H.M. Housemarket (Cyprus) Ltd

31 December 2023

FINANCIAL STATEMENTS
for the year ended 31 December 2023

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GENERAL INFORMATION

Board of Directors

Apostolos Petalas (resigned on 29/05/2023)
Anna Kokkinos (resigned on 10/04/2024)
Arlene Nahikian (resigned on 10/04/2024)
Costas Christoforou
Georgios Alevizos (resigned on 10/04/2024)
Maria Theodoulidou
Petros Papaioannou
Dimitrios Valachis (appointed on 19/06/2023)

Company Secretary

Cymanco Services Ltd

Independent Auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Jean Nouvel Tower
6 Stasinos Avenue
P.O. Box 21656,
1511 Nicosia, Cyprus

Legal Advisors

Pelagias, Christodoulou, Vrachas & Co

Bankers

Alpha Bank Cyprus Ltd
Bank of Cyprus Public Co Ltd
Eurobank Cyprus Ltd
Hellenic Bank Public Company Ltd

Registered Office

5 Esperidon
4th floor
P.C. 2001
Nicosia
Cyprus

MANAGEMENT REPORT

The Board of Directors of H.M. Housemarket (Cyprus) Ltd (the "Company") presents to the members its Management Report together with the audited financial statements of the Company for the year ended 31 December 2023.

Principal activity

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

Financial results

The Company's financial results for the year ended 31 December 2023 are set out on page 9 of the financial statements.

Examination of the development, position and performance of the activities of the Company

The Company's revenue for the year ended 31 December 2023 amounted to €67.815.834 (2022: €58.973.800). The Company's results for the year are set out on page 9. The net profit for the year attributable to the shareholders of the Company amounted to €9.548.014 (2022: €6.893.953). On 31 December 2023 the total assets of the Company were €94.010.495 (2022: €101.076.796) and the net assets of the Company were €19.914.984 (2022: €25.917.829).

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 concern 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.

Dividends

During the year, the Board of Directors declared a dividend of €10.000.000 (2022: 5.000.000).

Main risks and uncertainties

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in notes 2 and 24 of the financial statements.

Share capital

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

MANAGEMENT REPORT (continued)

Branches

During the years ended 31 December 2023 and 31 December 2022 the Company did not operate any branches.

Board of directors

The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 3.

Any changes in the composition of the Board of Directors are presented on page 3.

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 of the directors. Remuneration of the Board of Directors is reported in Note 7.

Events after the reporting period

Significant events that occurred after the reporting period, are described in note 28 to the financial statements.

Related party transactions

Related party transactions are disclosed in note 20 of the financial statements.

Independent auditors

The independent auditors, Ernst & Young Cyprus Limited, have been informed for the intention of the Board of the Company to propose at the Annual General Meeting of the Company their replacement by another audit firm for the audit of the Company for the year ended 31 December 2024.

By order of the Board of Directors

Cymanco Services Ltd
Secretary

CYMANCO SERVICES LIMITED

Nicosia, 4 July 2024

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Independent Auditor's Report

To the Members of H.M. Housemarket (Cyprus) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of H.M. Housemarket (Cyprus) Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to 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 2023, 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.

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Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

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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 Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Avgoustinos Hadjirousos
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 4 July 2024

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Note	2023 €	2022 €
Revenue	4	67.815.834	58.973.800
Cost of sales		(37.046.013)	(32.248.666)
Gross profit		30.769.821	26.725.134
Other income from operations	5	2.150.570	1.669.752
Administrative and selling expenses		(21.313.086)	(19.645.286)
Operating profit	6	11.607.305	8.749.600
Finance income	8	130	284
Finance expenses	8	(1.497.477)	(1.461.541)
Dividend income	13	712.037	517.372
Profit before tax		10.821.995	7.805.715
Income tax	9	(1.273.981)	(911.762)
Profit after tax		9.548.014	6.893.953
Other comprehensive income			
Financial Asset at FVOCI-Fair value (loss) / gain	13	(5.580.706)	2.429.918
Total comprehensive income for the year		3.967.308	9.323.871

The notes on pages 13 to 39 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2023

