**KARTONERA LTD**

REPORT AND FINANCIAL STATEMENTS

31 December 2023

# KARTONERA LTD

## REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2023

## CONTENTS

# BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Iosif Frangos |
| **Company Secretary:** | BSM Secretarial Ltd |
| **Independent Auditors:** | BDO Ltd<br>Certified Public Accountants (CY) and Registered Auditors<br>261, 28th October Street (Seafront Road)<br>View Point Tower Floors 6, 7 and 8<br>P. O. Box 51681<br>3507 Limassol, Cyprus |
| **Registered office:** | Spyrou Kiprianou 57<br>Bybloserve Business Center, 2nd floor<br>6051<br>Larnaca, Cyprus |
| **Bankers:** | Alpha Bank S.A. |

# MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2023.

**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 considered satisfactory. On 3 March 2023, the subsidiary Hub 204 S.M.S.A. was awarded as the preferred bidder in the context of the public tender conducted on 8 February 2023 for the construction of the Piraeus Judicial Services for a consideration of €80,900,000. The New Courthouse will be built on a plot of land sold by HUB 204 S.M.S.A. in the area of Agios Dionysios of the Municipality of Piraeus and will have a total area of c. 36,095 sq.m. The project is aiming for LEED certification at the Gold level, according to the internationally recognised rating system of the USGBC. The plot was sold on 13 November 2023.

**Principal risks and uncertainties**

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

**Use of financial instruments by the Company**

The Company is exposed to market risk, credit risk, liquidity risk and capital risk management 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 2023, 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 20 March 2023, the Company issued additional 1,000 ordinary shares with a nominal value of €1 and at a premium of €429 each.

On 26 September 2023, the Company issued additional 1,000 ordinary shares with a nominal value of €1 and at a premium of €549 each.

**Board of Directors**

The sole member of the Company's Board of Directors as at 31 December 2023 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 2023.

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**

**Israel Gaza conflict**

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, the Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

The geopolitical situation in Eastern Europe and the Middle East remains intense with the continuation of the conflict between Russia and Ukraine and the Israel Gaza conflict. As at the date of authorising these financial statements for issue, the conflicts continue to evolve as military activity proceeds and additional sanctions are imposed.

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.

**Events after the reporting period**

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

Limassol,
5 November 2024

Tel: +357 25 847 400
Fax: +357 25 735 455
www.bdo.com.cy

261, 28th October Street
*(Seafront Road)*
View Point Tower
Floors 6, 7 and 8
PO Box 51681
3507 Limassol
Cyprus

# 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 Kartonera Ltd (the "Company"), which are presented in pages 7 to 22 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes of the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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.

# Independent Auditor's Report (continued)

## To the Members of Kartonera Ltd

**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 IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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, based on the work undertaken in the course of our audit, 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 light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.

**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.

**Yiannis Kapetanios**
Certified Public Accountant and Registered Auditor
for and on behalf of

**BDO Ltd**
**Certified Public Accountants (CY) and Registered Auditors**

Limassol, 5 November 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2023

| | Note | 2023 € | 2022 € |
|---|---|---|---|
| **Revenue** | | - | - |
| Fair value gains on financial assets measured at fair value through profit or loss (investments in subsidiaries) | 8 | 2,157,056 | 44,046 |
| Administration expenses | 9 | (17,686) | (17,234) |
| **Operating profit** | | 2,139,370 | 26,812 |
| Finance income | 10 | 1 | 110 |
| Finance costs | 10 | (125) | (181) |
| **Profit before tax** | | 2,139,246 | 26,741 |
| Tax | 11 | - | - |
| **Net profit for the year** | | 2,139,246 | 26,741 |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income for the year** | | 2,139,246 | 26,741 |

