

# **Grivalia Hospitality Holdings Two Limited**

## **Report and consolidated financial statements 31 December 2019**

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# **Grivalia Hospitality Holdings Two Limited**

## **Board of Directors and other officers**

### **Board of Directors**

NAP Directors Limited  
Panagiotis Aristeidis Varfis  
Charalambos Anastaselos (appointed 24 06 2019)

### **Company Secretary**

**NAP Secretarial Ltd**  
Giannou Kranidioiti 10  
Nice day House, floor 6, flat 602  
1065, Nicosia  
Cyprus

### **Registered office**

Giannou Kranidioiti 10  
Nice day House, floor 6, flat 602  
1065, Nicosia  
Cyprus



## **Independent Auditor's Report**

To the Members of Grivalia Hospitality Holdings Two Limited

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

#### **Opinion**

We have audited the consolidated financial statements of Grivalia Hospitality Holdings Two Ltd (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 5 - 30 and comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as 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 consolidated financial statements section of our report. We are independent of the Group 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 consolidated 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.

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

The Board of Directors is responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

We communicate with 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.

**Other Matter**

This report, including the opinion, has been prepared for and only for the Group'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 several loops and a long horizontal stroke extending to the right.

Petros C. Petrakis  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Limassol, 23 September 2020

# Grivalia Hospitality Holdings Two Limited

## Consolidated statement of comprehensive income for the year ended 31 December 2019

		2019	For the period from 13 April 2018 to 31 December 2018
	Note	€	€
Other income	8	40.967	-
Administrative expenses	10	(39.706)	(6.030)
Other losses	9	(16.000)	-
<b>Operating loss</b>		<b>(14.739)</b>	<b>(6.030)</b>
Finance costs		(1.000)	-
<b>Loss before income tax</b>		<b>(15.739)</b>	<b>(6.030)</b>
Income tax credit	11	(4.000)	-
<b>Loss and total comprehensive loss for the year/period</b>		<b>(19.739)</b>	<b>(6.030)</b>

The notes on pages 9 to 30 are an integral part of these consolidated financial statements.

# Grivalia Hospitality Holdings Two Limited

## Consolidated balance sheet at 31 December 2019

	Note	2019 €	2018 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<u>8.739.000</u>	-
		<u>8.739.000</u>	-
<b>Current assets</b>			
Financial assets at amortised cost	14	66.051	1.608
Cash and bank balances	15	<u>202.741</u>	-
		<u>268.792</u>	1.608
<b>Total assets</b>		<u><b>9.007.792</b></u>	<u>1.608</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	16	3.150	2.000
Share premium	16	8.948.850	-
Accumulated losses		<u>(25.769)</u>	<u>(6.030)</u>
<b>Total equity</b>		<u><b>8.926.231</b></u>	<u>(4.030)</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<u>4.000</u>	-
<b>Current liabilities</b>			
Trade and other payables	17	<u>77.561</u>	<u>5.638</u>
<b>Total liabilities</b>		<u><b>81.561</b></u>	<u>5.638</u>
<b>Total equity and liabilities</b>		<u><b>9.007.792</b></u>	<u>1.608</u>

On 23 September 2020 the Board of Directors of Grivalia Hospitality Holdings Two Limited authorised these consolidated financial statements for issue.

Panagiotis Aristeidis Varfis, Director



Charalampos Anastaselos, Director



The notes on pages 9 to 30 are an integral part of these consolidated financial statements.

# Grivalia Hospitality Holdings Two Limited

## Consolidated statement of changes in equity for the year ended 31 December 2019

	Note	Share capital €	Share premium €	Accumulated losses <sup>(1)</sup> €	Total €
<b>Comprehensive loss</b>					
Loss for the period		-	-	(6.030)	(6.030)
<b>Transactions with owners</b>					
Issue of shares	16	2.000	-	-	2.000
Total transactions with owners		2.000	-	-	2.000
<b>Balance at 31 December 2018/1 January 2019</b>					
		2.000	-	(6.030)	(4.030)
<b>Comprehensive loss</b>					
Loss for the year		-	-	(19.739)	(19.739)
<b>Transactions with owners</b>					
Issue of shares	16	1.150	8.948.850	-	8.950.000
Total transactions with owners		1.150	8.948.850	-	8.950.000
<b>Balance at 31 December 2019</b>					
		3.150	8.948.850	(25.769)	8.926.231

- (1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence 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. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and was reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 9 to 30 are an integral part of these consolidated financial statements.



