H.M. Housemarket (Cyprus) Limited

Report and Financial statements

31 December 2024

H.M. Housemarket (Cyprus) Limited

Report and Financial statements

Year ended 31 December 2024

Contents

Board of Directors and other Corporate Information

Board of Directors:	Petros Papaioannou Maria Theodoulidou Costas Christoforou Dimitrios Valachis (resigned on 10 April 2024) Anna Kokkinos (resigned on 10 April 2024) Georgios Alevizos (resigned on 10 April 2024) Arlene Nahikian (resigned on 10 April 2024)
Company Secretary:	Cymanco Services Ltd
Independent Auditors:	Grant Thornton (Cyprus) Limited Certified Public Accountants and Registered Auditors 41-49, Ayiou Nicolaou Str. Nimeli Court, Block C, Engomi 2408 P.O. Box 23907, 1687 Nicosia, Cyprus
Legal Advisers:	Pelagias, Christodoulou, Vrachas & Co
Registered office:	5 Esperidon 4th Floor P.C. 2001 Nicosia Cyprus
Bankers:	Alpha Bank Cyprus Ltd Bank of Cyprus Public Company Ltd Eurobank Cyprus Ltd Hellenic Bank Public Company Ltd

H.M. Housemarket (Cyprus) Limited

Management Report

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2024.

Principal activity and nature of operations of the Company
The principal activity of the Company, which is unchanged from last year, is the import and sale of furniture and household equipment of the brand name "IKEA".

Review of current position, future developments and performance of the Company's business
The net profit for the year attributable to the shareholders of the Company amounted to €9.723.545 (2023: €9.548.014). On 31 December 2024 the total assets of the Company were €96.678.982 (2023: €94.010.495) and the net assets of the Company were €21.640.238 (2023: €19.914.984). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

The increase in Company's revenues and profitability in the current year is considered satisfactory.

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 has no concerns as to the going concerns ability of the Company for the foreseeable future and at least for the next 12 months. However, the future effects of the current economic situation are difficult to predict, and Management's current expectations and estimates could differ from actual results. Management will continue to monitor the situation closely and will assess the need for further actions if the need arises.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 31 of the financial statements.

Results and Dividends
The Company's results for the year are set out on page 8.

Dividends
During the year, the Company in General Meeting declared the payment of dividend of €7.000.000 (2023: €10.000.000).

Share capital

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

Board of Directors
The members of the Company's Board of Directors as at 31 December 2024 and at the date of this report are presented on page 1. On 10 April 2024, Ms Anna Kokkinos, Ms Arlene Nahikian, Mr Georgios Alevizos and Mr Dimitrios Valachis resigned. Ms Maria Theodoulidou, Mr Petros Papaioannou and Mr Costas Christoforou were members of the Board of Directors throughout the year ended 31 December 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.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 32 of the financial statements.

Related party transactions
Disclosed in note 28 of the financial statements.

Management Report

Independent Auditors
The Independent Auditors, Grant Thornton (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,

CYMANCO SERVICES LIMITED
ARLENE NAHIKIAN
SECRETARY

Cymanco Services Ltd
Secretary

CYMANCO SERVICES LIMITED

Nicosia, 26 May 2025

Independent Auditor's Report to the Members of H.M. Housemarket (Cyprus) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of H.M. Housemarket (Cyprus) Limited (the "Company"), which are presented in pages 7 to 41 and comprise the statement of financial position as at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes of the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of H.M. Housemarket (Cyprus) Limited (continued)

Responsibilities of the Board of Directors for the Financial Statements (continued)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Grant Thornton

Independent Auditor's Report to the Members of H.M. Housemarket (Cyprus) Limited (continued)

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 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 financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.

Other Matters

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.

Comparative figures

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 4 July 2024.

Froso Yiangoullis
Certified Public Accountant and Registered Auditor
for and on behalf of
Grant Thornton (Cyprus) Limited
Certified Public Accountants and Registered Auditors

Nicosia, 26 May 2025

H.M. Housemarket (Cyprus) Limited

Statement of Financial Position

31 December 2024

	Note	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	7	**2.489.313**	2.648.148
Right-of-use assets	8	**61.334.842**	62.451.171
Intangible assets	9	**165.809**	223.023
Financial assets at fair value through other comprehensive income	10	**14.124.223**	15.176.211
Trade and other receivables	12	**211.364**	226.163
Deferred tax assets	18	**370.305**	370.305
		78.695.856	81.095.021
Current assets			
Inventories	11	**10.221.715**	10.382.868
Trade and other receivables	12	**1.436.170**	908.887
Refundable taxes	20	**27.909**	59.414
Cash at bank and in hand	13	**6.297.332**	1.564.305
		17.983.126	12.915.474
Total assets		**96.678.982**	94.010.495
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**19.197.144**	19.197.144
Share premium		**9.812.582**	9.812.582
Other reserves	15	**(20.923.355)**	(19.925.064)
Retained earnings		**13.553.867**	10.830.322
Total equity		**21.640.238**	19.914.984
Non-current liabilities			
Lease liabilities	17	**61.985.653**	62.701.973
		61.985.653	62.701.973
Current liabilities			
Trade and other payables	19	**10.421.798**	9.186.671
Borrowings	16	**16.259**	-
Lease liabilities	17	**2.318.010**	2.206.867
Current tax liabilities	20	**297.024**	-
		13.053.091	11.393.538
Total liabilities		**75.038.744**	74.095.511
Total equity and liabilities		**96.678.982**	94.010.495

On 26 May 2025 the Board of Directors of H.M. Housemarket (Cyprus) Limited authorised these financial statements for issue.

