

**MHV MEDITERRANEAN HOSPITALITY
VENTURE PLC**

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2024

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

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MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors

Alon Bar
Achilleas Dorotheou
Athanasios Karagiannis
Aristotelis Karytinis
Christophoros Papachristophorou
Alexios Pipilis
Charalambos Michael (resigned 31/1/2024)

Company Secretary

Themis Secretarial Services Limited

Independent Auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
27 Spyrou Kyprianou Ave.,
4003 Mesa Yitonia
Limassol
Cyprus

Registered office

Kyriakou Matsi 16,
Eagle House, 6th Floor, Agioi Omologites
1082 Nicosia
Cyprus

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED MANAGEMENT REPORT

The Board of Directors of MHV Mediterranean Hospitality Venture Plc (the "Company") presents to the members its Management Report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2024.

Principal activities and nature of operations of the Group

The Group invests in, repositions, manages as well as develops prime real estate assets in exclusive locations across the hospitality, residential and commercial sectors in Cyprus, Greece and the Mediterranean.

Hospitality

As at the reporting date, the Group owns and/or manages and/or develops the following properties in the hospitality and tourism sector:

- Parklane, a Luxury Collection Resort & Spa, in Limassol, through its wholly-owned subsidiary, Parklane Hotels Limited,
- The Landmark hotel in Nicosia through its wholly-owned subsidiary, The Cyprus Tourism Development Company Limited (the "Landmark Nicosia"), which is currently under extensive renovation,
- Nikki Beach Porto Heli hotel in Porto Heli in Argolida, Greece, through its wholly-owned subsidiary, Porto Heli Hotel & Marina Single Member S.A.,
- Porto Paros hotel in Paros, Greece, through its wholly-owned subsidiary, MHV Bluekey One Single Member S.A.

Real Estate

The Group also owns and/or develops the following real estate properties:

- Park Tower which comprises of luxury flats in Limassol, through its wholly-owned subsidiary, Parklane Hotels Limited,
- A residential complex in Pyrgos, Limassol, used for the housing of staff of the Parklane hotel. The property is owned by the wholly-owned subsidiary, Stromay Holdings Limited,
- An office and a residential tower being developed at the land plot of the Landmark Nicosia, Cyprus.

Change of Company name and listing on Cyprus Stock Exchange Emerging Companies Market

On 25 August 2023, the Company changed its name from MHV Mediterranean Hospitality Venture Limited to MHV Mediterranean Hospitality Venture Plc.

On 16 October 2023, the Cyprus Stock Exchange (CSE) announced listing of the Company on the CSE Emerging Companies Market (ISIN code CY0200721716). Total number of shares listed were 120.200.720 ordinary shares with a nominal value of €1,00 and a trading price of €3,219 per share. Trading of securities commenced on 17 October 2023.

Changes in group structure

On 5 January 2024, the Company entered into an agreement for the sale of its 50% shareholding in its joint venture Aphrodite Hills Resort Limited (Note 25 and Note 31). In addition, changes in shareholders of the Company are disclosed in Note 41.

Review of current position, and performance of the Group's business

The net loss for the year attributable to the shareholders of the Group amounted to €58,029.613 (2023: net loss of €2,099.131). On 31 December 2024 the total assets of the Group were €584.156.939 (2023: €598.413.380) and the net assets of the Group were €376.981.636 (2023: €403.524.695). The financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory, under the circumstances and aligned to the Group's current operating cycle.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED MANAGEMENT REPORT

Review of current position, and performance of the Group's business (continued)

During the year ended 31 December 2024 the revenue of the Group amounted to €69,175,943 compared to €56,727,060 for the year ended 31 December 2023. The variance is mainly due to higher revenue from real estate activities of €7,594,191 and higher revenue from hotel operations of €4,509,021.

The Group's operating loss for the year ended 31 December 2024 was €52,238,833, compared to operating loss of €4,911,235 for the year ended 31 December 2023, mainly due to the following:

- the impact of the deferred exist cost that was incurred during the year, paid to MHV IA Limited amounting to €40,000,000 (Note 26).
- impairment charge amounting to €12,797,146 on property under construction during the year ended 31 December 2024, in comparison to an impairment charge amounting to €390,358 during 31 December 2023 (Notes 15 and 20).

Net finance costs increased by €391,148, from €6,398,278 for the year ended 31 December 2023 to €6,789,426 for the year ended 31 December 2024, mainly due to the increase in the interest rates on the Group's loan facilities (Note 17).

Other comprehensive income for the year ended 31 December 2024 increased to €31,467,004 compared to other comprehensive income of €7,908,140 for the year ended 31 December 2023, mainly due to the revaluation gain on land and buildings in the current year.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in notes 7, 8 and 40 of the consolidated financial statements.

Future developments of the Group

In 2025 the Company anticipates the opening of the Landmark hotel in Nicosia under Marriott's Autograph Collection flag, following the hotel's extensive renovation. The opening of The Landmark Nicosia, Autograph Collection is expected to set a new standard in the hospitality landscape of Nicosia and boost the local economy, while at the same time enhancing the Company's revenue and income from hotel operations.

Moreover, following the acquisition of the hotel Porto Paros on the island of Paros - Greece, the Company plans to undertake significant renovation to transform the property into a premier hospitality destination, enhancing its value and appeal, at a time to be decided by the Company's Board of Directors.

At Parklane, a Luxury Collection Resort & Spa, in Limassol, after securing planning permits for the development of two residential towers, the Company is proceeding with planning for the commencement of construction works for the first tower, at a time to be decided by the Company's Board of Directors.

Existence of branches

The Group does not maintain any branches.

Use of financial instruments by the Group

The Group is exposed to interest rate risk, credit risk, liquidity risk and tourism industry risk arising from the financial instruments it holds. Refer further to Note 7.

Interest rate risk

The Group is exposed to interest rate risk in relation to its current and non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly. Refer further to Note 7.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED MANAGEMENT REPORT

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, as well as from trade and other receivables. Refer further to Note 7.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of shareholder funding, bank overdrafts and bank loans. Refer further to Note 7.

Dividends

The Board of Directors does not recommend the payment of a dividend.

Share capital

There were no changes in the share capital of the Company during the year under review.

Corporate Governance

The Group has not adopted the Corporate Governance Code of the Cyprus Stock Exchange ('CSE') which is not compulsory for companies listed in the Emerging Companies Markets of the CSE. Hence, the Company is not subject to any legal and/or other regulatory provisions requiring it to maintain independent directors on its Board and/or to implement any particular governance requirements (other than those set out in the Company's Articles of Association).

Board of Directors

The members of the Board of Directors as at 31 December 2024 and at the date of this report are presented on page 1. Mr. Charalambos Michael resigned from the position of Director on 31 January 2024.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Participation of Directors in the Company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190 2007 04), as at 31 December 2024 and 23 April 2025 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2024	23 April 2025
	%	%
Alon Bar	0,00025	0,00025
Achilleas Dorotheou	0,00025	0,00025
Athanasios Karagiannis	0,00000	0,00000
Aristotelis Karytinis	0,00000	0,00000
Christophoros Papachristophorou	0,00000	0,00000
Alexios Pipilis	0,00000	0,00000

Main shareholders

The following shareholders held directly or indirectly over 5% of the share capital of the Company as at 31 December 2024 and 23 April 2025 (5 days before the approval of the financial statements by the Board of Directors):

	31 December 2024	23 April 2025
	%	%
Flowpulse Limited	19,99900	19,99900
Prodea Real Estate Investment Company S.A.*	79,99900	79,99900

*Prodea Real Estate Investment Company S.A. is a public company listed on the Main Market of the Athens Stock Exchange. Prodea Real Estate Investment Company S.A. is indirectly controlled by Christophoros Papachristophorou.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED MANAGEMENT REPORT

Operating Environment of the Group

Any significant events that relate to the operating environment of the Group are described in note 40 of the consolidated financial statements.

Climate change

Climate change affects the hotel industry and could potentially cause significant financial challenges related to implementing eco-friendly strategies that mitigate climate change effects. In addition, extreme weather conditions can lead to a reduction of tourists' arrivals, leading to decreased revenue. The Corporate Sustainability Reporting Directive (CSRD) is likely to add further reporting implications since businesses such as hotels might need to transparently report sustainability information. This will require investing in data collection and reporting systems to ensure compliance with the directive and avoid imposition of penalties. The effect on the Group depends on the final format of CSRD reporting obligations given the recent EU Omnibus package and discussions to follow, including final transposition into local legislation. In addition, "green taxes", which may be coming into force to prevent further ecological destruction, are expected to increase the cost of sales and operating expenses of the hotels. However, effectively addressing these challenges can reduce "green taxes" and bring economic opportunities, such as long-term savings from energy-efficient practices and attraction of eco-conscious consumers and investors.

The Management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the consolidated financial statements, but Management continues to monitor developments in this area.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 43 of the consolidated financial statements.

Independent Auditors

The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,


THEMIS SECRETARIAL SERVICES LIMITED

Themis Secretarial Services Limited
Secretary

Limassol, 28 April 2025

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of MHV Mediterranean Hospitality Venture Plc (the "Group") for the year ended 31 December 2024, on the basis of our knowledge, declare that:

- (a) The annual consolidated financial statements of the Group which are presented on pages 13 to 81:
- (i) have been prepared in accordance with the applicable IFRS Accounting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and
- (ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and
- (b) The consolidated management report provides a fair view of the developments and the performance as well as the financial position of the Group and the entities included in the consolidated financial statements as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Alon Bar, Non - Executive Director

Achilleas Dorotheou, CEO and Executive Director

Athanasios Karagiannis, Non - Executive Director

Aristotelis Karytinis, Non - Executive Director

Christophoros Papachristophorou, Non - Executive Director

Alexios Pipilis, Non - Executive Director

Responsible person for preparation of these financial statements

Konstantinos Katechos, Chief Financial Officer

Limassol, 28 April 2025

Independent Auditor's Report

To the Members of MHV Mediterranean Hospitality Venture Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of MHV Mediterranean Hospitality Venture Plc (the "Company") and its subsidiaries (the "Group"), which are presented in pages 13 to 81 and comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes of the consolidated financial statements, including material accounting policy information.

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
Fair Value of the Group's land and buildings (Notes 8 ,9 and 20) Based on IAS 16 'Property, Plant and Equipment' and the accounting policy as disclosed in Note 5, the Group presents its land and buildings at fair value, less subsequent depreciation and impairment. Revaluations are made at regular intervals so that the amounts presented in the consolidated statement of financial position do not differ materially from their fair value at the reporting date. The Group's land and buildings were revalued by Management at fair value on 31 December 2024 based on valuation assessments and reports made by independent real estate appraisers, with recognized professional qualifications and recent experience in the location and category of the properties being valued. Our audit has focused on assessing the fair value of the Group's land and buildings, due to the size of the specific assets on the consolidated statement of financial position, as well as the uncertainty and significant exercise of judgement required in this assessment. Relevant disclosures in respect of the fair value of the Group's land and buildings are presented in Note 8 'Critical accounting estimates, judgements and assumptions', Note 9 'Fair value measurement' and Note 20 'Property, plant and equipment'.	Our audit procedures applied for the examination of this matter included, amongst others, the following: • We requested and received from Management the external valuation reports for the Group's main land and buildings, and we obtained an understanding of the valuation process and methods. • We compared the amounts presented in the consolidated financial statements with the respective valuation reports of the external valuation experts adopted by Management and we verified the correctness of the revaluation adjustments posted. • We assessed the competence, capabilities and objectivity of the external valuation experts who prepared the property valuations on behalf of Management. • For the land and buildings located in Cyprus, using the services of an external auditor expert, a real estate valuer with experience in the Cyprus real estate market, we: - performed an independent estimation of an acceptable fair value range for a sample of the Group's land and buildings as at 31 December 2024 and we compared this with the corresponding fair value estimates of Management. - assessed the appropriateness and reasonableness of the methodology and the significant parameters and assumptions used by Management's external valuation experts and concluded on the overall reasonability of the fair value estimates adopted by Management. • For the land and buildings located in Greece, with the support of internal valuation experts employed by the component auditors in Greece, we evaluated the judgements and estimates applied by Management and independent valuers to determine the appropriateness of the fair value estimates adopted by Management for the respective land and buildings. • We re-performed, on a sample basis, sensitivity analysis by stressing the key assumptions used in Management's valuation reports and we checked the mathematical accuracy of the relevant calculations. • We assessed the adequacy of the required disclosures in the consolidated financial statements.



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Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
Net realizable value of the Group's real estate inventories (Notes 8 and 27) Based on IAS 2 "Inventories" and the accounting policy as disclosed in Note 5, the Group presents its real estate inventories at cost or net realisable value, whichever is the lower. As at 31 December 2024 the Group's real estate inventories amounted to €168.990.381, and during the year then ended, based on Management's assessment, an amount of € 2.248.098 was recognised in the statement of profit or loss and other comprehensive income as impairment charge in respect of the value of land and buildings under development for the Landmark Office Tower. The net realisable value is based on Management's estimates which were primarily made based on external valuation reports for the Group's main real estate inventories, obtained as at 31 December 2024, from independent real estate appraisers, with recognised professional qualifications and recent valuation experience in the location and category of the properties being valued. Due to the size of these assets on the consolidated statement of financial position and the judgment required in assessing the net realisable value of real estate inventories, we considered this matter as a key audit matter. Relevant disclosures in respect of real estate inventories are presented in Note 8 'Critical accounting estimates, judgements and assumptions' and Note 27 'Inventories'.	Our audit procedures applied for the examination of this matter included, amongst others, the following: • We obtained an understanding of the process followed by Management to estimate the net realisable value of real estate inventories and its comparison with their respective costs. • We assessed whether the methodology used by Management is in line with the requirements of IFRS Accounting Standards. • We requested and received from Management the valuation reports for the Group's real estate inventories, and we obtained an understanding of the valuation process and methods. • Using the services of an external auditor expert, a real estate valuer with experience in the Cyprus real estate market, we: - performed on a sample basis an independent estimation of an acceptable value range for the Group's real estate inventories as at 31 December 2024 and we compared this with the corresponding estimates of Management. - assessed the appropriateness and reasonableness of the methodology and the significant parameters and assumptions used by Management's external valuation experts and concluded on the overall reasonability of their estimates. • We examined, on a sample basis, property sales contracts, title deeds and relevant development and building permits, to the extent relevant. • We assessed the adequacy of the relevant disclosures in the consolidated financial statements.