# Grivalia Hospitality Holdings Two Limited

## Consolidated statement of cash flows for the year ended 31 December 2019

	Note	2019 €	For the period from 13 April 2018 to 31 December 2018 €
<b>Cash flows from operating activities</b>			
Loss before income tax		(15.739)	(6.030)
Adjustments for:			
Impairment of property, plant and equipment	12	<u>16.000</u>	-
		261	(6.030)
Changes in working capital:			
Financial assets at amortised cost		(64.443)	(1.608)
Trade and other payables		<u>71.923</u>	<u>5.638</u>
<b>Net cash generated from/(used in) operating activities</b>		<u>7.741</u>	<u>(2.000)</u>
<b>Cash flows from investing activities</b>			
Purchase of land and buildings	12	(8.706.000)	-
Additions of property, plant and equipment	12	<u>(49.000)</u>	-
<b>Net cash used in investing activities</b>		<u>(8.755.000)</u>	-
<b>Cash flows from financing activities</b>			
Issuance of share capital	16	<u>8.950.000</u>	<u>2.000</u>
<b>Net cash from financing activities</b>		<u>8.950.000</u>	<u>2.000</u>
<b>Net increase in cash and cash equivalents</b>		202.741	-
<b>Cash and cash equivalents at beginning of year/period</b>		-	-
<b>Cash and cash equivalents at end of year/period</b>	15	<u>202.741</u>	-

The notes on pages 9 to 30 are an integral part of these consolidated financial statements.

# Grivalia Hospitality Holdings Two Limited

## Notes to the consolidated financial statements

### 1 General information

#### Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Giannou Kranidioiti 10, Nice Day House, Floor 6, Flat 602, 1065, Nicosia, Cyprus.

#### Principal activities

The principal activity of the company and its subsidiary, collectively referred to as the "Group", is the development of tourism real estate projects and the operation of a hotel.

### 2 Basis of preparation

The consolidated financial statements of the Group 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.

As of the date of the authorization of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2019 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 7.

#### Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

# Grivalia Hospitality Holdings Two Limited

## Basis of consolidation (continued)

### (i) Subsidiaries (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### (ii) Transactions and non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

# Grivalia Hospitality Holdings Two Limited

## 3 Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2019. This adoption did not have a significant effect on the accounting policies of the Group.

## 4 Summary of significant accounting policies

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

### Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Current and deferred income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company is taxed on its taxable income based on a tax rate of 12.50% in Cyprus. The Company's foreign subsidiaries are taxed on their taxable income based on a tax rate of 24% in Greece.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Group where there is an intention to settle the balances on a net basis.

### Property, plant and equipment

Land and buildings are shown at fair value, based either on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Increases in the carrying amount arising on revaluation of land and buildings are credited in other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from "other reserves" to "retained earnings".

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Land	Nil
Buildings	40 years
Furniture, fixtures and equipment	6 - 7 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

### Impairment of non-financial assets

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

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets

#### Financial assets - Classification

The Group classifies its financial assets to those to be measured at amortised cost.

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

#### Financial assets - Recognition and derecognition

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

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

#### Financial assets - Measurement

At initial recognition, the Group measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

#### Debt instruments

The subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the following measurement category:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "other income". Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. The Group's financial assets measured at amortised cost (AC) comprise: cash and cash equivalents and financial assets at amortised cost.

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets – impairment – credit loss allowance for ECL

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

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

Debt instruments measured at amortised cost are presented in the balance sheet net of the allowance for ECL.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

For all financial instruments that are subject to impairment under IFRS 9, the Group applies general approach – three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to Note 6, Credit risk section for a description of how the Group determines low credit risk financial assets.

#### Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

#### Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.



# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset.

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

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

#### Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. 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.

#### Financial assets at amortised cost

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

#### Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### Transactions with equity owners/subsidiaries

The Group enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Group's accounting policy is to recognise any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends. Similar transactions with other parties other than shareholders, are recognised through the profit or loss.

### Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

# Grivalia Hospitality Holdings Two Limited

## 5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the financial statements of the Group.

## 6 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The Group does not have a formal risk management policy programme. Instead the susceptibility of the Group to financial risks such as credit risk and liquidity risk is monitored as part of its daily management of the business.

#### • Credit risk

Credit risk arises mainly from cash and cash equivalents, other receivables and receivables from related parties.

##### (i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, independently rated parties with a satisfactory credit rating are preferred. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

##### (ii) Impairment of financial assets

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

- financial assets at amortised cost (other receivables and receivables from related parties); and
- cash and cash equivalents

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

- internal credit rating
- external credit rating (as far as available)

# Grivalia Hospitality Holdings Two Limited

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

#### • Credit risk (continued)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant increases in credit risk on other financial instruments of the same counterparty
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparty in the group

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Group holds cash accounts in a large number of financial institutions, internationally dispersed.

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

The Group does not have any material debt financial assets that are subject to the impairment requirements of IFRS 9 and their contractual cash flows have been modified.

The Group uses the following categories for receivables from related parties, other receivables and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories. For counterparties which are externally rated, the Group uses external credit ratings.

# Grivalia Hospitality Holdings Two Limited

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Credit risk (continued)**

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties where credit risk is in line with original expectations	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery	Asset is written off	None

The Group provides for credit losses against receivables from related parties, other receivables and cash and cash equivalents. The following tables contain an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Group's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018.