	Note	2023 €	2022 €
Assets			
Property, plant and equipment	10	2.648.148	2.548.809
Right of use assets	12	62.451.171	63.155.687
Intangible assets	11	223.023	249.141
Trade and other receivables	14	226.163	38.705
Investments at fair value through Other Comprehensive Income	13	15.176.211	20.756.917
Deferred tax asset	16	370.305	252.773
Total non-current assets		81.095.021	87.002.032
Inventories	22	10.382.868	9.387.187
Trade and other receivables	14	908.887	691.605
Cash at bank and in hand	21	1.564.305	3.936.558
Income tax receivable	19	59.414	59.414
Total current assets		12.915.474	14.074.764
Total assets		94.010.495	101.076.796
Equity			
Share capital	15	19.197.144	19.197.144
Share premium		9.812.582	9.812.582
Other reserves		(1.977.960)	3.572.899
Reserve for reduction of share capital	15	(17.947.104)	(17.947.104)
Retained earnings		10.830.322	11.282.308
Total equity		19.914.984	25.917.829
Liabilities			
Lease liabilities	17	62.701.973	62.987.675
Total non-current liabilities		62.701.973	62.987.675
Trade and other payables	18	9.186.671	10.067.939
Current portion of long-term lease liabilities	17	2.206.867	2.079.809
Tax liabilities	19	-	23.544
Total current liabilities		11.393.538	12.171.292
Total liabilities		74.095.511	75.158.967
Total equity and liabilities		94.010.495	101.076.796

The financial statements were approved by the Board of Directors on 4 July 2024

Petros Papaioannou – Director

Costas Christoforou – Director

The notes on pages 13 to 39 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Share capital	*Share premium*	*Other reserves*	*Fair value reserve of financial assets at FVOCI*	*Reserve for reduction of share capital*	*Retained earnings*	*Total*
	€	*€*	*€*	*€*	*€*	*€*	*€*
Balance at 1 January 2022	19.197.144	9.812.582	37.154	1.081.305	(17.947.104)	9.388.355	21.569.436
Comprehensive income							
Profit for the year	-	-	-	-	-	6.893.953	6.893.953
Other comprehensive income							
Fair Value gain of Financial Asset at FVOCI	-	-	-	2.429.918	-	-	2.429.918
Total other comprehensive income for the year	-	-	-	2.429.918	-	-	2.429.918
Dividends paid	-	-	-	-	-	(5.000.000)	(5.000.000)
Share-based payments	-	-	24.522	-	-	-	24.522
Balance at 1 January 2023	**19.197.144**	**9.812.582**	**61.676**	3.511.223	(17.947.104)	11.282.308	25.917.829
Comprehensive income							
Profit for the year	-	-	-	-	-	9.548.014	9.548.014
Other comprehensive income							
Fair value lossof Financial Asset at FVOCI	-	-	-	(5.580.706)	-	-	(5.580.706)
Total other comprehensive income for the year	-	-	-	(5.580.706)	-	-	(5.580.706)
Dividends paid	-	-	-	-	-	(10.000.000)	(10.000.000)
Share-based payments	-	-	29.847	-	-	-	29.847
Balance at 31 December 2023	**19.197.144**	**9.812.582**	**91.523**	**(2.069.483)**	**(17.947.104)**	**10.830.322**	**19.914.984**

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.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Note	*2023* *€*	*2022* *€*
Cash flows from operating activities			
Profit before tax		10.821.995	7.805.715
Adjustments for:			
Depreciation of property, plant, and equipment	10	718.513	720.153
Depreciation of right of use asset	12	2.696.219	2.605.724
Amortisation of intangible assets	11	67.582	64.437
Interest income	8	(130)	(284)
Interest expense	8	1.497.460	1.461.420
Share-based payment expense	15	29.847	24.522
Foreign exchange difference	8	17	120
(Gain)/Loss on disposal of property, plant and equipment		264	(1.231)
		15.831.767	12.680.576
Cash flows from operations before working capital changes:			
(Increase) / Decrease in inventories		(995.680)	(2.473.669)
(Increase) / Decrease in trade and other receivables		(404.739)	70.709
(Decrease) / Increase in trade and other payables		(881.269)	3.199.644
Cash flows used in operations		13.550.079	13.477.260
Tax paid		(1.415.056)	(995.043)
Net cash flows from operating activities		12.135.023	12.482.217
Cash flows from investing activities			
Payment for purchase of intangible assets	11	(41.464)	(42.700)
Payment for purchase of property, plant and equipment	10	(818.115)	(408.070)
Proceeds from disposal of property, plant and equipment		-	1.389
Net cash flows used in investing activities		(859.579)	(449.381)
Cash flows from financing activities			
Payment of dividends		(10.000.000)	(6.500.000)
Repayment of loans		-	(7.038.000)
Interest and commission fee paid		(76.570)	(35.802)
Payment of principal portion of lease liabilities	17	(3.571.127)	(3.456.454)
Net cash flows used in financing activities		(13.647.697)	(17.030.256)
Net (decrease) / increase in cash and cash equivalents		(2.372.253)	(4.997.420)
Cash and cash equivalents at beginning of the year	21	3.936.558	8.933.979
Cash and cash equivalents at end of the year		1.564.305	3.936.558

