
Depreciation			
Balance at 1 January 2023	5.306	-	5.306
Charge for the year	2.125	-	2.125
Balance at 31 December 2023	7.431	-	7.431
Charge for the period	192	-	192
Balance at 31 December 2024	7.622	-	7.622
Net book amount			
Balance at 31 December 2023	18.366	13.462.086	13.480.452
Balance at 31 December 2024	21.504	13.462.086	13.483.590

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

The Group reassess annually the Goodwill related to the acquisition of subsidiaries. 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 net expected cash flows are being evaluated on an annual basis.

Impairment testing of goodwill

Key assumptions

Group cash-generating-units (CGUs) are defined generally as an investment in a hoteling business on the basis of the sales and management structure. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering generally the remaining contracted period for a leased asset usually up to 25 years. Forecasts rely on a combination of internal and external factors that influence each CGU operations, such as the macroeconomic environment and sustainability matters.

Sales volume

Volume assumptions are provided by local management and reflect its best estimates taking into consideration: past performance, local market growth estimates, infrastructure projects, etc. Sales volume growth rates are also based on published industry research and take into account demographic trends including population growth, household formation, and economic output (among other factors) in the areas where the Group operates.

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Selling price and cost

Price assumptions are provided by local management and reflect its best estimates. Factors that have been taken into consideration are: historical trends, inflation, brand loyalty, growth rate of the regional economy, competition, production cost increases, etc.

Input cost evolution, mainly consisting of operating cost are determined by forecasted projections provided by international agencies and institutions. Furthermore, actions for mitigating supply chain disruption and the curtailment of the Group's environmental footprint are factored-in.

Terminal value and perpetual growth rates

Terminal value cash flows are based on the long-term growth expectations for the industry in the area of operation. It is calculated based on sustainable sales volumes, capacity utilization, EBITDA margin and CapEx, to reflect sustainable cash flows in perpetuity. Growth rates range between 2% and 3%, are in line with the nominal economic growth. Rates are reasonably compared to long-term inflation expectations, adjusted for per capita consumption expectations and capacity utilization. Inputs that have been taken into consideration are estimates from international agencies' or banks' forecasts.

Discount rates

Discount rates of 7.72 % have been calculated according to post tax weighted average cost of capital (WACC) for each CGUs, deriving from Group's current market risk assessment, applicable local tax rates and local currency risk free rates.

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 2023 by €2.484.657 following managements reassessment of the future cash flows.

The addition of €3.838.616 in 2023 refers to the Goodwill resulted from acquisition of Azur Volos IKE and Azur Meganisi IKE (Note 16).

The disposal of €4.788.708 in 2023 recorded in the current year relates to the balance of goodwill recognised in prior years on the acquisition of AS Resort IKE which was disposed to third parties in May 2024.

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17. Investments in subsidiaries

The details of the subsidiaries as at 31 December 2023 and 2024 are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
ARISTON Glyfada IKE	Greece	Investment activities in the tourism sector	100
Crystal Vouliagmeni IKE	Greece	Hotel management	80
ARVAN Hotel Constructions IKE	Greece	Construction Company	100
Housepeak Investments Limited	Cyprus	Investments in Properties (57% owner of A & K Anaptyxiaki IKE)	80
R&A Biene Propertia Investments Ltd	Cyprus	Investment activities in the tourism sector (100% owner of A Mykonos Hotels IKE)	58
Estoril Holdings Limited	Cyprus	Investment activities in the tourism sector (100% owner of B Mykonos Hotels IKE)	75
Azur Volos IKE	Greece	Investment activities in the tourism sector	100
Azur Meganisi IKE	Greece	Investment activities in the tourism sector	100
Azur Selection France SAS (*)	France	Rental of land and other real estate properties	100

(*) Azur Selection France SAS was established in France, on 28 February 2024. During the year ended 31 December 2024 the company had no activities.

Loss on disposal on subsidiary

In May 2023 the Group sold its subsidiary AS Resort IKE to third parties for a consideration of € 1.373.331. Loss on the disposal amounting to € 4.788.708 recognized as the difference between the initial acquisition cost and the sale consideration has been recorded in the statement of profit or loss.