# Grivalia Hospitality Holdings Two Limited

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Credit risk (continued)**

#### Receivables from related parties

Company internal credit rating	2019 €	2018 €
Performing	<u>2.000</u>	<u>1.608</u>

#### Other receivables

Company internal credit rating	2019 €	2018 €
Performing	<u>64.051</u>	<u>-</u>

#### Cash and cash equivalents

	External credit rating	2019 €	2018 €
Performing	CCC-C	<u>202.741</u>	<u>-</u>

No significant changes to estimation techniques or assumptions were made during the reporting period.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €
<b>At 31 December 2018</b>	
Trade and other payables	<u>5.638</u>
	Less than 1 year €
<b>At 31 December 2019</b>	
Trade and other payables	<u>77.561</u>

# Grivalia Hospitality Holdings Two Limited

## 6 Financial risk management (continued)

### (ii) Fair value estimation

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

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

Refer to Note 7 for disclosures in relation to the fair value of property, plant and equipment.

### (iii) Offsetting financial assets and liabilities

The Company does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

## 7 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

Estimates and judgements 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.

### (i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no 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.

# Grivalia Hospitality Holdings Two Limited

## 7 Critical accounting estimates and judgements (continued)

### (i) Critical accounting estimates and assumptions (continued)

#### • Fair value of property, plant and equipment

The fair value of property, plant and equipment is based on valuations performed by external independent professional valuers, who hold recognised and relevant professional qualifications and have recent experience of the location and category of the property being valued. The valuations were based mainly on the income approach method using recent transactions for similar assets adjusted with assumptions necessary to reflect the nature, the uniqueness of the asset and its characteristics in regards of the land and location.

In addition, the Board of Directors considered the requirements of IFRS 13 "Fair value measurement" which requires that the fair value of non-financial assets to be determined based on their highest and best use, considering the use of the asset from market participants perspective, which are:

- Physically possible - takes into account the physical characteristics of the asset which would be taken into account by market participants (for example, property location or size);
- Legally permissible - takes into account the legal restrictions on the asset's use which would be taken into account by market participants (for example, planning or zoning regulations); and
- Financially feasible to use - takes into account whether the use of the asset that is physically possible and legally permissible generates adequate income or cash flows (considering the cost of converting the asset for that use) to achieve a return on investment that market participants would require from an investment in a similar property through the specific use.

Based on the above, management estimates that the future use of land and buildings included in property, plant and equipment are their highest and best use from a market participant's perspective and that the basis of the fair value estimation represents adequately this use. In case this changes, the asset's fair value could be significantly different as a result of the relevant conditions of the parameters used in the valuation method that will change accordingly (Note 11).

Management considered the sensitivity of the main inputs used in relation to the Group's project as stated in Note 11. If the ADR changes by 10% then the fair value of the project will change by €1.131.925. If the average occupancy rate changes by 10% then the fair value of the project will change by €1.131.928. If the discount rate changes by 1%, then the fair value of the project will change by €672.188.

On 31 December 2019, the Board of Directors, based on valuation from independent external valuers, assessed that the fair value of property, plant and equipment was €16.000 less compared to their carrying amount and therefore recognised an impairment loss in the "statement of comprehensive income".



# Grivalia Hospitality Holdings Two Limited

## 8 Other income

	2019	For the period from 13 April 2018 to 31 December 2018
	€	€
Provision of services	<u>40.967</u>	<u>-</u>

## 9 Other losses

	2019	For the period from 13 April 2018 to 31 December 2018
	€	€
Property, plant and equipment impairment charge (Note 12)	<u>(16.000)</u>	<u>-</u>
	<u>(16.000)</u>	<u>-</u>

## 10 Expenses by nature

	2019	For the period from 13 April 2018 to 31 December 2018
	€	€
Auditors' remuneration	14.000	774
Legal fees	-	2.751
Professional fees	7.371	298
Property taxes	3.000	-
Non-deductible VAT	13.335	-
Other expenses	<u>2.000</u>	<u>2.207</u>
<b>Total administrative expenses</b>	<u><b>39.706</b></u>	<u><b>6.030</b></u>

## 11 Income tax expense

	2019	For the period from 13 April 2018 to 31 December 2018
	€	€
Deferred tax		
Origination and reversal of temporary differences	<u>4.000</u>	<u>-</u>
Total deferred tax	<u><b>4.000</b></u>	<u><b>-</b></u>

# Grivalia Hospitality Holdings Two Limited

## 11 Income tax expense (continued)

The tax on the Group's results before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2019 €	For the period from 13 April 2018 to 31 December 2018 €
Loss before tax	<u>(15.739)</u>	<u>(6.030)</u>
Tax calculated at the applicable corporation tax rate	4.317	(754)
Tax effect of expenses not deductible for tax purposes	-	388
Tax effect of allowances and income not subject to tax	(11.880)	-
Tax effect of tax losses for which no deferred tax asset was recognised	3.563	366
Deferred tax on temporary differences	<u>4.000</u>	<u>-</u>
Income tax charge	<u>-</u>	<u>-</u>

The Company is subject to income tax on taxable profits at the rate of 12,5% .

