

THE AZUR SELECTION PLC

REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS

31 December 2021

THE AZUR SELECTION PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

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THE AZUR SELECTION PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Georgios Arvanitakis Kleanthis Onisiforou Savvas Savva
Company Secretary:	Wepetito Services Ltd
Independent Auditors:	L. Gnaftis & Co Ltd Certified Public Accountants
Registered office:	Anexartusias & Athinon, NORA COURT, 2nd floor, Office 203-205 Limassol 3040 Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Piraeus Bank Alpha Bank
Registration number:	HE366283

THE AZUR SELECTION PLC

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2021.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, are the Investments in the tourism sector and in commercial real estate.

Change of Company name

During 2021, the Company changed its name from G. ARVANITAKIS GROU PLC to THE AZUR SELECTION PLC.

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

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in notes 6, 7 and 31 of the consolidated financial statements.

Use of financial instruments by the Group

The Group is exposed to interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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.]

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

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.[Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.]

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

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 Group 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.

Results

The Group's results for the year are set out on page 10.

THE AZUR SELECTION PLC

MANAGEMENT REPORT

Share capital

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

Implementation and compliance to the Code of Corporate Governance

The Board of Directors, as at the date of this report has not decided to adopt the Corporate Governance Code, because it is not required by the Cyprus Stock Exchange New Market.

Independent Auditors

The Independent Auditors, L. Gnaftis & Co Ltd, 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,

Wepetto Services Ltd
Secretary

338040

Limassol, Cyprus, 12 April 2022



THE AZUR SELECTION PLC

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of THE AZUR SELECTION PLC (the "Company") for the year ended 31 December 2021, on the basis of our knowledge, declare that:

- (a) The annual consolidated financial statements of the Group which are presented on pages 10 to 50:
 - (i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and
 - (ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and
- b) The management report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Georgios Arvanitakis

Kleanthis Onisiforou

Savvas Sawa

Responsible for drafting the financial statements

Kleanthis Onisiforou (Financial Manager)

Limassol, Cyprus, 12 April 2022



L. Gnaftis & Co. Ltd
Certified Public Accountants

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Independent Auditor's Report

To the Members of THE AZUR SELECTION PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of THE AZUR SELECTION PLC (the "Company") and its subsidiaries (the "Group"), which are presented in pages 10 to 50 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

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

Financial leasing liabilities and assets with right of use

The key audit matter

How the matter was addressed in our audit

The Group has entered into leasing agreements (Note 26 of the financial statements).

Our audit procedures include, among others, the following: We assessed the appropriateness of the main assumptions that have been applied to the estimated value of the assets with the right of use. We also assessed the adequacy of the disclosures in the financial statements.

Independent Auditor's Report (continued)

To the Members of THE AZUR SELECTION PLC

Assessing the value of Goodwill

The key audit matter

How the matter was addressed in our audit

The amount of Goodwill recorded by the Group amounts to 18,121,081 euros (Note 18) of the consolidated financial statements following: We have assessed the suitability of the main assumptions applied to calculate the amount of the Goodwill, such as the net present value of cash flow and attainability of growth and inflation.

Assessing the recoverability of Shareholders' current account balance

The key audit matter

How the matter was addressed in our audit

The balance receivable from shareholders, as described in Note 32.6 was 863.190 euros as performed at 31 December 2021. The shareholder's balance is interest free and has no repayment schedule.

Management has assessed the recoverability of the amounts given to the Shareholder and did not make any provision for impairment.

Group audit

The key audit matter

How the matter was addressed in our audit

Group's subsidiaries are in Greece. Group's components were not audited by an Independent Certified Auditor, because it is not required by law as they are considered small-sized companies based on Greek rules and regulations. We have performed audit procedures on the Greek components based on ISA600.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, the Corporate Governance Statement, the X report, and the Y report [tailor accordingly], but does not include the consolidated financial statements and our auditor's report thereon.

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

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



Independent Auditor's Report (continued)

To the Members of THE AZUR SELECTION PLC

Responsibilities of the Board of Directors and those charged with governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Independent Auditor's Report (continued)

To the Members of THE AZUR SELECTION PLC

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

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 consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated financial statements.



Independent Auditor's Report (continued)

To the Members of THE AZUR SELECTION PLC

Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Lambros Gnaftis, FCCA.