....
Petros Papaioannou
Director

....
Costas Christoforou
Director

The notes on pages 11 to 41 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Note	2024 €	2023 €
Revenue	21	**66.655.504**	67.815.834
Cost of sales		**(34.725.476)**	(37.046.013)
Gross profit		**31.930.028**	30.769.821
Other operating income	22	**2.334.665**	2.150.570
Administration and Selling expenses	23	**(22.313.562)**	(21.313.086)
Operating profit		**11.951.131**	11.607.305
Finance income	25	**42**	130
Finance costs	25	**(1.460.604)**	(1.497.477)
Dividend income		**689.828**	712.037
Profit before tax		**11.180.397**	10.821.995
Tax	26	**(1.456.852)**	(1.273.981)
Net profit for the year		**9.723.545**	9.548.014
Other comprehensive income			
Financial assets at fair value through other comprehensive income - Fair value losses		**(1.051.988)**	(5.580.706)
Other comprehensive income for the year		**(1.051.988)**	(5.580.706)
Total comprehensive income for the year		**8.671.557**	3.967.308

The notes on pages 11 to 41 form an integral part of these financial statements.

H.M. Housemarket (Cyprus) Limited

Statement of Changes in Equity

Year ended 31 December 2024

	Note	Share capital €	Share premium €	Fair value reserve - Financial assets at FVTOCI €	Other reserves €	Reserve for reduction of share capital €	Retained earnings €	Total €
Balance at 1 January 2023		19.197.144	9.812.582	3.511.223	61.676	(17.947.104)	11.282.308	25.917.829
Comprehensive income								
Net profit for the year		-	-	-	-	-	9.548.014	9.548.014
Other comprehensive income for the year		-	-	(5.580.706)	-	-	-	(5.580.706)
Total comprehensive income for the year		-	-	(5.580.706)	-	-	9.548.014	3.967.308
Transactions with owners								
Dividends	27	-	-	-	-	-	(10.000.000)	(10.000.000)
Share based payments		-	-	-	29.847	-	-	29.847
Total transactions with owners		-	-	-	29.847	-	(10.000.000)	(9.970.153)
Balance at 31 December 2023/ 1 January 2024		19.197.144	9.812.582	(2.069.483)	91.523	(17.947.104)	10.830.322	19.914.984
Comprehensive income								
Net profit for the year		-	-	-	-	-	9.723.545	9.723.545
Other comprehensive income for the year		-	-	(1.051.988)	-	-	-	(1.051.988)
Total comprehensive income for the year		-	-	(1.051.988)	-	-	9.723.545	8.671.557
Transactions with owners								
Dividends	27	-	-	-	-	-	(7.000.000)	(7.000.000)
Share based payments		-	-	-	53.697	-	-	53.697
Total transactions with owners		-	-	-	53.697	-	(7.000.000)	(6.946.303)
Balance at 31 December 2024		19.197.144	9.812.582	(3.121.471)	145.220	(17.947.104)	13.553.867	21.640.238

Share premium is not available for distribution.

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 11 to 41 form an integral part of these financial statements.

Statement of Cash Flows
Year ended 31 December 2024

	Note	2024 €	2023 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**11.180.397**	10.821.995
Adjustments for:			
Depreciation of property, plant and equipment	7	**783.328**	718.513
Depreciation of right-of-use assets	8	**2.773.901**	2.696.219
Amortisation of intangible assets	9	**64.154**	67.582
(Gain) / Loss from the sale of property, plant and equipment		**-**	264
Dividend income		**(689.828)**	-
Interest expense	25	**1.406.244**	1.497.460
Share-based payment expense		**53.696**	29.847
Interest income		**-**	(130)
Foreign exchange difference		**-**	17
		15.571.892	15.831.767
Changes in working capital:			
Decrease/(increase) in inventories		**161.153**	(995.680)
Increase in trade and other receivables		**(512.484)**	(404.739)
Increase/(decrease) in trade and other payables		**1.235.127**	(881.269)
Cash generated from operations		**16.455.688**	13.550.079
Tax paid		**(1.128.323)**	(1.415.056)
Net cash generated from operating activities		**15.327.365**	12.135.023
Cash flows from investing activities			
Payment for purchase of intangible assets	9	**(6.939)**	(41.464)
Payment for purchase of property, plant and equipment	7	**(632.168)**	(818.115)
Proceeds from disposal of property, plant and equipment		**7.675**	-
Dividends received		**689.828**	-
Net cash generated from/(used in) investing activities		**58.396**	(859.579)
Cash flows from financing activities			
Dividends paid		**(7.000.000)**	(10.000.000)
Interest and commission fee paid		**-**	(76.570)
Payment of principal portion of lease liabilities		**(3.668.993)**	(3.571.127)
Net cash used in financing activities		**(10.668.993)**	(13.647.697)
Net increase/(decrease) in cash and cash equivalents		**4.716.768**	(2.372.253)
Cash and cash equivalents at beginning of the year		**1.564.305**	3.936.558
Cash and cash equivalents at end of the year	13	**6.281.073**	1.564.305

The notes on pages 11 to 41 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company H.M. Housemarket (Cyprus) Limited (the "Company") was incorporated in Cyprus on 8 September 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 5 Esperidon, 4th Floor, P.C. 2001, Nicosia, Cyprus.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the import and sale of furniture and household equipment of the brand name "IKEA".