The subsidiary, registered in Greece, is subject to corporation tax at the rate of 24% (2018: 29%).

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

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

## 12 Property, plant and equipment

	Land and buildings €	Furniture, fixtures and office equipment €	Total €
<b>Year ended 31 December 2019</b>			
Acquisition of asset by subsidiary	8.706.000	-	8.706.000
Additions	30.000	19.000	49.000
Impairment charge (Note 9)	(16.000)	-	(16.000)
Closing net book amount	<u>8.720.000</u>	<u>19.000</u>	<u>8.739.000</u>
<b>At 31 December 2019</b>			
Cost	8.720.000	19.000	8.739.000
Accumulated depreciation	-	-	-
Net book amount	<u>8.720.000</u>	<u>19.000</u>	<u>8.739.000</u>

# Grivalia Hospitality Holdings Two Limited

## 12 Property, plant and equipment (continued)

As at 31 December 2019, land and buildings were under construction therefore no depreciation was recognised.

Land and buildings represent Hotel buildings which are currently under major renovation. Renovation works are expected to be completed by May 2022 when the Hotel is expected to commence its operations.

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2019 €	2018 €
Cost	8.736.000	-
Accumulated depreciation	-	-
Net book amount	<u>8.736.000</u>	<u>-</u>

### Fair value of land and buildings

An independent valuation of the Group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2019. In case of a revaluation surplus, net of applicable deferred income taxes, is credited to other comprehensive income and is shown in 'other reserves' in shareholders equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Fair value measurements at 31 December 2019 using		
	Quoted prices in active markets for identical assets (Level 1) €	Significant other observabl e inputs (Level 2) €	Significant unobservable inputs (Level 3) €
<b>Recurring fair value measurements</b>			
Land and buildings			
- Hotel Unit under construction- Greece	-	-	8.720.000
	<u>-</u>	<u>-</u>	<u>8.720.000</u>

There were no transfers between different levels during the year.

# Grivalia Hospitality Holdings Two Limited

## 12 Property, plant and equipment (continued)

### Valuation processes of the Group

The fair value of the Group's properties as at 31 December 2019 was assessed by the Group's management and approved by the Board of Directors, considering external valuations performed by independent professional valuers. The Group's finance department includes a team that reviews the valuations on an annual basis.

At each financial year end the finance department of the Group:

- verifies all major inputs used for the valuation report;
- assesses property valuation movements compared to the prior year valuation report (if applicable); and
- holds discussions with the Board of Directors.

The finance department of the Group assesses the valuation techniques, including the market price of the recent transactions of comparative information.

### Information about fair value measurements using significant unobservable inputs (Level 3) - 31 December 2019

Description	Fair value at 31 December 2019 €	Valuation technique	Unobservable inputs	Unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair values
Hotel Unit under construction - Greece	8.720.000	Income approach	Average daily rate (ADR)	€314	The higher the ADR, the higher the fair value.
			Average occupancy rate	64%	The higher the average occupancy rate, the higher the fair value.
			Discount rate	10,81%	The higher the discount rate, the lower the fair value.

## 13 Investments in subsidiary

The Group's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Piperi Hotel and Tourism S.A.	Development of Tourism Real Estate Projects and operation of a hotel	Greece	100	-

On 6 September 2019, the Company incorporated a 100% subsidiary, namely Piperi Hotel and Tourism S.A. with a total issued share capital of 13.000.000 ordinary shares with par value of €1 per share. As at 31 December 2019, an amount of €4.200.000 is still payable to the subsidiary and was eliminated on consolidation.

# Grivalia Hospitality Holdings Two Limited

## 14 Financial assets

### (a) Financial assets at amortised cost

	2019 €	2018 €
Receivables from related parties (Note 18(i))	2.000	1.608
Other receivables	<u>64.051</u>	<u>-</u>
Less: Loss allowance for debt investments at amortised cost	<u>-</u>	<u>-</u>
<b>Financial assets at amortised cost - net</b>	<b><u>66.051</u></b>	<b><u>1.608</u></b>

The fair value of the above financial assets at amortised cost approximate their carrying amounts.

The carrying amounts of the Group's financial assets at amortised cost are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	<u>66.051</u>	<u>1.608</u>
	<b><u>66.051</u></b>	<b><u>1.608</u></b>

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Group does not hold any collateral as security.