# KARTONERA LTD

## STATEMENT OF FINANCIAL POSITION
31 December 2023

| | Note | 2023<br>€ | 2022<br>€ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 12 | **5,067,551** | 4,569,334 |
| | | **5,067,551** | 4,569,334 |
| **Current assets** | | | |
| Account receivables | 14 | **2,217,005** | - |
| Loans receivable | 13 | **-** | 30,489 |
| Cash and cash equivalents | 15 | **49,227** | 2,393 |
| | | **2,266,232** | 32,882 |
| **Total assets** | | **7,333,783** | 4,602,216 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 16 | **5,000** | 3,000 |
| Share premium | | **3,876,000** | 2,898,000 |
| Retained earnings | | **3,448,856** | 1,309,610 |
| **Total equity** | | **7,329,856** | 4,210,610 |
| **Current liabilities** | | | |
| Accounts payable | 17 | **3,927** | 391,606 |
| **Total liabilities** | | **3,927** | 391,606 |
| **Total equity and liabilities** | | **7,333,783** | 4,602,216 |

On 5 November 2024 the Board of Directors of Kartonera Ltd authorised these financial statements for issue.

....................................
Iosif Frangos
Director

The notes on pages 11 to 22 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

| | Note | Share capital € | Share premium € | Retained earnings € | Total € |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | | **3,000** | **2,898,000** | **1,282,869** | **4,183,869** |
| Total comprehensive income for the year | | - | - | 26,741 | 26,741 |
| **Balance at 31 December 2022/ 1 January 2023** | | **3,000** | **2,898,000** | **1,309,610** | **4,210,610** |
| Total comprehensive income for the year | | - | - | 2,139,246 | 2,139,246 |
| Issue of share capital | 16 | 2,000 | 978,000 | - | 980,000 |
| **Balance at 31 December 2023** | | **5,000** | **3,876,000** | **3,448,856** | **7,329,856** |

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

# STATEMENT OF CASH FLOWS
## Year ended 31 December 2023

| | Note | 2023 € | 2022 € |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before tax** | | **2,139,246** | 26,741 |
| Adjustments for: | | | |
| Fair value gains on investment in subsidiary | | **(2,157,056)** | (44,046) |
| Interest income | 10 | **(1)** | (110) |
| | | **(17,811)** | (17,415) |
| **Changes in working capital:** | | | |
| Increase in account receivables | | **(1,472)** | - |
| (Decrease)/increase in accounts payables | | **(2,723)** | 3,709 |
| **Cash used in operations** | | **(22,006)** | (13,706) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for additions of investment in subsidiary | 12 | **(447,000)** | (129,000) |
| Decrease of share capital of investment in subsidiary | | **2,105,840** | - |
| Loans repayments received | | **30,000** | 120,000 |
| **Net cash generated from/(used in) investing activities** | | **1,688,840** | (9,000) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of share capital | | **430,000** | - |
| Advance payment for the reduction of share premium | | **(2,050,000)** | - |
| **Net cash used in financing activities** | | **(1,620,000)** | - |
| **Net increase/(decrease) in cash and cash equivalents** | | **46,834** | (22,706) |
| Cash and cash equivalents at beginning of the year | | **2,393** | 25,099 |
| **Cash and cash equivalents at end of the year** | **15** | **49,227** | 2,393 |

## 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, Bybloserve Business Center, 2nd floor, 6051, Larnaca, Cyprus.

### Principal activity

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

## 2. Basis of preparation

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

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.

### 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 current financial data of the Company and the Group as well as the future obligations, agreements and prospects, taking into account the direct financial effects of Russia's invasion in Ukraine and Israel - Gaza conflict as well as the impact of the macroeconomic environment, estimates that its prospects of the Company and the Group are positive and that the Company and the Group have the ability to continue their activity without interruption according to their business plan. As a result, the Annual Financial Statements have been prepared on a going concern basis.

The resumption of the economic activity and the gradual emergence from the economic crisis caused by pandemic COVID-19, as well as developments due to the war in Ukraine and the Israel - Gaza conflict, have contributed globally both to delays in the supply chain and to rising construction costs. The increase in construction costs was further compounded by the increase in raw material and energy costs. Any increase in the construction costs of projects developed by the Group may adversely affect the Group's results and financial condition in the future to the extent that the increased costs have not been fully absorbed through a corresponding increase in the rents of the investment companies.

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

As from 1 January 2023, 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. Material accounting policies

The material 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.

Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

**4. Material accounting policies (continued)**

**Subsidiary companies**

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

Investments in subsidiary companies are 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.

