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**KARTONERA LTD**  
**FINANCIAL STATEMENTS**  
Year ended 31 December 2021

# KARTONERA LTD

## FINANCIAL STATEMENTS

Year ended 31 December 2021

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# KARTONERA LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:** Iosif Frangos

**Company Secretary:** BSM Secretarial Ltd

**Independent Auditors:** BDO Ltd  
Certified Public Accountants (CY) and Registered Auditors  
261, 28th October Street (Seafront Road)  
View Point Tower Floors 6, 7 and 8  
P. O. Box 51681  
3507 Limassol, Cyprus

**Registered office:** Spyrou Kiprianou 57  
6051  
Larnaca  
Cyprus

**Bankers:** Alpha Bank S.A.  
Alpha Bank Cyprus Ltd

# KARTONERA LTD

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## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2021.

### Principal activity and nature of operations of the Company

The principal activity of the Company is that of investment holding.

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

The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory but the Board of Directors assess that this is temporary and the prospects are positive as the beginning of the development of the property will boost the prospects for future profitability.

### Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7 and 19 of the financial statements.

### Use of financial instruments by the Company

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. Refer to note 6 of the Financial statements.

### Results

The Company's results for the year are set out on page 7.

### Dividends

The Company did not have any distributable profits as at 31 December 2021, thus the Board of Directors cannot recommend the payment of a dividend.

### Share capital

#### Authorised capital

The authorised share capital of the Company is 1.000.000 shares at a nominal value of €1 each.

#### Issued capital

On 9 March 2020, the Company issued 1,000 ordinary shares with a nominal value of €1 and at a premium of €1,699 each.

On 12 November 2021, the Company issued additional 1,000 ordinary shares with a nominal value of €1 and at a premium of €1,199 each.

### Board of Directors

The sole member of the Company's Board of Directors as at 31 December 2021 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the year ended 31 December 2021.

In accordance with the Company's Articles of Association the sole Director presently member of the Board continues in office.

### Operating Environment of the Company

The outbreak of the Covid 19 pandemic has the potential to cause disruption to the Company's business and/or environment, although until the date of this report its direct effect has been limited and the Company has not made use of business incentives and/or reliefs available through moratoria to coronavirus stricken entities.

The Company's management has successfully managed the aforementioned risks through a spectrum of policies, actions and collaborations that aim at continuous risk mitigation even before a new investment takes place and has the ability to manage potential disruptions as a result of the coronavirus outbreak.

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## MANAGEMENT REPORT

The Management of the Company and the Group of Dimand S.A, to which it belongs, have carefully examined the appropriateness of adoption of the Going Concern assumption for the preparation of the Company's and the Group's financial statements by critically reviewing the current business uncertainties emanating from COVID 19 pandemic. The Directors have assessed the negative impact of the pandemic of Covid 19 in all markets directly or indirectly the Company conducts its business activity and have concluded that the Company and the Group at large have taken the necessary measures to secure the company's business continuity.

On the basis of the evaluation performed and the expected recovery from the pandemic crisis, evidenced by the continuing successful vaccination process and the lifting of restrictions, the Company's management has concluded that the adoption of the Going Concern assumption for the continuity of the Company's business activities and the preparation of its financial statements is appropriate.

### Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 21 to the financial statements.

### Independent Auditors

The Independent Auditors, BDO Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Iosif Frangos  
Director

Limasol, 28 July 2022



## Independent Auditor's Report

### To the Members of Kartonera Ltd

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of parent company Kartonera Ltd (the "Company"), which are presented in pages 7 to 20 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Kartonera Ltd as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### Basis for Opinion

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

##### Other information

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

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

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

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

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



## **Independent Auditor's Report (continued)**

### **To the Members of Kartonera Ltd**

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

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

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

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

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

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

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

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



## Independent Auditor's Report (continued)

### To the Members of Kartonera Ltd

#### Report on Other Legal Requirements

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

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

#### Other Matter

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

A handwritten signature in blue ink, consisting of a series of loops and a horizontal line, positioned above the printed name.