Operating Environment of the Company

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 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.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, the Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

The impact on the Company 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 Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

1. Incorporation and principal activities (continued)

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

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. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRSs) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2024. This adoption did not have a material effect on the accounting policies of the Company.

4. Material accounting policy information

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

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

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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

	%	
Buildings	3,37	29 - 30 years
Leasehold Improvements	14-25	4 - 7 years
Machinery, installations and other industrial equipment	11	9 years
Motor vehicles: Saloon car	15	6 - 7 years
Logistics motor equipment	11	9 years
Furniture, fixtures and office equipment	10-25	4 - 10 years

Items of property, plant and equipment with value lower than Euro 300 each are depreciated at 100% in the year of acquisition.

Depreciation methods, useful lives and residual values are reassessed at the 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.

4. Material accounting policy information (continued)

Property, plant and equipment (continued)

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 Company. Major renovations are depreciated over the remaining useful life of the related asset.

Trademarks and licenses

Trademarks and licenses are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives which have been assessed at 5 years.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company 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.

Leases

The Company as lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration

The Company applies a singe recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Recognition exemptions under IFRS 16

- Short-term leases
- Leases where the underlying asset has low value
- Leases with variable lease payments

Lease duration
The non-cancellable period for which a lessee has the right to use an underlying asset, plus extension or termination options if the lessee is reasonably certain to exercise them.
The Company defines the leasing duration as the contractual time of leasing and takes into account the extension or termination options of leasing as long as there is a certainty that they will be exercised.

Starting date of leasing period

4. Material accounting policy information (continued)

Leases (continued)

Upon lease commencement the lessee recognises of a right-of-use asset and lease liability as follows:

Initial measurement of right of use asset = Initial measurement of leasing liability.

The present value of the lease payments payable over the lease term, discounted at the implicit rate of the lease if that can be readily determined or the lessee's incremental borrowing rate (the interest rate that a lessee would accept to borrow the necessary funds under similar terms namely a loan duration equals to the lease term and with similar security to obtain the asset).

The Company decided to implement a single discount rate in every lease category with similar characteristics (leases with respective duration, similar assets and respective economic environment).

Subsequent measurement of right of use asset
The lessee measures the right of use asset at cost less accumulated depreciation and accumulated impairment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Store Premises 7 to 30 years
- Motor Vehicles 1 to 7 years

Subsequent measurement of lease liability
The lessee measures lease liability by increasing book value with lease liability interest and decreasing book value with lease payments.
Lease liability interest results from the implementation of lease interest rate or borrowing rate.

Revaluation of liability
It is applied if there is a change in lease duration or terms.

Presentation
- Right of use assets seperately from the other assets in statement of financial position.
- Lease liabilities separarely from the other liabilities.
- Interest expense of lease liability separately from depreciation cost for right of use asset in income statement and statement of comprehensive income.
- Cash payments for the part of the liability regarding capital, interests and non-IFRS 16 leases in cash flow statement.

Impairment of non-financial assets

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

Financial assets - 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.

4. Material accounting policy information (continued)

Financial assets - Classification (continued)

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.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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.

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

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

4. Material accounting policy information (continued)

Financial assets - Measurement (continued)

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

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

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

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

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"). Refer to note 31, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 31, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 31, Credit risk section for a description of how the Company determines low credit risk financial assets.

4. Material accounting policy information (continued)

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.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

4. Material accounting policy information (continued)

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. 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 fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

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

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 31, 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 Company, 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, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

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

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

4. Material accounting policy information (continued)

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 less provision for impairment. 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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. 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.

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.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company 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 Company 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 Company's experience with similar contracts and forecasted sales to the customer.

The Company 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 Company 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 Company's future cash flows is expected to change as a result of the contract), it is probable that the Company 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 Company's contracts with customers.

The Company 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 Company 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 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.

4. Material accounting policy information (continued)

Revenue (continued)

Future discounts related to customer loyalty programs of the Company create a right which must be recognized when exercised or expired, only if it is considered substantial and the customer would not acquire it if the initial transaction was not implemented. The Company provides discounts to its customers based on the points gathered from transactions made by using the customer loyalty program card. According to the requirements of the standard, the Company estimates that these discounts represent substantial right for customers, create obligation for execution and therefore part of the income of each transaction which corresponds to this right will be recognized when exercised (fulfilment of obligation) or expired. IFRS 15 neither excludes nor defines a specific methodology for the estimation of theprice of the points gathered as long as the estimation depicts a reliable reflection of the price at which the Group would provide separately this product to the customer.

- **Sale of products**

  Sales of products are recognised at the point in time when the Company 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.