The notes on pages 13 to 39 form an integral part of these financial statements.

1. Incorporation and principal activities

H.M. Housemarket (Cyprus) Ltd (the ‘’Company’’) was incorporated in Cyprus on 8 September 2005 as a private limited liability company under the Cyprus Companies Law, Cap.113. Its Registered Office is at 5 Esperidon, 4th floor, P.C. 2001, Nicosia, Cyprus.

The principal activity of the Company, which remained the same as last year, is the import and sale of furniture and household equipment of the brand name ‘’IKEA’’.

2. Basis of preparation

2.1 Statement of compliance

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

Basis of measurement

The financial statements have been prepared under the historical cost basis, with the exception of investments at fair value through other comprehensive income which are measured at fair value.

The financial statements are presented in euro (€) which is the functional currency of the Company.

2.2 Changes in accounting policies and disclosures

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 2023. Except for the reduction in disclosure of the accounting policies, the adoption of these standards and amendments has not had any material impact on the other disclosures or on the amounts reported in these financial statements. The Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies, are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. The Company assessed its accounting policies disclosure and retained material accounting public information on the Company's main assets, liabilities, equity, income and expenses.

Standards issued but not yet effective and not early adopted by the Company

The Company has not adopted yet any of the following standards, interpretations or amendments which have been published but are not effective in the current accounting period:

Standards, Interpretations and Amendments adopted by the European Union:

- Amendments to IAS 1 Presentation Presentation of Financial Statements: Classification of liabilities as Current or Non current (issued on 23 January 2020); Classification of liabilities as Current or Non current   Deferral of Effective Date (issued on 15 July 2020); and Non current Liabilities with Covenants (issued on 31 October 2022) (effective date 1 January 2024)

2. Basis of preparation (continued)

2.2 Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective and not early adopted by the Company (continued)

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for annual periods beginning on or after 1 January 2024)Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (effective for annual periods beginning on or after 1 January 2024)

Standards, Interpretations and Amendments not yet adopted by the European Union

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025)
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) (effective for annual periods beginning on or after 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability Disclosures (effective for annual periods beginning on or after 1 January 2027)

The above standards, interpretations and amendments are not expected to have a significant impact on the financial statements when they become effective.

2.3 Critical accounting estimates, judgements and assumptions

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

2. Basis of preparation (continued)

2.3 Critical accounting estimates, judgements and assumptions (continued)

- Provision for bad and doubtful debts – expected credit losses
  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 as well as the expected credit losses under IFRS 9. If indications of exist that amounts are not recoverable, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the statement of comprehensive income. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly. During the years 2023 and 2022 the Company did not recognize any provision for doubtful debts / expected credit losses.

- 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 recognized in the statement of comprehensive income. 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 judgement 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.

- 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 term, and with a similar security, the funds necessary to obtain an asset of 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.

2. Basis of preparation (continued)

2.3 Critical accounting estimates, judgements and assumptions (continued)

- 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.

- 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 statement of financial position date. The Company has used the fair value of the net assets of the company in which it holds an investment, to assess the fair value of the financial assets at fair value through OCI. Net asset basis was considered an appropriate benchmark, as the majority assets were recognised at fair value as at 31 December 2023 and 2022.

- Revenue from contracts with customers
  The Company estimates the fair value of non-redeemed points by using historical data and by assessing the possibility of redemption.

3. Material accounting policies

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.

3. Material accounting policies

Share-based payments
Employees (including senior executives) of the Company receive remuneration in the form of share-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.

Revenue recognition
Revenue is measured at the fair value of sales of goods and provision of services, net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- Sale of goods
  Sales of goods are recognized when the Company invoices and delivers the goods to the customers and the goods are accepted by them. Retail sales are through cash payments or through credit cards. In these cases, the income recorded is the amount received by the customer.