**Dividends**

Interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

**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.

**4. Material accounting policies (continued)**

**Financial Instruments (continued)**

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.

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 31.12.2023 consist of investment in subsidiary, measured at fair value through profit or loss, account receivables 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.

**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.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. 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.

**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.

**4. Material accounting policies (continued)**

**Comparatives**

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

**5. New accounting pronouncements**

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

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) Adopted by the European Union**

**Amendments**
*IFRS Interpretations Committee*

- *Amendments to IAS 1 Presentation of Financial Statements:*
  *• Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);*
  *• Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and*
  *• Non-current Liabilities with Covenants (issued on 31 October 2022) (effective for annual periods beginning on or after 1 January 2024).*
- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for annual periods beginning on or after 1 January 2024).*

**(ii) Not adopted by the European Union**

**Amendments**

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (effective for annual periods beginning on or after 1 January 2024).*
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025).*

The Board of Directors expects that the adoption of these standards in future periods will not have a material effect on the financial statements of the Company.

**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**

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

**a) Market risk (continued)**

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). No price risk exists as the property held by the subsidiary was sold on 13 November 2023.

**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 balance of the Company was related to a loan to parent company (Note 18.2), which has been settled during 2023. Consequently, the Company was not exposed to significant credit risk.

**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 tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

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

**c) Liquidity risk (continued)**

| 31 December 2022 | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | € | € | € | € | € | € |
| Other payables | 1,923 | 1,923 | - | 1,923 | - | - |
| Shareholder's contributions towards share capital increase | 384,958 | 384,958 | - | 384,958 | - | - |
| | **386,881** | **386,881** | **-** | **386,881** | **-** | **-** |

**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).

| **31 December 2023** | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **Financial assets** | | | | |
| Investment in subsidiary | - | - | 5,067,551 | 5,067,551 |
| **Total** | **-** | **-** | **5,067,551** | **5,067,551** |

| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | € | € | € | € |
| Financial assets | | | | |
| Investment in subsidiary | - | - | 4,569,334 | 4,569,334 |
| Total | - | - | 4,569,334 | 4,569,334 |

### 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:

- **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 various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the reporting date.

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

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Fair value gains on the investment in subsidiary (Note 12) | 2,157,056 | 44,046 |
| | 2,157,056 | 44,046 |

### 9. Administration expenses

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Municipality taxes | 1,258 | - |
| Auditors' remuneration - current year | 2,737 | 2,737 |
| Auditors' remuneration - prior year | 119 | 656 |
| Accounting fees | 1,190 | 1,190 |
| Legal fees | - | 1,923 |
| Legal and professional | 11,761 | 10,378 |
| Prior year accountancy charges | 271 | - |
| Annual levy | 350 | 350 |
| | 17,686 | 17,234 |

### 10. Finance income/(costs)

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Interest income (Note 18.1) | 1 | 110 |
| **Finance income** | **1** | 110 |
| Sundry finance expenses | (125) | (181) |
| **Finance costs** | **(125)** | (181) |
| **Net finance costs** | **(124)** | (71) |

### 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:

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Profit before tax | 2,139,246 | 26,741 |
| Tax calculated at the applicable tax rates | 267,406 | 3,343 |
| Tax effect of expenses not deductible for tax purposes | 355 | 1,113 |
| Tax effect of allowances and income not subject to tax | (269,632) | (5,506) |
| Tax effect of tax loss for the year | 1,871 | 1,050 |
| **Tax charge** | - | - |

The corporation tax rate is 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (reduced to 17% as of 1 January 2024). 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%.

### 12. Investments in subsidiaries

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Balance at 1 January | **4,569,334** | 4,396,288 |
| Additions | **447,000** | 129,000 |
| Reduction of share capital | **(2,105,839)** | - |
| Fair value change (Note 8) | **2,157,056** | 44,046 |
| **Balance at 31 December** | **5,067,551** | 4,569,334 |

The details of the subsidiaries are as follows:

| Name | Country of incorporation | Principal activities | Holding % | 2023 € | 2022 € |
|---|---|---|---|---|---|
| HUB 204 S.M.S.A. | Greece | Real Estate Development | 100 | **5,067,551** | 4,569,334 |
| | | | | **5,067,551** | 4,569,334 |

On 31 December 2022, 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. The plot was sold on 13 November 2023.

