

# **Vagelizo Holdings Limited**

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

### **Contents**

	<b>Page</b>
<b>Board of Directors and other officers</b>	<b>1</b>
<b>Independent Auditor's Report</b>	<b>2 - 4</b>
<b>Consolidated statement of comprehensive income</b>	<b>5</b>
<b>Consolidated balance sheet</b>	<b>6</b>
<b>Consolidated statement of changes in equity</b>	<b>7 - 8</b>
<b>Consolidated statement of cash flows</b>	<b>9</b>
<b>Notes to the consolidated financial statements</b>	<b>10 - 46</b>



# **Vagelizo Holdings Limited**

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

### **Board of Directors**

NAP Directors Limited  
Panagiotis Aristeidis Varfis  
Stefanos Dionysios Vlastos (resigned 23/05/2019)  
Charalampos Anastaselos (appointed 23/05/2019)

### **Company Secretary**

**NAP Secretarial Ltd**  
Giannou Kranidioti 10  
Nice Day House, Floor 6, Flat 602  
1065, Nicosia  
Cyprus

### **Registered office**

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





## **Independent Auditor's Report**

To the Members of Vagelizo Holdings Limited

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

#### **Opinion**

We have audited the consolidated financial statements of Vagelizo Holdings Limited (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 5 - 46 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, appearing to read 'Theodore Stylianos', written over the printed name.

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

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Limassol, 29 September 2020



# Vagelizo Holdings Limited

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

	Note	2019 €	2018 €
Revenue	8	1.734.652	1.624.075
Cost of sales	11	<u>(1.332.706)</u>	<u>(3.059.995)</u>
<b>Gross profit/(loss)</b>		401.946	(1.435.920)
Administrative expenses	11	<u>(2.249.508)</u>	(2.448.188)
Other income	9	193.934	29.348
Other gains - net	10	<u>5.955.366</u>	<u>1.201.906</u>
<b>Operating profit/(loss)</b>		4.301.738	(2.652.854)
Finance cost	13	<u>(2.036.781)</u>	<u>(322.076)</u>
<b>Profit/(loss) before income tax</b>		2.264.957	(2.974.930)
Income tax credit/(expense)	14	<u>114.280</u>	<u>(335.037)</u>
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		<u><u>2.379.237</u></u>	<u><u>(3.309.967)</u></u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		1.973.877	(2.647.974)
Non-controlling interest		<u>405.360</u>	<u>(661.993)</u>
		<u><u>2.379.237</u></u>	<u><u>(3.309.967)</u></u>

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

# Vagelizo Holdings Limited

## Consolidated balance sheet at 31 December 2019

	Note	2019 €	2018 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	85.376.599	71.223
Investment property	17	-	52.200.000
Financial assets at amortised cost	19	1.002.054	1.071.322
Deferred tax asset		<u>159.477</u>	<u>4.840</u>
		<b><u>86.538.130</u></b>	<b><u>53.347.385</u></b>
<b>Current assets</b>			
Inventories	20	5.900.000	-
Prepayments		92.523	184.384
Trade receivables	19	631.580	1.065.785
Financial assets at amortised cost	19	5.175.582	2.339.343
Cash and bank balances	21	<u>7.369.794</u>	<u>16.059.309</u>
		<b><u>19.169.479</u></b>	<b><u>19.648.821</u></b>
<b>Total assets</b>		<b><u>105.707.609</u></b>	<b><u>72.996.206</u></b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	22	3.000	2.000
Capital contribution		15.200.034	16.000.000
Share premium	22	6.791.996	5.993.030
Retained earnings		<u>14.946.863</u>	<u>12.972.986</u>
		<b>36.941.893</b>	<b>34.968.016</b>
Minority interest		<u>6.670.351</u>	<u>6.065.000</u>
<b>Total equity</b>		<b><u>43.612.244</u></b>	<b><u>41.033.016</u></b>
<b>Non-current liabilities</b>			
Borrowings	23	7.396.530	7.190.138
Lease liabilities	16	30.998.709	-
Non-current payables	24	<u>9.322.813</u>	<u>10.453.527</u>
		<b><u>47.718.052</u></b>	<b><u>17.643.665</u></b>
<b>Current liabilities</b>			
Trade and other payables	25	5.564.556	5.820.453
Current tax liabilities		218.118	214.012
Lease liabilities	16	65.463	-
Borrowings	23	<u>8.529.176</u>	<u>8.285.060</u>
		<b><u>14.377.313</u></b>	<b><u>14.319.525</u></b>
<b>Total liabilities</b>		<b><u>62.095.365</u></b>	<b><u>31.963.190</u></b>
<b>Total equity and liabilities</b>		<b><u>105.707.609</u></b>	<b><u>72.996.206</u></b>

On 29 September 2020 the Board of Directors of Vagelizo Holdings Limited authorised these consolidated financial statements for issue.

Panagiotis Aristeidis Varfis, Director

Charalampos Anastaselos, Director

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

# Vagelizo Holdings Limited

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

		Attributable to owners of the parent						
	Note	Share capital €	Capital contribution €	Share premium €	Retained earnings <sup>(1)</sup> €	Minority interest €	Total €	
Balance at 1 January 2018		1,000	-	-	15,620,960	5,528,187	21,150,147	
Comprehensive loss Loss for the year		-	-	-	(2,647,974)	(661,993)	(3,309,967)	
Transactions with owners								
Issue of shares		1,000	-	5,993,030	-	-	5,994,030	
Capital contribution	22	-	16,000,000	-	-	-	16,000,000	
Issue of shares of subsidiary		-	-	-	-	1,198,806	1,198,806	
Total transactions with owners		1,000	16,000,000	5,993,030	-	1,198,806	23,192,836	
Balance at 31 December 2018/1 January 2019		2,000	16,000,000	5,993,030	12,972,966	6,065,000	41,033,016	
Comprehensive income Profit for the year		-	-	-	1,973,877	405,360	2,379,237	
Transactions with owners								
Issue of shares		1,000	-	798,966	-	-	799,966	
Conversion to share capital at a premium	22	-	(799,966)	-	-	-	(799,966)	
Issue of shares of subsidiary		-	-	-	-	199,991	199,991	
Total transactions with owners		1,000	(799,966)	798,966	-	199,991	199,991	
Balance at 31 December 2019		3,000	15,200,034	6,791,996	14,946,863	6,670,351	43,612,244	

# Vagelizo Holdings Limited

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

- (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 10 to 46 are an integral part of these consolidated financial statements.