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Acquisition of subsidiaries

The carrying values of the identifiable assets and liabilities of Azur Volos IKE and Azur Meganisi IKE at 6 December 2023, were:

	Carrying Values at 6/12/2023, per company		
	<u>Azur Meganisi</u>	<u>Azur Volos</u>	<u>Total</u>
	€	€	€
Property, plant and equipment	141.705	1.060.054	1.201.769
Right-of-use assets	6.078.910	301.103	6.380.013
Other non current assets	158.369	36.340	194.709
Current assets	27.479	524.440	551.919
Total assets	6.406.463	1.921.937	8.328.400
Lease liabilities	6.576.303	414.904	6.991.207
Other non current liabilities	-	150.000	150.000
Current liabilities	266.950	220.071	487.021
Total liabilities	6.843.253	784.974	7.628.228
Total net liabilities on acquisition	(436.790)	1.136.963	700.172
Subsidiaries valuation	1.598.280	2.938.894	4.537.174
Goodwill arising on acquisition	2.035.070	1.801.931	3.837.002

The goodwill resulted of the above acquisitions in 2023, totalling to €3.837.002, is included in the Statement of Financial Position, under Intangible assets.

18. Investments in associates

	2024	2023
	€	€
Balance at 1 January	1.219.114	1.363.964
Share of results of associates before tax	13.514	(144.850)
Balance at 31 December	1.232.629	1.219.114

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The details of the investments as at 31 December 2023 and 2024 are as follows:

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

19. Trade and other receivables

	2024	2023
	€	€
Trade receivables	604.225	799.217
Shareholders' current accounts	2.363.506	1.623.949
Amounts due from related parties	1.183.798	1.961.505
Deposits and prepayments	27.973	50.272
Advances to subcontractors	-	306.813
Other receivables	626.860	682.403
Accrued Income	589.845	-
Refundable VAT	628.588	510.744
Trade and other receivables	<u>6.024.795</u>	<u>5.934.903</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.

20. Cash at bank and in hand

	2024	2023
	€	€
Cash at bank and in hand	71.008	447.363
	<u>71.008</u>	<u>447.363</u>

The Company'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 Company.

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21. Share capital

	2024	2024	2023	2023
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	20.958.855	20.958.855	20.958.855	20.958.855
Issued and fully paid				
Balance at 1 January	20.958.855	20.958.855	19.662.520	19.662.520
Addition in year	-	-	1.296.335	1.296.335
Balance at 31 December	20.958.855	20.958.855	20.958.855	20.958.855

At December 6, 2023, Company's BoD resolved a share capital increase amounting to €1.296.335 by issuing 1.296.335 ordinary shares at a share price of a nominal value €1 each plus €2.5 share premium per ordinary share, resulting to an additional paid in capital of € 3.240.838. The Share capital and the Additional paid in capital increase was made by contribution in kind of the associate companies "Azur Volos" and "Azur Meganisi".

22. Lease Liabilities

Lease liabilities	€
At 1 January 2023	14.853.622
Acquisition of subsidiary	6.991.207
Disposal of subsidiary	(3.228.240)
Interest expense	348.123
Lease payments	(848.529)
At 31 December 2023	18.116.183
At 1 January 2024	18.116.183
Additions	225.156
Interest expense	542.579
Lease payments	(1.220.792)
At 31 December 2024	17.663.126

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 Company 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 23 years and 8 years respectively. For year ended 31 December 2024, the average effective borrowing rate was 3.0% (2023: 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 repayment basis and no arrangements have been entered into for contingent rental payments.

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Future minimum lease payments are analysed as follows:

Maturity of lease liabilities	31.12.2024	31.12.2023
0-1 year	792.755	661.808
1-5 years	2.960.472	2.892.352
Over 5 years	13.909.899	14.562.024
	<u>17.663.126</u>	<u>18.116.184</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.

23.Provisions and 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 2023	9.365	1.477.341	1.486.706
Additions	-	150.000	150.000
Used	(6.187)	-	(6.187)
Balance at 31 December 2023	<u>3.178</u>	<u>1.627.341</u>	<u>1.630.519</u>
Additions	727		727
Used		(2.005)	(2.005)
Balance at 31 December 2024	<u>3.905</u>	<u>1.625.336</u>	<u>1.629.242</u>

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

	31.12.2024	31.12.2023
	€	€
Provisions to be used after more than twelve months	1.629.242	1.630.519

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24. Trade and other payables

	2024	2023
	€	€
Trade payables	773.397	369.092
Social insurance and other taxes	942.001	1.644.781
VAT	348.814	62.398
Accruals	960.697	33.661
Other creditors	-	7.040
Government grants	253.698	307.071
Payables to associates	1.218.854	1.760.861
	<u>4.497.460</u>	<u>4.184.904</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 € 253.698.

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

25. Operating Environment of the Group

Hospitality (tourism) industry is dependent on consumer confidence, highly sensitive to economic, but also social environment.