#### (i) Impairment and risk exposure

Note 6 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

## 15 Cash and cash equivalents

	2019 €	2018 €
Cash at bank	<u>202.741</u>	<u>-</u>

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2019 €	For the period from 13 April 2018 to 31 December 2018 €
Cash and bank balances	<u>202.741</u>	<u>-</u>

Cash and cash equivalents are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	<u>202.741</u>	<u>-</u>

# Grivalia Hospitality Holdings Two Limited

## 16 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 13 April 2018	-	-	-	-
Issue of shares	<u>2 000</u>	<u>2.000</u>	-	<u>2.000</u>
At 31 December 2018/1 January 2019	2 000	2.000	-	2.000
Issue of shares	<u>1 150</u>	<u>1.150</u>	<u>8.948.850</u>	<u>8.950.000</u>
At 31 December 2019	<u>3 150</u>	<u>3.150</u>	<u>8.948.850</u>	<u>8.952.000</u>

The total authorized number of ordinary shares is 5 000 shares (2018: 5 000 shares) with a par value of €1 per share.

Upon incorporation on 13 April 2018, the Company issued 2.000 ordinary shares of €1 each at par.

On 6 August 2019, the Company issued 150 ordinary shares of a nominal value of €1 each at a premium of €999 for a total consideration of €150.000.

On 11 October 2019, the Company issued 1.000 ordinary shares of a nominal value of €1 each at a premium of €8.799 for a total consideration of €8.800.000.

## 17 Trade and other payables

	2019 €	2018 €
Trade payables	50.849	-
Payables to related parties (Note 18(i))	3.779	-
Other payables and accrued expenses	<u>22.933</u>	<u>5.638</u>
<b>Total trade and other payables at amortised cost</b>	<b><u>77.561</u></b>	<b><u>5.638</u></b>

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

## 18 Related party transactions

The Company is 100% controlled by Grivalia Hospitality S.A. Grivalia Hospitality S.A. is jointly controlled by Eurolife ERB Insurance Group (25%), Eurobank Ergasias S.A. Group (25%) and M&G Investments Management Limited (50%).

The following transactions were carried out with related parties:

### (i) Year/period-end balances

	2019 €	2018 €
Receivables from related parties (Note 14):		
Parent entity	<u>2.000</u>	<u>1.608</u>
Payables to related parties (Note 17):		
Common control entity	<u>3.779</u>	<u>-</u>

The above balances bear no interest and are repayable on demand.

# Grivalia Hospitality Holdings Two Limited

## 19 Events after the balance sheet date

With the recent and rapid development of the COVID-19 outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have imposed travel restrictions along with strict quarantine measures. Industries such as construction, tourism, hospitality and leisure and entertainment are expected to be directly affected by the above measures.

The economic impact of the current crisis on the global economy and overall business activities cannot be reliably evaluated at this stage. The situation is still evolving and therefore there is a high level of uncertainty emanating from the inability to reliably predict the impact of the crisis.

Management will continue to monitor the situation closely and assess additional measures as a contingency plan in case the period of disruption is extended.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the consolidated financial statements as at 31 December 2019. If the pandemic ends up having a significant impact on the Group, then it will be reflected in the 2020 consolidated financial statements.

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

Independent Auditor's Report on pages 2 to 4.





# **Grivalia Hospitality Holdings Two Limited**

## **Report and financial statements 31 December 2019**

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# **Grivalia Hospitality Holdings Two Limited**

## **Board of Directors and other officers**

### **Board of Directors**

NAP Directors Limited (appointed 13/04/2018)  
Panagiotis Aristeidis Varfis (appointed 13/04/2018)  
Charalambos Anastaselos (appointed 24/06/2019)

### **Company Secretary**

**NAP Secretarial Limited**  
10 Giannou Kranidioti  
Nice Day House, 6th Floor  
1065, Nicosia, Cyprus

### **Registered office**

10 Giannou Kranidioti Street  
Nice Day House, 6th Floor  
1065, Nicosia  
Cyprus



## **Independent Auditor's Report**

To the Members of Grivalia Hospitality Holdings Two Limited

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

#### **Opinion**

We have audited the financial statements the parent company Grivalia Hospitality Holdings Two Limited (the "Company"), which are presented on pages 5 to 25 and comprise the balance sheet as at 31 December 2019, and the statements of 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 the Company as at 31 December 2019, 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.

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

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

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

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 skepticism 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.

**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.



Petros C. Petrakis  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Limassol, 23 September 2020

# Grivalia Hospitality Holdings Two Limited

## Statement of comprehensive income for the year ended 31 December 2019

		2019	For the period from 13 April 2018 to 31 December 2018
	Note	€	€
Administrative expenses	8	<u>(25.706)</u>	<u>(6.030)</u>
<b>Loss before tax</b>		<b>(25.706)</b>	<b>(6.030)</b>
Tax expense	9	<u>-</u>	<u>-</u>
<b>Loss and total comprehensive loss for the year/period</b>		<b><u>(25.706)</u></b>	<b><u>(6.030)</u></b>

The notes on pages 9 to 25 are an integral part of these financial statements.