# Vagelizo Holdings Limited

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

	Note	2019 €	2018 €
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		2.264.957	(2.974.930)
Adjustments for:			
Depreciation of property, plant and equipment	15	10.199	18.451
Interest income	9	(267.378)	(29.348)
Interest expense	13	2.036.781	322.076
Fair value gains on investment property	17	(5.955.366)	(1.200.000)
		(1.910.807)	(3.863.751)
Changes in working capital:			
Prepayments		91.861	113.629
Financial assets at amortised cost		599.469	(573.970)
Trade and other payables		(1.386.612)	(1.326.358)
<b>Cash used in operations</b>		(2.606.089)	(5.650.450)
Tax paid		(15.024)	-
<b>Net cash used in operating activities</b>		(2.621.113)	(5.650.450)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	15	(15.575)	(74.255)
Additions on leases		(17.189)	-
Proceeds from sale of investment property		(1.944.634)	-
Interest received		267.378	29.348
Interest paid		-	(322.076)
Loans granted		(2.521.593)	(1.167.338)
<b>Net cash used in investing activities</b>		(4.231.613)	(1.534.321)
<b>Cash flows from financing activities</b>			
Issue of share capital	22	-	1.198.806
Issue of share capital of the subsidiary to minority interest	22	199.991	5.994.030
Repayment of borrowings		-	(42.065)
Interest paid		(287.814)	-
Capital contributions		-	16.000.000
Principal repayment of lease liability	16	(1.748.966)	-
<b>Net cash (used in)/from financing activities</b>		(1.836.789)	23.150.771
<b>Net (decrease)/increase in cash and cash equivalents</b>		(8.689.515)	15.966.000
<b>Cash and cash equivalents at beginning of year</b>		<b>16.059.309</b>	<b>93.309</b>
<b>Cash and cash equivalents at end of year</b>	21	<b>7.369.794</b>	<b>16.059.309</b>

### Non-cash transactions

On 21 March 2019, the Company issued additional 1.000 shares with a par value of €1 per share at a premium of €798,97 per share. This was converted through the capital contributions made by the parent entity in previous years.

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

# Vagelizo Holdings 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 Kranidioti 10, Nice Day House, Floor 6, 1065, Nicosia, Cyprus.

#### Principal activities

The principal activity of the Group, which is unchanged from last year, is the development and operation of Tourism Real Estate resort. The Group's project is currently under construction on leasehold land.

### 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 investment property and 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.



# Vagelizo Holdings 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 re-measured 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.

# Vagelizo Holdings 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, with the exception of the following:

- IFRS 16 "Leases"

### IFRS 16 "Leases"

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting as permitted under the transitional provisions of standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised on the opening balance sheet on 1 January 2019. Accordingly the comparative information is prepared and disclosed in accordance with IAS 17 "Leases".

The adoption of IFRS 16 impacted the Group's accounting policies for leases in which it is acting as a lessee. The Group's new accounting policies following adoption of IFRS 16 at 1 January 2019 are set out in Note 4.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 for which it was acting as a lessor. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5,55%.

#### *Practical expedients applied*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous in assessing whether the right-of-use asset is impaired;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

# Vagelizo Holdings Limited

## 3 Adoption of new or revised standards and interpretations (continued)

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease."

In accordance with the transitional provisions of IFRS 16 no changes were made to the lease that was previously accounted for using the fair value model in accordance with IAS 40 "Investment Property". As a result the fair value of the investment property was remeasured by excluding the future lease payments from the valuation. A lease liability was recognised for the future lease payments. The Group adjusted the leasehold investment property's value by of €31,100,000 as at 1 January 2019. These were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	Increase/(decrease)
Investment property	€ 31.100.000
Lease liability	31.100.000

The net impact on retained earnings on 1 January 2019 was insignificant and therefore not recognised.

## 4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 16 effective from 1 January 2019, these policies have been consistently applied to all the years presented, unless otherwise stated.

### Revenue

#### Recognition and measurement

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

Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Revenue (continued)

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

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

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

### Identification of performance obligations

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

### Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. Revenue is measured at the transaction price agreed under the contract.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### Sale of services

Revenue from rendering of services is recognised over time while The Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

### 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".

### 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 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.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Current and deferred income tax (continued)

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.

In relation to leased assets and their associated lease liabilities, the deferred tax is charged to the leased assets and the lease liability separately. The temporary difference that arises in each item (the difference between the carrying value and tax base) does not imply deferred tax, as the initial recognition exception of IAS 12 "Income Taxes" applies.

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

Property, plant and equipment relates to land owned by the Group under leases that will be developed into a resort. These are shown at fair value, based 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".

# Vagelizo Holdings 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.

### Leases

#### *The Group is the lessee*

Until 31 December 2018, leases of property, plant and equipment were classified as either finance leases or operating leases. In particular, leases of property, plant and equipment where the Group as lessee had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, were included in borrowings. The interest element of the finance cost were charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the shorter of the lease term and their useful economic life, unless there is reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Leases (continued)

#### The Group is the lessee (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, with limited exceptions as set out below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the associated asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:



# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Leases (continued)

#### The Group is the lessee (continued)

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.

In determining the lease term, management of the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Lease liabilities are presented as separate lines on the face of the balance sheet, while the associated asset is recognised in property, plant and equipment or investment property to reflect the present value of lease payments.

#### Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property and is not used by the Group. Investment property comprises properties under construction which are being developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised while acquisition or construction is actively underway and cease once the investment property is substantially complete, or suspended if the development of the investment property is suspended.

Investment property under construction is measured at fair value only if it can be measured reliably. Investment property further qualified for continued use as investment property, or for which the market has become less active, continues to be valued at fair value.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Investment property (continued)

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Investment property is derecognised when disposed or when use of investment property is ended and there is no future economic benefit expected from the disposal.

Transfers from investment property are made when there is a change in use that is evidenced by:

- Commencement of own use by the Company for a transfer from investment property to property, plant and equipment;
- Commencement of development with a view to sell for a transfer from investment property to inventories.

For a transfer of investment property carried at fair value to owner occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with IAS 16 "Property, plant and equipment" or IAS 2 "Inventories" shall be its fair value at the date of change in use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. The Group did not capitalize borrowing costs within the period.

### 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.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets

#### Financial assets - Classification

The Group 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 Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI 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 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 Group's financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

# Vagelizo Holdings 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 (including loans) measured at Amortised Cost and FVOCI and exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the 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 or simplified approach.

For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial 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.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets – write-off

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

#### Financial assets – modification

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

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, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are carried at Amortised Cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### 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.

#### Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a predetermined period.

#### Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the income statement as "Other income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

#### Financial liabilities – measurement categories

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

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of the borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

### **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.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### 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 (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.

### Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued.

Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. In the absence of fees received, the fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantees are subsequently measured at the higher of (i) the amount determined in accordance with the expected credit loss model under IFRS 9 "Financial Instruments", and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

### Inventories

Inventories include land held by the Group under operating lease for real estate development. Inventories are stated at the lower of cost and net realisable value.

### 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.



# Vagelizo Holdings 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.

### Capital contribution

Capital contribution constitutes contributions made by the Group's shareholders other than for the issue of shares by the Group in their capacity as equity owners of the Group for which the Group has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Group.

### 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.

## 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.

# Vagelizo Holdings Limited

## 6 Financial risk management

### (i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk.

- **Market risk**

#### Cash flow and fair value interest rate risk

##### *Exposure*

The Group's interest rate risk arises from long-term borrowings and loans receivable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings and loans receivable issued at fixed rates expose the Group to fair value interest rate risk.