Other information

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

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

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

Responsibilities of the Board of Directors and Those Charged with Governance 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 IFRS Accounting 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.

Those charged with governance are 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 scepticism 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 a true and fair view.
- Obtain sufficient and 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have nothing to report in this respect.



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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.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Avraam.



Andreas Avraam

Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 28 April 2025

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Note	2024 €	2023 €
Revenue	11	69.175.943	56.727.060
Cost of sales	12	(49.226.361)	(40.411.998)
Gross profit		19.949.582	16.315.062
Settlement of deferred exit costs	26	(40.000.000)	-
Other income	13	1.867.568	948.636
General and administration expenses	14	(18.429.071)	(18.593.800)
Other losses - net	15	(15.626.912)	(3.581.133)
Operating loss		(52.238.833)	(4.911.235)
Finance income		523.751	333.590
Finance costs		(7.313.177)	(6.731.868)
Net finance costs	17	(6.789.426)	(6.398.278)
Share of results of joint venture	25	-	4.205.854
Loss on disposal of subsidiaries	24	-	(292.829)
Loss before tax		(59.028.259)	(7.396.488)
Tax	18	998.646	5.297.357
Net loss for the year		(58.029.613)	(2.099.131)
Other comprehensive income			
<i>Items that will not be classified subsequently to profit or loss:</i>			
Revaluation gain/ (loss) on land and buildings	20	37.959.621	(1.498.430)
Deferred taxation on revaluation of land and buildings	36	(6.492.617)	9.497.675
Share of other comprehensive loss from joint venture	25	-	(91.105)
		31.467.004	7.908.140
Total comprehensive (loss)/ income for the year		(26.562.609)	5.809.009
Basic and Diluted Earnings per share attributable to equity holders of the parent (cent)	19	(48,28)	(3,91)

The notes on pages 20 to 81 form an integral part of these consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	20	380.563.708	311.842.094
Right-of-use assets	21	1.561.903	1.866.615
Intangible assets	22	790.233	852.679
Trade and other receivables	28	5.056.893	34.035.257
Deferred tax assets	36	933.160	671.130
		388.905.897	349.267.775
Current assets			
Inventories	27	170.393.883	155.681.924
Trade and other receivables	28	19.490.667	13.463.112
Deferred exit costs	26	-	40.000.000
Financial assets at fair value through profit or loss	29	1.001	1.001
Cash at bank and in hand	30	5.365.491	9.999.568
		195.251.042	219.145.605
Assets classified as held for sale	31	-	30.000.000
Total assets		584.156.939	598.413.380
EQUITY AND LIABILITIES			
Equity			
Ordinary shares - share capital	32	120.200.720	120.200.720
Ordinary shares - share premium	32	103.684.313	103.684.313
Revaluation reserve		158.184.230	126.717.226
Accumulated (losses) /retained earnings		(5.087.627)	52.922.436
Total equity		376.981.636	403.524.695
Non-current liabilities			
Borrowings	33	103.183.294	107.545.247
Lease liabilities	34	1.628.321	1.774.195
Trade and other payables	37	35.144.291	30.004.290
Deferred tax liabilities	36	19.402.213	14.840.606
Government grants	38	2.740.440	2.884.878
		162.098.559	157.049.216

The notes on pages 20 to 81 form an integral part of these consolidated financial statements.

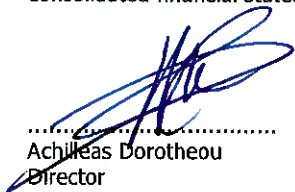
MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

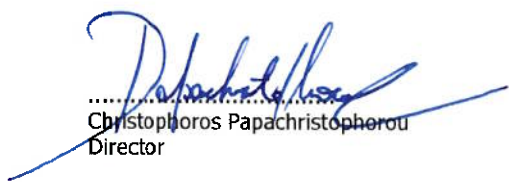
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	2024 €	2023 €
Current liabilities			
Trade and other payables	37	37.625.084	10.045.697
Government grants	38	136.631	128.824
Bank overdrafts	30	4.974.669	1.532.045
Borrowings	33	1.720.029	9.738.348
Loans from shareholders	41	-	16.063.840
Lease liabilities	34	131.370	285.920
Current tax liabilities	39	488.961	44.795
		45.076.744	37.839.469
Total liabilities		207.175.303	194.888.685
Total equity and liabilities		584.156.939	598.413.380

On 28 April 2025 the Board of Directors of MHV Mediterranean Hospitality Venture Plc authorised these consolidated financial statements for issue.


.....
Achilleas Dorotheou
Director


.....
Christophoros Papachristopherou
Director

The notes on pages 20 to 81 form an integral part of these consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Note	Ordinary share capital €	Preference share capital €	Share premium €	Revaluation reserve €	Retained earnings / Accumulated (losses) €	Total €
Balance at 1 January 2023		720	145.200	248.739.113	118.809.086	54.990.239	422.684.358
Comprehensive income							
Net loss for the year		-	-	-	-	(2.099.131)	(2.099.131)
Other comprehensive income for the year		-	-	-	7.908.140	-	7.908.140
Total comprehensive income for the year		-	-	-	7.908.140	(2.099.131)	5.809.009
Transactions with owners							
Issue of ordinary share capital	32	120.200.000	-	-	-	-	120.200.000
Redemption of redeemable preference shares during the year	32	-	(145.200)	(145.054.800)	-	-	(145.200.000)
Cancelled dividends		-	-	-	-	31.328	31.328
Total transactions with owners		120.200.000	(145.200)	(145.054.800)	-	31.328	(24.968.672)
Balance at 31 December 2023/ 1 January 2024		120.200.720	-	103.684.313	126.717.226	52.922.436	403.524.695
Comprehensive income							
Net loss for the year		-	-	-	-	(58.029.613)	(58.029.613)
Other comprehensive income for the year		-	-	-	31.467.004	-	31.467.004
Total comprehensive loss for the year		-	-	-	31.467.004	(58.029.613)	(26.562.609)
Transactions with owners							
Cancelled dividends		-	-	-	-	19.550	19.550
Total transactions with owners		-	-	-	-	19.550	19.550
Balance at 31 December 2024		120.200.720	-	103.684.313	158.184.230	(5.087.627)	376.981.636

The notes on pages 20 to 81 form an integral part of these consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

The fair value reserve for land and buildings arises from the revaluation of land and buildings and is not available for distribution in the form of dividends. When a revalued land or building is sold, the portion of the revaluation reserve associated with that asset is transferred directly to the accumulated profits.

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 20 to 81 form an integral part of these consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Note	2024 €	2023 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(59.028.259)	(7.396.488)
Adjustments for:			
Depreciation of property, plant and equipment	20	7.060.442	6.150.040
Depreciation of right-of-use assets	21	277.427	356.914
Amortization of grants	38	(128.824)	(128.824)
Unrealised exchange profit		-	(5.366)
Amortisation of intangible assets	22	127.201	130.219
Share of profit from joint ventures	25	-	(4.205.854)
Loss from the sale of investments in subsidiaries	24	-	292.829
Receivable from joint venture written off	15	569.839	-
Impairment loss on property under construction	15	12.797.146	390.358
Settlement of deferred exit costs	26	40.000.000	-
Impairment charge/ (Reversal of impairment charge) on land and buildings under development	15	2.248.098	(756.424)
Impairment charge - investments in joint ventures	25	-	557.841
Loss on liquidation of joint venture		-	10.969
Impairment charge - goodwill	22	-	2.856.252
Write off of property, plant and equipment	20	11.829	32.227
Provision for legal claims	15	-	103.950
Write off of financial assets		-	23.962
Interest income	17	(523.751)	(333.590)
Interest expense	17	6.346.234	5.287.394
Finance expenses		-	559.961
Amortisation of arrangement fees		204.135	205.474
Waiver of receivables		-	55.298
Reversal of expected credit losses on financial assets		-	(43.067)
		9.961.517	4.144.075
Changes in working capital:			
Increase in inventories		(15.723.018)	(9.458.711)
Decrease/(increase) in trade and other receivables		22.487.528	(5.845.831)
Increase in trade and other payables		32.676.270	27.410.535
Cash generated from operations		49.402.297	16.250.068
Tax paid		(705.433)	(618.493)
Net cash generated from operating activities		48.696.864	15.631.575
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	22	(64.755)	(37.782)
Payment for additions of property, plant and equipment	20	(49.644.890)	(15.570.252)
Proceeds from sale of joint venture held for sale, cash inflow on disposal	31	30.000.000	-
Disposal of subsidiaries, cash outflow on disposal	24	-	(194.594)
Additions in investments in joint ventures		-	(1.991)
Payment of deferred consideration	35	-	(10.000.000)
Decrease/(Increase) in restricted cash balances	30	20.816	(64.648)
Interest received		263.768	15.018
Net cash used in investing activities		(19.425.061)	(25.854.249)

The notes on pages 20 to 81 form an integral part of these consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Note	2024 €	2023 €
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on redemption of redeemable shares	32	-	(25.000.000)
Repayments of borrowings	33	(19.413.505)	(4.716.045)
Repayment of loans from shareholders	41	(16.218.880)	-
Payments of leases liabilities	34	(397.837)	(312.157)
Proceeds from borrowings	33	7.000.000	39.500.000
Proceeds from loans from shareholders	41.6	-	16.000.000
Interest paid	33	(8.098.426)	(4.094.957)
Payment of loan arrangement fees		(56.097)	(114.752)
Deferred exit costs paid	26	-	(40.000.000)
Bank overdraft interest paid		(142.943)	-
Net cash used in financing activities		(37.327.688)	(18.737.911)
Net decrease in cash and cash equivalents		(8.055.885)	(28.960.585)
Cash and cash equivalents at beginning of the year		8.402.875	37.363.461
Cash and cash equivalents at end of the year	30	346.990	8.402.875

The notes on pages 20 to 81 form an integral part of these consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

1. Corporate information

Country of incorporation

The Company MHV Mediterranean Hospitality Venture Plc (the "Company") was incorporated in Cyprus on 16 October 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. In July 2023, the Company was converted to a public limited company. Its registered office is at Kyriakou Matsi 16, Eagle House, 6th Floor, Agioi Omologites, 1082 Nicosia, Cyprus.

Change of Company name and listing on Cyprus Stock Exchange Emerging Companies Market

On 25 August 2023, the Company changed its name from MHV Mediterranean Hospitality Venture Limited to MHV Mediterranean Hospitality Venture Plc.

On 16 October 2023, the Cyprus Stock Exchange (CSE) announced listing of the Company on the CSE Emerging Companies Market (ISIN code CY0200721716). Total number of shares listed were 120.200.720 ordinary shares with a nominal value of €1,00 and a trading price of €3,219 per share. Trading of securities commenced on 17 October 2023.

Principal activities

The Group invests in, repositions, manages as well as develops prime real estate assets in exclusive locations across the hospitality, residential and commercial sectors in Cyprus, Greece and the Mediterranean.

Hospitality

As at the reporting date, the Group owns and/or manages and/or develops the following properties in the hospitality and tourism sector:

- Parklane, a Luxury Collection Resort & Spa, in Limassol, through its wholly-owned subsidiary Parklane Hotels Limited,
- The Landmark hotel in Nicosia through its wholly-owned subsidiary, The Cyprus Tourism Development Company Limited (the "Landmark Nicosia"), which is currently under extensive renovation,
- Nikki Beach Porto Heli hotel in Porto Heli in Argolida, Greece, through its wholly-owned subsidiary, Porto Heli Hotel & Marina Single Member S.A.,
- Porto Paros hotel in Paros, Greece, through its wholly-owned subsidiary, MHV Bluekey One Single Member S.A.

Real Estate

The Group also owns and/or develops the following real estate properties:

- Park Tower which comprises of luxury flats in Limassol, through its wholly-owned subsidiary, Parklane Hotels Limited,
- A residential complex in Pyrgos, Limassol, used for the housing of staff of the Parklane hotel. The property is owned by the wholly-owned subsidiary, Stromay Holdings Limited,
- An office and a residential tower being developed at the land plot of the Landmark Nicosia, Cyprus,

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

2. Basis of preparation

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

As of the date of the authorisation of the consolidated financial statements, all IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2024 have been adopted by the EU through the endorsement procedure established by the European Commission.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, and financial assets at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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 financial statements are disclosed in Note 8.

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the parent company MHV Mediterranean Hospitality Venture Plc and the financial statements of its subsidiaries, as disclosed in the Note 23 of the consolidated financial statements.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Going concern basis

The financial statements of the Group have been prepared on a going concern basis. The Board of Directors considers that the Group has the ability to continue its operations as a going concern for a period of at least 12 months from the date of approval of these financial statements and that no significant uncertainty exists.

3. Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional currency of the Group.

4. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and are effective for accounting periods beginning on 1 January 2024.

The adoption of the following standards did not have a material effect on the accounting policies of the Group:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements

5. Material accounting policy information

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

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

5. Material accounting policy information (continued)

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Joint arrangements

Joint arrangements are arrangements of which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

5. Material accounting policy information (continued)

Joint arrangements (continued)

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises its assets, liabilities, revenue and expenses including its share of those held or incurred jointly. Investments in joint ventures are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

Segmental reporting

The Board of Directors is identified as the Chief Operating Decision Maker (CODM) and monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

The Group is organised by business segments and this is the primary format for segmental reporting. Each business segment provides products or services which are subject to risks and returns that are different from those of other business segments. The business segments are presented according to the internal reports of the Board of Directors used for decision-making.

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 recognised 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.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

5. Material accounting policy information (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 consolidated statement of profit or loss and other comprehensive income 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).

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

- **Sale of products**

Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

5. Material accounting policy information (continued)

Revenue (continued)

- **Rendering of services**

Rendering of services - over time:

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.

The input method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the services to the customer.

Rendering of services - at a point in time:

The Group concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

- **Land development and resale**

Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

- **Rental income**

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition the Group operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Group. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

5. Material accounting policy information (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

For qualifying assets that are measured at fair value, the Group opted to capitalise borrowing costs in accordance with IAS 23.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the consolidated statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings and Property under construction are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation and impairment for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less depreciation and impairment.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

5. Material accounting policy information (continued)

Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss.