- **Rendering of services**

  Rendering of services - at a point in time:
  The Company 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.

- **Dividend income**

  Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs.

The Company 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.

4. Material accounting policy information (continued)

Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form ofshare-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Share-based payment arrangements involving equity instruments of the parent

When employees of a subsidiary are granted rights, directly by the parent, to equity instruments of its parent as consideration for the services provided to the subsidiary, the subsidiary does not have an obligation to provide its parent's equity instruments to the subsidiary's employees. Therefore, the subsidiary shall measure the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions and recognise a corresponding increase in equity as a contribution from the parent.

Finance income

Interest income is recognised based on accrual basis.

Finance costs

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method. Borrowing costs that relate to the acquisition of qualifying fixed assets are recognised as additions to the respective fixed assets and depreciated over the life of the assets.

Functional and presentation currency

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.

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.

4. Material accounting policy information (continued)

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 Company'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 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 Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the the Company's shareholders.

4. Material accounting policy information (continued)

Fair value measurement

The carrying amounts of the Company's financial assets and liabilities approximate their fair value at the reporting date.

The fair value of financial assets traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

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).

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the 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 Company has not early adopted, as follows:

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

New standards

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) (effective for annual periods beginning on or after 1 January 2027).*
- *IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) (effective for annual periods beginning on or after 1 January 2027).*

Amendments

- *Annual Improvements Volume 11 (issued on 18 July 2024) (effective for annual periods beginning on or after 1 January 2026)*
- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024) (effective for annual periods beginning on or after 1 January 2026).*
- *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).*

5. New accounting pronouncements (continued)

The above are expected to have no significant impact on the Company's financial statements when they become effective.

6. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

Judgments

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:

- **Provision for bad and doubtful debts**

  The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Provision for obsolete and slow-moving inventory**

  The Company reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

  The amount of provision is recognised in 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 for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

- **Income taxes**

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

6. Critical accounting estimates and judgments (continued)

Critical judgements in applying the Company's accounting policies

- **Fair value of financial instruments**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Determining the lease term of contracts with renewal and termination options - Company as lessee**

  The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

- **Leases - Estimating the incremental borrowing rate**

  The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

7. Property, plant and equipment

	Leasehold improvements	Machinery, installation and other industrial equipment	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2023	1.741.860	835.616	344.560	6.024.270	8.946.306
Additions	228.992	79.617	9.079	500.427	818.115
Disposals	-	-	-	(18.252)	(18.252)
Balance at 31 December 2023/ 1 January 2024	**1.970.852**	**915.233**	**353.639**	**6.506.445**	**9.746.169**
Additions	78.280	8.304	-	537.909	624.493
Balance at 31 December 2024	**2.049.132**	**923.537**	**353.639**	**7.044.354**	**10.370.662**
Depreciation					
Balance at 1 January 2023	792.119	420.659	228.655	4.956.064	6.397.497
Charge for the year	240.795	65.253	22.667	389.798	718.513
On disposals	-	-	-	(17.989)	(17.989)
Balance at 31 December 2023/ 1 January 2024	**1.032.914**	**485.912**	**251.322**	**5.327.873**	**7.098.021**
Charge for the year	244.714	68.702	20.332	449.580	783.328
Balance at 31 December 2024	**1.277.628**	**554.614**	**271.654**	**5.777.453**	**7.881.349**
Net book amount					
Balance at 31 December 2024	**771.504**	**368.923**	**81.985**	**1.266.901**	**2.489.313**
Balance at 31 December 2023	**937.938**	**429.321**	**102.317**	**1.178.572**	**2.648.148**

8. Right-of-use assets

	Leased store premises (land and buildings)	Leased Motor vehicles	Total
	€	€	€
Cost			
Balance at 1 January 2023	71.263.113	92.223	71.355.336
Lease modification	1.991.703	-	1.991.703
Balance at 31 December 2023/ 1 January 2024	**73.254.816**	**92.223**	**73.347.039**
Lease modification	1.625.402	32.170	1.657.572
Balance at 31 December 2024	**74.880.218**	**124.393**	**75.004.611**
Depreciation			
Balance at 1 January 2023	8.144.227	55.422	8.199.649
Charge for the year	2.682.587	13.632	2.696.219
Balance at 31 December 2023/ 1 January 2024	**10.826.814**	**69.054**	**10.895.868**
Charge for the year	2.759.054	14.847	2.773.901
Balance at 31 December 2024	**13.585.868**	**83.901**	**13.669.769**
Net book amount			
Balance at 31 December 2024	**61.294.350**	**40.492**	**61.334.842**
Balance at 31 December 2023	**62.428.002**	**23.169**	**62.451.171**

In 2019, the Company transferred ownership of its Nicosia store building to a company under common control, Trade Estates Cyprus Ltd, under an approved legal restructing plan. The restructing was done within context of the wider decision of the Fourlis Holdings S.A. group to operate the business of the group in a more efficient manner by dividing the properties of each group company from their main operations and manage these properties through a real estate holding company.