##### *Sensitivity*

At 31 December 2019 and 31 December 2018, if interest rates on Euro-denominated borrowings and loans receivable had been 1% higher/lower with all other variables held constant, impact on post-tax profit for the year would have been insignificant.

- **Credit risk**

Credit risk arises mainly from cash and cash equivalents, trade and other receivables, loans receivable 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 three types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- financial assets at amortised cost (loans receivable and other receivables); 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:

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

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

- **Credit risk (continued)**
- 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.

**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 a contractual payment. 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 trade receivables, receivables from related parties, loans receivable 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.

#### **Trade receivables**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2019 was determined to be insignificant.

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

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

#### • Credit risk (continued)

##### Financial assets at amortised cost

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Refer to section above for a description of how the Group determines low credit risk financial assets.

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

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

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

#### • Credit risk (continued)

The Group provides for credit losses against trade receivables, loans receivables, 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:

#### Trade receivables

Company internal credit rating	2019 €	2018 €
Performing	<u>631.580</u>	<u>1.065.785</u>
<b>Total trade receivables</b>	<b><u>631.580</u></b>	<b><u>1.065.785</u></b>

#### Loans receivable

Company internal credit rating	2019 €	2018 €
Performing	<u>3.688.931</u>	<u>1.167.338</u>
<b>Total loans receivable</b>	<b><u>3.688.931</u></b>	<b><u>1.167.338</u></b>

#### Other receivables

Company internal credit rating	2019	2018
Performing	<u>1.486.651</u>	<u>1.172.005</u>
<b>Total other receivables</b>	<b><u>1.486.651</u></b>	<b><u>1.172.005</u></b>

#### Cash and cash equivalents

	External credit rating	2019 €	2018 €
Performing			
	CCC-C	<u>7.369.794</u>	<u>16.059.309</u>
<b>Total cash and cash equivalents</b>		<b><u>7.369.794</u></b>	<b><u>16.059.309</u></b>

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

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

#### • 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 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
<b>At 31 December 2018</b>				
Borrowings	8,285,059	7,190,138	-	-
Trade and other payables	4,345,542	4,062,518	-	-
Non-current payables	-	1,674,641	2,329,850	5,000
	<u>12,630,601</u>	<u>12,927,297</u>	<u>2,329,850</u>	<u>5,000</u>
	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
<b>At 31 December 2019</b>				
Borrowings	8,529,176	7,190,138	206,392	-
Trade and other payables	5,664,556	-	-	-
Lease liability	1,786,307	1,785,145	5,346,545	101,422,720
Non-current payables	-	566,954	2,359,850	5,000
	<u>15,980,039</u>	<u>9,542,237</u>	<u>7,912,787</u>	<u>101,427,720</u>

### (ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

### (iii) 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).

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

### (iii) Fair value estimation (continued)

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

### (iv) Offsetting financial assets and liabilities

The Group 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. 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.

#### • Fair value of investment properties

For the valuation of investment properties the Board of Directors relies on estimates from independent external professional valuers based on the provisions of IFRS 13 "Fair Value Measurement". IFRS 13 requires that the fair value of non-financial asset is calculated based on its highest and best use taking into account the use of the asset from the perspective of market participants 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
- Economically 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 similar property through the specific use.

# Vagelizo Holdings Limited

## 7 Critical accounting estimates and judgements (continued)

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

#### • Fair value of investment properties (continued)

The reassessment requires significant judgement to determine the highest and best use. The Board of Directors applies significant judgement to evaluate: the highest and best use of an investment property; whether the above criteria are met to support the changes in the basis of estimation and the significant inputs and assumptions used in the estimations.

The main assumptions used to estimate the fair value of the investment properties are disclosed in Note 17.

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

For the valuation of property, plant and equipment the Board of Director relies 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 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.

Management estimates that the future use of leasehold asset 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 15).

If the occupancy rate was 5% higher/lower then the fair value of PPE would have been €8.246.500/€8.353.500 higher/lower. If the discount rate was 1% higher/lower, then the fair value of PPE would have been €11.153.000/€11.946.500 lower/higher.

#### • Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.



# Vagelizo Holdings Limited

## 8 Revenue

	2019 €	2018 €
Sale of services	251.212	407.802
Rental income	1.236.527	1.040.858
Beach tickets	<u>246.913</u>	<u>175.415</u>
<b>Total revenue</b>	<b><u>1.734.652</u></b>	<b><u>1.624.075</u></b>

## 9 Other income

	2019 €	2018 €
Interest income:		
<u>Financial assets at amortised cost:</u>		
Bank balances	100.298	876
Loans to related parties (Note 26(iii))	68.124	28.472
Loans receivable	<u>98.956</u>	-
<b>Total interest income</b>	<b><u>267.378</u></b>	<b><u>29.348</u></b>
Other expenses	<u>(73.444)</u>	-
	<b><u>193.934</u></b>	<b><u>29.348</u></b>

## 10 Other gains - net

	2019 €	2018 €
Investment property:		
Fair value gains (Note 17)	<u>5.955.366</u>	<u>1.200.000</u>
Other gains	-	<u>1.906</u>
<b>Total other gains - net</b>	<b><u>5.955.366</u></b>	<b><u>1.201.906</u></b>

## 11 Expenses by nature

	2019 €	2018 €
Direct costs	584.954	925.645
Depreciation of property, plant and equipment (Note 15)	10.199	18.451
Auditors' remuneration	17.850	14.875
Staff costs (Note 12)	1.690.013	1.605.111
Licenses and taxes	341.861	452.614
Professional fees	891.239	1.940.209
Other expenses	<u>46.098</u>	<u>551.278</u>
<b>Total cost of sales, administrative and other expenses</b>	<b><u>3.582.214</u></b>	<b><u>5.508.183</u></b>

## 12 Staff costs

	2019 €	2018 €
Salaries and wages	1.291.814	1.275.943
Social insurance and other contributions	<u>398.199</u>	<u>329.168</u>
	<b><u>1.690.013</u></b>	<b><u>1.605.111</u></b>
Average number of staff employed during the year	<u>77</u>	<u>64</u>

# Vagelizo Holdings Limited

## 13 Finance costs

	2019	2018
	€	€
Interest expense:		
Bank borrowings	267.148	-
Lease liability (Note 16)	1.748.865	-
Other interest expense	<u>20.768</u>	<u>322.076</u>
Total finance costs	<u>2.036.781</u>	<u>322.076</u>

## 14 Income tax expense

	2019	2018
	€	€
Current tax:		
Corporation tax	25.333	-
Defence contribution	<u>15.024</u>	<u>-</u>
Total current tax	<u>40.357</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(154.637)</u>	<u>335.037</u>
Total deferred tax	<u>(154.637)</u>	<u>335.037</u>
Income tax (credit)/expense	<u>(114.280)</u>	<u>335.037</u>

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2019	2018
	€	€
Profit/(loss) before tax	<u>2.264.957</u>	<u>(2.974.930)</u>
Tax calculated at the applicable corporation tax rates	498.418	(854.434)
Tax effect of expenses not deductible for tax purposes	3.986	2.492
Tax effect of allowances and income not subject to tax	<u>(1.791.744)</u>	<u>(4.984)</u>
Defence contribution	15.024	-
Tax utilisation of previously unrecognised tax losses	<u>(21.310)</u>	<u>-</u>
Deferred tax on temporary differences	(7.920)	335.037
Tax effect of tax losses for which no deferred tax asset was recognised	<u>1.189.266</u>	<u>856.926</u>
Income tax (credit)/charge	<u>(114.280)</u>	<u>335.037</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.