Property under construction includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method so as to write off the cost or revalued amount of each asset to its residual value, over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	2-4
Plant and machinery	10-15
Motor vehicles	20
Furniture, fixtures and office equipment	8-10
Computer hardware	20

No depreciation is provided on land and property under construction.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

Deferred income

Deferred income represents income receipts which relate to future periods.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. Material accounting policy information (continued)

Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisations are calculated using the straight-line method to deduct the cost or revaluation of each intangible asset over its expected useful life.

The annual amortisation rate used is 10%.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use. The annual amortisation rate used is 20-33,3%.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

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5. Material accounting policy information (continued)

Leases (continued)

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

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5. Material accounting policy information (continued)

Leases (continued)

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if there is a modification, if there is a change in lease term or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the consolidated statement of financial position.

Impairment of non-financial assets

Intangible assets with indefinite useful economic life and goodwill are not subject to amortisation and are tested annually for impairment. Other non-financial 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.

An impairment loss is recognized for the amount that the carrying amount of an asset (or Cash Generating Unit) exceeds its recoverable amount. Recoverable amount is the greater of the fair value less costs to sell and the present value (present value of estimated future cash flows) of the asset (or NPV). An impairment loss is recognized immediately in profit or loss unless the asset is presented at a revalued amount, in which case an impairment loss is recognized as a reduction in the revaluation reserve.

Financial assets - Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss
- 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 FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

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5. Material accounting policy information (continued)

Financial assets - Recognition and derecognition

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

The Group assesses on a forward-looking basis the ECL for debt instruments measured at amortised cost and FVOCI and exposure 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 consolidated statement of profit or loss and other comprehensive income 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.

The financial instruments measured at amortized cost are presented in the consolidated statement of financial position net of the provision for expected credit losses.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit 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.

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Year ended 31 December 2024

5. Material accounting policy information (continued)

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

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 7, 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's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are included 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.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. They 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.

Classification as 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 transaction price, less loss allowance.

Trade receivables are recognised initially at the amount of transaction price 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.

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 7, 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 period of greater than 180 days past due.

Financial liabilities - measurement categories

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

5. Material accounting policy information (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 consolidated statement of financial position 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 consolidated statement of financial position 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.

Trade payables

Trade payables are initially measured at transaction price and are subsequently measured at amortised cost.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Prepayments

Prepayments are carried at cost. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Land and buildings under development

The cost of land and buildings under development and completed buildings for sale comprise the cost of acquiring the land and the development costs of the buildings. The development cost of the buildings includes raw materials, direct labour cost, depreciation of plant and equipment and other indirect costs of construction.

The land for development is carried at cost and included in land and buildings under development within inventories at the reporting date.

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5. Material accounting policy information (continued)

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Climate - related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

Fair value measurement of land and buildings: The fair value measurement of land and buildings may be impacted in several ways by transition risk, such as climate-related legislation and regulations and by changes in demand for the services provided due to the transition of consumers to more sustainable options. The Group believes that no single climate-related assumption was concluded to be a key assumption for the fair value measurement of land and buildings as at 31 December 2024.

Comparatives

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

6. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025)*

(ii) Issued by the IASB but not yet adopted by the European Union

- *Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (issued on 30 May 2024) (effective for annual periods beginning on or after 1 January 2026)*
- *Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024) (effective for annual periods beginning on or after 1 January 2026)*
- *Annual Improvements to IFRS Accounting Standards – Volume 11 (issued on 18 July 2024) (effective for annual periods beginning on or after 1 January 2026)*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) (effective for annual period beginning on or after 1 January 2027)*

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6. New accounting pronouncements (continued)

(ii) Issued by the IASB but not yet adopted by the European Union (continued)

- *IFRS 18 – Presentation and Disclosures in the Financial Statements: On 9 April 2024, the IASB has published its new standard IFRS 18 – 'Presentation and Disclosures in Financial Statements', that will replace IAS 1 – 'Presentation of Financial Statements' and will be effective for annual reporting periods beginning on or after 1 January 2027. In subsequent reporting periods, management will analyse the requirements of this new standard and assess its impact.*
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.*

The above are expected to have no material impact on the Group's consolidated financial statements when they become effective, except IFRS 18 for which the Board will analyse its requirements and re-assess its impact upon becoming effective.

7. Financial risk management objectives and policies

Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk, tourist industry risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

7.1 Interest rate risk

The Group is exposed to interest rate risk in relation to its current and non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2024 €	2023 €
Variable rate instruments		
Financial liabilities (Note 30, Note 33, Note 41.6)	109.877.992	134.879.480
	109.877.992	134.879.480

Sensitivity analysis

A decrease of 100 basis points in interest rates at 31 December 2024 would have increased equity and profit or loss by the amounts shown below. An increase of 100 basis points in interest rates at 31 December 2024 would have decreased equity and profit or loss by symmetrical amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2024 €	Equity 2023 €	2024 €	Profit or loss 2023 €
Variable rate instruments	1.215.815	874.706	1.215.815	874.706
	1.215.815	874.706	1.215.815	874.706

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7. Financial risk management objectives and policies (continued)

7.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, as well as trade and other receivables, receivables from related parties and deferred consideration receivable.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Group has established policies whereby the majority of bank balances are held with independently rated parties.

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 the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Receivables from related parties
- Cash and cash equivalents
- Deferred consideration receivable

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- 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 assets 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 asset 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"). 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.

Impairment losses are presented as net impairment losses on financial and contract assets within administration expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the 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 financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-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 behavior 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.

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Year ended 31 December 2024

7. Financial risk management objectives and policies (continued)

7.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

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 Group. The Group categorises a debt financial asset for write-off when a debtor fails to make contractual payments greater than 180 days past due. 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 the same line with the impairment losses.

The Group's exposure to credit risk for each class of asset/instrument subject to the expected credit loss model is set out below:

Trade receivables, including trade receivables from related parties

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets).

To measure the expected credit losses, trade receivables and contract assets 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 2024 or 1 January 2024 respectively 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.

The following gross accounting amounts represent the Group's maximum exposure to credit risk for these assets at 31 December 2024 and 31 December 2023:

	2024	2023
	€	€
Gross carrying amount - trade receivables (Note 28)	<u>4.675.573</u>	<u>5.247.102</u>

Following the Group's exercise, expected credit losses in the amount of an amount €9.077 were recognised during the year ended 31 December 2024 on trade receivables (2023:€nil).

There were no significant trade receivables and contract asset balances written off during the years ended 31 December 2024 and 31 December 2023 that are subject to enforcement activity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

7. Financial risk management objectives and policies (continued)

7.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Receivables from related parties

For receivables from related parties, other than trade receivables, the Group applies general approach - three stage model for impairment.

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2024 and 31 December 2023:

Group internal credit rating	2024 €	2023 €
Performing (Note 28)	<u>84.753</u>	<u>800.906</u>
Total	<u>84.753</u>	<u>800.906</u>

The Group does not hold any collateral as security for any receivables from related parties.

Expected credit losses on receivables from related parties were insignificant.

There were no receivables from related parties written off during the years ended 31 December 2024 and 31 December 2023 that are subject to enforcement activity.

Deferred consideration receivable

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2024 and 31 December 2023:

Group internal credit rating	2024 €	2023 €
Performing (Note 28)	<u>7.551.693</u>	<u>8.791.710</u>
Total	<u>7.551.693</u>	<u>8.791.710</u>

The Company does not hold any collateral as security for deferred consideration receivable.

Expected credit losses on deferred consideration receivable were insignificant.

There were no amounts of deferred consideration receivable written-off during the years ended 31 December 2024 and 31 December 2023 that are subject to enforcement activity.

Cash and cash equivalents

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

Bank deposits held with banks with investment grade rating are considered as low credit risk.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

7. Financial risk management objectives and policies (continued)

7.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2024 and 31 December 2023:

External credit rating	Internal credit rating	2024 €	2023 €
Aa3	Performing	21.788	-
Baa1	Performing	5.100.775	298.911
Ba2	Performing	-	4.438.819
Ba3	Performing	-	4.990.771
Non-rated	Performing	100.000	100.000
Total		5.222.563	9.828.501

The ECL on current accounts is considered to be approximate to zero, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Group does not hold any collateral as security for any cash at bank balances.

There were no cash at bank balances written off during the years ended 31 December 2024 and 31 December 2023 that are subject to enforcement activity.

7.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans, leases and loans and funding from its shareholders.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted payments:

31 December 2024	Carrying amounts	Contractual cash flows	Up to 12months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	104.903.323	138.673.850	6.913.638	9.184.434	26.334.929	96.240.849
Lease liabilities	1.759.691	3.724.999	246.028	171.400	417.000	2.890.571
Bank overdrafts	4.974.669	4.974.669	4.974.669	-	-	-
Trade and other payables	23.721.619	23.721.619	23.721.619	-	-	-
	135.359.302	171.095.137	35.855.954	9.355.834	26.751.929	99.131.420

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7. Financial risk management objectives and policies (continued)

7.3 Liquidity risk (continued)

31 December 2023	Carrying amounts	Contractual cash flows	Up to 12months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	117.283.595	161.277.839	14.923.850	13.841.151	47.083.113	85.429.725
Lease liabilities	2.060.115	4.151.996	411.997	261.028	449.400	3.029.571
Bank overdrafts	1.532.045	1.532.045	1.532.045	-	-	-
Trade and other payables	7.519.805	7.519.805	7.519.805	-	-	-
Payables to related parties	1.039.495	1.039.495	1.039.495	-	-	-
Loans from shareholders	16.063.840	16.218.880	16.218.880	-	-	-
	145.498.895	191.740.060	41.646.072	14.102.179	47.532.513	88.459.296

7.4 Tourist industry risk

- The political situation in Cyprus, Greek-Turkish relations and the political situation in the South-eastern Mediterranean area may seriously impact the tourism industry.
- The operations of the Group are characterised by a high degree of seasonality, between the summer and winter months. Specifically, the Group's high season is in the summer, between April and October, and its low season between the months of November and March.
- The competitiveness of Cyprus and Greece in the international tourism market and the increasing competition within the Cypriot and Greek markets may affect the results of the Group, due to the fact that the major part of operations is carried out during the summer period.
- The economic situation in Europe and the United States may adversely affect the tourism industry due to the fact that a significant number of tourists comes from Europe and the United States.
- Military action with the Russian invasion of Ukraine and conflict between Israel-Hamas in Gaza and the overall tension in Middle East region could negatively affect the tourism of Cyprus as it distorts some of the traditional markets for Cyprus tourism.

7.5 Capital risk management

Capital includes equity shares and share premium as well as shareholder loans and bank borrowings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

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8. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

- **Calculation of loss allowance**

When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Disclosures regarding the method used, significant assumptions and sensitivity on such assumptions are presented in note 7.

- **Fair value of land and buildings**

The fair value of real estate is determined on the basis of market value based on estimates by Management and independent appraisers. The Management exercises a judgment to determine the market value and makes assumptions, which are based mainly on the real estate market situation at each reporting date.

Land and buildings were revalued at fair value on 31 December 2024 and on 31 December 2023 based on an assessment made by independent real estate appraisers, with appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value of land and buildings in relation to Group's hotels was determined based on the income capitalization approach. The income capitalization approach uses the forecast net operating income of the property and allocates these future benefits to the mortgage and equity components, based on market rates of return and loan-to-value ratios. The value of each item is calculated through a discounted cash flow and income capitalization approach. The total of the mortgage component and the equity component is equal to the value of the property. This approach is often selected as the preferred valuation method for income-generating properties because it better reflects the investment thinking of knowledgeable buyers.

For land, the fair value was determined based on sales comparison approach. The Sales Comparison Approach estimates the value of a property by comparing it to similar properties recently sold on the open market. To obtain a supportable estimate of value, the sales price of a comparable property should be adjusted to reflect any dissimilarity between the comparable property and the subject one.

For residential complex, the fair value was determined using the depreciated replacement cost (DRC) and the discounted cash flow (DCF) methods. DRC method takes into account the quality of construction of the property and its location. The valuers weigh the results of the two methods with a factor number 80% for the DCF method and 20% for the DRC method, as they consider that the DCF method is the most appropriate.

Disclosures regarding the method used, significant assumptions and sensitivity on such assumptions are presented in Note 9.

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8. Critical accounting estimates, judgments and assumptions (continued)

As a result of the 31 December 2024 revaluation exercise performed, an impairment charge of €12.797.146 relating to Landmark hotel property under construction was recognised in the consolidated statement of profit or loss (Note 15) and revaluation gains of €17.586.573 relating to Parklane hotel, €19.038.034 relating to Porto Paros hotel, €916.174 relating to Nikki Beach Porto Heli hotel, €418.840 relating to a residential complex, totalling to €37.959.621 were recognised directly in other comprehensive income.

- **Net Realisable Value of Real Estate Inventory (Note 27)**

Based on IAS 2 "Inventories" and the accounting policy as presented in Note 5, the Group presents inventories of real estate and land and buildings under development at the lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

The net realisable value is based on estimates made by Management based on valuation assessments made on 31 December 2024 by independent real estate appraisers, with appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

This exercise requires the use of considerable judgment and estimates as to the measurement of the net realizable value and specifically in estimating the calculated construction costs, the estimated real estate sales prices as well as the timing and velocity of future sales.

On the basis of Management's assessment, an impairment charge during the year ended 31 December 2024 amounting to €2.248.098 was recognised in the consolidated statement of profit or loss in respect of Landmark Office Tower. No impairment was recognised for any other real estate properties as their estimated net realisable value exceeded their respective costs.

If the estimated net realisable value of each and all the real estate inventory of the Group was 10% lower than Management's estimates on 31 December 2024, an additional write down of €4.950.000 on the carrying amount of real estate inventory with a corresponding loss in consolidated statement of profit or loss and other comprehensive income would be required.

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9. Fair value measurement

All assets, liabilities and equity items for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

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

The fair value of property, plant and equipment has been determined by external independent property appraisers who have the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The most recent external valuations were performed on 31 December 2024.