- Provision of services
  The income from provision of services is recorded in the period in which the services are provided, based on the stage of completion of the provided service.

3. Material accounting policies (continued)

Revenue recognition (continued)
IFRS 15 establishes a five-step model which applies for income earned from a contract with a customer (with limited exceptions), regardless the transaction or industry type. Entities are required to allocate the transaction price from contracts to performance obligations, based on independent sale prices, based on the five-step model. Afterwards, the income is recognized when the entity satisfies performance obligations, specifically when it transfers the goods or services determined by the contract to the customer.

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 the price 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.

Employee benefits
In the defined contribution schemes of the Company, the amounts paid to personnel as retirement benefits and which represent the accrued cost for the year, are debited to profit or loss.

The Company and its employees also contribute to the Government Social Insurance Fund and General Health Plan based on the employees' salaries. The Company's contributions are written off in the related period and are included in the employee benefits.

The Company does not have any legal or constructive obligation to pay additional contributions if the above mentioned plans do not hold enough assets to pay all employees the benefits associated with their services during the current and previous years.

Finance income
Finance income includes interest income which is recognised based on an accrual basis.

Finance expenses
Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method. Borrowings 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.

3. Material accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

Dividend Income

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

Tax

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

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the statement of financial position date. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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 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.

Leases – Company as a 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 a period of time in exchange for consideration.

The Company applies a single 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 representing the right to use the underlying assets.

3. Material accounting policies (continued)

Leases – Company as a lessee (continued)
Recognition exemptions under IFRS 16
- Short-term leases
- Leases where the underlying asset has a 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
Upon lease commencement the lessee recognises a right-of-use asset and a 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.

3. Material accounting policies (continued)

Leases – Company as a lessee (continued)

Presentation

- Right of use assets separately from the other assets in statement of financial position.
- Lease liabilities separately 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

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders. Interim dividend distribution is recognised in the Company's financial statements when this is declared by the Company's Board of Directors.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in the statement of comprehensive income on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%	
Buildings	3,37	29,67 years
Leasehold Improvements	14-25	4-7 years
Machinery, installations and other industrial equipment	11	9 years
Motor vehicles: Saloon car	15	6,67 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.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the statement of comprehensive income 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.

3. Material accounting policies (continued)

Impairment of fixed 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).

Intangible assets

a) Trademarks and licenses

Trademarks and licenses are valued at cost less amortization. Amortisation is calculated using the straight-line basis over the useful lives of these assets which have been assessed at 5 years.

b) 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 programs 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 and is included within administrative expenses.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Trade receivables

Trade receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts/expected credit losses are recognised in statement of comprehensive income when there is objective evidence that the asset is impaired, using forward looking information. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) 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 current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest "SPPI", and (ii) they are not designated at FVTPL. Expected credit losses as per IFRS 9 are also calculated on cash at bank balances, if significant.

3. **Material accounting policies** (continued)

Financial instruments (continued)

(iii) Borrowings
Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

(v) Financial assets at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

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

	Level 1	**Total**
31 December 2023	**EUR**	**EUR**
Assets		
Financial asset		
- Equity securities	15.176.211	15.176.211
Total assets measured at fair value	15.176.211	15.176.211

3. Material accounting policies (continued)

31 December 2022	Level 3 EUR	Total EUR
Assets		
Financial asset		
- Equity securities	20.756.917	20.756.917
Total assets measured at fair value	20.756.917	20.756.917

Inventories

Inventories are stated at cost or net realisable value. The cost is determined using the weighted average method. The net realizable value is the estimated sales price at the ordinary operation of the company less any costs to sell having in mind seasonality and other conditions. The cost of inventory does not include any financial expenses.

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 reserves account.