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

# Vagelizo Holdings Limited

## 15 Property, plant and equipment

	Land and buildings €	Furniture and fixtures €	Motor vehicles €	Office equipment €	Total €
<b>At 1 January 2018</b>					
Cost	-	2 328.588	69.415	120.818	2.518.821
Accumulated depreciation	-	(2.293.591)	(71.122)	(138.689)	(2.503.402)
Net book amount	-	34.997	(1.707)	(17.871)	15.419
<b>Year ended 31 December 2018</b>					
Opening net book amount	-	34.997	(1.707)	(17.871)	15.419
Additions	-	39.627	2.679	31.949	74.255
Depreciation charge (Note 11)	-	(12.931)	(320)	(5.200)	(18.451)
Closing net book amount	-	61.693	652	8.878	71.223
<b>At 31 December 2018</b>					
Cost	-	2.368.215	72.094	152.767	2.593.076
Accumulated depreciation	-	(2.306.522)	(71.442)	(143.889)	(2.521.853)
Net book amount	-	61.693	652	8.878	71.223
<b>Year ended 31 December 2019</b>					
Opening net book amount	-	61.693	652	8.878	71.223
Transfer from investment property	85.300.000	-	-	-	85.300.000
Additions	-	-	968	14.607	15.575
Depreciation charge (Note 11)	-	(2.570)	(240)	(7.389)	(10.199)
Closing net book amount	85.300.000	59.123	1.380	16.096	85.376.599
<b>At 31 December 2019</b>					
Cost	85.300.000	2.368.215	73.062	167.374	87.908.651
Accumulated depreciation	-	(2.309.092)	(71.682)	(151.278)	(2.532.052)
Net book amount	85.300.000	59.123	1.380	16.096	85.376.599

As at 31 December 2019, the Group's land and buildings comprise of a Hotel resort under construction therefore no depreciation was recognised. The operations of the Hotel are expected to commence in January 2022.

If land and buildings were stated on the historical cost basis, the amounts would not be different from its fair value as the asset was transferred from investment property on 31 December 2019.

### Fair values 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 asset under construction as at 31 December 2019. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserve' 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).

# Vagelizo Holdings Limited

## 15 Property, plant and equipment (continued)

	Fair value measurements at 31 December 2019 using			Total €
	Quoted prices in active markets for identical assets (Level 1) €	Significant other observable inputs (Level 2) €	Significant unobservable inputs (Level 3) €	
Recurring fair value measurements				
Asset under construction				
"One & Only Athens" project – Greece	-	-	85.300.000	85.300.000
	-	-	85.300.000	85.300.000

There were no transfers between different levels during the year.

### 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
"One & Only Athens" Hotel unit	85.300.000	Fair value method based on discounted cash flows	Discount rate	9,4%	The higher the discount rate, the lower the fair value.
			Occupancy rate	61%	The higher the occupancy rate, the higher the fair value.

## 16 Leases

This note provides information for leases where the Group is a lessee.

### (i) The Group's leasing arrangements

The Group leases land, building and motor vehicles.

# Vagelizo Holdings Limited

## 16 Leases (continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

### (ii) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to lease liability:

	2019 €
Lease liabilities	
Current	65.463
Non-current	<u>30.998.709</u>
	<u>31.064.172</u>

On 1 January 2019, following the adoption of IFRS 16, an amount of €31.100.000 was recognised to the leasehold asset classified as investment property.

In the previous years, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 "Leases".

### (iii) Amounts recognised in profit or loss

Expenses relating to leases of €1.327 have been charged in "administrative expenses".

The total cash outflow for leases in 2019 was €1.748.966.

## 17 Investment property

	2019 €	2018 €
At beginning of year	52.200.000	51.000.000
Remeasurement from the transition to IFRS 16	31.100.000	-
Additions	1.944.634	-
Fair value gain (Note 10)	5.955.366	1.200.000
Transfer to property, plant and equipment (Note 15)	(85.300.000)	-
Transfer to inventory (Note 20)	<u>(5.900.000)</u>	-
At end of year	<u>-</u>	<u>52.200.000</u>

The Group's investment properties are measured at fair value. Investment property included a lease of the property 'Asteria', at Glyfada, where the luxury hotel resort 'Asteria' is operating, which was reconstructed by the Group. The Group received from HVS Global Hospitality Services, a consulting firm specialized in appraisals in the hospitality industry, an evaluation of the project as at 31 December 2018 in relation to the fair value of investment property.

During 2019, the subsidiary Nafsika S.A., entered into an agreement for the management of the project with an external third party. Following the signing of this agreement, management has reclassified investment property amounting to €85.300.000 to property, plant and equipment as a result of the change in use which was evidenced by the intention to retain the operations of the project.

During 2019, an amount of €5.900.000 was transferred to inventories as a result of the change in use which was evidenced by commencement of development with a view to sell some of the villas included in the project (Note 20).

# Vagelizo Holdings Limited

## 17 Investment property (continued)

### Valuation processes

The Group's finance department includes a team that review the valuations of the investment properties at least every year. This team reports directly to the Chief Financial Officer (CFO). Discussion in relation to the valuation process and results are held between the CFO and the Board of Directors at least once each year. At each financial year end the finance department:

- Verifies all major inputs and assumptions used for the valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Hold discussions with the Board of Directors.

The valuation of investment properties has been based on significant unobservable inputs and is therefore a level 3 valuation. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or changes in circumstances that caused the transfer.

### Information about fair value measurement using significant unobservable inputs (Level 3)

The main assumptions used were as follows:

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2018				
Property	Valuation €	Valuation technique	Discount rate %	Occupancy rates %
Asteria Glyfadas	52.200.000	Income approach	10	49

## 18 Investments in subsidiaries

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

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Nafsika S.A.	Development of Tourism and Real Estate Projects	Greece	80	80

# Vagelizo Holdings Limited

## 19 Financial assets

### (a) Trade receivables

	2019 €	2018 €
Trade receivables	631.580	1.065.785
Less: loss allowance of trade receivables	-	-
Trade receivables – net	<u>631.580</u>	<u>1.065.785</u>

#### (i) Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

#### (ii) Impairment and risk exposure

Information about the current year impairment of trade receivables and the Company's exposure to credit risk can be found in Note 6.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	<u>631.580</u>	<u>1.065.785</u>
	<u>631.580</u>	<u>1.065.785</u>

### (b) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2019 €	2018 €
<b>Non-Current</b>		
Other receivables	<u>1.002.054</u>	<u>1.071.322</u>
Total non-current	<u>1.002.054</u>	<u>1.071.322</u>
<b>Current</b>		
Other receivables		
Loans receivable from other parties <sup>(2)</sup>	1.486.651	1.172.005
Loans receivable from minority shareholder <sup>(1)</sup> (Note 26(iii))	2.453.469	-
Total current	<u>1.235.462</u>	<u>1.167.338</u>
Less: Loss allowance for debt investments at amortised cost	5.175.582	2.339.343
Current - net carrying amount	-	-
Financial assets at amortised cost - net	<u>5.175.582</u>	<u>2.339.343</u>
	<u>6.177.636</u>	<u>3.410.665</u>

<sup>(1)</sup>On 30 July 2018, Vagelizo Holdings Limited granted a loan amounting to €1.138.866 to the minority shareholders of the subsidiary. The loan bears interest of 6% and is repayable on demand.