Yiannis Kapetanios

Certified Public Accountant (CY) and Registered Auditor  
for and on behalf of

BDO Ltd  
Certified Public Accountants (CY) and Registered Auditors

Limassol, 28 July 2022



# KARTONERA LTD

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 €	2020 €
<b>Revenue</b>		-	-
Fair value gain/(losses) on financial assets measured at fair value through profit or loss (investments in subsidiaries)	8	115,709	1,258,115
Administration expenses	9	<u>(9,875)</u>	<u>(6,417)</u>
<b>Operating profit</b>		<b>105,834</b>	<b>1,251,698</b>
Finance income	10	150	150
Finance costs	10	<u>(295)</u>	<u>(634)</u>
<b>Profit before tax</b>		<b>105,689</b>	<b>1,251,214</b>
Tax	11	<u>-</u>	<u>-</u>
<b>Net profit for the year</b>		<b>105,689</b>	<b>1,251,214</b>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>105,689</u></b>	<b><u>1,251,214</u></b>

The notes on pages 11 to 21 form an integral part of these financial statements.

# KARTONERA LTD

## STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 €	2020 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	12	<u>4,396,288</u>	<u>2,800,579</u>
		<u>4,396,288</u>	<u>2,800,579</u>
<b>Current assets</b>			
Accounts receivable	14	-	1,087
Loans receivable	13	150,380	150,230
Cash and cash equivalents	15	<u>25,099</u>	<u>4,382</u>
		<u>175,479</u>	<u>155,699</u>
<b>Total assets</b>		<u><u>4,571,767</u></u>	<u><u>2,956,278</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	3,000	2,000
Share premium		2,898,000	1,699,000
Retained earnings		<u>1,282,869</u>	<u>1,177,180</u>
<b>Total equity</b>		<u><u>4,183,869</u></u>	<u><u>2,878,180</u></u>
<b>Current liabilities</b>			
Accounts payable	17	<u>387,898</u>	<u>78,098</u>
		<u>387,898</u>	<u>78,098</u>
<b>Total equity and liabilities</b>		<u><u>4,571,767</u></u>	<u><u>2,956,278</u></u>

On 28 July 2022 the Board of Directors of Kartonera Ltd authorised these financial statements for issue.

  
.....  
Iosif Frangos  
Director

The notes on pages 11 to 21 form an integral part of these financial statements.

## KARTONERA LTD

### STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Note	Share capital €	Share premium €	Retained earnings €	Total €
<b>Balance at 1 January 2020</b>		<b>1,000</b>	-	<b>(74,034)</b>	<b>(73,034)</b>
Total comprehensive income for the year		-	-	1,251,214	1,251,214
Issue of share capital	16	1,000	1,699,000	-	1,700,000
<b>Balance at 31 December 2020/ 1 January 2021</b>		<b>2,000</b>	<b>1,699,000</b>	<b>1,177,180</b>	<b>2,878,180</b>
Total comprehensive income for the year		-	-	105,689	105,689
Issue of share capital	16	1,000	1,199,000	-	1,200,000
<b>Balance at 31 December 2021</b>		<b>3,000</b>	<b>2,898,000</b>	<b>1,282,869</b>	<b>4,183,869</b>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 11 to 21 form an integral part of these financial statements.

# KARTONERA LTD

## STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 €	2020 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		105,689	1,251,214
Adjustments for:			
Fair value gains on investment in subsidiary		(115,709)	(1,258,115)
Interest income	10	<u>(150)</u>	<u>(150)</u>
		(10,170)	(7,051)
<b>Changes in working capital:</b>			
Decrease in accounts receivable		1,087	308,353
Increase/(Decrease) in accounts payables		<u>309,800</u>	<u>(309,240)</u>
<b>Cash generated from/(used in) operations</b>		<u>300,717</u>	<u>(7,938)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for additions of investment in subsidiary		<u>(1,480,000)</u>	<u>(1,380,000)</u>
<b>Net cash used in investing activities</b>		<u>(1,480,000)</u>	<u>(1,380,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		<u>1,200,000</u>	<u>1,390,560</u>
<b>Net cash generated from financing activities</b>		<u>1,200,000</u>	<u>1,390,560</u>
<b>Net increase in cash and cash equivalents</b>		20,717	2,622
Cash and cash equivalents at beginning of the year		<u>4,382</u>	<u>1,760</u>
<b>Cash and cash equivalents at end of the year</b>	15	<u><u>25,099</u></u>	<u><u>4,382</u></u>

The notes on pages 11 to 21 form an integral part of these financial statements.

# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Kartonera Ltd (the "Company") was incorporated in Cyprus on 11 July 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Spyrou Kiprianou 57, 6051, Larnaca, Cyprus.

#### Principal activity

The principal activity of the Company is that of investment holding.

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's ultimate parent Dimand SA, a Company incorporated in Greece produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB. These consolidated financial statements can be obtained from [www.dimand.gr](http://www.dimand.gr).

### 2.2 Going Concern Considerations

The Management of the Company and the Group of Dimand S.A, to which it belongs, have carefully examined the appropriateness of adoption of the Going Concern assumption for the preparation of the Company's and the Group's financial statements by critically reviewing the current business uncertainties emanating from COVID 19 pandemic. The Directors have assessed the negative impact of the pandemic of Covid 19 in all markets in which directly or indirectly the Company conducts its business activity and have concluded that the Company and the Group at large have taken the necessary measures to secure the company's business continuity.

The outbreak of the Covid 19 pandemic has the potential to cause disruption to the Company's business and/or environment, although until the date of the approval of these financial statements its direct effect has been limited. The Company in 2021 managed to operate in this unfavorable operating environment, in fact without making use of business incentives and/or reliefs available to coronavirus affected corporations such as reduced rents, grants, etc. Furthermore, the rigorous vaccination program which continues with increasing intensity coupled with fairly encouraging forecasts, both internationally and locally, about the economy, predicting positive growth and recovery in 2022 and return to normality, reaffirm management's assertion about the Company's prospects.

On the basis of the Company's investment programme, the evaluation performed, and the expected exit from the pandemic crisis, the Company's management has concluded that the adoption of the Going Concern assumption for the continuity of the Company's business activities and the preparation of its financial statements is appropriate.

### 3. Adoption of new or revised standards and interpretations

As from 1 January 2021, the Company adopted all the following IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements.

### 4. Significant accounting policies

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

#### Subsidiary companies

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



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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 4. Significant accounting policies (continued)

#### Subsidiary companies (continued)

Investments in subsidiary companies are accounted for in accordance with IFRS 9 Financial Instruments and measured at fair value using the Net Asset Value (NAV) of the assets, excluding Deferred tax liabilities. Fair value gains or losses on investments in subsidiary companies are recognised in profit or loss.

#### Finance income

Interest income is recognised on an accrual basis.

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss on an accrual basis using the effective interest method which incorporates other closely related financial costs

#### Current and deferred income tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. The income tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly to equity. In this case, the tax is also recognised in other comprehensive income or directly to equity, respectively.

#### Financial Instruments

##### Initial recognition

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### (a) Financial assets

##### Classification and measurement

The Company classifies its financial assets based on the business model for managing those assets and their contractual cash flow characteristics. Accordingly, financial assets are classified into one of the following measurement categories:

Amortised cost: Financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows, where those cash flows are solely payments of principal and interest, are measured at amortised cost.

Fair Value through Other Comprehensive Income (FVTOCI): Financial assets held within a business model whose objective is to hold for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Fair Value through Profit or Loss (FVTPL): All other financial assets are measured at fair value through profit or loss.

Investments in equity instruments are subsequently measured at fair value through profit or loss, unless on initial recognition, the Company has made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

# KARTONERA LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 4. Significant accounting policies (continued)

#### Financial Instruments (continued)

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company's financial assets as at 31.12.2021 consist of investments in subsidiaries, measured at fair value through profit or loss, loan receivable and cash and cash equivalents.