4. Revenue from contracts with customers

	2023 *€*	*2022* *€*
Sales of goods	63.649.427	55.596.775
Sales of dining and food service	4.266.407	3.377.025
	67.815.834	58.973.800

5. Other operating income

	2023 *€*	*2022* *€*
Sundry operating income	2.150.570	1.669.752
	2.150.570	1.669.752

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

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2023

6. Operating profit

	2023 €	2022 €
Operating profit is stated after charging / (crediting) the following items:		
Depreciation of property, plant and equipment	718.513	720.153
Depreciation for Right of use assets	2.696.219	2.605.724
Amortisation of intangible assets	67.582	64.437
Staff costs including Directors in their executive Capacity (Note 7)	7.156.141	6.241.714
Auditor’s remuneration for the statutory audit of annual accounts	27.319	19.884
Auditor’s remuneration for other assurance services	8.322	7.838
Auditor’s remuneration for tax compliance services	3.392	3.392
Legal fees	37.915	34.312
Royalty payments for the right to use the IKEA brand name	2.258.500	1.963.503

7. Staff costs

	2023 €	2022 €
Wages and salaries	6.059.798	5.292.728
Social insurance contributions	556.401	484.230
Social cohesion fund contributions	114.429	99.766
Provident fund contributions	148.693	127.420
Benefits in kind/Expatriate Allowance	80.914	68.948
Share-based payment expense (Note 15)	29.847	24.522
General Health System contributions	166.059	144.100
Total staff costs	7.156.141	6.241.714

The average number of employees (including directors in their executive capacity) employed by the Company during the years 2023 and 2022 were 300 and 278 respectively.

The Company has a defined contribution scheme, the Provident Fund for the Employees of H.M. Housemarket (Cyprus) Ltd, 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 €98.066 (2022: €104.153). The aggregate amount of the directors’ pensions for the year is €6.129 (2022: €5.928). The directors represent the key management personnel of the Company.

8. Net finance income and expenses

	2023	*2022*
	€	*€*
Interest income	-	-
Foreign exchange profit	130	284
Finance income	130	284
Foreign exchange transaction losses	(17)	(121)
Other finance expenses	(76.680)	(35.964)
Interest expense on lease liabilities (Note 17)	(1.420.780)	(1.425.456)
Finance expenses	(1.497.477)	(1.461.541)
Net finance income / (expenses)	(1.497.347)	(1.461.257)

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

9. Taxation

		2023	*2022*
	Note	*€*	*€*
Corporation tax - current year		1.391.513	1.018.586
Deferred tax – charge/(credit)		(117.532)	(106.824)
Charge for the year		1.273.981	911.762

Reconciliation of tax based on the taxable income and tax based on accounting profits:

	2023	*2022*
	€	*€*
Accounting profit before tax	10.821.995	7.805.715
Tax calculated at the applicable tax rates	1.352.749	975.714
Tax effect of expenses not deductible for tax purposes	619.865	605.738
Tax effect on allowances and income not subject to tax	(581.101)	(562.866)
Deferred tax (credit) / charge	(117.532)	(106.824)
Tax as per statement of comprehensive income – charge	1.273.981	911.762

The corporation tax rate is 12,5% (2022: 12,5%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (reduced to 17% as of 1 January 2024). 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.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2023

10. Property, plant and equipment

	Leasehold Improvements	*Machinery, installation and other industrial equipment*	*Motor vehicles*	*Furniture, fixtures and other equipment*	*Total*
	€	*€*	*€*	*€*	*€*
Cost					
Balance at 1 January 2022	1.718.092	725.872	307.405	5.830.486	8.581.855
Additions	23.768	109.744	37.155	237.403	408.070
Disposals	-	-	-	(43.619)	(43.619)
Balance 31 December 2022/ 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/write offs	-	-	-	(18.252)	(18.252)
Balance 31 December 2023	1.970.852	915.233	353.639	6.506.445	9.746.169
Depreciation					
Balance 1 January 2022	556.701	363.228	209.107	4.591.770	5.720.806
Charge for the year	235.418	57.431	19.548	407.756	720.153
Disposals	-	-	-	(43.462)	(43.462)
Balance 31 December 2022/ 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
Disposals	-	-	-	(17.989)	(17.989)
Balance 31 December 2023	1.032.914	485.912	251.322	5.327.873	7.098.021
Net book value					
Balance 31 December 2023	937.938	429.321	102.317	1.178.572	2.648.148
Balance 31 December 2022	949.741	414.957	115.905	1.068.206	2.548.809