<sup>(2)</sup>On 8 April 2019, Vagelizo Holdings Limited granted a loan amounting to €2.350.000 to a common control entity of the minority shareholder. The loan bears interest of 6% and is repayable by 8 April 2020.

Non-current receivables relate to €1.000.000 of guarantee deposit for the execution of the lease agreement. The amount is in a blocked bank account on behalf of Nafsika S.A. and accrues interest at the end of each semester.

# Vagelizo Holdings Limited

## 19 Financial assets (continued)

### Financial assets at amortised cost (continued)

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

The effective interest rates on loans receivable were as follows:

	2019	2018
	%	%
Loans receivable to related parties	6	6
Loans receivable to other parties	6	6

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>6.177.636</u>	<u>3.410.665</u>
	<u>6.177.636</u>	<u>3.410.665</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.

#### (i) Impairment and risk exposure

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

## 20 Inventories

	2019	2018
	€	€
Leasehold land under development	<u>5.900.000</u>	-
	<u>5.900.000</u>	-

Leasehold land held for development was transferred from investment property during the year. The fair value of investment property at the date of transfer is deemed to be the cost of inventories. The land is held under a long lease expiring in 2081.

Inventories are stated at cost.

## 21 Cash and cash equivalents

	2019	2018
	€	€
Cash at bank and in hand	1.369.794	1.059.309
Short-term bank deposits	<u>6.000.000</u>	<u>15.000.000</u>
	<u>7.369.794</u>	<u>16.059.309</u>



# Vagelizo Holdings Limited

## 21 Cash and cash equivalents (continued)

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

	2019 €	2018 €
Cash and bank balances	<u>7.369.794</u>	<u>16.059.309</u>

Cash and cash equivalents are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	<u>7.369.794</u>	<u>16.059.309</u>

## 22 Share capital and share premium

	Share capital €	Share premium €	Total €
At 1 January 2018	1.000	-	1.000
Issue of shares	<u>1.000</u>	<u>5.993.030</u>	<u>5.994.030</u>
At 31 December 2018/1 January 2019	2.000	5.993.030	5.995.030
Issue of shares	<u>1.000</u>	<u>798.966</u>	<u>799.966</u>
At 31 December 2019	<u>3.000</u>	<u>6.791.996</u>	<u>6.794.996</u>

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

On incorporation 1.000 shares were issued with a par value of €1 per share (total €1.000).  
On 19 June 2018, 1.000 shares were issued with a par value of €1 per share at a premium of €5.993,03 per share (total €5.994.030).

On 21 March 2019, 1.000 shares were issued with a par value of €1 per share at a premium of €798,97 per share (total €799,97).

## 23 Borrowings

	2019 €	2018 €
<b>Current</b>		
Bank borrowings	3.393.363	3.149.247
Borrowings from parent entity (Note 26(ii))	<u>5.135.813</u>	<u>5.135.813</u>
	<u>8.529.176</u>	<u>8.285.060</u>
<b>Non-current</b>		
Borrowings from parent entity (Note 26(ii))	7.190.138	7.190.138
Other borrowings	<u>206.392</u>	-
	<u>7.396.530</u>	<u>7.190.138</u>
<b>Total borrowings</b>	<u>15.925.706</u>	<u>15.475.198</u>

# Vagelizo Holdings Limited

## 23 Borrowings (continued)

### Maturity of non-current borrowings

Between 1 and 2 years	7.190.138	7.190.138
Between 2 and 5 years	<u>206.392</u>	<u>-</u>
	<u>7.396.530</u>	<u>7.190.138</u>

The borrowing from the parent entity, Grivalia Hospitality S.A., to Vagelizo Holdings Limited is interest free and repayable in 12 monthly installments commencing 15 August 2020.

Other borrowings relate to a loan amounting to €200.000 from a third party with interest of 3,65%. On 19 February 2019, Nafsika S.A. signed an addendum to the initial loan agreement, under which the loan is repayable by no later than 31 December 2022.

Bank loans are classified as current since, as per the loan agreement, they can be repaid in full, partly or rearranged. This is to enable the subsidiary, Nafsika S.A. to manage any liquidity needs. As at 31 December 2019, bank loans include €907.523 (2018: €774.800) of capitalised interest.

Bank loans bear interest of EURIBOR plus margin. They are not secured on the Group's properties.

The carrying amounts of borrowings approximate their fair value.

The borrowings of the Group are denominated in Euro.

## 24 Non-current payables

	2019 €	2018 €
Contingent liability	6.391.009	6.391.009
Estrelia payable	2.359.850	3.329.850
Other payables	<u>571.954</u>	<u>732.668</u>
	<u>9.322.813</u>	<u>10.453.527</u>

The contingent liability relates to a loan guarantee provided by the subsidiary, Nafsika S.A. to a common control entity of the minority shareholder, amounting to €5.000.000. The amount includes €1.391.009 of capitalised interest. The loan was drawn on 09 July 2009, and remains unsettled as at 31 December 2019. The guarantee was effective prior to the acquisition of Grivalia Hospitality S.A. and the provision was recognised upon the acquisition of the Group by Grivalia Hospitality S.A..

An amount of €2.359.850 (2018: €3.329.850) relates to payable to the lessor (National Bank of Greece) for the unsettled liabilities of the previous lessor of the properties, Esterlia S.A., prior to entering the lease agreement with the subsidiary Nafsika S.A., as per the lease agreement. An amount of €1.000.000 is payable by 31 January 2021 and the remaining non-current balance is payable by 31 January 2022. An amount of €1.000.000 is repayable within 12 months of the balance sheet date and was classified as current payable (Note 25).

# Vagelizo Holdings Limited

## 25 Trade and other payables

	2019 €	2018 €
Trade payables	1.441.728	843.253
Payables to related parties (Note 26(i))	43.239	66.040
Lease liability payable	792.026	1.331.844
Payable for immovable property tax - Greece	1.590.415	1.474.912
Estrelia payable	1.000.000	1.000.000
Other payables	508.667	930.358
Accrued expenses	<u>188.481</u>	<u>174.046</u>
<b>Total financial payables within trade and other payables at amortised cost</b>	<b><u>5.564.556</u></b>	<b><u>5.820.453</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.

## 26 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-end balances

	2019 €	2018 €
Payables to related parties (Note 25):		
Common control entity of minority shareholders	36.877	66.040
Common control entity	392	-
Parent entity	<u>5.970</u>	<u>-</u>
	<b><u>43.239</u></b>	<b><u>66.040</u></b>

The above balance bears no interest and is repayable on demand.