On 23 December 2022, the company increased its share capital by the amount of €129,000 having issued 1,290 additional ordinary shares of nominal value of €10 and at a share premium of €90 each.

On 15 November 2023, the Company increased its share capital by the amount of €447,000 having issued 4,470 additional ordinary shares of nominal value of €10 and at a premium of €90 each.

On 15 November 2023, the Company transferred from its share premium to share capital an amount of €1,675,100 by increasing the nominal value of 47,860 ordinary shares from €10 each to €45 each.

On 15 November 2023, the Company decreased its share capital by the amount of €2,105,840 by decreasing the nominal value of 47,860 ordinary shares from €45 each to €1 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

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Loan to shareholder (Note 18.2) | **-** | 30,489 |
| | **-** | 30,489 |

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

### 14. Account receivables

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Shareholder's current account - debit balance (Note 18.3) | **2,217,005** | - |
| | **2,217,005** | - |

### 14. Account receivables (continued)

Shareholder's current account derives from the amount of €2,050,000 which relates to the advance payment for the reduction of the Company's share premium and the amount of €167,005 from the Company's share capital increase.

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

### 15. Cash and cash equivalents

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Cash at bank | **49,227** | 2,393 |
| | **49,227** | 2,393 |

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.

### 16. Share capital

| | **2023 Number of shares** | **2023 €** | 2022 Number of shares | 2022 € |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of €1 each | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| **Issued and fully paid** | | | | |
| Balance at 1 January | 3,000 | 3,000 | 3,000 | 3,000 |
| Issue of shares | 2,000 | 2,000 | - | - |
| **Balance at 31 December** | **5,000** | **5,000** | 3,000 | 3,000 |

**Authorised capital**

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

**Issued capital**

On 20 March 2023, the Company issued additional 1,000 ordinary shares with a nominal value of €1 and at a premium of €429 each.

On 26 September 2023, the Company issued additional 1,000 ordinary shares with a nominal value of €1 and at a premium of €549 each.

### 17. Accounts payables

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Shareholder's contributions towards share capital increase (Note 18.4) | **-** | 384,958 |
| Accruals | **3,927** | 4,725 |
| Other creditors | **-** | 1,923 |
| | **3,927** | 391,606 |

## 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.

The following transactions were carried out with related parties:

### 18.1 Interest income (Note 10)

| Name | **2023** € | 2022 € |
|---|---|---|
| Arcela Investments Ltd | 1 | 110 |
| | 1 | 110 |

### 18.2 Loan to shareholder (Note 13)

| Name | Interest rate | Maturity date | **2023** € | 2022 € |
|---|---|---|---|---|
| Arcela Investments Ltd | 0.1% | 31/12/2022 | - | 30,489 |
| | | | - | 30,489 |

### 18.3 Shareholder's current account - debit balance (Note 14)

| Name | **2023** € | 2022 € |
|---|---|---|
| Arcela Investments Ltd | 2,217,005 | - |
| | 2,217,005 | - |

Shareholder's current account derives from the amount of €2,050,000 which relates to the advance payment for the reduction of the Company's share premium and the amount of €167,005 from the Company's share capital increase.

The shareholder's current account is interest free.

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

| Name | **2023** € | 2022 € |
|---|---|---|
| Arcela Investments Ltd | - | 384,958 |
| | - | 384,958 |

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 2023.

**21. Events after the reporting period**

As explained in management report, the geopolitical situation in Eastern Europe and the Middle East remains intense with the continuation of the conflict between Russia and Ukraine and the Israel-Gaza conflict. As at the date of authorising these financial statements for issue, the conflicts continue to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, the Israel-Gaza conflict and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2024 which relate to new developments that occurred after the reporting period.

The impact of events after the reporting date on the going concern is described in note 4.

On 29 November 2023, the Company decided to proceed with the reduction of its share premium for the amount of €2,215,041 however no court decision has been obtained yet.

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

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