11. Intangible assets

	Computer software	*Franchise fee**	*Total*
	€	*€*	*€*
Cost			
Balance at 1 January 2022	767.118	550.616	1.317.734
Additions	42.700	-	42.700
Balance at 31 December 2022 / 1 January 2023	809.818	550.616	1.360.434
Additions	41.464	-	41.464
Balance at 31 December 2023	**851.282**	**550.616**	**1.401.898**
Amortisation			
Balance at 1 January 2022	(496.240)	(550.616)	(1.046.856)
Amortisation for the year	(64.437)	-	(64.437)
Balance at 31 December 2022/ 1 January 2023	(560.677)	(550.616)	(1.111.293)
Amortisation for the year	(67.582)	-	(67.582)
Balance at 31 December 2023	**(628.259)**	**(550.616)**	**(1.178.875)**
Carrying amounts			
Balance at 31 December 2023	**223.023**	**-**	**223.023**
Balance at 31 December 2022	**249.141**	**-**	**249.141**

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

12. Right of use assets

	Leased store premises (land and buildings)	*Leased Motor Vehicles*	*Total*
	€	*€*	*€*
Balance as at 1 January 2022	70.263.228	92.211	70.355.439
Lease modification	999.885	12	999.897
Balance as at 31 December 2022	71.263.113	92.223	71.355.336
Lease modification	1.991.703	-	1.991.703
Balance as at 31 December 2023	**73.254.816**	**92.223**	**73.347.039**
Accumulated depreciation			
1 January 2022	**(5.552.137)**	**(41.788)**	**(5.593.925)**
Depreciation charge	(2.592.090)	(13.634)	(2.605.724)
Balance as at 31 December 2022	**(8.144.227)**	**(55.422)**	**(8.199.649)**
Depreciation charge	(2.682.587)	(13.632)	(2.696.219)
Balance as at 31 December 2023	**(10.826.814)**	**(69.054)**	**(10.895.868)**
Carrying amounts			
Balance at 31 December 2023	**62.428.002**	**23.169**	**62.451.171**
Balance at 31 December 2022	**63.118.886**	**36.801**	**63.155.687**

12. Right of use assets (continued)

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 restructuring plan. The restructuring was done within the 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 €1.991.703 in the year 2023 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 (Note 17).

The lease modification amounting to €999.885 in the year 2022 relates to amendments in the terms of the lease agreement for the Nicosia building, as agreed by the Company with the lessor, 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 to the lease liability (Note 17).

13. Financial assets at fair value through OCI

	2023	*2022*
	€	*€*
At beginning of year	20.756.917	18.326.999
Fair value gain/(loss) through other comprehensive income	(5.580.706)	2.429.918
At end of year	15.176.211	20.756.917

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 private 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 real estate portfolios of the group).

13. Financial assets at fair value through OCI (continued)

Theinvestment in Trade Estates 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 the Athens Stock Exchange. The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2023 (Level 1).. As at 31 December 2022, 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 2023 amounted to €712.037 (2022: € 517.372).

14. Trade and other receivables

	2023	*2022*
	€	*€*
Trade receivables	416.819	383.011
Deposits and prepayments	707.781	337.209
Receivables from related companies (Note 20)	10.450	10.090
	1.135.050	730.310
Less non-current receivables	(226.163)	(38.705)
Current portion	908.887	691.605

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 there is a cash deposit of €194.960 (2022: Nil) which is restricted as it relates to a guarantee (Note 21).

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 24 of the financial statements.

15. Share capital and other reserves

	2023 Number of shares	*2023*	*2022 Number of shares*	*2022*
		€		*€*
Authorised, issued and fully paid Ordinary shares at €1,71 each				
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. Share capital and other reserves (continued)

Other reserves

	Other reserves
	€
As at 1 January 2023	61.676
Share-based payment expense (Note 7)	29.847
Balance at 31 December 2023	91.523

Under the Stock Option Plan (SOP), share options of the Fourlis Holdings S.A (the ultimate parent) were granted to employees of the Group, in 2013. The exercise 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 members of the Board of Directors of the Company, are eligible to the SOP.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms 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 2023 is 24.000 (2022: 20.785).

As of 31 December 2023, the value of stock options granted to employees of the Company and outstanding as of that date was €29.847 (2022: €24.522).

The price of the shares at which the individuals may exercise their option is set at €5,56 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 12) in 2019, the Company effected a legal capitalisation of retained earnings into share capital, for the amount of €18.000.144 comprising 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 will proceed 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 respective amount in a reserve for reduction of share capital within equity.