### (ii) Borrowings from related parties

	2019 €	2018 €
Borrowings from parent entity:		
At beginning of year	<u>12.325.950</u>	<u>12.325.950</u>
At end of year (Note 23)	<b><u>12.325.950</u></b>	<b><u>12.325.950</u></b>

The above borrowing was provided interest free and was repayable on demand.

# Vagelizo Holdings Limited

## 26 Related party transactions (continued)

### (iii) Loans to related parties

	2019 €	2018 €
Loans to minority shareholders:		
At beginning of year	1.167.338	-
Loans advanced during year	-	1.138.866
Interest charged	<u>68.124</u>	<u>28.472</u>
At end of year (Note 19(b))	<u>1.235.462</u>	<u>1.167.338</u>

The terms and conditions of the above balances are disclosed in Note 19.

## 27 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 high level of uncertainty emanating from the inability to reliably predict the impact of the crisis.

The current economic conditions internationally could negatively affect the Group in terms of (1) the cash flow forecasts of management (2) the ability of trade and other debtors to settle the amounts due, and (3) the fair values of investment properties.

From the analysis carried out by Management, for the cash flow forecasts, no liquidity needs have been identified and / or does not appear that the situation will cause going concern issues to the Group. The Group have no external borrowings and has enough cash balance to cover current liabilities. Additionally, no disruption or delay has been caused on the construction Group's project.

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

On 31 July 2020, the parent company of the Group, Vagelizo Holdings Limited, acquired 20% of the share capital in Nafsika S.A. from the minority shareholders.

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.

# **Vagelizo Holdings Limited**

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

### **Contents**

	<b>Page</b>
<b>Board of Directors and other officers</b>	<b>1</b>
<b>Independent Auditor's Report</b>	<b>2 - 4</b>
<b>Statement of comprehensive income</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Statement of changes in equity</b>	<b>7</b>
<b>Statement of cash flows</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 27</b>



# **Vagelizo Holdings Limited**

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

### **Board of Directors**

Panagiotis Aristeidis Varfis  
Stefanos Dionysios Vlastos (resigned 23/05/2019)  
Charalampos Anastaselos (appointed 23/05/2019)  
NAP Directors Limited

### **Company Secretary**

**NAP Secretarial Ltd**  
10 Giannou Kranidioti Street  
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 Vagelizo Holdings Limited**

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

#### **Opinion**

We have audited the financial statements of the parent company Vagelizo Holdings Limited (the "Company"), which are presented on pages 5 to 27 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.

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### **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.

A handwritten signature in blue ink, appearing to read 'Theodoros Stylianos', written over the printed name.

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

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Limassol, 29 September 2020



# Vagelizo Holdings Limited

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

	Note	2019 €	2018 €
Administrative expenses	10	(26.704)	(14.884)
Other income	8	419.498	29.348
Other gains - net	9	-	1.194
<b>Profit before income tax</b>		<b>392.794</b>	<b>15.658</b>
Income tax expense	11	(40.357)	(131)
<b>Profit and total comprehensive income for the year</b>		<b><u>352.437</u></b>	<b><u>15.527</u></b>

The notes on pages 9 to 27 are an integral part of these financial statements.

# Vagelizo Holdings Limited

## Balance sheet at 31 December 2019

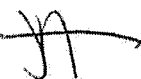
	Note	2019 €	2018 €
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	12	17.836.666	17.031.924
Financial assets at amortised cost	13	<u>3.114.139</u>	-
		<u>20.950.805</u>	<u>17.831.924</u>
<b>Current assets</b>			
Financial assets at amortised cost	13	6.425.573	1.167.339
Cash and cash equivalents	14	<u>7.279.566</u>	<u>15.261.869</u>
		<u>13.705.139</u>	<u>16.429.208</u>
<b>Total assets</b>		<u><b>34.655.944</b></u>	<u><b>34.261.132</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	15	3.000	2.000
Capital contribution		15.200.034	16.000.000
Share premium	15	6.791.996	5.993.030
Retained earnings/ (Accumulated losses)		<u>181.370</u>	<u>(171.067)</u>
<b>Total equity</b>		<u><b>22.176.400</b></u>	<u><b>21.823.963</b></u>
<b>Non-current liabilities</b>			
Borrowings	16	<u>7.190.138</u>	<u>7.190.138</u>
<b>Current liabilities</b>			
Other payables	17	128.260	111.218
Current income tax liabilities		25.333	-
Borrowings	16	<u>5.135.813</u>	<u>5.135.813</u>
		<u>5.289.406</u>	<u>5.247.031</u>
<b>Total liabilities</b>		<u><b>12.479.544</b></u>	<u><b>12.437.169</b></u>
<b>Total equity and liabilities</b>		<u><b>34.655.944</b></u>	<u><b>34.261.132</b></u>

On 29 September 2020 the Board of Directors of Vagelizo Holdings Limited authorised these financial statements for issue.

Panagiotis Aristeidis Varfis, Director



Charalampos Anastaselos, Director



The notes on pages 9 to 27 are an integral part of these financial statements.



# Vagelizo Holdings Limited

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

	Note	Share capital €	Capital contribution €	Share premium €	(Accumulated losses)/ Retained earnings €	Total €
<b>Balance at 1 January 2018</b>		<u>1.000</u>	-	-	(186.594)	(185.594)
<b>Comprehensive income</b>						
Profit for the year		-	-	-	15.527	15.527
<b>Transactions with owners</b>						
Issue of shares	15	1.000	-	5.993.030	-	5.994.030
Capital Contribution		-	16.000.000	-	-	16.000.000
Total transactions with owners		<u>1.000</u>	<u>16.000.000</u>	<u>5.993.030</u>	-	<u>21.994.030</u>
<b>Balance at 31 December 2018/1 January 2019</b>		<u>2.000</u>	<u>16.000.000</u>	<u>5.993.030</u>	(171.067)	<u>21.823.963</u>
<b>Comprehensive income</b>						
Profit for the year		-	-	-	352.437	352.437
<b>Transactions with owners</b>						
Issue of shares	15	1.000	-	798.966	-	799.966
Conversion to share capital at a premium		-	(799.966)	-	-	(799.966)
Total transactions with owners		<u>1.000</u>	<u>(799.966)</u>	<u>798.966</u>	-	-
<b>Balance at 31 December 2019</b>		<u>3.000</u>	<u>15.200.034</u>	<u>6.791.996</u>	<u>181.370</u>	<u>22.176.400</u>

The notes on pages 9 to 27 are an integral part of these financial statements.

