Pearl Island Holdings Limited

Report and financial statements
31 December 2020

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Pearl Island Holdings Limited

Board of Directors and other officers

Board of Directors

Panagiotis Aristeidis Varfis
Charalampos Anastaselos
NAP Directors Limited

Company Secretary

NAP Secretarial Ltd
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NICE DAY house, 6th Floor, Flat 602
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Independent Auditor's Report

To the Members of Pearl Island Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Pearl Island Holdings Limited (the "Company"), which are presented on pages 5 to 29 and comprise the balance sheet as at 31 December 2020, 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 2020, 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' Code of Ethics for Professional Accountants (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 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.

Theodoros Stylianou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 28 June 2021

Pearl Island Holdings Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	**2020** €	2019 €
Administrative expenses	8	**(38.929)**	(33.463)
Operating loss		**(38.929)**	(33.463)
Foreign exchange losses	9	**(546.545)**	(143.502)
Loss before income tax		**(585.474)**	(176.965)
Tax expense	10	**(11.340)**	(9.454)
Loss and total comprehensive loss for the year		**(596.814)**	(186.419)

The notes on pages 9 to 29 are an integral part of these financial statements.

Pearl Island Holdings Limited

Balance sheet
at 31 December 2020

	Note	**2020**	2019
		€	€
Assets			
Non-current assets			
Investment in subsidiaries	11	**27.000.000**	27.000.000
Financial assets at amortised cost	12	**277.000**	1.244.092
		27.277.000	28.244.092
Current assets			
Financial assets at amortised cost	12	**6.690.248**	4.874.895
Cash and cash equivalents	13	**221.449**	105.623
		6.911.697	4.980.518
Total assets		**34.188.697**	33.224.610
Equity and liabilities			
Capital and reserves			
Share capital	14	**4.000**	4.000
Capital contributions		**7.970.738**	6.400.000
Share premium	14	**26.998.000**	26.998.000
Accumulated losses		**(806.317)**	(209.503)
Total equity		**34.166.421**	33.192.497
Current liabilities			
Other payables	15	**22.276**	22.659
Current income tax liabilities		**-**	9.454
		22.276	32.113
Total equity and liabilities		**34.188.697**	33.224.610

On 28 June 2021 the Board of Directors of Pearl Island Holdings Limited authorised these financial statements for issue.

Panagiotis Aristeidis Varfis, Director

Charalampos Anastaselos, Director

The notes on pages 9 to 29 are an integral part of these financial statements.

Pearl Island Holdings Limited

Statement of changes in equity
for the year ended 31 December 2020

	Note	Share capital €	Capital contributions €	Share premium €	Accumulated losses €	Total €
Balance at 1 January 2019		4.000	5.000.000	26.998.000	(23.084)	31.978.916
Comprehensive loss						
Loss for the year		-	-	-	(186.419)	(186.419)
Transactions with owners						
Capital contribution from parent entity	16(iii)	-	1.400.000	-	-	1.400.000
Total transactions with owners		-	1.400.000	-	-	1.400.000
Balance at 31 December 2019/1 January 2020		4.000	6.400.000	26.998.000	(209.503)	33.192.497
Comprehensive loss						
Loss for the year		-	-	-	(596.814)	(596.814)
Transactions with owners						
Capital contribution from parent entity	16(iii)	-	1.570.738	-	-	1.570.738
Total transactions with owners		-	1.570.738	-	-	1.570.738
Balance at 31 December 2020		4.000	7.970.738	26.998.000	(806.317)	34.166.421

The notes on pages 9 to 29 are an integral part of these financial statements.

Pearl Island Holdings Limited

Statement of cash flows
for the year ended 31 December 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
Loss before income tax		**(585.474)**	(176.965)
Adjustments for:			
Foreign exchange losses	9	**546.545**	143.502
		(38.929)	(33.463)
Changes in working capital:			
Financial assets at amortised cost		**(5.809)**	-
Other payables		**(380)**	(2.071)
Cash used in operations		**(45.118)**	(35.534)
Income tax paid		**(20.794)**	-
Net cash used in operating activities		**(65.912)**	(35.534)
Cash flows from investing activities			
Loans granted to subsidiaries	16(ii)	**(1.389.000)**	(2.121.545)
Net cash used in investing activities		**(1.389.000)**	(2.121.545)
Cash flows from financing activities			
Contributions from parent entity		**1.570.738**	1.400.000
Net cash from financing activities		**1.570.738**	1.400.000
Net increase/(decrease) in cash and cash equivalents		**115.826**	(757.079)
Cash and cash equivalents at beginning of year		**105.623**	862.702
Cash and cash equivalents at end of year	13	**221.449**	105.623

The notes on pages 9 to 29 are an integral part of these financial statements.

