VOLKI INVESTMENTS LIMITED

FINANCIAL STATEMENTS
31 December 2020

VOLKI INVESTMENTS LIMITED

FINANCIAL STATEMENTS
For the year ended 31 December 2020

CONTENTS

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

VOLKI INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Volki Investments Limited (the "Company"), which are presented on pages 5 to 19 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 *"Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with the International Code of Ethics (including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, 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.

Limassol
P.O. Box 50161, 3601
T: +357 25 869000
F: +357 25 363842

Larnaca
P.O. Box 40075, 6300
T: +357 24 200000
F: +357 24 200200

Paphos
P.O. Box 60288, 8101
T: +357 26 943050
F: +357 26 943062

Paralimni / Ayia Napa
P.O. Box 33200, 5311
T: +357 23 820080
F: +357 23 820084

Polis Chrysochous
P.O. Box 66014, 8330
T: +357 26 322098
F: +357 26 322722

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law 2017, L.53(I)/2017, as amended from time to time 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.

Constantinos N. Kallis, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

7 February 2022

VOLKI INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020** **€**	07/06/2019- 31/12/2019 €
Administration expenses		**(7.769)**	(6.782)
Incorporation expenses		**-**	(1.000)
Operating loss	8	**(7.769)**	(7.782)
Net finance costs	9	**(2.661)**	(672)
Loss before tax		**(10.430)**	(8.454)
Tax	10	**-**	-
Net loss for the year/period		**(10.430)**	(8.454)
Other comprehensive income		**-**	-
Total comprehensive expense for the year/period		**(10.430)**	(8.454)

The notes on pages 9 to 19 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Note	Share capital €	Accumulated losses €	Total €
Comprehensive expense				
Net loss for the period		-	(8.454)	(8.454)
Transactions with owners				
Issue of share capital	12	1.000	-	1.000
Balance at 31 December 2019/ 1 January 2020		**1.000**	**(8.454)**	**(7.454)**
Comprehensive expense				
Net loss for the year		-	(10.430)	(10.430)
Balance at 31 December 2020		**1.000**	**(18.884)**	**(17.884)**

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 31st 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 refer. 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, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (31.12.2019 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Incorporation and principal activities

Country of incorporation

The Company Volki Investments Limited (the "Company") was incorporated and is domiciled in Cyprus on 7 June 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 41 Arch. Makariou Avenue, 1065 Nicosia, P.O. Box 27236, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the trading of properties.

Operating Environment of the Company

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year. Despite the disruption caused by the pandemic and later in the year the Cyprus Investment Programme (CIP) termination, the real estate and construction sector continues to be one of the key pillars of the Cyprus economy, contributed 17% to the country's GVA during 2020. The sector's GVA output dropped marginally by 1% during 2020, highlighting the resilience of the sector and its importance to the overall economy.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that Cyprus is entering a state of emergency considering the uncertain situation as was unfold daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation. To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large. New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures were continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country. The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in minor operational disruption for the Company.

The event is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020. The Company's management has assessed whether the net realisable value for the Company's inventory exceeds cost and the ability of the Company to continue as a going concern.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. COVID-19 did not have an immediate material impact on the business operations. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment. Management will continue to monitor the situation closely and will assess the need for any actions to be taken in case the period of disruption becomes prolonged.

5. Significant accounting policies (continued)

Finance costs

Interest expense and other borrowing costs are charged to profit or loss using the effective interest method.

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

Financial assets - Recognition and derecognition

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

Financial assets - Measurement

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

5. Significant accounting policies (continued)

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

The impairment methodology applied by the Company 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, and lease receivables the Company 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 Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

Financial assets -Reclassification

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

Financial assets - write-off

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

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

5. Significant accounting policies (continued)

Inventories

Inventories include properties and are stated at the lower of cost and net realisable value. The cost of properties comprise the cost of acquiring the land, the transfer fees and the development costs. The net realisable value is based on the estimated selling price less any additional expenses expected to occur by the date of sale.

Share capital

Ordinary shares are classified as equity.

Comparatives

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

6. Financial risk management

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

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its current borrowings. Borrowings issued at variable rates expose the Company to fair value interest rate risk. The Company'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:

	2020	2019
	€	€
Variable rate instruments		
Financial liabilities	**268.457**	258.861
	268.457	258.861

6.2 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank overdraft	268.457	268.457	268.457	-	-	-	-
	268.457	**268.457**	**268.457**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

9. Net finance costs

	2020 €	07/06/2019-31/12/2019 €
Interest expense	**2.608**	657
Sundry finance expenses	**53**	15
Finance costs	**2.661**	672

10. Tax

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

	2020 €	07/06/2019-31/12/2019 €
Loss before tax	**(10.430)**	(8.454)
Tax calculated at the applicable tax rates	**(1.304)**	(1.057)
Tax effect of expenses not deductible for tax purposes	**44**	169
Tax effect of tax loss for the year/period	**1.260**	888
Tax charge	**-**	-

The corporation tax rate is 12,5%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Tax losses may be carried forward for five years. Group companies may deduct losses against profits arising during the same tax year. As at 31 December 2020, the balance of tax losses which is available for offset against future taxable profits amounts to €17.184 on which no deferred tax asset is recognised in the statement of Financial Position.

11. Inventories

	2020 €	2019 €
Agricultural plots of land	**257.000**	257.000
	257.000	257.000

Inventories amounting to €257.000 (2019: €257.000) are stated at cost.

The Company reviews its inventory records for evidence regarding the saleability of inventory and its net realisable value on disposal. The provision for inventory is based on management's past experience or external independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The amount of provision is recognised in the statement of profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

16. Events after the reporting period

With effect as from 5/5/2021, the interest rate charged on bank overdraft facility was increased by 1.30% due to the increase of the margin from 1 % to 2.30%.

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairments on its assets in 2021. The exact impact on the Company's activities in 2021 and thereafter cannot be predicted.

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

Independent auditor's report on pages 2 to 4