# Vagelizo Holdings Limited

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

	Note	2019 €	2018 €
<b>Cash flows from operating activities</b>			
Profit before tax		392.794	15.658
Adjustments for:			
Interest income	8	<u>(419.498)</u>	<u>(29.348)</u>
		(26.704)	(13.690)
Changes in working capital:			
Financial assets at amortised cost		(2.562)	-
Other payables		<u>17.604</u>	<u>14.875</u>
<b>Cash (used in)/generated from operations</b>		(11.662)	1.185
Defence tax paid		<u>(15.024)</u>	<u>(131)</u>
<b>Net cash (used in)/generated from operating activities</b>		<u>(26.686)</u>	<u>1.054</u>
<b>Cash flows from investing activities</b>			
Interest received		99.125	29.347
Capital contributions to subsidiary		(804.742)	(4.795.224)
Loans granted		<u>(7.250.000)</u>	<u>(1.967.338)</u>
<b>Net cash used in investing activities</b>		<u>(7.955.617)</u>	<u>(6.733.215)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	15	-	5.994.030
Capital contributions		-	<u>16.000.000</u>
<b>Net cash from financing activities</b>		-	<u>21.994.030</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(7.982.303)</u>	15.261.869
<b>Cash and cash equivalents at beginning of year</b>		<u>15.261.869</u>	-
<b>Cash and cash equivalents at end of year</b>	14	<u>7.279.566</u>	<u>15.261.869</u>

### Non-cash transactions

On 21 March 2019, the Company issued additional 1.000 shares with a par value of €1 per share at a premium of €798,97 per share. This was converted through the capital contributions made by the parent entity in previous years.

The notes on pages 9 to 27 are an integral part of these financial statements.

# Vagelizo 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.

### 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.

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 2019. This adoption did not have a significant effect on the accounting policies of the Company.

# Vagelizo Holdings 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.

# Vagelizo Holdings 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.

#### 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.

# Vagelizo Holdings Limited

## 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. 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, loan receivables and receivables from related parties.

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

The Company assesses on a forward-looking basis the ECL 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.

# Vagelizo Holdings Limited

## 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.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets – modification (continued)

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 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, and bank overdrafts. 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.



# Vagelizo Holdings 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.

# Vagelizo Holdings Limited

## 4 Summary of significant accounting policies (continued)

### 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 constitutes contributions made by the Company's shareholders directly in the reserves of the Company. The Company has no contractual obligation to repay these amounts.

## 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: market risk (including fair value interest rate risk), credit risk and liquidity risk.

#### • Market risk

#### Fair value interest rate risk

The Company has significant interest-bearing assets and liabilities (mainly loans receivable and borrowings from related parties). The Company's exposure to fair value interest rate risk is not significant as the borrowings to related parties do not bear any interest and are repayable on demand. Any potential change in market rates will not have a significant impact on the book value of loans receivable from related parties and borrowings to related parties and thus neither on the Company's profit after tax.

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

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

#### • Credit risk

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

#### (i) Risk management

Credit risk is managed on a group/individual 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 receivable); 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.

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

# Vagelizo Holdings 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 loans receivables 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.

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

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

#### • Credit risk (continued)

The Company provides for credit losses against loans 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 Company's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018.

#### Loans receivable

Company internal credit rating	2019 €	2018 €
Performing	<u>9,537,150</u>	<u>1,967,339</u>
Total loans to related parties	<u>9,537,150</u>	<u>1,967,339</u>

#### Cash and cash equivalents

	External credit rating	2019 €	2018 €
Performing	Caa1	7,279,566	-
Performing	Caa2	-	15,261,869
Total cash and cash equivalents		<u>7,279,566</u>	<u>15,261,869</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 €	Between 1 and 2 years €
<b>At 31 December 2018</b>		
Borrowings	5,135,813	7,190,138
Trade and other payables	<u>111,218</u>	<u>-</u>
	<u>5,247,031</u>	<u>7,190,138</u>
	Less than 1 year €	Between 1 and 2 years €
<b>At 31 December 2019</b>		
Borrowings	5,135,813	7,190,138
Trade and other payables	<u>128,260</u>	<u>-</u>
	<u>5,264,073</u>	<u>7,190,138</u>

# Vagelizo Holdings Limited

## 6 Financial risk management (continued)

### (ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### (iii) Fair value estimation

The carrying value less impairment provision of trade 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 subsidiary and loans receivable from subsidiary**

The Company follows the guidance of IAS 36 "Impairment of assets" to determine whether investments in subsidiaries and loans receivable from subsidiaries are impaired. The Company reviews the carrying values for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable

# Vagelizo Holdings Limited

## 7 Critical accounting estimates and judgements (continued)

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

- **Impairment of investment in subsidiary and loans receivable from subsidiary (continued)**

At 31 December 2019, Management assessed whether the Company's investment in subsidiary and loans receivable 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 and loans receivable.

## 8 Other income

	2019 €	2018 €
Interest income:		
Bank balances	100.157	876
Loans to related parties (Note 18(iii))	148.219	-
Loans receivable	<u>171.122</u>	<u>28.472</u>
Total interest income	<u>419.498</u>	<u>29.348</u>

## 9 Other gains - net

	2019 €	2018 €
Other gain	<u>-</u>	<u>1,194</u>

## 10 Expenses by nature

	2019 €	2018 €
Professional fees	2.975	-
Auditor's remuneration	18.200	14.875
Unrecoverable VAT	3.271	-
Other expenses	<u>2.258</u>	<u>9</u>
Total administrative expenses	<u>26.704</u>	<u>14.884</u>

## 11 Income tax expense

	2019 €	2018 €
Current tax:		
Corporation tax	25.333	-
Defence contribution	<u>15.024</u>	<u>131</u>
Income tax expense	<u>40.357</u>	<u>131</u>

# Vagelizo Holdings Limited

## 11 Income tax expense (continued)

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

	2019 €	2018 €
Profit before tax	<u>392.794</u>	<u>15.658</u>
Tax calculated at the applicable corporation tax rate of 12.5%	49.099	1.941
Tax effect of expenses not deductible for tax purposes	-	484
Tax effect of allowances and income not subject to tax	(2.456)	-
Special contribution for defence	15.024	131
Tax effect of utilisation of previously unrecognised tax losses	<u>(21.310)</u>	<u>(2.425)</u>
Income tax charge	<u>40.357</u>	<u>131</u>

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 €Nil (2018: €170.481), for which no deferred tax asset has been recognised as it is not certain whether the asset will be utilised.

## 12 Investments in subsidiary

	2019 €	2018 €
At beginning of year	17.031.924	17.031.924
Additions	<u>804.742</u>	-
At end of year	<u>17.836.666</u>	<u>17.031.924</u>

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

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Nafsika S.A.	Development of Tourism Real Estate Projects	Greece	80	80

On 22 March 2019, the Company acquired additional 33.612 ordinary shares of Nafsika S.A. of nominal value of €23,80 per share. There was no change in the percentage held.



# Vagelizo Holdings Limited

## 13 Financial assets

### (a) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2019 €	2018 €
<b>Non-Current</b>		
Loans receivable from related partries (Note 18 (iii))	3.114.139	-
<b>Total non-current</b>	<u>3.114.139</u>	<u>-</u>
<b>Current</b>		
Other receivables	2.562	-
Loans receivable from related partries (Note 18 (iii))(2)	2.734.080	-
Loans receivable to third parties(3)	2.453.529	-
Loans receivable to minority shareholder(1)	1.235.402	1.167.339
<b>Total current</b>	<u>6.425.573</u>	<u>1.167.339</u>
Less: Loss allowance for debt investments at amortised cost	-	-
<b>Financial assets at amortised cost - net</b>	<u>6.425.573</u>	<u>1.167.339</u>

(1) On 30 July 2018, the Company granted a loan amounting to €1.138.866 to the minority shareholders of the subsidiary. The loan bears interest of 6% and is repayable on demand.