Pearl Island Holdings 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 principal activity of the Company, which is unchanged from last year, is the holding of investments, including any interest earning activities.

Operating environment of the Company

The Cyprus economy has been adversely affected by the outbreak of the new coronavirus (COVID-19). On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic recognising its rapid spread across the globe. In response to the pandemic, the government of the Republic of Cyprus and various governments globally implemented and continue to implement numerous measures attempting to contain and now delay the spreading and impact of COVID-19, such as requiring self-isolation by those potentially affected, implementing social distancing measures and mass quarantines, controlling or closing borders and imposing limitations on business activity, including closure of non-essential businesses.

These measures have, among other things, severely restricted economic activity both in Cyprus and globally and they have negatively impacted, and could continue to negatively impact, businesses, market participants as well as the Cyprus and global economies as they persist for an unknown period of time.

The Company's management has assessed:

1) The impact on the expected credit losses of the Company's financial instruments that are subject to impairment under IFRS 9. IFRS 9 requires forward-looking information (including macro-economic information) to be considered both when assessing whether there has been a significant increase in credit risk and when measuring expected credit losses. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Refer to Note 6 for more information on impairment of financial assets.

2) The potential impairment of non-financial assets. IAS 36 requires non-financial assets to be tested for impairment at a minimum every year, whenever there is an indicator that those assets might be impaired. Management considered the prevailing economic conditions and the impact that these had on the Company's operations, results and cash flows for the year 2020 as indications that the carrying amount of the Company's non-financial assets might exceed its recoverable amount. Based on the impairment testing performed, the Company's management concluded that no impairment charges are necessary.

1 General information (continued)

Operating environment of the Company (continued)

The future effects of the COVID-19 pandemic on the Cyprus economy, and consequently on the future financial performance, cash flows and financial position of the Company, are difficult to predict and management’s current expectations and estimates could differ from actual results. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current economic environment.

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 2020 and are relevant to the Company’s operations have been adopted by the EU through the endorsement procedure established by the European Commission.

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.

The Company has prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union for the Company and its subsidiaries. The consolidated financial statements may be obtained from the Company's registered office at 10 Giannou Kranidioti Street, Nice Day House, 6th Floor, 1065, Nicosia, Cyprus.

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 2020. This adoption did not have a significant effect on the accounting policies of the Company.

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.

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".

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. In accounting for the tax effects of on-balance sheet leases, the Company views the right-of-use asset and lease liability separately and considers that the temporary difference on each item does not give rise to deferred tax since the initial recognition exception applies. 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.

4 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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 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.

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.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

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. There is one measurement category into which the Company classifies its debt instruments:

- 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, loans receivable and financial assets at amortised cost.

Financial assets – impairment – credit loss allowance for expected credit losses

The Company assesses on a forward-looking basis the expected credit losses for debt instruments (including loans) 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.

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.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

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

The Company applies general approach – three stage model for impairment. The Company 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 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.

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.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets – modification (continued)

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.

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.

4 Summary of significant accounting policies (continued)

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, share premium and capital contribution

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.

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.

Capital contribution represents contributions by the Company's shareholders directly in the reserves of the Company. The Company has no contractual obligation to repay these amounts.

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.

4 Summary of significant accounting policies (continued)

Provisions (continued)

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 2020, 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: market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk.

Risk management primarily focuses on the identification and evaluation of financial risk, which includes foreign exchange risk.

- **Market risk**

Foreign exchange risk

Exposure

Foreign exchange risk arises due to foreign currency transactions, recognized financial assets and liabilities that are not in the functional currency of the Company primarily with respect to US Dollar.

Sensitivity

At 31 December 2020, if the US Dollar had weakened/strengthened by 10% (2019: 10%) against the Euro with all other variables held constant, post-tax loss for the year would have been €598.152 (2019: €601.327) lower/higher, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated loan receivable balances.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Fair value interest rate risk

The Company has significant interest-bearing assets and liabilities (mainly loans from receivables and borrowings from and to related parties).