The transfer was done at book value of €17.951.524 on 1 November 2019 and no gain or loss was recognised in profit or loss as a result of the transfer. The building is located on land that is leased from a third party. A new lease agreement was signed that indicates that the Company is replaced by Trade Estates Cyprus Ltd as the lessee of the land and as of 1 November 2019 the Company has itself a separate lease agreement with Trade Estates Cyprus Ltd in order to lease both the land and the building from the latter, for use in the operations of the Nicosia store.

The lease modification amounting to €1.625.401 in 2024 (2023: €1.991.703) relates to amendments in the terms of the lease agreement for the Nicosia building, as agreed by the Company with the lessor (Trade Estates Cyprus Ltd), that give rise to lease modification accounting as per the requirements of IFRS 16 'Leases'. These changes in terms, being increases in lease payments per month, resulted in an increase in the right of use asset and a corresponding equal increase in the lease liability (Note17).

9. Intangible assets

	Computer software	Franchise fee	Total
	€	€	€
Cost			
Balance at 1 January 2023	809.818	550.616	1.360.434
Additions	41.464	-	41.464
Balance at 31 December 2023/ 1 January 2024	**851.282**	**550.616**	**1.401.898**
Additions	6.939	-	6.939
Balance at 31 December 2024	**858.221**	**550.616**	**1.408.837**
Amortisation			
Balance at 1 January 2023	560.677	550.616	1.111.293
Amortisation for the year	67.582	-	67.582
Balance at 31 December 2023/ 1 January 2024	**628.259**	**550.616**	**1.178.875**
Amortisation for the year	64.153	-	64.153
Balance at 31 December 2024	**692.412**	**550.616**	**1.243.028**
Net book amount			
Balance at 31 December 2024	**165.809**	**-**	**165.809**
Balance at 31 December 2023	223.023	-	223.023

Franchise fees include the right to use the trademark / brand name IKEA which has been fully amortised in prior years.

10. Financial assets at fair value through other comprehensive income

	2024	2023
	€	€
Balance at 1 January	**15.176.211**	20.756.917
Revaluation difference transferred to equity (Note 15)	**(1.051.988)**	(5.580.706)
Balance at 31 December	**14.124.223**	15.176.211

Up to 2021 the Company held an investment in a subsidiary, being an investment in 100% of the share capital of Rentis Real Estate S.A., a privare company registered in Greece whose principal activity is the construction and sale/lease of property.

On 12 July 2021 the Company disposed of its investment in subsidiary Rentis Real Estate S.A., that was previously carried at a cost, to a related party, Trade Estates REIC (entity under common control registered in Greece and engaged in the holding of the real estate portfolios of the group).

The investment in Trade Estated REIC that was obtained upon disposal of the investment in the subsidiary Rentis Real Estate S.A is recognised at fair value through other comprehensive income. During 2023, the shares in Trade Estates REIC were listed on Athens Stock Exchange. The fair value of the financial instruments traded in active markets is based on quoted market prices as at 31 December 2023 (Level 1). As at 31 December 2023, the fair value was estimated using the Net Assets of Trade Estates REIC (Level 3). This was a transfer between Level 3 in the fair value hierarchy to Level 1 during 2023. Dividend income during 2024 amounted to €689.828 (2023: €712.037).

Notes to the Financial Statements

Year ended 31 December 2024

11. Inventories

	2024	2023
	€	€
Goods for resale	**10.221.715**	10.382.868
	10.221.715	10.382.868

The cost of inventories recognised as expense and included in "cost of sales" amounted to €34.725.475 (2023: €37.046.013).

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

During the year the Company recorded write off of inventory amounting to €400.474 (2023: €420.721). As at 31 December 2024 the Company had a provision of €755.000 regarding goods that were expected to be sold at prices lower than cost values (2023: €660.000).

12. Trade and other receivables

	2024	2023
	€	€
Trade receivables	**470.271**	416.819
Receivables from parent (Note 28.4)	**3.928**	-
Receivables from other related parties (Note 28.4)	**20.180**	10.450
Deposits and prepayments	**941.791**	481.618
Other receivables	**211.364**	226.163
	1.647.534	1.135.050
Less non-current receivables	**(211.364)**	(226.163)
Current portion	**1.436.170**	908.887

The Company does not hold any collateral over the trading balances.

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

Included in non-current receivables, is a cash deposit of €194.960 (2023: €194.960) which is restricted as it relates to a guarantee (Note 13)

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 31 of the financial statements.

13. Cash at bank and in hand

	2024	2023
	€	€
Cash at bank and in hand	**6.297.332**	1.564.305
	6.297.332	1.564.305

At 31 December 2024 the total available overdraft facilities amounted to €8.000.000 (2023: €8.000.000).

The overdraft facilities bear interest at 4,2% - 7,1% p.a. (2023: 3%-7.9% p.a.).

The overdraft facilities are secured as follows:

• A floating charge of €5.600.000 plus interest on the Company's assets.

• Assignment in favour of the bank of rights of a specific insurance contract held by the Company for the amount c €59.149.041 that offers insurance cover for the assets of the Company.

• Corporate guarantee of Fourlis Holding S.A. and Housemarket S.A. for €3.070.000 plus interest.

• Corporate guarantee of Housemarket S.A. for €2.400.000 plus interest.

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

	2024	2023
	€	€
Cash at bank and in hand	**6.297.332**	1.564.305
Bank overdrafts (Note 16)	**(16.259)**	-
	6.281.073	1.564.305

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 31 of the financial statements.