L. Gnaftis & Co. Ltd
Certified Public Accountants

Lambros Gnaftis, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of
L. Gnaftis & Co Ltd
Certified Public Accountants

Limassol, Cyprus, 12 April 2022



THE AZUR SELECTION PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 December 2021

	Note	2021 €	2020 €
Revenue	8	2,791,265	1,710,445
Other operating income		-	800
Purchases and consumables used		(275,926)	(145,516)
Staff costs	12	(503,203)	(292,432)
Depreciation and amortisation expense		(294,241)	(263,030)
Other interest		-	27
Total operating expenses		-	27
Other operating income	9	403,004	257,970
		2,120,899	1,268,210
Administration and other expenses	10	(1,619,819)	(1,036,887)
Operating profit	11	501,080	231,323
Finance costs		(119,843)	(64,734)
Net finance costs	13	(119,843)	(64,734)
Share of results of associates before tax		26,961	168
Profit before tax		408,198	166,757
Tax	14	(74,382)	(124,796)
Net profit for the year		333,816	41,961
Other comprehensive income		-	-
Total comprehensive income for the year		333,816	41,961
Net profit for the year attributable to:			
Equity holders of the parent		193,119	(8,051)
Non-controlling interests		140,697	50,012
Net profit for the year		333,816	41,961
Total comprehensive income for the year attributable to:			
Equity holders of the parent		193,119	(8,051)
Non-controlling interests		140,697	50,012
Total comprehensive income for the year		333,816	41,961

The notes on pages 15 to 50 form an integral part of these consolidated financial statements.

THE AZUR SELECTION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	15	-	367,803
Right-of-use assets	16	12,172,864	10,616,031
Investment properties	17	270,100	297,110
Intangible assets	18	18,121,081	18,121,081
Investments in associates	20	74,845	47,884
Lease receivables	22	800,000	900,000
Trade and other receivables	21	12,979,037	12,792,853
		<u>44,417,927</u>	<u>43,142,762</u>
Current assets			
Trade and other receivables	21	2,502,407	3,486,430
Lease receivables	22	124,577	114,577
Cash at bank and in hand	23	367,250	361,774
		<u>2,994,234</u>	<u>3,962,781</u>
Total assets		<u>47,412,161</u>	<u>47,105,543</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	19,662,520	19,662,520
Other reserves		1,549	1,549
Accumulated losses		(802,186)	(997,809)
		<u>18,861,883</u>	<u>18,666,260</u>
Non-controlling interests		<u>110,755</u>	<u>(29,942)</u>
Total equity		<u>18,972,638</u>	<u>18,636,318</u>
Non-current liabilities			
Borrowings	25	858,737	836,392
Obligations under finance leases	26	22,107,680	21,862,499
Trade and other payables	28	1,215,971	760,522
Provisions for other liabilities and charges		1,501,351	1,483,849
		<u>25,683,739</u>	<u>24,943,262</u>
Current liabilities			
Trade and other payables	28	1,698,301	2,380,594
Deferred income	29	-	309,205
Borrowings	25	-	43,600
Obligations under finance leases	26	782,960	468,600
Current tax liabilities	30	274,523	323,964
		<u>2,755,784</u>	<u>3,525,963</u>
Total liabilities		<u>28,439,523</u>	<u>28,469,225</u>
Total equity and liabilities		<u>47,412,161</u>	<u>47,105,543</u>

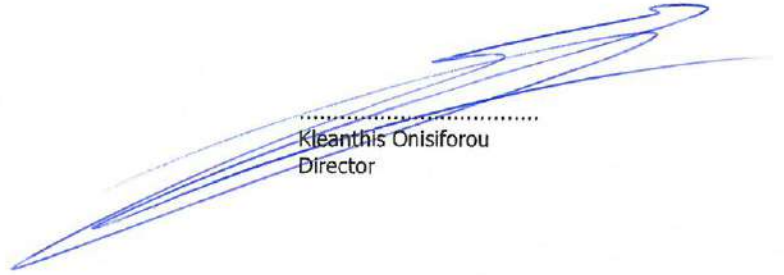
The notes on pages 15 to 50 form an integral part of these consolidated financial statements.

THE AZUR SELECTION PLC

On 12 April 2022 the Board of Directors of THE AZUR SELECTION PLC authorised these consolidated financial statements for issue.



.....
Georgios Arvanitakis
Director



.....
Kleanthis Onisiforou
Director

The notes on pages 15 to 50 form an integral part of these consolidated financial statements.