16. Deferred tax

Deferred tax (asset)/liability

	2023	*2022*
	€	*€*
Balance at 1 January	(252.773)	(145.949)
Charge / (credit) for the year	(117.532)	(106.824)
Balance at 31 December	(370.305)	(252.773)

Deferred tax (asset)/liability arises as follows:

	2023	*2022*
	€	*€*
Temporary differences on assets' tax depreciation	(63.096)	(238.975)
Temporary differences on IFRS 16- Leases	(307.209)	(13.798)
	(370.305)	(252.773)

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 9). The applicable corporation tax as at 31 December 2023 and 2022 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 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.

17. Lease Liabilities

	€
Balance on 1 January 2022	**66.098.586**
Additions	-
Lease modifications (Note 12)	999.896
Interest expense on lease liability	1.425.456
Repayments	(3.456.454)
Total as at 31 December 2022 – 1 January 2023	**65.067.484**
Additions	-
Lease modification (Note 12)	1.991.703
Interest expense on lease liability	1.420.780
Repayments	(3.571.127)
Total as at 31 December 2023	**64.908.840**

18. Trade and other payables

	2023 €	2022 €
Trade payables	4.824.055	5.599.806
Customer advances	338.609	310.491
Social insurance and other taxes	220.325	202.617
Value Added Tax	2.427.262	2.611.197
Obligations from customer loyalty program and warranties	324.817	285.037
Payables to parent company (Note 20)	6.245	5.968
Payables to ultimate parent company (Note 20)	13.282	28.219
Payables to other related companies (Note 20)	22.813	-
Accruals	1.009.263	1.024.604
	9.186.671	10.067.939

Obligations from customer 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.

The exposure of the Company to liquidity risk in relation to financial liabilities is reported in note 24 of the financial statements.

19. Tax Asset /(liability)

	2023 €	2022 €
Corporation tax (payable)	-	(23.544)
Corporation tax refundable	59.414	59.414
	59.414	35.870

20. Related party balances and transactions

The following transactions were carried out with related parties:

(i) Sales of goods and services

	Nature of transactions	*2023* *€*	*2022* *€*
Intersport Athletics (Cyprus) Ltd (entity under common control)	Technical support	114.240	114.240
Intersport Athletics (Cyprus) Ltd	Trade	5.883	60
Trade Estates Cyprus Limited (entity under common control)	Technical support	6.840	6.840
Housemarket S.A. (parent company)	Trade	-	277
Trade Estates Cyprus Limited	Fee for staff costs	3.174	-
		130.137	121.417

(ii) Purchases of goods and services

	Nature of transactions	*2023* *€*	*2022* *€*
Housemarket S.A.	Trade	108	1.395
Housemarket S.A.	Technical support	74.940	74.940
Fourlis Holding S.A. (ultimate controlling party)	Trade	13.988	2.940
Fourlis Holding S.A.	Technical support	12.625	11.322
Fourlis Holding S.A.	Technical support	156.156	148.720
Fourlis Holding S.A.	Software subscription fee	109.574	127.138
Fourlis Holding S.A.	Other	-	2.988
Intersport Athletics (Cyprus) Ltd	Trade	13.198	8.000
Intersport Athletics SA (entity under common control)	Trade	194	116
Trade Estates Cyprus Ltd	Trade	41.869	-
		422.652	377.559

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 12). These payments amounted to €3.230.321 (2022: €3.136.234) – included in the relevant amount in note 17.

20. Related party balances and transactions (continued)

(i) Receivables from related companies (note 14)

	Nature of transactions	*2023* *€*	*2022* *€*
Intersport Athletics (Cyprus) Ltd	Trade	9.880	9.520
Trade Estates Cyprus Ltd	Trade	570	570
		10.450	10.090

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

(i) Payables to related companies (note 18)

	Nature of transactions	*2023* *€*	*2022* *€*
Intersport Athletics (Cyprus) Ltd	Trade	7.320	-
Trade Estates Cyprus Ltd	Trade	15.493	-
		22.813	-

The balance is unsecured, interest free and with no specified repayment date.

(iv) Shareholders' current accounts

	2023 *€*	*2022* *€*
Housemarket S.A. – debit/(credit) balance (Note 18)	(6.245)	(5.968)
Fourlis Holding S.A – debit/(credit) balance (Note 18)	(13.282)	(28.219)

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

21. Cash and cash equivalents

	2023 *€*	*2022* *€*
Cash at bank	1.564.305	3.936.558
Bank overdraft	-	-
As per the statement of cash flows	1.564.305	3.936.558

At 31 December 2023 the total available overdraft facilities from all banks amounted to €8.000.000 (2022: €6.000.000).