14. Share capital

	2024 Number of shares	2024 €	2023 Number of shares	2023 €
Authorised				
Ordinary shares of €1,71 each	11.226.400	19.197.144	11.226.400	19.197.144
Issued and fully paid				
Balance at 1 January	11.226.400	19.197.144	11.226.400	19.197.144
Balance at 31 December	**11.226.400**	**19.197.144**	11.226.400	19.197.144

15. Other reserves

	Fair value reserve - Financial assets at fair value through other comprehensive income	Other reserve	Reserve for reduction of share capital	Total
	€	€	€	€
Balance at 1 January 2023	3.511.223	61.676	(17.947.104)	(14.374.205)
Fair value adjustment	(5.580.706)	-	-	(5.580.706)
Share based payments	-	29.847	-	29.847
Balance at 31 December 2023/ 1 January 2024	**(2.069.483)**	**91.523**	**(17.947.104)**	**(19.925.064)**
Fair value adjustment	(1.051.988)	-	-	(1.051.988)
Share based payments	-	53.697	-	53.697
Balance at 31 December 2024	**(3.121.471)**	**145.220**	**(17.947.104)**	**(20.923.355)**

Share based payments

Under the Stock Option Plan (SOP), the share options of the Fourlis Holdings S.A (the ultimate parent) were granted to employees of the Group, in 2013. The excercise price of the share options was equal to the market price of the underlying shares on the date of grant, which was the 27th September 2013. Selected executive member of the Board of Directors of the Company, are eligible to the SOP.

The fair value of the share options granted is estimated at the grant date using binomial option pricing model, taking into account the term and conditions upon which the share options were granted.

The number of stock options granted to the employees of the Company as of 31 December 2024 is 8.667 (2023: 24.000).

As of 31 December 2024, the value of stock options granted to employees of the Company and outstanding as of that date was €53.696 (2023: €29.847).

The price of the shares at which the individuals may exercise their option is set at €1 per share.

Reserve for reduction of share capital

As part of the restructuring plan for transfer of the Nicosia store building to a related company under common control (Note 8) in 2019, the Company effected a legal capitalisation of retained earnings into share capital, for the amount on €18.000.144 compromising of 10.526.400 ordinary shares at €1,71 each. Following the capitalisation of retained earnings, the Company transferred the building to the related company and proceeded to reduce the share capital for the amount of €17.947.104. As this reduction has not yet been processed and registered at the Cyprus Registrar of Companies, the Company recognises the perspective amount in a reserve for reduction of share capital within equity.

16. Borrowings

	2024	2023
	€	€
Current borrowings		
Bank overdrafts (Note 13)	**16.259**	-
Total	**16.259**	-

17. Lease liabilities

	2024	2023
	€	€
Balance at 1 January	**64.908.840**	65.067.484
Repayments	**(3.636.822)**	(3.571.127)
Interest expense on lease liability	**1.406.244**	1.420.780
Lease modifications	**1.625.401**	1.991.703
Balance at 31 December	**64.303.663**	64.908.840

	Minimum lease payments		The present value of minimum lease payments	
	2024	2023	**2024**	2023
	€	€	€	€
Not later than 1 year	**3.673.510**	3.585.660	**2.318.010**	2.206.867
Later than 1 year and not later than 5 years	**13.244.715**	13.629.208	**8.308.858**	8.483.043
Later than 5 years	**65.908.877**	69.225.921	**53.676.795**	54.218.930
	82.827.102	86.440.789	**64.303.663**	64.908.840
Future finance charges	**(18.523.439)**	(21.531.949)	**-**	-
Present value of lease liabilities	**64.303.663**	64.908.840	**64.303.663**	64.908.840

18. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 26). The applicable corporation tax rate in the case of tax losses is 12,5%.

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 Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 25). The applicable corporation tax as at 31 December 2024 and 2023 is 12,5%.

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

Deferred tax assets

	2024	2023
	€	€
Balance at 1 January	**370.305**	252.773
Credit in profit or loss	**-**	117.532
Balance at 31 December	**370.305**	370.305

Deferred taxation asset arises as follows:

	2024	2023
	€	€
Temporary tax differences on IFRS16 Leases	**307.209**	307.209
Temporary tax differences on assets' tax depreciation	**63.096**	63.096
	370.305	370.305

18. Deferred tax (continued)

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 the deferred taxes relate to the same fiscal authority.

19. Trade and other payables

	2024	2023
	€	€
Trade payables	**5.844.640**	4.824.055
Social insurance and other taxes	**201.709**	220.325
VAT	**2.328.191**	2.427.262
Shareholders' current accounts - credit balances (Note 28.7)	**43.106**	19.527
Obligations from customer loyalty program and warranties	**349.171**	324.817
Customer advances	**324.986**	338.609
Accruals	**907.487**	1.009.263
Deferred income	**411.362**	-
Payables to other related parties (Note 28.5)	**11.146**	22.813
	10.421.798	9.186.671

Obligations from customers loyalty programs relate to the cost of loyalty points to be redeemed during the period of validity of the program. The obligation for warranties is the cost of warranties expected to be incurred during the period of validity of warranties given to the customers.