THE AZUR SELECTION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2021

	Attributable to equity holders of the Company			Total €	Non- controlling interests €	Total €
	Share capital €	Statutory reserve €	Accumula- ted losses €			
Balance at 1 January 2020	19,662,520	1,549	(990,588)	18,673,481	(79,954)	18,593,527
Comprehensive income						
Net profit for the year	-	-	(8,051)	(8,051)	50,012	41,961
Total comprehensive income for the year	-	-	(8,051)	(8,051)	50,012	41,961
Other movements						
Total other movements	-	-	830	830	-	830
Balance at 31 December 2020/ 1 January 2021	19,662,520	1,549	(997,809)	18,666,260	(29,942)	18,636,318
Comprehensive income						
Net profit for the year	-	-	193,119	193,119	140,697	333,816
Total comprehensive income for the year	-	-	193,119	193,119	140,697	333,816
Other movements						
Total other movements	-	-	2,504	2,504	-	2,504
Balance at 31 December 2021	19,662,520	1,549	(802,186)	18,861,883	110,755	18,972,638

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

The notes on pages 15 to 50 form an integral part of these consolidated financial statements.

THE AZUR SELECTION PLC

CONSOLIDATED CASH FLOW STATEMENT

31 December 2021

	Note	2021 €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		408,198	166,757
Adjustments for:			
Depreciation of property, plant and equipment	15	294,241	263,030
Share of profit from associates	20	(26,961)	(168)
Loss from the sale of investments in subsidiaries		-	86,974
Interest income	9	(152,567)	(152,510)
Interest expense	13	103,411	55,320
		626,322	419,403
Changes in working capital:			
Decrease/(increase) in trade and other receivables		797,839	(7,323,787)
(Decrease)/increase in trade and other payables		(226,844)	2,280,886
(Decrease)/increase in deferred income		(309,205)	309,205
Increase in provisions	27	17,502	1,483,849
Cash generated from/(used in) operations		905,614	(2,830,444)
Tax (paid)/refunded		(123,823)	85,363
Net cash generated from/(used in) operating activities		781,791	(2,745,081)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	18	-	(799,830)
Payment for purchase of property, plant and equipment	15	448,809	(143,821)
Payment for purchase of investment property	17	-	(26,644)
Payment for purchase of investments in associated undertakings	20	-	1
Loans granted		90,000	(1,014,577)
Proceeds from disposal of intangible assets		-	686,974
Proceeds from disposal of right-of-use assets		-	445,102
Proceeds from sale of investments in subsidiary undertakings		-	(86,974)
Interest received		152,567	152,510
Net cash generated from/(used in) investing activities		691,376	(787,259)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of leases liabilities		(1,456,261)	(885,539)
Proceeds from borrowings		22,345	836,392
Proceeds from obligations under finance leases		559,541	-
Interest paid		(103,411)	(55,320)
Recognition of Right of Use asset		(448,809)	-
		2,504	-
Net cash used in financing activities		(1,424,091)	(104,467)
Net increase/(decrease) in cash and cash equivalents		49,076	(3,636,807)
Cash and cash equivalents at beginning of the year		318,174	3,954,981
Cash and cash equivalents at end of the year	23	367,250	318,174

The notes on pages 15 to 50 form an integral part of these consolidated financial statements.

THE AZUR SELECTION PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1. Incorporation and principal activities

Country of incorporation

The Company THE AZUR SELECTION PLC (the "Company") was incorporated in Cyprus on 20 February 2017 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Anexartisias & Athinon, NORA COURT, 2nd floor, Office 203-205, Limassol, 3040, Cyprus.

Change of Company name

During 2021, the Company changed its name from G. ARVABITAKIS GROUP PLC to THE AZUR SELECTION PLC.

Principal activities

The principal activities of the Group, which are unchanged from last year, are the Investments in the tourism sector and in commercial real estate.

2. Basis of preparation

These consolidated 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. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of and investment property.

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 Group'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.

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Group.

4. Significant accounting policies

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

The accounting policies used in the preparation of the consolidated financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2020.

Costs that are incurred during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

Corporation tax is calculated based on the expected tax rates for the whole financial year.

These consolidated financial statements must be read in conjunction with the annual financial statements for the year ended 31 December 2020.

THE AZUR SELECTION PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company THE AZUR SELECTION PLC and the financial statements of the following subsidiaries, as described in Note 19.

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

Business combinations

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

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

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4. Significant accounting policies (continued)

Business combinations (continued)

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

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

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

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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4. Significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised immediately in profit or loss.

Segmental reporting

The Group mainly operates only in Greece and for this reason operations are not analysed by geographical segment.

The Group's revenue is analyzed in Note 8.