The overdraft facilities bear interest at 3%-7.9% p.a. (2022: 3%-5,9% p.a.).

21. Cash and cash equivalents (continued)

The overdraft facilities are secured as follows:

- Corporate guarantee of Fourlis A.E and Housemarket A.E. for €13.000.000 plus interest
- A floating charge for €13.000.000 plus interest on the Company's assets.
- Corporate guarantee of Fourlis A.E and Housemarket A.E. for €3.070.000 plus interest
- Assignment in favour of the bank of rights of a specific insurance contract held by the Company for the amount of €59.292.000 that offers insurance cover for the assets of the Company.
- Corporate guarantee of Housemarket A.E for €2.400.000 plus interest.
- Corporate guarantee of Housemarket A.E. for €8.543.008 plus interest.

22. Inventories

	2023	*2022*
	€	*€*
Products for resale	10.382.868	9.387.187

The inventories are stated at the lower of cost and net realizable value (NRV).

The cost of inventories recognized as an expense and included in 'cost of sales' amounted to €37.046.013 (2022: €32.284.666). During the year the Company recorded write off of inventory amounting to €420.721 (2022: €270.400). As at 31 December 2023 the Company had a provision of €660.000 regarding goods that were expected to be sold at prices lower than cost values (2022: 500.000).

23. Holding company and ultimate controlling party

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

24. Financial risk management objectives and policies

Financial risk factors

The Company is exposed to the following risks arising from the financial instruments it holds:

- Credit risk
- Liquidity risk
- Market risk
- Reputation risk
- Other risks

24. Financial risk management objectives and policies (continued)

The risk management policies employed by the Company to manage these risks are discussed below:

(i) *Credit risk*
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks. Due to the nature of the Company's activities (the majority of the revenue consists of cash sales), the Company has no significant concentration of credit risk. Cash balances are held with recognised financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution. Credit risk involves cash in the bank and trade and other receivables.

Exposure to credit risk
The carrying value of financial assets represents the maximum exposure to credit risk.

(ii) *Liquidity risk*
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments (including estimated interest payments):

31 December 2023

	Carrying amounts	*Contractual cash flows*	*3 months or less*	*Between 3 and 12 months*	*Between 1-5 years*	*More than 5 years*
	€	€	€	€	€	€
Trade and other payables	5.044.379	5.044.379	5.044.379	-	-	-
Lease liabilities	64.908.840	81.144.940	538.387	2.691.935	12.921.286	64.301.342
Payables to related companies	13.282	13.282	13.282	-	-	-
Payables to parent company	6.245	6.245	6.245	-	-	-
	69.972.746	86.208.846	5.602.293	2.691.935	12.921.286	64.301.342

24. Financial risk management objectives and policies (continued)

31 December 2022

	Carrying amounts	*Contractual cash flows*	*3 months or less*	*Between 3 and 12 months*	*Between 1-5 years*	*More than 5 years*
	€	*€*	*€*	*€*	*€*	*€*
Bank loans	-	-	-	-	-	-
Trade and other payables	5.424.642	5.424.642	5.424.642	-	-	-
Lease liabilities	65.067.483	85.344.823	576.433	2.882.166	16.321.502	65.564.720
Payables to related companies	28.219	28.219	28.219	-	-	-
Payables to parent company	5.968	5.968	5.968	-	-	-
	70.526.312	90.803.652	6.035.262	2.882.166	16.321.502	65.564.720

(iii) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is not exposed significantly to foreign currency risk since the only commercial transactions in foreign currency are certain purchases of consumable products for the restaurant. The volume of these transactions is limited. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

24. Financial risk management objectives and policies (continued)

(iv) 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.

(v) Other risks

The general economic environment prevailing in Cyprus and internationally may affect the Company's operations. 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.

Capital management

Capital comprises of share capital, 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.

There are no changes in the capital management objectives and facilities of the Company compared to prior year.

25. Fair values

The management assessed that the fair value of the Company’s financial assets and financial liabilities approximate their carrying amounts.

26. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2023 and 31 December 2022.

27. Commitments

The Company had no capital or other commitments as at 31 December 2023 and 31 December 2022.

28. Events after the reporting period

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