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

20. Current tax (liabilities)/current tax assets

	2024	2023
	€	€
Corporation tax	**(269.115)**	59.414
	(269.115)	59.414

21. Revenue

	2024	2023
	€	€
Sales of dining and food service	**4.048.903**	4.166.407
Sales of goods	**62.606.601**	63.649.427
	66.655.504	67.815.834

22. Other operating income

	2024	2023
	€	€
Sundry operating income	**2.334.665**	2.150.570
	2.334.665	2.150.570

Sundry operating income comprises mostly of various services provided to customers and mangement fees charged to companies under common control.

23. Administration and Selling expenses

	2024	2023
	€	€
Staff costs	**7.151.765**	6.882.610
Rent	**4.118**	5.130
Common expenses	**83.699**	38.988
Professional licence fee	**187.064**	153.400
Licenses and taxes	**6.241**	7.866
Electricity	**861.838**	977.519
Water supply and cleaning	**374.201**	357.748
Insurance	**124.595**	120.489
Repairs and maintenance	**457.765**	428.877
Courier expenses	**1.512.458**	1.386.635
Stationery and printing	**63.758**	74.804
Sundry staff costs	**210.528**	206.352
Computer supplies and maintenance	**47.443**	48.269
Auditor's remuneration	**25.000**	31.257
Auditor's remuneration for other assurance services	**3.800**	-
Auditor's remuneration for tax advice	**2.500**	-
Legal fees	**32.415**	37.915
Other professional fees	**1.120.155**	1.063.386
Inland travelling and accommodation	**49.023**	64.787
Entertaining	**25.530**	38.375
Management fees	**237.342**	231.096
Advertising	**1.363.584**	979.277
Royalty expense	**1.997.263**	2.258.500
Warehouse	**1.579.096**	1.381.010
Commissions	**527.233**	503.917
Amortisation of computer software	**64.153**	67.582
Depreciation of right-of-use assets	**2.773.901**	2.696.219
Depreciation	**783.328**	718.512
Sundry expenses	**643.766**	552.566
	22.313.562	21.313.086

24. Staff costs

	2024	2023
	€	€
Salaries	**6.030.471**	5.865.129
Social security costs	**1.002.562**	908.678
Social cohesion fund	**118.732**	108.803
	7.151.765	6.882.610
Average number of employees	**313**	300

The Company has a defined contribution scheme, the H.M. Housemarket (Cyprus) Limited Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

The aggregate amount of the directors' emoluments for the year is €116.592 (2023: €98.066). The aggregate amount of the directors' pensions for the year is €6.608 (2023: €6.129). The directors represent the key management personnel of the Company.

25. Finance income/(costs)

	2024	2023
	€	€
Exchange profit	42	130
Finance income	42	130
Net foreign exchange losses	(5.176)	(17)
Interest expense on lease liabilities	(1.406.244)	(1.420.780)
Sundry finance expenses	(49.184)	(76.680)
Finance costs	(1.460.604)	(1.497.477)
Net finance costs	(1.460.562)	(1.497.347)

Other finance expenses comprise mostly of credit / debit card processing charges.

26. Tax

	2024	2023
	€	€
Corporation tax	1.456.114	1.273.981
Defence contribution	738	-
Charge for the year	1.456.852	1.273.981

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

	2024	2023
	€	€
Profit before tax	11.180.397	10.821.995
Tax calculated at the applicable tax rates	1.397.550	1.352.749
Tax effect of expenses not deductible for tax purposes	642.447	619.865
Tax effect of allowances and income not subject to tax	(583.883)	(698.633)
Defence contribution current year	738	-
Tax charge	1.456.852	1.273.981

The corporation tax rate is 12,5%.

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%.

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

27. Dividends

	2024	2023
	€	€
Dividend paid	**7.000.000**	10.000.000
	7.000.000	10.000.000

During the year, the Company in General Meeting declared the payment of dividend of €7.000.000 (2023: €10.000.000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. Dividends are also subject to a 2,65% contribution to the General Healthcare System.

28. Related party transactions

The Company is controlled by Housemarket S.A., a company incorporated in Greece which owns 100% of the Company's shares. The ultimate controlling party is Fourlis Holding S.A., a company incorporated in Greece and listed on Athens Stock Exchange.

The following transactions were carried out with related parties:

28.1 Directors' remuneration

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

	2024	2023
	€	€
Directors' emonulmnets	**116.592**	98.066
Directors' pensions	**6.608**	6.129
	123.200	104.195

28.2 Sales of goods and services

	Nature of transactions	2024 €	2023 €
Intersport Athletics (Cyprus) Ltd (entity under common control)	Technical support	**114.240**	114.240
Intersport Athletics (Cyprus) Ltd	Trade	**1.008**	5.883
Trade Estates Cyprus Limited (entity under common control)	Technical support	**-**	6.840
Trade Estates Cyprus Limited	Trade	**-**	3.174
		115.248	130.137