#### Impairment

Financial assets measured at amortized cost or at fair value through other comprehensive income are subject to impairment. According to IFRS 9, impairment is calculated based on expected credit losses.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

#### b) Financial liabilities

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Subsequently, financial liabilities are measured at amortized cost unless they are held for trading or are designated as at FVTPL. Interest expenses on financial liabilities measured at amortised cost are calculated using the effective interest rate method and are recognized in profit or loss unless they constitute borrowing costs.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. Financial liabilities are classified as current liabilities, if the payment is due within one year or less; otherwise they are classified as non current liabilities.

#### Share capital

Ordinary (common) shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds, net of tax.

#### Comparatives

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

### 5. New accounting pronouncements

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

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

#### (i) Not adopted by the European Union

##### New standards

- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023).*



# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 5. New accounting pronouncements (continued)

#### (i) Not adopted by the European Union (continued)

##### Amendments

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020) (effective for annual periods beginning on or after 1 January 2022).*
- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).*

### 6. Financial risk management

#### Financial risk factors

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The primary objectives of the financial risk management are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the Board of Directors.

#### a) Market risk

##### i) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency.

The Company is not exposed to foreign exchange risk since the Company's operations is conducted in Euro which is the Company's functional currency.

##### ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's has no interest rate risk as has no lendings or borrowings granted or issued at variable rates.

##### iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company holds equity securities relative to its investments in subsidiaries which are accounted for in accordance with IFRS 9 "Financial Instruments" and are measured at fair value through profit or loss.

The Company may be exposed to price risk to the extent the value of its subsidiary fluctuates due to changes in the value of their underlying assets (properties).

#### b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a significant loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents held at banks and trade and other receivables measured at amortised cost.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted.

The loss allowances for financial assets other than equity investments are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The receivable balances of the Company relate to a loan to parent company (Note 18.2) and hence the Company is not exposed to significant credit risk.

# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 6. Financial risk management (continued)

#### c) Liquidity risk

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

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The amounts disclosed in the tables below are the contractual undiscounted cash flows. The table includes both interest and principal cash flows.

31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-5 years €	More than 5 years €
Other payables	3,000	3,000	-	3,000	-	-
Shareholder's contributions towards share capital increase	384,898	384,898	-	384,898	-	-
	<b>387,898</b>	<b>387,898</b>	<b>-</b>	<b>387,898</b>	<b>-</b>	<b>-</b>

  

31 December 2020	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-5 years €	More than 5 years €
Other payables	2,700	2,700	-	2,700	-	-
Shareholder's contributions towards share capital increase	75,398	75,398	-	75,398	-	-
	<b>78,098</b>	<b>78,098</b>	<b>-</b>	<b>78,098</b>	<b>-</b>	<b>-</b>

#### d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets or reduce debt.

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

#### Fair value estimation

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

Under IFRS 13, the fair value of financial assets that are not traded in active market is determined by using other valuation techniques such as the Net Asset Value (NAV) of the assets excluding Deferred tax liabilities.

The Company's Investments in subsidiaries are accounted for in accordance with IFRS 9 Financial Instruments and are measured at fair value using the NAV method of the assets (excluding Deferred tax liabilities) after taking into account the revaluation of the assets (property freehold and leasehold rights) of the subsidiary at year end by independent accredited appraisers.

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).



# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 6. Financial risk management (continued)

#### Fair value estimation (continued)

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

31 December 2021	Level 1 €	Level 2 €	Level 3 €	Total €
<b>Financial assets</b>				
Investment in subsidiary	-	-	4,396,288	4,396,288
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,396,288</b>	<b>4,396,288</b>
31 December 2020	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Investment in subsidiary	-	-	2,800,579	2,800,579
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,800,579</b>	<b>2,800,579</b>

### 7. Critical accounting estimates and judgments

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

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.

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:

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment. On the basis of the Company's and the Dimand's Group, to which it belongs, investment program and funding arrangements already in place, and the evaluation performed, the Company's management has concluded that the adoption of the Going Concern assumption for the continuity of the Company's business activities and the preparation of its financial statements is appropriate.