In prior year ending 31 December 2023, the fair value of property, plant and equipment had been determined by external independent property appraisers who have the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The external valuations were performed on 31 December 2023, with the exception of the part of the Porto Paros hotel, acquired by the subsidiary MHV Bluekey One Single Member S.A. This property could not be reliably measured at fair value as the hotel was not in use by the Group due to certain disputes with the ex owners. Thus, the Management estimated that its fair value as at 31 December 2023 approximated its purchase cost and carrying amount of €35.220.850. In October 2024, the Company's subsidiary MHV Bluekey One Single Entity S.A. concluded the acquisition of Porto Paros hotel and disputes with ex-owners were resolved.

The calculation of fair value for all properties has been categorized in Level 3 of fair value based on the data used in the appraisal technique.

Transfers between levels

There have been no transfers between different levels during the year.

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Year ended 31 December 2024

9. Fair value measurement (continued)

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

<u>Description</u>	<u>Fair value at 31 December 2024</u> €	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of unobservable inputs to fair values</u>
Property, Plant and Equipment					
Hotels:	369.009.767	Income capitalization method/ Discounted Cash Flow Analysis	Occupancy rate	28% - 69%	The higher, the higher the fair value
The Landmark Nicosia					
Parklane, a Luxury Collection Resort & Spa					
Nikki Beach Porto Heli hotel					
Porto Paros hotel					
			Average room rate	€233 - €812	The higher, the higher the fair value
			Discount rate	9,6% - 11,4%	The higher, the lower the fair value
Land	3.060.000	Sales comparison approach	Average selling price - residential plot	€2.466 per sq.m.	The higher, the higher the fair value
Nikki Beach			Average selling price - commercial plot	€261 per sq.m.	The higher, the higher the fair value
			Average selling price - empty plot	€66 - €137 per sq.m.	The higher, the higher the fair value
Residential complex in Pyrgos	8.400.000	20% weight on Depreciated Replacement Cost and 80% weight on Discounted Cash Flow Analysis	Average purchase price of plot	€180 per sq.m.	The higher, the lower the fair value

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9. Fair value measurement (continued)

<u>Description</u>	<u>Fair value at 31</u> <u>December</u> <u>2024</u> <u>€</u>	<u>Valuation</u> <u>technique</u>	<u>Unobservable</u> <u>input</u>	<u>Range (weighted</u> <u>average)</u>	<u>Relationship of</u> <u>unobservable inputs to</u> <u>fair values</u>
			Average cost of construction per sq.m. - walled areas/covered areas	€1.500/€750 per sq.m.	The higher, the lower the fair value
			Average selling price per sq.m.	1st Floor: €3.540 - €3.640 2nd Floor: €3.640 -€3.740 Corner flats: 2% higher Common areas (kitchen) €3.000	The higher, the higher the fair value
			Discount rate	6,78%	The higher, the lower the fair value

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

9. Fair value measurement (continued)

<u>Description</u>	<u>Fair value at 31 December 2023</u> €	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of unobservable inputs to fair values</u>
Property, Plant and Equipment					
Hotels:	265.547.322	Income capitalization method/ Discounted Cash Flow Analysis	Occupancy rate	48% - 71%	The higher, the higher the fair value
The Landmark Nicosia					
Parklane, a Luxury Collection Resort & Spa					
Nikki Beach Porto Heli hotel			Average room rate	€189 - €454	The higher, the higher the fair value
			Discount rate	10% - 10,6%	The higher, the lower the fair value
Land	2.760.000	Sales comparison approach	Average selling price - residential plot	€2.435 per sq.m.	The higher, the higher the fair value
Nikki Beach			Average selling price - commercial plot	€256 per sq.m.	The higher, the higher the fair value
			Average selling price - empty plot	€133 per sq.m.	The higher, the higher the fair value
Residential complex in Pyrgos	8.228.000	20% weight on Depreciated Replacement Cost and 80% weight on Discounted Cash Flow Analysis	Average purchase price of plot	€180 per sq.m.	The higher, the lower the fair value
			Average cost of construction per sq.m. - walled areas/covered areas	€1.500/€750 per sq.m.	The higher, the lower the fair value

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9. Fair value measurement (continued)

<u>Description</u>	<u>Fair value at 31</u> <u>December</u> <u>2023</u> <u>€</u>	<u>Valuation</u> <u>technique</u>	<u>Unobservable</u> <u>input</u>	<u>Range (weighted</u> <u>average)</u>	<u>Relationship of</u> <u>unobservable inputs to</u> <u>fair values</u>
			Average selling price per sq.m.	1st Floor: €3.440 - €3.540 2nd Floor: €3.540 - €3.640 Corner flats: 2% higher Common areas (kitchen) €3.000	The higher, the higher the fair value
			Discount rate	6,75%	The higher, the lower the fair value

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Year ended 31 December 2024

Sensitivity of Management's estimates 31 December 2024

<u>Description</u>	<u>Change</u>
Property, plant and equipment	
Hotels	
Change in occupancy rate/ average room rate	+/- 10%
Discount rate change	+/- 10%
Fair value range based on changes in key estimates	€291.840.000- €456.640.000
Land, Nikki Beach	
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€2.750.000- €3.370.000
Residential complex in Pyrgos	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€7.675.000- €9.139.000

Sensitivity of Management's estimates 31 December 2023

<u>Description</u>	<u>Change</u>
Property, plant and equipment	
Hotels	
Change in occupancy rate/ average room rate	+/- 10%
Discount rate change	+/- 10%
Fair value range based on changes in key estimates	€219.110.000 - €317.270.000
Land, Nikki Beach	
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€2.480.000 - €3.040.000
Residential complex in Pyrgos	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€7.521.000- €8.948.000

10. Segmental reporting

The Company's Board of Directors has not applied significant estimates and calculations regarding the definition of the Group's operating segments. The Group's hotels operations have been grouped as one operating segment in accordance with the basic principle of IFRS 8, as they have similar financial characteristics as described in paragraph 12 of IFRS 8. The same applies for the real estate property development business of the Group which has also been grouped as an operating segment.

The Board of Directors monitors internal reports to assess the Group's performance and allocate its resources. The Board of Directors relies on these internal reports to determine the segmental areas. The main segment areas of activity of the Group for which an analysis is given by area are the following:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

10. Segmental reporting (continued)

- Hotel operations and Other

- Real Estate

All the Group's segmental areas of activity are located in Cyprus and Greece. There were no changes in the Group's areas of activity during 2024 and 2023.

The Board of Directors evaluates the performance of the operating segments based on earnings/(loss) before interest, tax, depreciation and impairment (EBITDA). The other information provided is calculated according to the consolidated financial statements.

In 2024, the segment reporting note has been updated to reflect the IFRIC Agenda Decision on IFRS 8 paragraph 23, which requires the entity to disclose certain specified items of profit or loss if these are included in the measure of segment profit or loss reviewed by CODM, or otherwise provided to CODM, even if not included in that measure of segment of profit or loss. The amounts of 2023 were also adjusted to reflect the comparative information.

Results per segment

The segment results for the year ended 31 December 2024 and 31 December 2023 are as follows:

2024

	Hotel operations and Other - Cyprus €	Hotel operations - Greece €	Total Hotel operations and Other €	Real Estate - Cyprus €	Total €
Revenue	54.568.961	3.469.967	58.038.928	11.137.015	69.175.943
Cost of sales	(36.653.580)	(3.212.492)	(39.866.072)	(9.360.289)	(49.226.361)
Gross profit	17.915.381	257.475	18.172.856	1.176.726	19.949.582
General and administration expenses excluding depreciation	(8.150.842)	(1.154.728)	(9.305.570)	(1.785.634)	(11.091.204)
Other losses	(13.788.814)	-	(13.788.814)	(2.248.098)	(15.626.912)
(Loss)/ profit before interest, tax, depreciation, amortisation and impairment (EBITDA)	5.880.153	948.170	6.828.323	4.024.824	10.853.147
Depreciation	(6.749.025)	(588.842)	(7.337.867)	-	(7.337.867)

2023

	Hotel operations and Other - Cyprus €	Hotel operations - Greece €	Total Hotel operations and Other €	Real Estate - Cyprus €	Total €
Revenue	50.140.883	3.043.354	53.184.236	3.542.824	56.727.060
Cost of sales	(34.505.083)	(2.853.949)	(37.359.032)	(3.052.966)	(40.411.998)
Gross profit	15.635.800	189.404	15.825.204	489.858	16.315.062
General and administration expenses excluding depreciation	(9.547.404)	(1.784.572)	(11.131.976)	(754.870)	(12.086.846)
Other (losses)/ gains	(1.415.135)	(2.856.252)	(4.271.387)	690.254	(3.581.133)
(Loss)/ profit before interest, tax, depreciation, amortisation and impairment (EBITDA)	6.885.496	(1.389.413)	5.496.083	(689.892)	4.806.191
Depreciation	(5.846.959)	(659.995)	(6.506.954)	-	(6.506.954)

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10. Segmental reporting (continued)

The reconciliation between EBITDA and net loss for the year are as follows:

	2024	2023
	€	€
Profit before interest, tax, depreciation, amortisation and impairment (EBITDA)	10.853.147	4.806.191
Depreciation	(7.337.867)	(6.506.954)
Amortisation	(127.201)	(130.219)
Settlement of deferred exit costs	(40.000.000)	-
Other losses	(15.626.912)	(224.002)
Operating loss	(52.238.834)	(2.054.983)
Net finance costs	(6.789.426)	(6.398.278)
Share of results of joint venture	-	4.205.854
Loss on disposal of subsidiaries	-	(292.829)
Impairment of goodwill	-	(2.856.252)
Loss before tax	(59.028.259)	(7.396.488)
Tax	998.646	5.297.357
Net loss for the year	(58.029.613)	(2.099.131)

Revenue from major customers

The Group has no major customer that exceeds 10% of total revenue during 2024 and 2023.

Assets and liabilities per segment for the year ended 31 December 2024 and 31 December 2023 are as follows:

2024

	Hotel operations and Other - Cyprus	Hotel operations - Greece	Total Hotel operations and Other	Real Estate - Cyprus	Total
	€	€	€	€	€
Assets	297.971.288	115.058.891	413.030.179	170.192.599	583.222.778
Liabilities	121.817.260	9.530.198	131.347.458	55.936.671	187.284.129

2023

	Hotel operations and Other - Cyprus	Hotel operations - Greece	Total Hotel operations and Other	Real Estate - Cyprus	Total
	€	€	€	€	€
Assets	290.936.491	80.324.876	371.261.367	156.479.882	527.741.249
Liabilities	137.966.057	8.747.458	146.713.515	33.289.770	180.003.285

Assets per segment differ from total assets as per the consolidated statement of financial position as follows:

	2024	2023
	€	€
Total assets from reportable operating segments	583.222.778	527.741.249
Deferred tax assets	933.160	671.130
Deferred exit cost	-	40.000.000
Financial assets at fair value through profit or loss	1.001	1.001
Assets classified as held for sale	-	30.000.000
Total assets as per consolidated statement of financial position	584.156.939	598.413.380

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Year ended 31 December 2024

10. Segmental reporting (continued)

Liabilities per segment differ from total liabilities as per the consolidated statement of financial position as follows:

	2024	2023
	€	€
Total liabilities from reportable operating segments	187.284.129	180.003.285
Deferred tax liabilities	19.402.213	14.840.606
Current tax liabilities	488.961	44.795
Total liabilities as per consolidated statement of financial position	<u>207.175.303</u>	<u>194.888.685</u>

11. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

Disaggregation of revenue

	2024	2023
	€	€
Hotel Operations	56.113.667	51.604.646
Real estate development	11.137.015	3.542.824
Boutique sales	-	308.861
Advertising income	18.750	-
Other operations	<u>1.906.511</u>	<u>1.270.729</u>
	<u>69.175.943</u>	<u>56.727.060</u>

12. Cost of sales

	2024	2023
	€	€
Changes in inventories (Note 27)	9.360.289	3.640.730
Salaries (Note 16)	18.838.555	17.578.322
Purchases	7.094.594	6.571.450
Direct costs - goods, materials and services	250.826	374.445
Other direct costs	3.381.331	3.393.716
Departmental expenses	5.484.028	5.101.575
Commissions payable	2.762.724	2.028.614
Entertainment	802.307	634.219
Gardening expenses	274.206	270.788
Uniforms	6.315	4.793
Repairs and maintenance	<u>971.186</u>	<u>813.346</u>
	<u>49.226.361</u>	<u>40.411.998</u>

13. Other income

	2024	2023
	€	€
Other income	<u>1.867.568</u>	<u>948.636</u>
	<u>1.867.568</u>	<u>948.636</u>

During 2024, the Group received €1,5 million insurance compensation relating to damages caused and repairs performed for Nikki Beach Porto Heli hotel as a result of storm Daniel in September 2023.