(2) On 20 December 2018, the Company granted a loan to its subsidiary, Nafsika S.A. amounting to €800.000. The loan bears interest of 3,65% and is by 31 December 2022.

On 19 April 2019, the Company granted an additional loan to its subsidiary, Nafsika S.A. amounting to €2.200.000. The loan bears interest of 6% and is repayable on 31 December 2022.

On 8 July 2019, the Company granted an additional loan to its subsidiary, Nafsika S.A. amounting to €1.350.000. The loan bears interest of 6% and was repayable on 8 January 2020. As per the addendum agreement signed on 7 January 2020 the maturity of the loan was extended until 31 December 2022 (Note 19).

On 20 November, the Company granted an additional loan to its subsidiary, Nafsika S.A. amounting to €2.650.000. The loan bears interest of 6% and was repayable by 27 May 2020. As per the addendum agreement signed on 25 May 2020 the maturity of the loan was extended until 31 December 2022 (Note 19). As at 31 December 2019, an amount of €1.300.000 was not undrawn by the subsidiary.

(3) On 8 April 2019, the Company granted a loan amounting to €2.350.000 to a common control entity of the minority shareholder. The loan bears interest of 6% and is repayable by 8 April 2020.

# Vagelizo Holdings Limited

## 13 Financial assets (continued)

### Financial assets at amortised cost (continued)

The effective interest rates on loans receivables were as follows:

	2019	2018
	%	%
Loans receivable to related parties	6	6
Loans receivable to third parties	6	-
Loans receivable to minority shareholders	6	6

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:

	2019	2018
	€	€
Euro - functional and presentation currency	<u>10.333.708</u>	<u>1.967.339</u>
	<u>10.333.708</u>	<u>1.967.339</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.

## 14 Cash and cash equivalents

	2019	2018
	€	€
Cash at bank	<u>7.279.566</u>	<u>15.261.869</u>

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

	2019	2018
	€	€
Cash and bank balances	<u>7.279.566</u>	<u>15.261.869</u>

Cash and cash equivalents are denominated in the following currencies:

	2019	2018
	€	€
Euro - functional and presentation currency	<u>7.279.566</u>	<u>15.261.869</u>

### Reconciliation of liabilities arising from financing activities:

	Loans from related parties
	€
Balance 1 January 2019/31 December 2019	<u>12.325.951</u>

# Vagelizo Holdings Limited

## 15 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 January 2018	1 000	1.000	-	1.000
Issue of shares	<u>1 000</u>	<u>1.000</u>	<u>5.993.030</u>	<u>5.994.030</u>
At 31 December 2018/1 January 2019	2 000	2.000	5.993.030	5.995.030
Issue of shares	<u>1 000</u>	<u>1.000</u>	<u>798.966</u>	<u>799.966</u>
At 31 December 2019	<u>3 000</u>	<u>3.000</u>	<u>6.791.996</u>	<u>6.794.996</u>

The total authorized number of ordinary shares is 5.000 shares (2018: 5.000 shares) with a par value of €1 per share. 2.000 shares are fully paid amounting to €2.000.

On incorporation 1.000 shares were issued with a par value of €1 per share (total €1.000). On 19 June 2018, 1.000 shares were issued with a par value of €1 per share at a premium of €5.993,03 per share (total €5.994.030).

On 21 March 2019, 1.000 shares were issued with a par value of €1 per share at a premium of €798,97 per share (total €799,97).

## 16 Borrowings

	2019 €	2018 €
<b>Current</b>		
Borrowings from shareholders (Note 18(ii))	<u>5.135.813</u>	<u>5.135.813</u>
<b>Non-current</b>		
Borrowings from shareholders (Note 18(ii))	<u>7.190.138</u>	<u>7.190.138</u>
<b>Total borrowings</b>	<u>12.325.951</u>	<u>12.325.951</u>
<b>Maturity of non-current borrowings</b>		
Between 1 and 2 years	<u>7.190.138</u>	<u>7.190.138</u>

The borrowing from parent entity is interest free and repayable in 12 monthly installments commencing on 15 August 2020 as per the addendum signed on 15 June 2020.

The carrying amounts of borrowings from related parties approximate their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	<u>12.325.951</u>	<u>12.325.951</u>

# Vagelizo Holdings Limited

## 17 Other payables

	2019 €	2018 €
Payables to related parties (Note 18(i))	6.362	-
Other payables	98.174	96.343
Accrued expenses	<u>23.724</u>	<u>14.875</u>
<b>Total trade and other payables at amortised cost</b>	<b><u>128.260</u></b>	<b><u>111.218</u></b>

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

## 18 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 (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-end balances

	2019 €	2018 €
Payables to related parties (Note 17):		
Common control entity	392	-
Parent entity	<u>5.970</u>	<u>-</u>
	<u>6.362</u>	<u>-</u>

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

### (ii) Borrowings from related parties

	2019 €	2018 €
Borrowings from shareholders:		
At beginning of year	<u>12.325.951</u>	<u>12.325.951</u>
At end of year (Note 16)	<u>12.325.951</u>	<u>12.325.951</u>

The terms and conditions of the above balances are disclosed in Note 16.

### (iii) Loans to related parties

	2019 €	2018 €
Loan to subsidiary:		
At beginning of year	800.000	-
Loans advanced during year	4.900.000	800.000
Interest charged (Note 8)	<u>148.219</u>	<u>-</u>
At end of year (Note 13)	<u>5.848.219</u>	<u>800.000</u>

The terms and conditions of the above balances are disclosed in Note 13.

# Vagelizo Holdings 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 high level of uncertainty emanating from the inability to reliably predict the impact of the crisis.

The current economic conditions internationally could negatively affect the Company in terms of (1) the cash flow forecasts of management (2) the ability of trade and other debtors to settle the amounts due, and (3) the fair values of the subsidiary's assets.

From the analysis carried out by Management, for the cash flow forecasts, no liquidity needs have been identified and / or does not appear that the situation will cause going concern issues to the Company. The Company has no external borrowings and has enough cash balance to cover current liabilities.

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

On 3 March 2020 the Company granted to its subsidiary, Nafsika S.A., an additional loan amounting to €4.750.000.

On 7 January 2020 and 25 May 2020, the Company signed addendums for the loans receivable from the subsidiary amounting to €1.350.000 and €2.600.000 respectively, extending their maturity until 31 December 2022 (Note 16).

On 31 July 2020, the Company agreed to acquire from the minority shareholder the remaining 20% share capital in its subsidiary, Nafsika S.A.. The total consideration was €14.086.394 representing 59.659 ordinary shares of nominal value of €23,80 each at a premium of €212,32.

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.