- **Impairment of financial assets**

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

- **Valuation of non listed investments**

The Company uses valuation methods to value non listed investments. These methods are based on assumptions made by the Board of Directors at the reporting date. Refer to the section "Fair Value estimation" above.



# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 8. Fair value gains/(losses) on financial assets measured at fair value through profit or loss (investments in subsidiaries)

	2021	2020
	€	€
Fair value gains/(losses) on the investment in subsidiary (Note 12)	<u>115,709</u>	<u>1,258,115</u>
	<u><u>115,709</u></u>	<u><u>1,258,115</u></u>

### 9. Administration expenses

	2021	2020
	€	€
Auditors' remuneration - current year	2,200	1,900
Auditors' remuneration - prior year	789	568
Accounting fees	800	800
Legal and professional	5,584	2,666
Prior year accountancy charges	152	133
Annual levy	<u>350</u>	<u>350</u>
	<u><u>9,875</u></u>	<u><u>6,417</u></u>

### 10. Finance income/(costs)

	2021	2020
	€	€
Interest income (Note 18.1)	<u>150</u>	<u>150</u>
<b>Finance income</b>	<u><u>150</u></u>	<u><u>150</u></u>
Sundry finance expenses	<u>(295)</u>	<u>(634)</u>
<b>Finance costs</b>	<u><u>(295)</u></u>	<u><u>(634)</u></u>
<b>Net finance costs</b>	<u><u>(145)</u></u>	<u><u>(484)</u></u>

### 11. Tax

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

	2021	2020
	€	€
Profit before tax	<u>105,689</u>	<u>1,251,214</u>
Tax calculated at the applicable tax rates	13,211	156,402
Tax effect of expenses not deductible for tax purposes	531	(156,855)
Tax effect of allowances and income not subject to tax	(14,464)	(19)
Tax effect of tax loss for the year	<u>722</u>	<u>472</u>
<b>Tax charge</b>	<u><u>-</u></u>	<u><u>-</u></u>

The corporation tax rate is 12.5%.

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

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 12. Investments in subsidiaries

	2021	2020
	€	€
Balance at 1 January	2,800,579	162,464
Additions	1,480,000	1,380,000
Fair value change (Note 8)	115,709	1,258,115
<b>Balance at 31 December</b>	<b>4,396,288</b>	<b>2,800,579</b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2021 Holding %	2020 Holding %
HUB 204 S.M.S.A.	Greece	Real Estate Development	100	100

On 31 December 2021, Hub 204 S.M.S.A owns a plot of land of 17,050.14 sq.m. after buildings with a total area of 4,408 sq.m. in O.T. 204 of the Municipality of Piraeus, which Hub 204 S.M.S.A leases from the company Papastratos S.A. until 24 June 2020, when Hub 204 S.M.S.A proceeded to purchase of it, for a consideration of € 2,180,000 plus taxes and expenses of € 256,040. The property is located in the area of Agios Dionysos in the Municipality of Piraeus.

On 31 December 2021, the company increased its share capital by the amount of €1,480,000 having issued 14,800 additional ordinary shares of nominal value of €10 and at a share premium of €90 each.

The shares of HUB 204 S.M.S.A. are pledged as a security to Alpha Bank S.A. over an overdraft facility up to the amount of €4,047,700 with no maturity date.

### 13. Loans receivable

	2021	2020
	€	€
Loan to shareholder (Note 18.2)	150,380	150,230
	<b>150,380</b>	<b>150,230</b>

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

### 14. Accounts receivable

	2021	2020
	€	€
Other receivables	-	1,087
	<b>-</b>	<b>1,087</b>

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

### 15. Cash and cash equivalents

	2021	2020
	€	€
Cash at bank	25,099	4,382
	<b>25,099</b>	<b>4,382</b>

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

# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 16. Share capital

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	2,000	2,000	1,000	1,000
Issue of shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>Balance at 31 December</b>	<u><u>3,000</u></u>	<u><u>3,000</u></u>	<u><u>2,000</u></u>	<u><u>2,000</u></u>

#### Authorised capital

The authorised share capital of the Company is 1,000,000 shares at a nominal value of €1 each.