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14. General and administration expenses

	2024	2023
	€	€
Salaries (Note 16)	3.319.836	1.980.330
Security expenses	37.763	86.588
Licenses and taxes	111.556	325.745
Annual levy	-	1.272
Electricity, fuel, water, sewerage and cleaning	4.065.806	4.236.012
Insurance	500.932	438.811
Repairs and maintenance	37.254	28.876
Sundry expenses	230.207	712.551
Telephone and postage	22.603	21.544
Stationery and printing	23.307	21.726
Subscriptions and contributions	44.637	37.499
Rent and operating lease rentals	43.443	40.250
Sundry staff costs	41.957	9.399
Auditor's remuneration - current year	153.250	144.500
Auditor's remuneration - prior year	18.045	53.716
Tax services charged by statutory audit firm	7.300	6.750
Other non-audit services charged by statutory audit firm	102.365	59.783
Legal and professional	1.568.997	3.218.850
Fines	379	8.301
Other assurance services charged by statutory audit firm	38.750	25.150
Travelling	131.318	109.203
Irrecoverable VAT	18.549	92.392
Write off of financial assets	-	23.962
Expected credit losses of financial assets	-	(43.067)
Entertaining	233.235	195.239
Advertising and promotion costs	212.514	121.246
Amortisation of intangible assets (Note 22)	127.201	130.219
Depreciation (Notes 20 and 21)	7.337.867	6.506.953
	18.429.071	18.593.800

The total fees charged by the statutory audit firm for the statutory audit of the Group's annual financial statements for the year ended 31 December 2024 amounted to €121.450 (2023: €113.250). The total fees charged by the statutory audit firm for the year ended 31 December 2024 for tax compliance services amounted to €7.300 (2023: €6.750), for other non-audit services amounted to €102.365 (2023: €59.783) and for other assurance services amounted to €38.750 (2023: €25.150). The statutory audit firm fees disclosed exclude VAT and out of pocket expenses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

15. Other losses/ (gains) - net

	2024	2023
	€	€
Loss on liquidation of joint venture (Note 25)	-	10.969
Waiver of receivables	-	55.298
Impairment loss on land and buildings (Note 20)	12.797.146	390.358
Receivable from joint venture written off	569.839	-
Impairment charge - investments in joint venture prior to reclassification to held for sale (Note 25, 31)	-	557.841
Impairment charge - goodwill (Note 22)	-	2.856.252
Write off of property, plant and equipment (Note 20)	11.829	32.227
Provision for legal claims	-	103.950
Other taxes	-	330.662
Impairment charge/ (reversal of impairment) - land and buildings under development (Note 27)	2.248.098	(756.424)
	15.626.912	3.581.133

16. Salaries

	2024	2023
	€	€
Salaries including discretionary bonuses (inclusive of Directors and key management remuneration)	19.254.359	16.913.156
Social security, provident fund and other contributions	2.706.749	2.448.601
Other - Business meals, travel and accommodation	197.283	196.895
	22.158.391	19.558.652

Average number of employees:

Full time	672	441
Part time	9	67
	681	508

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

17. Finance income/(costs)

	2024 €	2023 €
Finance income		
Bank interest	263.768	22.857
Effective interest income on deferred consideration receivable (Note 28)	259.983	310.733
	523.751	333.590
Finance costs		
Interest expense		
Interest expense	(6.289.528)	(5.317.300)
Effective interest expenses on deferred consideration payable (Note 35)	-	(318.025)
Interest expense on lease liabilities (Note 34)	(124.700)	(126.701)
Sundry finance expenses		
Bank charges	(698.184)	(631.103)
Sundry finance costs	-	(41.337)
Bank commission on letters of guarantee	-	(140.000)
Amortisation of loan arrangement fees	(204.135)	(162.768)
Net foreign exchange losses		
Unrealised foreign exchange profit	3.989	6.180
Unrealised foreign exchange loss	(619)	(814)
	(7.313.177)	(6.731.868)
Net finance costs	(6.789.426)	(6.398.278)

18. Tax

	2024 €	2023 €
Corporation tax - current year	1.193.111	24.552
Corporation tax - prior years	-	98.162
Defence contribution - current year	405	-
Defence contribution - prior years	878	-
Deferred tax - credit (Note 36)	(2.193.040)	(5.420.071)
Credit for the year	(998.646)	(5.297.357)

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Year ended 31 December 2024

18. Tax (continued)

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

	2024 €	2023 €
Loss before tax	(59.028.259)	(7.396.488)
Tax calculated at the applicable tax rates	(7.378.532)	(924.561)
Tax effect of expenses not deductible for tax purposes	8.457.417	2.214.829
Tax effect of allowances and income not subject to tax	114.226	(1.265.716)
Defence contribution current year	405	-
Deferred tax	(2.193.040)	(5.420.071)
Prior year taxes	878	98.162
Tax charge	(998.646)	(5.297.357)

The corporation tax rate in Cyprus is 12,5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

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

The corporation tax rate in Greece is 22%. Under certain conditions interest income may be subject to tax at the rate of 15%. In such cases this interest will be exempt from corporation tax.

19. Basic and Diluted Earnings per share attributable to equity holders of the parent

	2024	2023
Loss attributable to shareholders (€)	(58.029.613)	(2.099.131)
Weighted average number of ordinary shares in issue during the year	120.200.720	53.679.960
Basic and Diluted Earnings per share attributable to equity holders of the parent (cent)	(48,28)	(3,91)

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20. Property, plant and equipment

	Land and buildings	Property under construction	Cutlery, linen & uniforms	Motor vehicles	Furniture, fixtures and office equipment	Computer hardware	Total
	€	€	€	€	€	€	€
Cost or valuation							
Balance at 1 January 2023	343.899.825	23.912.262	2.504.136	211.312	17.774.557	1.062.825	389.364.917
Reclassification	163.516	(152.000)	-	-	5.277	-	16.793
Additions	2.777.807	10.501.690	137.426	17.700	1.423.378	24.853	14.882.854
Capitalisation of borrowing costs	-	181.762	-	-	-	-	181.762
Write off of property, plant and equipment (Note 15)	-	-	-	-	(56.939)	-	(56.939)
Disposals from disposals of subsidiaries (Note 24)	-	-	-	-	(35.791)	-	(35.791)
Impairment charge (Note 15)	-	(390.358)	-	-	-	-	(390.358)
Reclassification to inventories (Note 27)	(77.800.000)	-	-	-	-	-	(77.800.000)
Balance at 31 December 2023/ 1 January 2024	269.041.147	34.053.356	2.641.562	229.012	19.110.483	1.087.678	326.163.238
Additions	36.660.793	11.698.640	3.800	21.533	1.201.289	58.835	49.644.890
Capitalisation of borrowing costs	-	986.521	-	-	-	-	986.521
Write off of property, plant and equipment (Note 15)	-	-	-	-	(11.829)	-	(11.829)
Impairment charge (Notes 8 and 15)	-	(12.797.146)	-	-	-	-	(12.797.146)
Revaluation adjustment (Note 8)	26.490.211	-	-	-	-	-	26.490.211
Balance at 31 December 2024	332.192.151	33.941.371	2.645.362	250.545	20.299.943	1.146.513	390.475.885
Depreciation							
Balance at 1 January 2023	302.848	-	-	136.149	5.353.545	911.512	6.704.054
Charge for the year	4.481.337	-	-	10.302	1.576.983	81.418	6.150.040
Disposals from disposals of subsidiaries (Note 24)	-	-	-	-	(6.581)	-	(6.581)
Write off of property, plant and equipment (Note 15)	-	-	-	-	(24.713)	-	(24.713)
Revaluation adjustment	1.498.430	-	-	-	-	-	1.498.430
Balance at 31 December 2023/ 1 January 2024	6.282.529	-	-	146.451	6.899.234	992.930	14.321.144
Charge for the year	5.393.153	-	-	4.618	1.602.584	60.087	7.060.442
Revaluation adjustment (Note 8)	(11.469.410)	-	-	-	-	-	(11.469.410)
Balance at 31 December 2024	206.273	-	-	151.069	8.501.818	1.053.017	9.912.177
Net book amount							
Balance at 31 December 2024	331.985.878	33.941.371	2.645.362	99.476	11.798.125	93.496	380.563.708
Balance at 31 December 2023	262.758.618	34.053.356	2.641.562	82.561	12.211.249	94.748	311.842.094

The amount of 'Property Under Construction' relates to the hotel building of the subsidiary, The Cyprus Tourism Development Company Limited. The hotel of the subsidiary is currently under renovation and no depreciation is provided for the years ended 31 December 2024 and 31 December 2023. Completion of the works and operations of the hotel is expected to start in the 4th quarter of 2025.

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20. Property, plant and equipment (continued)

An amount of €88.783.659 (2023: €35.202.659) which is included in the Land and Buildings as of 31 December 2024, relates to Porto Paros hotel. Following the conclusion of the acquisition of Porto Paros hotel in October 2024 (Note 9), the advance payment included in Note 28 was reclassified to Property, Plant and Equipment and included within additions. As at 31 December 2024, Porto Paros hotel is not still in use as Management plans to proceed with renovation and then open the hotel. As a result, no depreciation is provided for this property for the years ended 31 December 2024 and 31 December 2023.

During the year 2024, €947.873 (2023: €174.400) and €38.647 (2023: €7.362) of interest and amortised loan arrangement fees respectively were capitalised in property under construction of the subsidiary, The Cyprus Tourism Development Company Limited (Note 33). With the exception of project specific borrowings which are capitalised as incurred, the rate used to determine the amount of borrowing costs eligible for capitalisation was 7,05% (2023: 6,48%).

During the year 2023, property under construction of €152.000 of the subsidiary, Parklane Hotels Limited, was reclassified to the appropriate category of property, plant and equipment as it was completed and it was ready for use.

The land and buildings have been used as collateral in the Group's loan agreements, as noted in Notes 30 and 33.

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

	2024	2023
	€	€
Cost	213.113.724	163.767.770
Accumulated depreciation	(25.725.313)	(20.332.160)
Net book amount	<u>187.388.411</u>	<u>143.435.610</u>

Revaluation of land and buildings

Land and buildings were revalued at fair value on 31 December 2024 and on 31 December 2023 based on an assessment made by independent real estate appraisers, with appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

As a result of the 31 December 2024 revaluation exercise performed, an impairment charge of €12.797.146 relating to Landmark hotel property under construction was recognised in the consolidated statement of profit or loss (Note 15) and revaluation gains of €17.586.573 relating to Parklane hotel, €19.038.034 relating to Porto Paros hotel, €916.174 relating to Nikki Beach Porto Heli hotel, €418.840 relating a residential complex, totalling to €37.959.621 were recognised directly in other comprehensive income.

Fair value hierarchy

The methodology and information used to estimate fair values at the reporting date are given in Note 9.

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21. Right-of-use assets

	Beach Leases €	Properties €	Total €
Cost			
Balance at 1 January 2023	2.230.619	533.412	2.764.031
Additions	-	369.490	369.490
Lease modification	(409.028)	-	(409.028)
Balance at 31 December 2023/ 1 January 2024	1.821.591	902.902	2.724.493
Termination	-	(40.928)	(40.928)
Balance at 31 December 2024	1.821.591	861.974	2.683.565
Depreciation			
Balance at 1 January 2023	278.828	222.136	500.964
Charge for the year	55.099	301.815	356.914
Balance at 31 December 2023/ 1 January 2024	333.927	523.951	857.878
Charge for the year	55.098	222.329	277.427
Termination	-	(13.643)	(13.643)
Balance at 31 December 2024	389.025	732.637	1.121.662
Net book amount			
Balance at 31 December 2024	1.432.566	129.337	1.561.903
Balance at 31 December 2023	1.487.664	378.951	1.866.615

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22. Intangible assets

	Goodwill	Intangible assets	Total
	€	€	€
Cost			
Balance at 1 January 2023	2.856.252	1.430.312	4.286.564
Additions	-	37.782	37.782
Impairment charge	(2.856.252)	-	(2.856.252)
Reclassification from property, plant and equipment (Note 20)	-	(16.793)	(16.793)
Balance at 31 December 2023/ 1 January 2024	-	1.451.301	1.451.301
Additions	-	64.755	64.755
Balance at 31 December 2024	-	1.516.056	1.516.056
Amortisation			
Balance at 1 January 2023	-	468.404	468.404
Amortisation for the year	-	130.219	130.219
Balance at 31 December 2023/ 1 January 2024	-	598.622	598.622
Amortisation for the year	-	127.201	127.201
Balance at 31 December 2024	-	725.823	725.823
Net book amount			
Balance at 31 December 2024	-	790.233	790.233
Balance at 31 December 2023	-	852.679	852.679

The goodwill is distributed to the cash-generating units and the goodwill included in the financial statements of the Group represents the goodwill paid for the acquisition of the subsidiary "Porto Heli Hotel & Marina Single Member S.A."

The intangible assets as of 31 December 2024 and 31 December 2023 comprise primarily of licence fee and computer software. Licence fee of cost €1.000.000 acquired in 2022, relate to a licence fee payable by the subsidiary Parklane Hotels Limited to a non-related party, who acts as the operator under the agreement dated 24 May 2022. According to the agreement, the operator provides restaurant consultancy services in relation to the fit-out of a new restaurant at the Hotel and operates and manages the restaurant under a brand name for a duration of 10 years.

Impairment assessment

Goodwill

The recoverable amount of the above CGUs has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period. The Management prepares the financial budgets based on past performance experience and its expectations for business and market developments. The discount rate used does not include the tax effects and reflects specific risks relating to the CGU.

The impairment review exercise for the year ended 31 December 2023 resulted in an impairment charge of €2.856.252 (Note 15). During 2024, there was no goodwill.

Intangible assets

No impairment indications were identified for other intangible assets.

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23. Details of subsidiaries

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2024 Holding %	2023 Holding %
The Cyprus Tourism Development Company Limited	Cyprus	Hotels, tourism and real estate	100	100
Parklane Hotels Limited	Cyprus	Hotels, tourism and real estate	100	100
Porto Heli Hotel & Marina Single Member S.A.	Greece	Hotels, tourism and real estate	100	100
MHV Bluekey One Single Member S.A.	Greece	Hotels, tourism and real estate	100	100
MHV Lifestyle Limited (Note 24)	Cyprus	Retail	-	-
Stromay Holdings Limited	Cyprus	Holding of real estate property	100	100
Parklane Beach Bar Limited	Cyprus	Dormant	-	100

On 6 December 2023, the Company sold its 100% share in MHV Lifestyle Limited (Note 24).

Parklane Beach Bar Limited was liquidated during 2024.

All subsidiaries are included in the consolidation.

24. Disposal of subsidiary

On 6 December 2023, the Company sold its 100% share in MHV Lifestyle Limited, for an amount of €225.000. At the date of the disposal the Company owed an amount of €225.000 to the subsidiary. Both parties decided to set off the amounts and the Company transferred the shares to the purchaser (Note 30). The carrying amount of the net assets at the date of the disposal was €517.829, thus the loss on disposal of subsidiary was €292.829 (Note 15).

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24. Disposal of subsidiary (continued)

The assets and liabilities disposed were as follows:

	MHV Lifestyle Limited 2023 €
Property, plant and equipment	29.210
Inventories	47.174
Trade and other receivables	41.678
Cash at bank and in hand	194.594
Shareholder debit balances	225.000
Trade and other payables	(16.410)
Provisions for other liabilities and charges	(3.417)
Net assets disposed	517.829
Fair value consideration received	225.000
Cash and cash equivalents disposed	(194.594)
Non-cash settlement against payable balance	(225.000)
Cash outflow on disposal	(194.594)

MHV Lifestyle Limited contributed €308.861 of revenues and €88.057 of profit before tax for the period between 1 January 2023 and the disposal date in 2023.