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

The Company's exposure to fair value interest rate risk is not significant as the loans receivables and borrowings to related parties do not bear any interest and are repayable on demand. Any potential change in market rates will not have any significant impact on the book value of loans receivables from related parties and borrowings to related parties and thus neither on the Company's results after tax.

- **Credit risk**

Credit risk arises mainly from cash and cash equivalents and loans receivables.

(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.

(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 (loans receivables, other receivables and 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 borrower’s/counterparty’s ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower/counterparty.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

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 loans receivables, 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. 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

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

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 loans receivables, other receivables and receivables from related parties the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

The Company provides for credit losses against receivables from related parties, loans receivables and cash and cash equivalents. The following tables contains 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 2020 and 31 December 2019.

Loans receivables

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2020 and 31 December 2019:

Company internal credit rating	**2020** **€**	2019 €
Performing	**6.959.873**	6.117.419
Total loans receivables	**6.959.873**	6.117.419

Receivables from related parties

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2020 and 31 December 2019:

Company internal credit rating	**2020** **€**	2019 €
Performing	**1.175**	1.568
Total receivables from related parties	**1.175**	1.568

Other receivables

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2020 and 31 December 2019:

Company internal credit rating	**2020** **€**	2019 €
Performing	**6.200**	-
Total other receivables	**6.200**	-

Cash and cash equivalents

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

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2020 and 31 December 2019:

	External credit rating	2020 €	2019 €
Moody's	CCC-C	221.449	105.623
Total cash at bank		221.449	105.623

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 €
At 31 December 2019	
Trade and other payables	22.659

	Less than 1 year €
At 31 December 2020	
Trade and other payables	**22.277**

Management does not have a formal policy for managing liquidity risk.

(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 assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments.

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 subsidiaries**

The Company follows the guidance of IAS 36 "Impairment of assets" to determine whether investments in subsidiaries 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 2020, Management assessed whether the Company's investments in subsidiaries have suffered any impairment, in accordance with the accounting policy stated in Note 4. Following the impairment assessment, no impairment charge was considered necessary for the investment in subsidiaries.

The main asset held by the Company's subsidiaries are the investment properties which are measured at fair value, for which the Board of Directors relies on an independent external professional valuation.

	Valuation	Discount rate	Average room rate	Occupancy rate*
	€	%	€	%
Property				
Isla Pedro Gonzalez	*79.560.109*	*14*	*784*	*48*
Comprising of:				
Development of land of the proposed Ritz-Carlton Reserve and residences	*45.333.070*	*14*	*1.045*	*40*
Development of land of the proposed Marina Village	*25.996.251*	*14*	*355*	*55*
Development of land of the proposed future phases	*8.230.788*	*14*	*953*	*49*

7 Critical accounting estimates and judgements (continued)

Critical judgements in applying the Company's accounting policies (continued)

*For the development of land of the proposed Ritz-Carlton Reserve and residences it is expected by 2027 for occupancy rate to increase to 59% and average daily rate to increase to €1.125. For the development of land of the proposed Marina Village it is expected by 2028 for occupancy rate to increase to 71% and average daily rate to increase to €419. For the development of land of the proposed future phases it is expected by 2029 for occupancy rate to incease to 62% and average daily rate to increase to €764.

The pandemic, COVID-19 created a level of uncertainty in the tourism and real estate market on 31 December 2020. The valuation of investment properties are subject to market-based assumptions in relation to discount rates and absorption rates. Given the decline in transaction volume activity during the pandemic, market volatility and the uncertainty about the economic recovery, these key inflows may change after 31 December 2020.

If the discount rate was 0,5% higher than the management’s estimates, then an impariment charge on the investment in subsidiaries would have not been recognised since the recoverable amount of the investment in subsidiaries would have been higher than the carrying amount of the investment. If the estimated average daily rates were 2,5% lower than the management's estimates or the estimated occupancy rates were 2,5% lower than the management's estimates, then an impairment charge on the investment in subsidiaries would have not been recognised since the recoverable amount of the investment in subsidiaries would have been higher than the carrying amount of the investment.