# Grivalia Hospitality Holdings Two Limited

## Balance sheet at 31 December 2019

	Note	2019 €	2018 €
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	10	<u>13.000.000</u>	-
<b>Current assets</b>			
Financial assets at amortised cost	11	2.000	1.608
Cash and cash equivalents	12	<u>33.294</u>	-
		<u>35.294</u>	<u>1.608</u>
<b>Total assets</b>		<u><b>13.035.294</b></u>	<u><b>1.608</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	13	3.150	2.000
Share premium	13	8.948.850	-
Accumulated losses		<u>(31.736)</u>	<u>(6.030)</u>
<b>Total equity</b>		<u><b>8.920.264</b></u>	<u><b>(4.030)</b></u>
<b>Non-current liabilities</b>			
Non-current payables	14	<u>4.100.000</u>	-
<b>Current liabilities</b>			
Other payables	15	<u>15.030</u>	<u>5.638</u>
<b>Total liabilities</b>		<u><b>4.115.030</b></u>	<u><b>5.638</b></u>
<b>Total equity and liabilities</b>		<u><b>13.035.294</b></u>	<u><b>1.608</b></u>

On 23 September 2020 the Board of Directors of Grivalia Hospitality Holdings Two Limited authorised these financial statements for issue.

Panagiotis Aristeidis Varfis, Director



Charalampos Anastaselos, Director



The notes on pages 9 to 25 are an integral part of these financial statements.

# Grivalia Hospitality Holdings Two Limited

## Statement of changes in equity for the year ended 31 December 2019

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
<b>Comprehensive loss</b>					
Loss for the period		-	-	(6.030)	(6.030)
<b>Transactions with owners</b>					
Issue of shares	13	2.000	-	-	2.000
Total transactions with owners		2.000	-	-	2.000
<b>Balance at 31 December 2018/1 January 2019</b>		<u>2.000</u>	<u>-</u>	<u>(6.030)</u>	<u>(4.030)</u>
<b>Comprehensive loss</b>					
Loss for the year		-	-	(25.706)	(25.706)
<b>Transactions with owners</b>					
Issue of shares	13	1.150	8.948.850	-	8.950.000
Total transactions with owners		1.150	8.948.850	-	8.950.000
<b>Balance at 31 December 2019</b>		<u>3.150</u>	<u>8.948.850</u>	<u>(31.736)</u>	<u>8.920.264</u>

The notes on pages 9 to 25 are an integral part of these financial statements.



# Grivalia Hospitality Holdings Two Limited

## Statement of cash flows for the year ended 31 December 2019

	Note	2019 €	For the period from 13 April 2018 to 31 December 2018 €
<b>Cash flows from operating activities</b>			
Loss before tax		(25.706)	(6.030)
Changes in working capital:			
Financial assets at amortised cost		(392)	(1.608)
Other payables		<u>(90.608)</u>	<u>5.638</u>
<b>Net cash used in operating activities</b>		<u>(116.706)</u>	<u>(2.000)</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary	10	<u>(8.800.000)</u>	-
<b>Net cash used in investing activities</b>		<u>(8.800.000)</u>	-
<b>Cash flows from financing activities</b>			
Issue of share capital	13	<u>8.950.000</u>	<u>2.000</u>
<b>Net cash from financing activities</b>		<u>8.950.000</u>	<u>2.000</u>
<b>Net increase in cash and cash equivalents</b>		<b>33.294</b>	-
<b>Cash and cash equivalents at beginning of year/period</b>		-	-
<b>Cash and cash equivalents at end of year/period</b>	12	<u><u>33.294</u></u>	-

The notes on pages 9 to 25 are an integral part of these financial statements.

# Grivalia Hospitality Holdings Two Limited

## Notes to the financial statements

### 1 General information

#### Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Giannou Kranidioti Street, Nice Day House, 6th Floor, 1065, Nicosia, Cyprus.

#### Principal activities

The activity of the Company, which is unchanged from last year, is the holding of investments.

### 2 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.

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2019 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

These financial statements are the separate financial statements of the Company. The Company has also prepared consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union for the Company and its subsidiary. The financial statements can be obtained from the Company's registered office at 10 Giannou Kranidioti, Nice Day House, 6th floor, Flat 602, 1065, Nicosia, Cyprus.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

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

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2019. This adoption did not have a significant effect on the accounting policies of the Company.

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies

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

### Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

### Impairment of non-financial assets

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

### Financial assets

#### Financial assets - Classification

The Company classifies its financial assets in those to be measured at amortised cost.

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

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets - Recognition and derecognition

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

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

#### Financial assets - Measurement

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

#### Debt instruments

The subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "other income". Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. The Company's financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months and receivable from related parties.

#### Financial assets – impairment – credit loss allowance for ECL

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

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets – impairment – credit loss allowance for ECL (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'net impairment losses on financial and contract assets.

Debt instruments measured at Amortised Cost are presented in the balance sheet net of the allowance for ECL.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

The Company applies general approach - three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to Note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

#### Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

#### Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets – Modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset or change in the currency denomination.

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

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

#### Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. 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.

#### Financial assets at amortised cost

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

#### Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Other payables

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

### Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss.