25. Investments in joint ventures

	2024 €	2023 €
Balance at 1 January	-	26.374.913
Additions	-	648.988
Share of joint venture gain	-	4.205.854
Dividends received	-	(569.840)
Share of other comprehensive income	-	(91.105)
Loss on liquidation of joint venture (Note 15)	-	(10.969)
Impairment charge prior to reclassification to held for sale (Note 15)	-	(557.841)
Transfer to Assets held for sale (Note 31)	-	(30.000.000)
Balance at 31 December	-	-

The details of the joint ventures were as follows:

Name	Country of incorporation	Principal activities	2024 Holding %	2023 Holding %
L'Union Branded Residences	Cyprus	Dormant	-	-
Aphrodite Hills Resort Limited sub-group	Cyprus	Hotels, Tourism and Real Estate	-	50

On 18 September 2023, the Registrar of Companies certified the strike-off of 'L'Union Branded Residences'. An impairment charge of €10.969 was recognised in the statement of profit or loss and other comprehensive income (Note 15).

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25. Investments in joint ventures (continued)

On 5 January 2024, the Group signed an agreement to sell fully its 50% holding in Aphrodite Hills Resort Limited sub-group to W.R.A. Consultants Ltd. The consideration price as per the agreement was €30.000.000. As of 31 December 2023, the carrying amount of the investment in joint venture was €30.557.841 prior to its reclassification. Management assessed that on 31 December 2023, IFRS 5 criteria for assets held for sale classification were met.

Non-current assets classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell. Therefore, before the reclassification to Assets classified as held for sale (Note 31) an impairment charge of €557.481 was recognised in the statement of profit or loss and other comprehensive income for the year ended 31 December 2023. On the same date the investment in joint venture was reclassified to Assets classified as held for sale (Note 31).

The joint venture investment in Aphrodite Hills Resort Limited sub-group, comprised of Aphrodite Hills Resort Limited and its following subsidiaries and associate:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2024 Holding %	2023 Holding %
Aphrodite Hotels Limited	Cyprus	Hotels, Tourism and Real Estate	-	50
Aphrodite Hill Services Limited	Cyprus	Provision of drainage and security services to properties located at Aphrodite Hills	-	50
Aphrodite Hills Property Management Limited	Cyprus	Provision of repairs, maintenance and rentals to owners/residents	-	50
The Aphrodite Tennis & Spa Limited	Cyprus	Operation of a tennis academy	-	50
Aphrodite Hills Pantopoleion Limited	Cyprus	Operation of supermarkets at Aphrodite Hills	-	22,5%

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25. Investments in joint ventures (continued)

Significant aggregate amounts in respect of Joint Venture 'Aphrodite Hills Resort Limited ' sub-group:

	2024 €	2023 €
Non-current assets	-	78.235.289
Current assets	-	50.948.533
Non-current liabilities	-	(38.902.927)
Current liabilities	-	(29.165.214)
Net assets (100%)	-	61.115.681
Group's share of net assets (50%)	-	30.557.841
Impairment loss recognised in investment in joint venture before the classification as held for sale (Note 15)	-	(557.841)
Reclassification to Assets classified as held for sale (Note 31)	-	(30.000.000)
Carrying amount of interest in joint venture	-	-

	2024 €	2023 €
Revenue	-	52.240.934
Cost of sales	-	(33.338.583)
Other operating income	-	486.015
Marketing and administrative expenses	-	(10.040.918)
Net finance costs	-	(1.733.671)
Share of loss of associate	-	262.225
Tax	-	535.705
Profit/(Loss) for the period (100%)	-	8.411.707
Other comprehensive loss (100%)	-	(182.210)
Total comprehensive income (100%)	-	8.229.498
Total comprehensive income(50%)	-	4.114.749
Group's share of profit and total comprehensive income	-	4.114.749
Group's share of profit	-	4.205.854
Group's share of other comprehensive loss	-	(91.105)
Dividends received by the Group	-	569.840

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26. Deferred exit costs

	2024 €	2023 €
Deferred exit costs classified as current assets	-	40.000.000
	-	40.000.000
Less current portion	-	(40.000.000)
Non-current portion	-	-

On 24 January 2024, Prodea Real Estate Investment Company S.A. (buyer) concluded the acquisition of the additional 55% stake in MHV from Ascetico Limited, hence the Deferred exit costs of €40.000.000 paid by the Company in 2023 and reported within Current Assets on the statement of financial position as at 31 December 2023, were expensed in the statement of profit or loss and other comprehensive income on the same date (i.e. 24 January 2024). The Deferred exit costs were related to payments which became unconditionally due by MHV upon the successful closing of the Group's sale.

27. Inventories

	2024 €	2023 €
Hotels inventories	1.403.502	1.427.691
Real estate inventory:		
Stock of completed property - Parklane Park Tower I	17.596.102	25.729.263
Land under development - Parklane East and West Towers	78.380.673	78.012.228
Land and buildings under development - Landmark Office Tower	49.500.000	38.037.583
Land and buildings under development - Landmark Residential Tower	23.513.606	12.475.159
	<u>170.393.883</u>	<u>155.681.924</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to €9.360.289 (2023: €3.640.730).

Inventories are stated at the lower of cost and net realisable value.

An amount of €2.248.098 was recognised in the statement of profit or loss and other comprehensive income as impairment charge (2023: €756.424 reversal of impairment) in the value of land and buildings under development of Landmark Office Tower (Note 15). Refer further to Note 8.

During the year 2024, €984.840 (2023: €106.108) and €25.207 (2023: €4.679) of interest and amortised loan arrangement fees respectively were capitalised in land and buildings under development of Landmark Office Tower and an amount of €226.993 (2023: €213.352) of interest and amortised loan arrangement fees was capitalised in land and buildings under development of Landmark Residential Tower (Note 33). With the exception of project specific borrowings which are capitalised as incurred, the rate used to determine the amount of borrowing costs eligible for capitalisation was 7,05% (2023: 6,48%).

In September 2023, the subsidiary, Parklane Hotels Limited, obtained planning permit to build two additional towers, East and West Towers for resale. Therefore, due to the change in use, the amount of €77.800.000 has been reclassified from Property, Plant and Equipment (Note 20) to inventories in September 2023. The land was transferred at fair value on date of transfer, which was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property. The cost of East and West Towers also includes professional fees related to their development.

The Group's inventories have been used as collateral in the loan agreements, as mentioned in Note 33.

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28. Trade and other receivables

	2024 €	2023 €
Trade receivables	4.419.926	3.406.315
Trade receivables from related parties (Note 41.4)	255.647	1.840.787
Less: loss allowance on trade receivables	(47.363)	(38.286)
Trade receivables - net	4.628.210	5.208.816
Receivables from related parties (Note 41.4)	60.196	699.644
Shareholders' current accounts - debit balances (Note 41.7)	24.557	101.262
Deposits and prepayments (see note 1 below)	1.253.753	27.542.892
Advances to subcontractors (see note 2 below)	4.045.741	3.117.719
VAT receivable	2.211.840	1.190.646
Tax refundable	10.566	-
Deferred consideration receivable (see note 3 below)	7.551.693	8.791.710
Prepaid loan arrangement fee for utilised loan	553.923	717.412
Other receivables	4.207.081	128.268
	24.547.560	47.498.369
Less non-current receivables	(5.056.893)	(34.035.257)
Current portion	19.490.667	13.463.112

Note 1: In 2023 an amount of €26.730.147, which was included in the 'Deposits and prepayments', related to an advance payment for the purchase of the Porto Paros hotel complex on the island of Paros in Greece. The amount was classified as non-current. In October 2024, following the conclusion of the acquisition of Porto Paros hotel (Note 9), this amount was reclassified to Property, plant and equipment along with any extra payments made during the year for the acquisition of the hotel (Note 20).

Note 2: The amount of €4.045.741 (2023: €3.117.719) relates to advance payments paid to subcontractors for the renovation of The Landmark hotel, of the subsidiary, The Cyprus Tourism Development Company Limited.

Note 3: The amount of €7.551.693 (2023: €8.791.710) relates to the deferred consideration receivable in respect of the sale of 50% of the investment in Aphrodite Hills Resort Limited sub-group in 2022. Under the sale agreement an amount of €10.500.000 is receivable on five installments. The last installment is receivable on 24 November 2027. On 24 November 2023 and 24 November 2024, the Company received the first installment of €1.000.000 and the second instalment of €1.500.000 respectively. The third installment of €2.500.000 is due on 24 November 2025 and is classified as current. The remaining amount of €5.051.693 is classified as non-current. The amount of €10.500.000 was discounted using a discount rate of 3% as at 24 November 2022, resulting to €9.480.977. The effective interest income for the year 2024 amounted to €259.983 (2023: €310.733) (Note 17).

Ageing of trade receivables - net:

	2024 €	2023 €
Up to 30 days	3.540.635	3.633.537
31-120 days	526.662	670.126
More than 120 days	560.913	905.153
	4.628.210	5.208.816

The Group has recognised a loss of €9.077 for the impairment of its trade receivables during the years ended 31 December 2024 (2023: €nil). The loss has been included in administration expenses in profit or loss.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

28. Trade and other receivables (continued)

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the consolidated financial statements.

29. Financial assets at fair value through profit or loss

	2024	2023
	€	€
Balance at 1 January	<u>1.001</u>	<u>1.001</u>
Balance at 31 December	<u>1.001</u>	<u>1.001</u>

Investment in MHV IA Limited

The Company owns 9,10% of MHV IA Limited shares. MHV IA Limited is currently dormant.

30. Cash at bank and in hand

	2024	2023
	€	€
Cash in hand	142.928	171.067
Cash at bank	5.178.731	9.763.853
Restricted bank accounts	<u>43.832</u>	<u>64.648</u>
	<u>5.365.491</u>	<u>9.999.568</u>

The restricted bank balances of €43.832 (2023: €64.648) represent balances of Parklane Hotels Limited that have a limited use for guarantees issued by banks.

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following:

	2024	2023
	€	€
Cash at bank and in hand excluding restricted bank accounts	5.321.659	9.934.920
Bank overdrafts	<u>(4.974.669)</u>	<u>(1.532.045)</u>
	<u>346.990</u>	<u>8.402.875</u>

MHV Mediterranean Hospitality Venture Plc has signed an overdraft loan agreement with Eurobank Cyprus Ltd for an amount up to €5 millions on 16 October 2023. The overdraft is secured by way of a fourth ranking mortgage over Parklane's property and a corporate guarantee granted by Parklane Hotels Limited to the lender.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

30. Cash at bank and in hand (continued)

Principal Non-cash transactions

There were no principal non-cash transactions during the year ended 31 December 2024.

The principal non-cash transactions during the current year 2023 were:

- The redemption of 120.200 redeemable preference shares at a nominal value €1 plus premium of €999 per redeemable preference share. The issue and allotment of 120.200.720 ordinary shares at a nominal value €1 each (Note 32). The total redemption value of €120.200.000 settled off against the total issue and allotment value of €120.200.000;
- The issue and allotment of 120.200.000 ordinary shares at a nominal value €1 each (Note 32).
- Acquisition of additional shares in Aphrodite Hills Resort Limited amounting to €646.997 (Note 25).
- A dividend receivable from Aphrodite Hills Resort Limited amounting to €569.840, which was declared in December 2023 (Note 31, 41);
- The consideration amounting to €225.000 regarding the disposal of MHV Lifestyle Limited was settled off with an equal amount owned by the Company to the subsidiary (Note 24).

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the consolidated financial statements.

31. Assets classified as held for sale

During 2023, the Directors resolved to dispose the investment in joint venture Aphrodite Hills Resort Limited sub-group. The investment in joint venture was classified as an asset held for sale and presented separately in the consolidated statement of financial position.

On 5 January 2024, the Company entered into an agreement for the sale of its 50% shareholding in Aphrodite Hills Resort Limited to W.R.A. Consultants Ltd ("WRA"), a private limited company duly registered in the Republic of Cyprus. On 5 February 2024, WRA obtained the necessary approval from the Commission for the Protection of Competition of the Republic of Cyprus and on 19 February 2024 the transfer of shares held by the Company in Aphrodite Hills Resort Limited ("AHRL") to WRA took place. The total consideration payable to the Company by WRA was €30.000.000 in cash. As at 31 December 2023, the carrying amount was €30.000.000.

The carrying amount before the classification as asset held for sale was €30.557.481 (Note 25). Thus, an impairment loss of €557.481 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 (Note 15).

The asset classified as held for sale is as follows:

	2024 €	2023 €
Investment in joint venture	-	30.000.000
Net assets	-	30.000.000

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

32. Share capital

	2024 Number of shares	2024 €	2023 Number of shares	2023 €
Authorised				
Ordinary shares of €1 each	120.397.790	120.397.790	120.397.790	120.397.790
Issued and fully paid				
Balance at 1 January	120.200.720	120.200.720	145.920	145.920
Issue of ordinary shares	-	-	120.200.000	120.200.000
Redemption of Redeemable preference shares	-	-	(145.200)	(145.200)
Balance at 31 December	120.200.720	120.200.720	120.200.720	120.200.720

Authorised capital

On 21 July 2023 the Authorised Capital of the Company increased from €197.789,01 (1.000 Ordinary shares of €1 each, 196.789 Redeemable Preference Shares of €1 each and 1 Preference Share of €0,01 each) to €120.397.790 (120.201.000 ordinary shares of nominal value €1 each, 196.789 redeemable preference shares of nominal value €1 each and 100 redeemable preference shares of nominal value €0.01 each).

On 21 July 2023, after the redemption and the issuance and allotment of shares, the Authorised share capital of the Company was first consolidated, converted and denominated to €120.397.790 divided into 120.201.000 ordinary shares of nominal value €1 each and 196.790 redeemable preference shares of nominal value €1 each and then converted and reclassified to €120.397.790 divided into 120.397.790 ordinary shares of nominal value €1 each.

No changes occurred during the year ended 31 December 2024.