8 Expenses by nature

	2020	2019
	€	€
Professional fees	**8.360**	4.315
Auditors' remuneration	**18.000**	18.800
Auditors' remuneration - prior year	**1.000**	3.553
Bank charges	**3.735**	4.648
Unrecoverable VAT	**4.441**	2.147
Other administration expenses	**3.393**	-
Total administrative expenses	**38.929**	33.463

9 Finance costs

	2020	2019
	€	€
Net foreign exchange loss on loans receivable (Note 16(ii))	**546.545**	143.502

10 Income tax expense

	2020	2019
	€	€
Current tax:		
Corporation tax	**11.340**	9.454
Income tax expense	**11.340**	9.454

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

	2020	2019
	€	€
Loss before tax	**(585.474)**	(176.965)
Tax calculated at the applicable corporation tax rate of 12.5%	**(73.184)**	(22.121)
Tax effect of expenses not deductible for tax purposes	**75.201**	18.876
Imposition of deemed interest on loan receivables	**8.782**	11.840
10% additional tax	**541**	859
Income tax charge	**11.340**	9.454

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

Up to 31 December 2008, under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%.

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.

11 Investments in subsidiaries

	2020	2019
	€	€
At beginning and end of year	**27.000.000**	27.000.000

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

Name	**Principal activity**	**Country of incorporation**	**2020 % holding**	**2019 % holding**
Zoniro Panama S.A.	Project Administration Services	Panama	60	60
Don Bernardo Hotel S.A.	Development of Tourism Real Estate Projects	Panama	60	60
Pearl Island Limited S.A.	Development of Tourism Real Estate Projects	Panama	60	60
Pearl Island Utikity S.A.	Project Administration Services	Panama	60	60
Pearl Island Airport S.A.	Airfield Services	Panama	60	60
Don Bernardo Residences S.A.	Development of Tourism Real Estate Projects	Panama	60	60

12 Financial assets

(a) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2020	2019
	€	€
Non-current		
Loans receivable from related parties (Note 16(ii))	**277.000**	1.244.092
Total non-current	**277.000**	1.244.092
Current		
Receivables from related parties (Note 16(i))	**1.175**	1.568
Other receivables	**6.200**	-
Loans receivable from related parties (Note 16(ii))	**6.682.873**	4.873.327
Total current	**6.690.248**	4.874.895
Less: Loss allowance for debt investments at amortised cost	**-**	-
Financial assets at amortised cost - net	**6.967.248**	6.118.987

On 8 October 2020, the Company granted an additional loan facility to its subsidiary, Zoniro Panama S.A. amounting to USD1.000.000. The loan bears no interest and is repayable by 7 October 2022. Until 31 December 2020 an amount of €277.000 was drawn from this loan facility.

All non current financial assets at amortised costs are due within 2 years from the balance sheet date.

An amount of €277.00 is repayable in 2022. The remaining balance is repayable the latest by 31 December 2021. All loans to subsidiaries bear no interest and are unsecured.

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

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

	2020	2019
	€	€
Euro - functional and presentation currency	**1.396.375**	1.568
US Dollar	**5.570.873**	6.117.419
	6.967.248	6.118.987

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.

13 Cash and cash equivalents

	2020 €	2019 €
Cash at bank	**221.449**	105.623

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

	2020 €	2019 €
Cash and bank balances	**221.449**	105.623

Cash and cash equivalents are denominated in the following currencies:

	2020 €	2019 €
Euro - functional and presentation currency	**221.449**	105.623

14 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 January 2019/ 31 December 2019/ 31 December 2020	4 000	4.000	26.998.000	27.002.000

The total authorized number of ordinary shares is 5.000 shares (2019: 5.000 shares) with a par value of €1 per share. 4.000 shares are fully paid amounting to €4.000.

On 25th of April 2017, the Extraordinary Shareholder Meeting of the Company decided to allot up to 1.000 shares each with a nominal value of €1 and each at a premium of up to €9.999 to its shareholder Grivalia Hospitality S.A., in consideration of any amounts of up to €10.000.000. Up to 31 December 2020 €7.970.738 have been contributed but not converted into share capital.

15 Other payables

	2020 €	2019 €
Accrued expenses	**22.276**	22.659
Total other payables at amortised cost	**22.276**	22.659

The fair value of the above 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 shareholding. Grivalia Hospitality S.A. is jointly controlled by Eurolife ERB Insurance Group Holdings S.A. (25%), Eurobank Ergasias S.A. (25%) and M&G Investments Management Limited (50%).