The Greek Hotel industry in 2024 showed remarkable resilience despite global economic headwinds. Tourism arrivals exceeded pre-pandemic levels, with luxury and sustainable accommodation segments performing particularly well and the industry experts anticipate the same for 2025. While global inflation moderated somewhat in 2024, Greece experienced slightly higher-than-average hospitality price increases at 4-5% compared to the international average of 3%. The ongoing energy crisis continued to impact operational expenses, though many Greek hotels invested in renewable energy solutions and efficient systems, helping mitigate costs. Government energy subsidies for the tourism sector provided additional relief.

Investment in Greek hospitality remained strong, outpacing global hospitality investment growth as international hotel chains expanded their Greek portfolios, particularly in island destinations and Athens.

Labor shortages remained a challenge, reflecting similar trends in hospitality markets worldwide, prompting wage increases and improved staff benefits.

The aim of the Company's management is to adapt to the challenging hoteling environment, 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, hence to increase Group's administrative costs.

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

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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.

Based on the evaluation performed, the Group's management has concluded that no further provision is require. During 2024 the management recorded an impairment on its intangible assets (Note 16).

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.

26. Related party transactions

The following transactions were carried out with related parties:

26.1 Sales of goods and services

		2024	2023
	Nature of transactions	€	€
Grisogono Investments IKE	Services	189.200	33.300
		189.200	33.300

Sales to the associated undertakings were made at cost.

26.2 Purchases of goods and services

		2024	2023
	Nature of transactions	€	€
Lokland Consulting Limited	Services	661.800	586.000
Latin Beach Athens IKE	Services	4.530	-
		<u>666.330</u>	<u>586.000</u>

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26.3 Receivables from related parties

Name	Nature of transactions	2024	2023
		€	€
Grisogono Investments IKE (Greece)	Services	-	31.800
Matsar LTD	Services	170.648	-
Office A IKE	Finance	111.405	77.705
Azur Volos IKE (Greece)	Finance/Services	-	-
Azur Meganisi IKE (Greece)	Finance	-	1.475.473
Azur Skiathos IKE (Greece)	Finance	1.499	256
George Arvanitakis Technical Manufacturing Company	Finance	2.998	2.995
Arvanitakis Management Company SARL	Trade	10.000	-
Z Panamera Manufacturing Co EPE (Greece)	Finance	28.321	28.321
Lokland Consulting Limited (Cyprus)	Services	5.262	0
Kiratsa Stavroula	Finance	244.000	174.000
Latin Beach Athens IKE (Greece)	Services	211.612	170.955
Revithis Ioannis	Finance	398.053	-
		1.183.798	1.961.505

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

26.4 Payables to related parties

Name	Nature of transactions	2024	2023
		€	€
Grisogono Investments IKE (Greece)	Services	830.604	897.585
Lokland Consulting Limited	Services	371.000	0
Office A IKE	Finance	17.250	51.050
Arvanitakis Management Company SARL	Trade	-	41.243
Latin Beach Athens IKE (Greece)	Services	-	770.983
		1.218.854	1.760.861

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

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26.5 Shareholders' current accounts - debit balances (Note 19)

	2024	2023
	€	€
Georgios Arvanitakis	2.363.506	1.623.949
	2.363.506	1.623.949

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.

During the year ended 31 December 2024, the Group provided residential benefits to the managing Director totalling to € 90.000.

26.6 Significant agreements with management

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

27. Contingent liabilities

The Group had no contingent liabilities as of 31 December 2024.

28. Commitments

The Group had no capital or other commitments as of 31 December 2024.

29. Events after the reporting period

During Q1 2025 the majority shareholder contributed the 100% of Latin Beach Athens IKE, at a fair value of € 2.351.610, with the issuance of 2.040.677 new shares. The valuation was conducted by certified professionals in accordance with Article 17 of Law 4548/2018, using the Discounted Free Cash Flows method. As a result, the Company's total share capital increased to 22.999.532 shares. Latin Beach Athens IKE is a company operating in the F&B market in Athens Riviera.

On 6 February 2025, by virtue of the Extraordinary General Meeting (EGM) power has been delegated to the Company's BoD to decide on the increase in the Company's share capital, up to €15.000.000, for a period of three years with the removal of the pre-emptive rights of the Company's existing shareholders in favor of LDA CAPITAL GROUP, LLC in execution of the relevant terms of the Company's agreement with the investment entity above. Additionally it was decided to issue 733.559 share acquisition warrants, entitling holders to subscribe 733.559 shares at a price of €3,625 per warrant totaling to €2.659.151, which may be revalued.

During Q1 2025 and in execution of the decision of the of the EGM held on 06.02.2025 the management appointed Invest Securities to implement a liquidity contract aiming at improving Company's shares trading on the market of Euronext Access in Paris, for a period of two years. In this respect the Company allocated €80.000 to the liquidity account.

There were other material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.