Issued capital

On 12 January 2023, the Company redeemed in cash 25.000 of the redeemable preference shares as follows:

- 5.000 redeemable preference shares of nominal value €1 each held by Flowpulse Limited for a total amount of €5.000.000 being the aggregate amount of the consideration for which they were issued;
- 6.250 redeemable preference shares of nominal value €1 each held by Prodea Real Estate Investment Company S.A. for a total amount of €6.250.000 being the aggregate amount of the consideration for which they were issued;
- 10.625 redeemable preference shares of nominal value €1 each held by Papabull Investments Limited for a total amount of €10.625.000 being the aggregate amount of the consideration for which they were issued;
- 3.125 redeemable preference shares of nominal value €1 each held by Ascetico Limited for a total amount of €3.125.000 being the aggregate amount of the consideration for which they were issued.

On 21 July 2023, the Company redeemed 120.200 of the redeemable preference shares as follows:

- 24.040 redeemable preference shares of nominal value €1 each held by Flowpulse Limited for a total amount of €24.040.000 being the aggregate amount of the consideration for which they were issued;
- 30.050 redeemable preference shares of nominal value €1 each held by Prodea Real Estate Investment Company S.A. for a total amount of €30.050.000 being the aggregate amount of the consideration for which they were issued;
- 66.110 redeemable preference shares of nominal value €1 each held by Ascetico Limited for a total amount of €66.110.000 being the aggregate amount of the consideration for which they were issued;

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

32. Share capital (continued)

On 21 July 2023, the Company issued and allotted 120.200.000 ordinary shares (pro rata to their current shareholding in the Company) for a nominal value of €1,00 each to the following shareholders of the Company: 24.040.000 ordinary shares to Flowpulse Limited, 30.050.000 ordinary shares to Prodea Real Estate Investment Company S.A. and 66.110.000 ordinary shares to Ascetico Limited. The total redemption value of €120.200.000 settled off against the total issue and allotment value of €120.200.000. As a result, the 120.200.000 ordinary shares issued as at 21 July 2023 were deemed as fully paid up.

As of 31 December 2023 and 31 December 2024, the issued share capital of the Company remained €120.200.720 divided into 120.200.720 ordinary shares of nominal value of €1 each.

No changes occurred during the year ended 31 December 2024.

33. Borrowings

	2024 €	2023 €
Balance at 1 January	117.283.595	81.366.187
Cash transactions:		
Additions	7.000.000	39.500.000
Repayment of principal	(19.413.505)	(4.716.045)
Repayment of interest	(8.098.426)	(4.094.957)
Arrangement fees paid	(56.097)	114.752
Non-cash transactions:		
Loan arrangement fees capitalisation	(163.489)	(453.025)
Interest of the year	5.923.551	5.096.853
Amortisation of arrangement fees	267.989	205.474
Interest capitalised in the year (Note 20, 27)	2.159.705	493.860
Balance at 31 December	104.903.323	117.283.595
	2024 €	2023 €
Current borrowings		
Bank loans	1.720.029	9.738.348
Non-current borrowings		
Bank loans	103.183.294	107.545.247
Total	104.903.323	117.283.595
Maturity of non-current borrowings:		
	2024 €	2023 €
Within one year	1.720.029	9.738.348
Between one and five years	17.826.256	55.329.584
After five years	85.357.038	52.215.663
	104.903.323	117.283.595

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

33. Borrowings (continued)

Loan amounting to: €3.004.988 (2023: €3.344.606) (Porto Heli Hotel & Marina Single Member S.A.)

In March 2020, the subsidiary issued a Bond Loan Program, with Piraeus Bank as paying agent and representative of the Bondholders. The purpose of the Loan was on the one hand the partial refinancing of equity with the return of the relevant amount to the previous parent company, on the other hand the financing of renovation investment of the hotel complex within 2020.

To secure the bank loan, a mortgage has been registered on the company's property. There is also a pledge on the insurance policy and deposit accounts (Note 30) and on the shares of the company.

Loan amounting to: €49.318.783 (2023: €68.295.499) (Parklane Hotels Limited ("Parklane"))

On 8 July 2021 (the loan agreement date), Parklane Hotels Limited obtained loan facilities of €70.000.000 from Eurobank, split as follows:

- Facility A: a total of €50.000.000 which is repayable with 6-month loan repayments on the 12 years anniversary of the loan agreement date, and
- Facility B: a total of €20.000.000 which is repayable with 6-month loan repayments on the 5 1/2 year anniversary of the loan agreement date. Facility B was fully repaid during the year ended 31 December 2022.

On 30 November 2023 (the loan agreement date), Parklane Hotels Limited obtained €24.000.000 loan facilities from Eurobank under:

- Facility C: a total of €24.000.000 which is repayable in full on the 5 year anniversary of the loan agreement date.

The bank loan is secured as follows:

- By first rank mortgage of €70.000.000 over Parklane's properties.
- By first rank pledge of €70.000.000 over Parklane's shares.
- By first rank floating charge of €70.000.000 over Parklane's assets.
- By assignment of Parklane's receivables and insurance policies of €70.000.000.
- By subordination and pledge of €70.000.000 of shareholder loans as applicable.
- By first rank mortgage of €70.000.000 over Parklane's bank accounts.
- By first rank mortgage of €8.400.000 on four blocks of flats in Limassol of subsidiary Stromay Holdings Limited (Note 42).
- By corporate guarantee of €8.400.000 related to subsidiary Stromay Holdings Limited.
- By floating charge of €8.400.000 on the assets of subsidiary Stromay Holdings Limited (Note 42).

The loan is subject to a floating interest rate equal to 6 months Euribor plus a margin of 2,75% per annum. The margin was reduced to 1,90% per annum effective from October 2024.

Loan amounting to: €52.579.552 (2023: €45.643.490) (The Cyprus Tourism Development Company Limited ("CTDC"))

On 28 January 2022, The Cyprus Tourism Development Company Limited signed a term loan facility agreement of up to € 82.000.000 with Alpha Bank S.A. with an interest of 3 month Euribor (or zero if negative) plus margin (margin 2,95% for development facility and 2,75% for investment facility). The loan consists of two tranches (tranche A and tranche B).

Tranche A is up to €30.500.000 and is for the purpose of partial repayment of the existing debt, partial funding of the working capital and partial financing of fees. As at 31 December 2024, the Company utilised in full the tranche A.

Tranche B of the development facility is up to €51.500.000 and is mainly for the purpose of partial financing of the hotel renovation, partial financing of the office tower development costs and partial financing of interest during construction. As at 31 December 2024, the Company utilised €22.500.000 of the tranche B.

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Year ended 31 December 2024

33. Borrowings (continued)

The bank loan is secured as follows:

- First rank mortgage on the land and development (including hotel and office tower) securing 130% the facility.
- Guarantee provided by the shareholder for the full payment of all amounts payable under or in respect of CTDC's loan.
- Guarantee to be provided by the shareholder in relation to the obligation to cover
 - a) any construction time and cost overruns of the project,
 - b) any obligations for return to buyers of advance payments /installments received from residential tower sale/pre-sale agreements, in case of cancellation of the respective sales/pre-sales,
 - c) any shortfall in case of not realisation of the office tower sale to Prodea (i.e. reduction of the development facility balance to €46.500.000 upon project completion) or the actual acquisition price achieved for the office tower being lower than €70.000.000 (i.e. completion of the project development),
 - d) any other material economic/financial obligations of CTDC potentially identified during the due diligence phase, to be released on the Ramp Up Trigger Date.
- Pledge over CTDC's shares.
- Assignment/pledge of CTDC's receivables. Pledge over future receivables deriving from the office tower, to be released upon acquisition of the office tower by Prodea, as per Prodea Sale and Purchase Agreement.
- Assignment/pledge of the key project documents.
- Assignment of the Sale and Purchase Agreement with Prodea in respect of Landmark office tower (Note 37).
- Assignment / pledge on movable assets.
- Floating charge on CTDC's assets.
- Pledge of insurances, the facility agent to be named first loss payee.
- Direct agreements with the project manager and the contractor, in form and in substance satisfactory to the lenders, ensuring inter alias lenders step-in rights.
- Acknowledgment letter by the hotel franchisor, in form and in substance satisfactory to the lenders, ensuring inter alias lenders step-in rights.
- Assignment/pledge/subordination of shareholder loans as applicable.
- Subordination of the Prodea Sale and Purchase Agreement initial installments in respect of Landmark office tower (Note 37).
- Assignment/pledge of VAT receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

34. Lease liabilities

	2024 €	2023 €
Balance at 1 January	2.060.115	2.407.688
Additions	-	246.911
Repayments	(396.997)	(312.157)
Interest on lease liabilities (Note 17)	124.700	126.701
Modification	-	(409.028)
Termination	(28.127)	-
Balance at 31 December	1.759.691	2.060.115

	Minimum lease payments		The present value of minimum lease payments	
	2024 €	2023 €	2024 €	2023 €
Not later than 1 year	246.028	411.997	131.370	285.920
Later than 1 year and not later than 5 years	588.400	710.428	157.432	303.306
Later than 5 years	2.890.571	3.029.571	1.470.889	1.470.889
	3.724.999	4.151.996	1.759.691	2.060.115
Future finance charges	(1.965.308)	(2.091.881)	-	-
Present value of lease liabilities	1.759.691	2.060.115	1.759.691	2.060.115

The lease liabilities for the year ended 31 December 2024 relate to Parklane Hotels Limited (2023: Parklane Hotels Limited and Porto Heli Hotel & Marina Single Member S.A.).

PARKLANE HOTELS LIMITED

The lease obligation relates to a state-owned plot of land on which the Company's beach is located and to the properties rented by the Company for the purpose of housing the Company's employees.

An agreement for the lease of flats used for staff accommodation has been terminated at the beginning of 2024.

The interest rate used for discounting the beach lease liability is 4% and the properties is 2,75% which is based on the prevailing market rate for similar lease arrangements.

PORTO HELI HOTEL & MARINA Single Member S.A.

During 2023, the Company leased a number of residential properties that were used as part of the accommodation it provided to its employees. The Company also leased a plot of land which was used as parking for visitors. As of 31 December 2024, staff accommodation leases have expired and the Company will renew them on a seasonal basis. The plot of land used as parking was acquired by the Company in March 2024.

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

35. Deferred consideration payable

	2024	2023
	€	€
Balance at 1 January	-	9.681.975
Repayments	-	(10.000.000)
Change in fair value	-	318.025
Balance at 31 December	-	-

The deferred consideration was related to the acquisition of Parklane Hotels Limited. Under the purchase agreement, an amount of € 10.000.000 was payable on 24 December 2023. The amount of €10.000.000 was discounted using a discount rate of 3,35% as at 31 December 2021, resulting to €9.368.142. The effective interest for the year 2023 amounted to €318.025 (2022: €313.833). On 24 December 2023, the Company paid the amount in full.

36. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 18). The applicable corporation tax rate in Cyprus and in Greece in the case of tax losses is 12,5% and 22% respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Temporary tax differences €
Balance at 1 January 2023	31.871.776
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 18)	(7.533.495)
Deferred tax in revaluation of land and buildings*	(9.497.675)
Balance at 31 December 2023/ 1 January 2024	14.840.606
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 18)	(1.931.010)
Deferred tax in revaluation of land and buildings*	6.492.617
Balance at 31 December 2024	19.402.213

*During 2023, the movement of deferred tax in revaluation of land and buildings primarily related to the change of the tax base of certain land and buildings. During 2024, it primarily relates to the revaluation gains for the year.

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Year ended 31 December 2024

36. Deferred tax (continued)

Deferred tax assets

	Tax losses
	€
Balance at 1 January 2023	2.784.555
(Charged)/Credited to:	
Statement of profit or loss and other comprehensive income (Note 18)	<u>(2.113.425)</u>
Balance at 31 December 2023/ 1 January 2024	671.130
(Charged)/Credited to:	
Statement of profit or loss and other comprehensive income (Note 18)	<u>262.030</u>
Balance at 31 December 2024	<u>933.160</u>

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Year ended 31 December 2024

37. Trade and other payables

	2024	2023
	€	€
Trade payables	5.483.835	3.992.749
Advances for sale of 30% stake in a subsidiary (see Note 1 below)	10.400.000	-
Advances from customers	2.379.358	1.319.908
Provision for bonuses	500.000	-
Social insurance and other taxes	691.095	564.109
VAT	2.887.599	1.430.191
Employee leave liability	994.087	801.334
Accrued renovation costs	-	2.917
Provision for legal claims	-	124.054
Accruals	1.971.798	2.374.178
Other payables	3.964.339	1.278.843
Deferred income from sale of properties (see Note 2 below)	43.497.264	27.122.209
Payables to other related parties (Note 41.5)	-	1.039.495
	72.769.375	40.049.987
Less non-current payables	(35.144.291)	(30.004.290)
Current portion	37.625.084	10.045.697

Note 1: On 8 December 2023 the Company entered into a share purchase agreement with a buyer in respect of the forward sale of 30% ownership in MHV Bluekey One Single Member S.A., subject to varying terms and conditions for its completion. The advances for partial sale of the subsidiary relate to the 1st consideration payment received as per the sale agreement totaling €10,4 million. The 2nd consideration payment is due upon completion of the transaction at which point the transfer of the legal ownership of the shares to the buyer will also occur. The sale occurred on 21 February 2025 (Note 43). Upon the sale of the 30%, a put and a call option and a contingent earn-out payment varying based on the future performance of the subsidiary, took effect.

The Group assessed that its current ownership rights on the subsidiary are not affected and the forward sale transaction will be reflected upon completion, when the rights stemming from the agreement will be recognised.

Refer also to Note 43 in respect of completion of the transaction subsequent to the reporting date.

Note 2: The deferred income mainly reflects deposits received from the sale of residential flats in the Landmark Residential Tower and the sale of Landmark Office Tower of the subsidiary, The Cyprus Tourism Development Company Limited ("CTDC"), amounting to €35.139.281 (2023: €27.122.209). Since the beginning of 2023, CTDC has entered into multiple sale agreements for the sale of flats in Residential tower, wherein a specified deposit amount is required at various stages of completion. During the year, CTDC signed seven reservation agreements and five new sale agreements (seven sale agreements in 2023). Additionally, on 14 March 2023, an amendment was made to the Sale and Purchase Agreement executed on 28 December 2021, concerning the sale of the Office Tower to Panphila Investments Limited, a subsidiary of Prodea Investments. This amendment modified certain lease requirements that were prerequisites for the deposit payment. Following the fulfilment of these lease conditions, the buyer remitted the corresponding deposit amount. During the year, CTDC received two additional installments as per the amended agreement with Panphila Investment Limited. The deposits are anticipated to be recognised as revenue upon the delivery of the flats and the Office Tower to the respective buyers.