16 Related party transactions (continued)

The following transactions were carried out with related parties:

(i) Year-end balances

	2020	2019
	€	€
Receivables from related parties (Note 12(a))	**1.175**	1.568

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

(ii) Loans to related parties

	2020	2019
	€	€
Loans to subsidiaries		
At beginning of year	**6.117.419**	4.139.376
Loans advanced during year	**1.389.000**	2.121.545
Foreign exchange differences	**(546.545)**	(143.502)
At end of year (Note 12)	**6.959.874**	6.117.419

The terms and conditions of the above balances are disclosed in Note 12.

(iii) Capital Contributions

During the year, the parent Company made capital contributions to the Company amounting to a total of €1.570.738 (Note 14).

17 Events after the balance sheet date

On 19 January 2021 the Company entered into certain agreements with Group Eleta (which is currenlty the 35% shareholder of the Group) for the purposes of transferring all of their shares in all of its subsidiaries to Group Eleta.

In accordance with the terms of the sale agreements, there is a condition precedent for the successful completion of the proposed sale transaction, which relates to (a) the successful IPO (and receipt of funds from third party investors) of a newly set up special purpose vehicle controlled by Group Eleta, which will carry out the IPO and (b) the receipt of related tax credits by the third party investors who will acquire the issuer's shares under the IPO via the Panama Securities Exchange.

Upon signing of the agreements, Group Eleta redeems and purchases from the Company, the shares in Upon signing of the agreements, in exchange of a Promissory Note as follows:

(i) Pearl Island Holdings Limited's 60% stake in Don Bernardo Hotel (the “DB Hotel”) for US$30,789,425.10, in the understanding that the shares shall be redeemed and cancelled for the aggregate purchase price of the same amount;

17 Events after the balance sheet date (continued)

(ii) the existing intercompany loans receivable from DB Hotel amounting to approximately US$2,663,597.81 minus the share of Pearl Island Holdings Limited in “PI Entities” (defined as the entities Don Bernardo Residences S.A.,Pearl Island Limited, S.A., Pearl Island Airport, S.A., Pearl Island Utility, S.A. and Zoniro (Panama) S.A.) net liabilities as of 19 January 2021 (other than the intercompany liabilities) which amounts to US$312,146.06, shall be deducted from the Purchase Price and considered to have been cancelled once the Promissory Notes become due and payable in accordance with the terms of the agreements.

Therefore, based on the above the total redemption amount under the Promissory Note issued to the Company for it’s 60% shareholding in DB Hotel amounts to US$33,190,902.30. The promissory notes would be exercisable and payable upon the occurrence of the IPO Funds release.

If the condition precedent for the successful completion does not occur by the agreed long stop date of five (plus three) months from the effective date, the transaction is unwound, which shall trigger the events set out below:

(a) 60% of DB Hotel/PI Entities shares is re-subscribed by/returned to the Company;

(b) 5% of DB Hotel/PI Entities shares is re-subscribed by/returned to Wentworth (which is currently the 5% shareholder of the Group);

(c) the intercompany loans of the Company are reinstated; and

(d) the other operating liabilities of DB Hotel are not repaid.

Upon condition precedent for the successful completion of the agreement, the following will occur:

(a) The Company will receive the consideration for DB Hotel under the above Promissory Notes;

(b) The ownership of the shares in PI Entities will be transferred to Group Eleta;

(c) In exchange for the transferred PI Entities shares, the Company will acquire an ownership interest of 92.31% in the following:

•PF1, a SPV that owns 1 land plot; and

•Two new companies that will have been established before Closing (“Villa NewCos”),each of them owning 1 Villa, fully furnished and ready to use; and

•One new Company (“Ritz Villa NewCo”), a SPV that will own 1 Ritz Villa.

We note that the total value of the assets owned by the SPVs is estimated to US$10,000,000, split as follows: US$6,400,000 for the Villas and the plot and US$3,600,000 for the Ritz Villa. In the event that Group Eleta is not able to transfer or cause the shares of the Ritz Villa NewCo to be transferred within the said period, the sellers shall have the right to opt, at their sole discretion, to demand from Group Eleta the amount of US$3,600,000.00 in cash in lieu of the Ritz Villa.

•The Company assigns its intercompany receivables from PI Entities amounting to US$5.981.332,15 to Group Eleta and agrees also to cover its and Wentworth's share in PI Entities’ net liabilities amounting to US$ 650,330.80 for a total cash consideration ofUS$5,331,001.35 (the “AP purchase price”).

17 Events after the balance sheet date (continued)

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.