### Share capital and share premium

Ordinary shares and share premium are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.



# Grivalia Hospitality Holdings Two Limited

## 4 Summary of significant accounting policies (continued)

### Share capital and share premium (continued)

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

## 6 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

#### • Credit risk

Credit risk arises mainly from cash and cash equivalents, as well as outstanding receivables.

#### (i) Risk management

Credit risk is managed on an individual basis. For banks and financial institutions, usually independently rated parties with a satisfactory credit rating are preferred.

# Grivalia Hospitality Holdings Two Limited

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

#### \* Credit risk (continued)

##### (ii) Impairment of financial assets

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

- financial assets at amortised cost (receivables from related parties) ; and
- cash and cash equivalents

#### Debt instruments

##### Financial assets at amortised cost and cash and cash equivalents

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

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company uses the following categories for receivables from related parties and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories.

## Grivalia Hospitality Holdings Two Limited

### 6 Financial risk management (continued)

#### (i) Financial risk factors (continued)

##### • Credit risk (continued)

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties where credit risk is in line with original expectations	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

The Company has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the receivables from related parties the Company accounts for its credit risk by appropriately providing for expected credit loss rates, the Company considers the historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

# Grivalia Hospitality Holdings Two Limited

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

#### • Credit risk (continued)

The Company provides for credit losses against receivables from related parties and cash and cash equivalents. The following tables contain an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Company's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018.

#### Receivables from related parties

Company internal credit rating	2019 €	2018 €
Performing	2,000	1,608
<b>Total receivables from related parties</b>	<b>2,000</b>	<b>1,608</b>

#### Cash and cash equivalents

	External credit rating	2019 €	2018 €
Performing (Stage 1)	Caa1	33,294	-
<b>Total cash and cash equivalents</b>		<b>33,294</b>	<b>-</b>

No significant changes to estimation techniques or assumptions were made during the reporting period.

#### • Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €	Between 2 to 5 years €
<b>At 31 December 2018</b>		
Other payables	5,638	-
<b>At 31 December 2019</b>		
Other payables	15,030	4,100,000

# Grivalia Hospitality Holdings Two Limited

## 6 Financial risk management (continued)

### (ii) Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to for similar financial instruments.

### (iii) Offsetting financial assets and liabilities

The Company does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

## 7 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

Estimates and judgements 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.

### (i) Critical accounting estimates and assumptions

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

- **Impairment of investment in subsidiary**

The Company follows the guidance of IAS 36 "Impairment of assets" to determine whether investment in subsidiary are impaired. The Company reviews the carrying value for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

At 31 December 2019, Management assessed whether the Company's investment in subsidiary has suffered any impairment, in accordance with the accounting policy stated in Note 4. The recoverable amount of the investment in subsidiary as at 31 December 2019 has been determined by Management using the net asset valuation method. Following the impairment assessment, no impairment charge was considered necessary for the investment in subsidiary.

The main asset held by the Company's subsidiary is its property, plant and equipment which is measured at fair value, for which the Board of Directors relies on estimates from an independent external professional valuation. The fair value of the subsidiary's main asset is €8.720.000.

# Grivalia Hospitality Holdings Two Limited

## 7 Critical accounting estimates and judgements (continued)

### (i) Critical accounting estimates and assumptions (continued)

- **Estimated impairment of goodwill (continued)**

Management considered the sensitivity of the main assumptions used in relation to the subsidiary's asset. If the Average daily rate changes by 10% then the fair value of the subsidiary's asset will change by €1.131.925. If the average occupancy rate changes by 10% then the fair value of the subsidiary's asset will change by €1.131.928. If the discount rate changes by 1%, then the fair value of the subsidiary's asset will change by €672.188.

## 8 Expenses by nature

	2019	For the period from 13 April 2018 to 31 December 2018
	€	€
Stamp duty taxes	13.187	-
Auditors' remuneration	9.000	774
Legal fees	2.751	2.751
Professional fees	620	298
Other expenses	148	2.207
<b>Total administrative expenses</b>	<b><u>25.706</u></b>	<b><u>6.030</u></b>

## 9 Income tax expense

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

	2019	For the period from 13 April 2018 to 31 December 2018
	€	€
Loss before tax	<u>(25.706)</u>	<u>(6.030)</u>
Tax calculated at the applicable corporation tax rate of 12.5%	(3.213)	(754)
Tax effect of expenses not deductible for tax purposes	2.088	388
Tax effect of tax losses for which no deferred tax asset was recognised	<u>1.125</u>	<u>366</u>
<b>Income tax charge</b>	<b><u>-</u></b>	<b><u>-</u></b>

The Company is subject to income tax on taxable profits at the rate of 12,5% .

Brought forward losses of only five years may be utilised. As at 31 December 2019, the Company had tax losses carried forward amounting to €11.928 (2018: €2.928), for which no deferred tax asset has been recognised as it is not certain whether the asset will be utilised.