An amount of €8.357.983 (2023: €nil) is also included in the deferred income and relates to deposits received for the sale of a residential flat in Parklane Park Tower I of the subsidiary, Parklane Hotels Limited. This residential flat is expected to be delivered within 2025.

As of the reporting date, both Landmark towers are classified as inventories under Land and buildings under development and Parklane Park Tower I as inventories under Stock of completed property (Note 27).

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

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38. Government grants

	2024 €	2023 €
Government grants	<u>2.877.071</u>	<u>3.013.702</u>
	2.877.071	3.013.702
Government grants after more than one year	<u>(2.740.440)</u>	<u>(2.884.878)</u>
Government grants within one year	<u>136.631</u>	<u>128.824</u>

The amount of €2.705.310 (2023: €2.834.134) relates to received government grants in the subsidiary of Porto Heli Hotel & Marina Single Member S.A.

Pursuant to decision 59672/YΠΕ/5/03245/E/Law N.3299/2004, the Deputy Minister of Economy, Competitiveness and Shipping approved the inclusion of Porto Heli Hotel & Marina Single Member S.A. to the provisions of Law N.3299/2004, in regard to the latter's investment plan of a total amount of €10.628.000. According to the decision, the percentage of the subsidy amounts to 40% of the cost of the investment, equivalent to the amount of €4.251.200. The grant was received by the Company on 31 December 2013. The amortization of this amount began in the year 2014 with the opening of the Hotel. Until today the Company is still subject to the provisions of Law 3299/2004 for receiving a grant, as it has not violated the relevant obligations of the affiliation. The amortisation for the year recognised in consolidated statement of profit or loss and other comprehensive income was €128.824 (2023: €128.824).

39. Current tax liabilities

	2024 €	2023 €
Corporation tax	<u>488.961</u>	<u>44.795</u>
	<u>488.961</u>	<u>44.795</u>

40. Operating Environment of the Group

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these consolidated financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

On October 7, 2023, a conflict began between Hamas and Israel on the Israel-Gaza border. Entities that have direct or indirect business activities, interests or investments in war area or conduct transactions with counterparties that do, may have significant implications related to the war, including disruptions to suppliers, customers or employees. In addition, the conflict may have serious consequences for the world economy, which currently are difficult to estimate.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Group's management has proactively taken the following measures:

- Reduction in operational costs and renegotiated payment terms with key suppliers and creditors
- Entrance into new contractual terms with new tour operators and agents with the aim to attract alternative markets from Middle East, UK and Central Europe
- Focus on local market

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. Operating Environment of the Group (continued)

- Actions to sale or long-term leasing of stock of completed property and land and buildings under development

Management will continue to monitor both the conflict between Russia and Ukraine and the conflict between Israel-Gaza closely and also the sanctions imposed on Russia and their impact on the tourism industry and its business. During 2024 and up to the date of issuing these consolidated financial statements, the Group's operations, performance and position, following Management's actions taken, have not been materially impacted.

Climate change affects the hotel industry and could potentially cause significant financial challenges related to implementing eco-friendly strategies that mitigate climate change effects. In addition, extreme weather conditions can lead to a reduction of tourists' arrivals, leading to decreased revenue. The Corporate Sustainability Reporting Directive (CSRD) is likely to add further reporting implications since businesses such as hotels might need to transparently report sustainability information. This will require investing in data collection and reporting systems to ensure compliance with the directive and avoid imposition of penalties. The effect on the Company depends on the final format of CSRD reporting obligations given the recent EU Omnibus package and discussions to follow, including final transposition into local legislation. In addition, "green taxes", which may be coming into force to prevent further ecological destruction, are expected to increase the cost of sales and operating expenses of the hotels. However, effectively addressing these challenges can reduce "green taxes" and bring economic opportunities, such as long-term savings from energy-efficient practices and attraction of eco-conscious consumers and investors.

Management believes that it is taking all the necessary measures to maintain its viability and development of its activities in the current economic environment.

41. Related party transactions

As of 31 December 2023, the shareholders of the Company were: Ascetico Limited with 54,999%, Prodea Real Estate Investment Company S.A with 25%, Flowpulse Limited with 19,999% and other shareholders with 0,002%.

On 24 January 2024, Prodea Real Estate Investment Company S.A announced that it concluded the acquisition of an additional 54,999% stake in MHV from Ascetico Limited. As a result, as of that date Prodea holds a 79,999% stake in MHV.

As of 31 December 2024, the shareholders of the Company were: Prodea Real Estate Investment Company S.A with 79,999%, Flowpulse Limited with 19,999% and other shareholders with 0,002%.

The following transactions were carried out with related parties:

41.1 Remuneration of key management personnel

The remuneration of Directors and other members of key management was as follows:

	2024	2023
	€	€
Salaries including discretionary bonuses	1.826.245	1.124.112

The remuneration of the Directors of the parent company (included in the key management compensation above) includes salaries and discretionary bonuses in the amount of €605.833 (2022: €396.155).

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41. Related party transactions (continued)

41.2 Sales of goods and services

		2024	2023
	<u>Nature of transactions</u>	€	€
Aphrodite Hills Resort Limited	Dividend Income	-	569.840
Prodea Real Estate Investment Company S.A.	Accommodation income	46.426	15.220
Invel Real Estate Advisors LLP	Accommodation income	-	1.400
Invel Real Estate Management Ltd	Accommodation income	106.798	15.443
Invel Real Estate Advisors Greece IKE	Accommodation income	-	924
Yoda group	Accommodation income and F&B services	6.184	765.277
Shareholders	Accommodation income and F&B services	27.933	-
		187.341	1.368.104

41.3 Purchases of goods and services

		2024	2023
	<u>Nature of transactions</u>	€	€
Invel Real Estate Management Ltd	Consulting services	-	1.323.525
		-	1.323.525

41.4 Receivables from related parties (Note 28)

		2024	2023
<u>Name</u>	<u>Nature of transactions</u>	€	€
Aphrodite Hills Resort Limited	Dividends receivable	-	569.840
Aphrodite Hills Resort Limited	Recharge of expenses	-	67.839
Invel Real Estate Management Ltd	Trade	1.824	28.869
Invel Real Estate Advisors Greece IKE	Trade	-	616
Panphila Investments Limited	Trade	255.647	1.840.787
Yoda Plc	Trade	-	32.480
MHV IA Limited	Finance	56.216	-
Prodea Real Estate Investment Company SA	Trade	2.156	-
		315.843	2.540.431

The receivables from related parties were provided interest free and there was no specified repayment date.

41.5 Payables to related parties (Note 37)

		2024	2023
<u>Name</u>	<u>Nature of transactions</u>	€	€
Invel Real Estate Management Ltd	Consulting services	-	1.039.495
		-	1.039.495

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Year ended 31 December 2024

41. Related party transactions (continued)

41.6 Loans from related parties

	<u>Terms</u>	2024	2023
		€	€
Ascetico Limited	Finance	-	16.063.840
		<u>-</u>	<u>16.063.840</u>

On 8 December 2023 the Company entered into a loan agreement with Ascetico Limited for the amount of €16.000.000. The loan bore interest at the rate of 3% plus 6-month Euribor and was repayable on 8 December 2024 or such other date as agreed between the parties. On 19 February 2024 the loan was repaid in full. The interest expense for the year is €155.040 (Note 17).

41.7 Shareholders' current accounts - debit balances (Note 28)

	2024	2023
	€	€
Shareholders	<u>24.557</u>	<u>101.262</u>

The shareholders' current accounts are interest free and have no specified repayment date.

42. Contingent liabilities and commitments

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

The Company's subsidiary Parklane Hotels Limited entered into a facility agreement with Eurobank Cyprus Limited on 8 July 2021 for an amount up to €70.000.000, consisting of Facility A €50.000.000 and Facility B €20.000.000. Facility B was fully repaid by 31.12.2023. The facility agreement was amended and restated on 30 November 2023 such that Eurobank Cyprus Limited made available to Parklane Hotels Limited an additional amount of €24.000.000 (Facility C). As a condition to the facility agreement, MHV Mediterranean Hospitality Venture PLC has granted to Eurobank Cyprus Limited a share pledge and first rank security under a share security agreement dated 8 July 2021 and amended on 30 November 2023. Pursuant to the said share security agreement (as amended), MHV Mediterranean Hospitality Venture PLC guarantees, covenants and agrees with the security agent (Eurobank Cyprus Limited) that it will pay the Secured Obligations on demand when they become due and agrees to indemnify the security agent for any losses, costs, charges, expenses and liabilities incurred from any breach or inability to pay. The guarantee has been given with limited recourse to the value of the monetary proceeds of the shares in the subsidiary.

The Company's subsidiary The Cyprus Tourism Development Company Limited ("CTDC") has entered into a facility agreement with Alpha Bank Cyprus Limited on 28 January 2022 for an amount of up to €82.000.000, as supplemented and amended on 13 March 2025. Pursuant to the terms of the facility agreement, MHV Mediterranean Hospitality Venture PLC has agreed to grant a share pledge and assign all of its rights, title and interest in CTDC's shares in favour of Alpha Bank Cyprus Limited, under a first ranking equitable mortgage and deed of pledge of share certificate and charge of shares dated 11 February 2022. Pursuant to the said deed of pledge, MHV Mediterranean Hospitality Venture PLC covenants that it shall on demand pay, perform and discharge the Secured Obligations to Alpha Bank Cyprus Limited which are due and payable but unpaid. The guarantee has been given with limited recourse to the value of the monetary proceeds of the shares in the subsidiary. Moreover, pursuant to the Equity & Guarantee Agreement dated 28 January 2022 as amended and restated on 13 March 2025, MHV Mediterranean Hospitality Venture PLC has guaranteed to the Lenders the full payment of all amounts payable under or in respect of CTDC's loan and more generally, being liable jointly and severally with the Borrower (CTDC), the performance of all payment obligations assumed by the Borrower pursuant to the provisions of the aforementioned facility agreement.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

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Year ended 31 December 2024

42. Contingent liabilities and commitments (continued)

The Company's 100% subsidiary Porto Heli Marina S.A. (the "Issuer") issued bonds in an aggregate principal amount of €4.250.000 all of which have been purchased by Piraeus Bank SA. under terms of the Greek law governed bond loan programme dated 20 March 2020. As a security for the obligations of the Issuer under the Bond Loan the previous shareholder of the Issuer under the corporate name EIDIKOU SKOPOU DEKA EPTA S.A. (the "Initial Pledgor") granted a first ranking share pledge in favour of the bank over all of its shares in the Issuer. Pursuant to share purchase agreement dated 8 April 2021 between the Initial Pledgor and the Company the former sold and transferred to the latter 1.405 common nominal shares of €33,00 each which constituted the total 100% issued shares of the Issuer at the time and as a result the Company became the sole shareholder of the Issuer. The Company has entered into the transactions contemplated by the share pledge agreement and meets all of its obligations thereunder.

THE CYPRUS TOURISM DEVELOPMENT COMPANY LIMITED

The Company's subsidiary The Cyprus Tourism Development Company Limited ("CTDC") is proceeding with the development of two towers (a residential and an office tower) and the renovation of the Landmark hotel in Nicosia, Cyprus. As at the date of these consolidated financial statements, the following commitments had been undertaken with respect to this development:

- A revised contract with K. Athienitis Contractors Limited for the construction of the two towers and the underground hotel parking at The Landmark Nicosia Hotel in Nicosia was signed on 6 September 2024 for an amount of €85 million. As of 31 December 2024, the outstanding commitment is €59,6 million.
- A contract with Depcon Construction Limited for the external works in courtyard areas, guest rooms and common corridors was signed on 14 January 2025 for a total amount of €19,5 million.
- A contract with Stilles d.o.o. for the procurement of hotel rooms FF&E at The Landmark Nicosia Hotel in Nicosia was signed on 22 November 2023 and amended on 25 April 2024 and 7 January 2025 for an amount of €5,9 million. As of 31 December 2024, the total outstanding commitment for the contract is €2,3 million.
- On 12 November 2024, another contract was signed with Stilles d.o.o. for the hotel public area for an amount of €3 million. As of 31 December 2024, the total outstanding commitment for the contract is €1,2 million.
- On 7 October 2024, a contract with Atlas Pantou Co Ltd was signed for the common areas and external works of the Landmark hotel, for a total amount of €30,6 million. As of 31 December 2024, the outstanding commitment is €29,9 million.
- In addition, as of the date of these financial statements, CTDC has signed various letters of awards with a number of suppliers and contractors for the provision of furniture, fixtures and other equipment in the context of the hotel renovation for an aggregate amount of €9,5 million. As of 31 December 2024, the outstanding commitment is €6,9 million.

STROMAY HOLDINGS LIMITED

Stromay Holdings Limited provides guarantees for the subsidiary's Parklane Hotels Limited borrowings, amounting to €8.400.000 (Note 33).

The Group had no other contingent liabilities and commitments as at 31 December 2024.

43. Events after the reporting period

On 21 February 2025, MHV Mediterranean Hospitality Ventures Plc proceeded to complete the sale of a 30% stake in its wholly owned subsidiary MHV Bluekey One Single Member S.A. to Papalon Investments Limited, following the Company's Board of Directors approval and the satisfaction of relevant conditions precedent. Upon sale, a put and call option rights for the above shares as well as contingent earn-out payments, varying based on the future performance of the subsidiary, came into effect. The options are exercisable during the option period, which is defined as the 3rd to 5th anniversary of subsidiary hotel operational date.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

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43. Events after the reporting period (continued)

On 13 March 2025, the Company's subsidiary The Cyprus Tourism Development Company Limited proceeded to the signing of a Supplemental and Amendment Agreement with Alpha Bank S.A., relating to the Term Loan Facility Agreement originally dated 28 January 2022. On the same date, the Company and CTDC signed an amendment to the Equity and Guarantee Agreement with Alpha Bank S.A. originally dated 28 January 2022.

Except for the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

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