#### Issued capital

On 9 March 2020, the Company issued 1,000 ordinary shares with a nominal value of €1 and at a premium of €1,699 each.

On 12 November 2021, the Company issued additional 1,000 ordinary shares with a nominal value of €1 and at a premium of €1,199 each.

### 17. Accounts payables

	2021 €	2020 €
Shareholder's contributions towards share capital increase (Note 18.3)	384,898	75,398
Accruals	<u>3,000</u>	<u>2,700</u>
	<u><u>387,898</u></u>	<u><u>78,098</u></u>

### 18. Related party transactions

The shareholder of the Company is Arcela Investments Ltd which is 100% owned by Dimand S.A., a company registered in Greece.

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions are entered into the normal course of the business with other related parties. These transactions are not necessarily carried out on an arm's length basis.

The following transactions were carried out with related parties:

#### 18.1 Interest income (Note 10)

<u>Name</u>	2021 €	2020 €
Arcela Investments Ltd	<u>150</u>	<u>150</u>
	<u><u>150</u></u>	<u><u>150</u></u>

# KARTONERA LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 18. Related party transactions (continued)

#### 18.2 Loan to shareholder (Note 13)

<u>Name</u>	<u>Interest rate</u>	<u>Maturity date</u>	2021 €	2020 €
Arcela Investments Ltd	0.1%	31/12/2021	150,380	150,230
			<u>150,380</u>	<u>150,230</u>

#### 18.3 Shareholder's contributions towards share capital increase (Note 17)

<u>Name</u>	2021 €	2020 €
Arcela Investments Ltd	384,898	75,398
	<u>384,898</u>	<u>75,398</u>

The Shareholder's contributions towards share capital increase are interest free.

### 19. Contingent liabilities

The company's activities are concerned with the holding of investments outside Cyprus. There are limited operating activities in Cyprus referring to administration and management services received and occasionally intragroup financing arrangements. Management's assertion regarding the tax status of the company in Cyprus is that based on prevailing tax legislation, companies holding investments outside Cyprus are exempt from taxes and accordingly no material tax liability is expected to arise in the future. However, as advised by local experts in this field, Cyprus tax legislation may be subject to varying interpretations and the activities of the Company which have not been challenged in the past may be challenged by the tax authorities as a result of which taxes, penalties and interest may be assessed. Neither the basis of the authorities' challenge nor the nature of the charges, if any can be predicted. Fiscal periods remain open for review by the taxation authorities in respect of taxes for the six calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

### 20. Commitments

The Company had no capital or other commitments as at 31 December 2021.

### 21. Events after the reporting period

#### Russia – Ukraine conflict

Tensions between Russia and the US, the UK and EU members are at an all-time high following recognition of the Donetsk and Luhansk regions as independent states by Russia on 21 February and the military actions that were taken by Russian forces on the morning of 24 February 2022 in those regions and other parts of Ukraine.

As a result of these actions the US, the UK and the EU have already announced wide ranging sanctions against Russia and Russian officials (as well as Belarus) which are expected to be further increased as the conflict escalates. Such sanctions include widespread asset freezing of state and other large organisations as well as Russian citizens. Restriction of access to international financial markets of Russian state and other large banks has already begun and several large multinational businesses have announced their withdrawal from the Russian market. These actions together with the effect of the conflict as a whole have weakened the Russian rouble and there has been a major impact on Russian securities and the economy as a whole. In exchange Russia has also issued retaliatory sanctions.

The combined financial effect of both of these current crises on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the high level of uncertainties arising from the inability to reliably predict the outcome.

These events are considered as non-adjusting events and are therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021.



# KARTONERA LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### **21. Events after the reporting period (continued)**

The broader impacts of these events on the company's financial position, results of operations and cash flows, including estimates used throughout the financial statements, remain uncertain and difficult to predict as the situations and information are rapidly evolving, and the severity and duration is still unknown, as is management's visibility to the effect of these events on the market the group serves and the customers within those markets.

Management will continue to monitor the situation closely and will assess further the implications as the events continue to evolve.

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

**Independent auditor's report on pages 4 to 6**