28. Related party transactions (continued)

28.3 Purchases of goods and services

	Nature of transactions	**2024** €	2023 €
Housemarket S.A.	Trade	-	108
Housemarket S.A.	Technical support	**74.940**	74.940
Fourlis Holding S.A. (ultimate controlling party)	Trade	**7.520**	13.988
Fourlis Holding S.A.	Technical support	**9.521**	12.625
Fourlis Holding S.A.	Technical support	**162.402**	156.156
Fourlis Holding S.A.	Software subscription fee	**140.645**	109.574
Fourlis Holding S.A.	Technical support	**6.473**	-
Intersport Athletics (Cyprus) Ltd	Trade	-	13.198
Intersport Athletics SA (entity under common control)	Trade	-	194
Trade Estates Cyprus Ltd	Rental fees	**3.311.079**	3.230.321
Trade Estates Cyprus Ltd	Trade	**44.711**	41.869
		3.757.291	3.652.973

In addition to the above the Company has lease payments to Trade Estates Cyprus Ltd for the lease of the Nicosia store building for which a right of use asset is recognised (Note 8). These payments amounted to €3.311.079 (2023: €3.230.321) - included in the relevant amount in note 15.

28.4 Receivables from related parties (Note 12)

Name	Nature of transactions	**2024** €	2023 €
Intersport Athletics (Cyprus) Ltd	Trade	**19.040**	9.880
Trade Estates Cyprus Ltd	Trade	**1.140**	570
		20.180	10.450

The balances are unsecured, interest free and with no specified repayment date.

28.5 Payables to related parties (Note 19)

Name	Nature of transactions	**2024** €	2023 €
Intersport Athletics (Cyprus) Ltd	Trade	-	7.320
Trade Estates Cyprus Ltd	Trade	**11.146**	15.493
		11.146	22.813

28.6 Receivable from Shareholder (Note 12)

	2024 €	2023 €
Housemarket S.A.	**3.928**	-

Balance relate to goods and services.

28. Related party transactions (continued)

28.7 Shareholders' current accounts (Note 19)

	2024	2023
	€	€
Housemarket S.A. - credit balance	**12.490**	6.245
Fourlis Holding S.A. - credit balance	**30.616**	13.282
	43.106	19.527

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

29. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2024.

30. Commitments

The Company had no capital or other commitments as at 31 December 2024.

31. Financial risk management

Financial risk factors

The Company is exposed to market price risk, credit risk, liquidity risk, reputation risk, capital risk management and other risks arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

31.1 Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and that such changes will affect the Company's income or the value of its holdings of financial instruments.

31.2 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, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

(i) Impairment of financial assets

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

- trade receivables
- financial assets carried at FVOCI
- cash and cash equivalents

Trade receivables and contract assets

The Company 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.

31. Financial risk management (continued)

31.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

Trade receivables and contract assets (continued)

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 contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 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 Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

There were no significant trade receivable and contract asset balances written off during the year that are subject to enforcement activity.

Financial assets at amortised cost, debt investments carried at FVOCI

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

There were no significant financial assets at amortised costs and debt investments carried at FVOCI written off during the year that are subject to enforcement activity.

The Company does not hold any collateral as security for any financial assets at amortised cost and debt investments carried at FVOCI balances.

Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

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

Company internal credit rating	2024	2023
	€	€
Performing	20.180	10.450
Total	**20.180**	10.450

31. Financial risk management (continued)

31.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

Receivables from related parties (continued)

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

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

Cash and cash equivalents

The Company 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.

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

Company internal credit rating	External credit rating	2024	2023
		€	€
Underperforming	BBB - B	**6.255.410**	1.564.305
Total		**6.255.410**	1.564.305

The ECL on current accounts is considered to be approximate to 0, 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 Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

31.3 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 2024	Carrying amounts	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
	€	€	€	€	€
Lease liabilities	64.303.663	82.827.102	3.673.510	13.244.715	65.908.877
Bank overdrafts	16.259	-	-	-	-
Trade and other payables	6.930.159	6.904.497	6.904.497	-	-
Payables to related parties	54.252	50.324	50.324	-	-
	71.304.333	**89.781.923**	**10.628.331**	**13.244.715**	**65.908.877**

31. Financial risk management (continued)

31.3 Liquidity risk (continued)

31 December 2023	Carrying amounts	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
	€	€	€	€	€
Lease liabilities	64.908.840	86.440.789	3.585.660	13.629.208	69.225.921
Trade and other payables	5.044.379	5.044.379	5.044.379	-	-
Payables to related parties	13.282	13.282	13.282	-	-
Payables to parent company	6.245	6.245	6.245	-	-
	69.972.746	91.504.695	8.649.566	13.629.208	69.225.921

31.4 Reputation risk
The risk of loss of reputation arising from the negative publicity relating to The Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company applies procedures to minimize this risk.

31.5 Capital risk management
Capital includes equity shares, other reserves and retained earnings.

The Company 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 Company 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.

31.6 Other risks
The general economic environment prevailing in Cyprus and internationally may affect the Company's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company.

32. Events after the reporting period

Depending on the duration of the conflict between Russia and Ukraine, the Israel-Gaza conflict and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2025 which relate to new developments that occurred after the reporting period.

On 4 February 2025, the Company disposed of 2,26% of its shares in Trade Estates Real Estate Investment Company at €1,50 per share amounting to €4.088.875,50. The holding of shares after the disposal stands at 4.89%.

Except from 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.