# Grivalia Hospitality Holdings Two Limited

## 10 Investment in subsidiary

	2019 €	2018 €
At beginning of year/period	-	-
Additions	<u>13.000.000</u>	-
At end of year/period	<u>13.000.000</u>	-

The Company's interests in its subsidiary, which is unlisted, was as follows:

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Piperi Hotel and Tourism S.A.	Development of Tourism Real Estate Projects and operation of a hotel	Greece	100	-

On 6 September 2019, the Company incorporated a 100% subsidiary, namely Piperi Hotel and Tourism S.A. with a total issued share capital of 13.000.000 ordinary shares with par value of €1 per share. As at 31 December 2019, an amount of €4.200.000 remains payable.

## 11 Financial assets

### (a) Financial assets at amortised cost

	2019 €	2018 €
Receivables from related parties (Note 15(i))	<u>2.000</u>	<u>1.608</u>
<b>Total current</b>	<u>2.000</u>	<u>1.608</u>
Financial assets at amortised cost - net	-	-
Current - net carrying amount	<u>2.000</u>	<u>1.608</u>

The fair value of the above financial assets at amortised cost approximates their carrying value.

The carrying amounts of the Company's financial assets at amortised cost are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	<u>2.000</u>	<u>1.608</u>
	<u>2.000</u>	<u>1.608</u>

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Company does not hold any collateral as security.

## 12 Cash and cash equivalents

	2019 €	2018 €
Cash at bank	<u>33.294</u>	-

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## 12 Cash and cash equivalents (continued)

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2019 €	For the period from 13 April 2018 to 31 December 2018 €
Cash and bank balances	<u>33.294</u>	<u>-</u>

Cash and cash equivalents are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	<u>33.294</u>	<u>-</u>

## 13 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 13 April 2018				
Issue of shares	<u>2 000</u>	<u>2.000</u>	<u>-</u>	<u>2.000</u>
At 31 December 2018/1 January 2019	2 000	2.000	-	2.000
Issue of shares	<u>1 150</u>	<u>1.150</u>	<u>8.948.850</u>	<u>8.950.000</u>
At 31 December 2019	<u>3 150</u>	<u>3.150</u>	<u>8.948.850</u>	<u>8.952.000</u>

The total authorized number of ordinary shares is 5.000 shares (2018: 5.000 shares) with a par value of €1 per share.

Upon incorporation on 13 April 2018, the Company issued 2.000 ordinary shares of €1 each at par.

On 6 August 2019, the Company issued 150 ordinary shares of a nominal value of €1 each at a premium of €999 for a total consideration of €150.000.

On 11 October 2019, the Company issued 1.000 ordinary shares of a nominal value of €1 each at a premium of €8.799 for a total consideration of €8.800.000.

## 14 Non-current payables

	2019 €	2018 €
Payable to related parties (Note 16(i))	<u>4.100.000</u>	<u>-</u>

The non current payable relates to an amount payable to Piperi Hotel and Tourism S.A., the Company's subsidiary, in relation to acquisition of share capital (Note 10). This is repayable within five years from the effective date of the subsidiary's incorporation, being 6 September 2024.



## Grivalia Hospitality Holdings Two Limited

### 14 Non-current payables (continued)

An amount of €100.000 receivable from the subsidiary was netted off with the payable balance of €4.200.000.

### 15 Other payables

	2019	2018
	€	€
Accrued expenses	<u>15.030</u>	<u>5.638</u>
<b>Total other payables at amortised cost</b>	<b><u>15.030</u></b>	<b><u>5.638</u></b>

The fair value of other payables which are due within one year approximates their carrying amount at the balance sheet date.

### 16 Related party transactions

The Company is controlled by Grivalia Hospitality S.A., incorporated in Luxembourg, which owns 100% of the share capital. Grivalia Hospitality S.A. is jointly controlled by Eurolife ERB Insurance Group (25%), Eurobank Ergasias S.A. Group (25%) and M&G Investments Management Limited (50%).

The following transactions were carried out with related parties:

#### (i) Year/period-end balances

	2019	2018
	€	€
Receivables from related parties (Note 11):		
Parent entity	<u>2.000</u>	<u>1.608</u>
Payables to related parties (Note 14):		
Subsidiary	<u>4.100.000</u>	<u>-</u>

The above balances bear no interest and are repayable on demand.

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## 17 Events after the balance sheet date

The outbreak of the COVID-19 virus has had a significantly negative impact on markets and the asset values in the beginning of 2020 and it adds considerable uncertainties in 2020. While this is still an evolving situation at the time of issuing these financial statements, it appears that the negative impact on global trade and on the Company may be more severe than originally expected. As the situation is still developing, management considers it impracticable to provide a quantitative estimate of the potential impact of this outbreak however management is closely monitoring the situation and is ready to act depending on the developments.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019. If the pandemic ends up having a significant impact on the Company, then it will be reflected in the financial statements of 2020.

There were no other material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report on pages 2 to 4.