Revenue

Recognition and measurement

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

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

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

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

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4. Significant accounting policies (continued)

Revenue recognition (continued)

Identification of performance obligations

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

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

- **Sale of products**

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

- **Rendering of services**

Rendering of services - over time:

Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

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

Rendering of services - at a point in time:

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

- **Work executed**

Work executed is recognised in the accounting period in which the work is carried out by reference to completion of the specific transaction assessed on the basis of the actual work executed provided as a proportion of the total work to be carried out.

- **Rental income**

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

- **Interest income**

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

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4. Significant accounting policies (continued)

Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Tax

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

Property, plant and equipment

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

No depreciation is provided on land.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Deferred income

Deferred income represents income receipts which relate to future periods.

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4. Significant accounting policies (continued)

Investment properties

Investment property, principally comprising shops and office buildings, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is treated as a non-current asset and is stated at historical cost less depreciation. 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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

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

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

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

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

Leases

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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4. Significant accounting policies (continued)

Leases (continued)

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

The Group as lessor

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

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

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

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

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

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group as lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

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4. Significant accounting policies (continued)

Leases (continued)

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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

The lease liabilities are presented in 'loans and borrowings' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

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

Financial assets - Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI 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 Group 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.

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4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Classification (continued)

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 Group 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 Group commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

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

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

Financial assets - impairment - credit loss allowance for ECL

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the consolidated 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 consolidated 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.

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4. Significant accounting policies (continued)

Financial assets (continued)

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

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

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Group determines low credit risk financial assets.

Financial assets -Reclassification

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

Financial assets - write-off

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

Financial assets - modification

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

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4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

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

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

Cash and cash equivalents

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

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Classification as trade receivables

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

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

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

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4. Significant accounting policies (continued)

Financial assets (continued)

Classification as trade receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Financial guarantee contracts

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

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

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

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

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.

Borrowings

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

Trade payables

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

THE AZUR SELECTION PLC

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31 December 2021

4. Significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - Modifications

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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 consolidated statement of financial position.

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 Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity.

THE AZUR SELECTION PLC

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31 December 2021

4. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

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

Comparatives

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

5. New accounting pronouncements

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

6. Financial risk management

Financial risk factors

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

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 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) Risk management

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

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6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Risk management (continued)

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.]

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Group to reduce its credit risk significantly.

(ii) Impairment of financial assets

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

- trade receivables
- cash and cash equivalents
- credit commitments

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

- For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. 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 Group 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. No significant changes to estimation techniques or assumptions were made during the reporting period.

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

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

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

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

Trade receivables and contract assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The 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 Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

THE AZUR SELECTION PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables and contract assets (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2021 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 Group 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 average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Group 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.

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 Group assesses whether there was a significant increase in credit risk.

The Group 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.

Lease receivables

Management estimates the loss allowance on lease receivables at the end of the reporting period at an amount equal to lifetime ECL.

None of the lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these lease receivables, Management consider that no lease receivable is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for lease receivables.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with finance lease receivables is mitigated because they are secured over the leased store equipment.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents

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

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

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 Group 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.

(iii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Group will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6.3 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 Group 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.

6.4 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Group manages its capital 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. The Group's overall strategy remains unchanged from last year.

7. Critical accounting estimates, judgments and assumptions

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.

THE AZUR SELECTION PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

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

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Calculation of loss allowance**

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

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

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **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 Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Group's accounting policies

- **Impairment of investments in associates**

The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

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31 December 2021

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

- **Retirement benefits**

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases, mortality rates and future pension increases where necessary. The Group sets these assumptions based on market expectations at the reporting date using best-estimates for each parameter covering the period over which obligations are to be settled. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **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 Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

- **Useful live of depreciable assets**

The Board of Directors assesses the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

- **Provisions**

The amount recognised for provisions is estimated based on Board of Directors' past experience and its future expectations. However, the actual outcome may vary from the amount recognised.

8. Revenue

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

Disaggregation of revenue

	2021	2020
	€	€
Credit sales	32,900	-
Rendering of services	1,577,152	944,279
Work executed	635,936	280,080
Rental income	545,277	486,086
	<u>2,791,265</u>	<u>1,710,445</u>

Rendering of services represents the income received from the hotel activities, specifically from the hotel operations and the short-term rentals of hotel luxury apartments (suites).

Rental income consists of the rent receivable amounts from the sub-lease of the right-of-use assets (hotel units) € 225,000 (Note 15) and the rental income received from investment property €320,277 (Note: 16) .

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9. Other operating income

	2021	2020
	€	€
Net Income from finance leases - Sub - lease	152,567	152,510
Discounts received	-	113
Government aid	-	44,454
Government grants	250,437	-
Sundry operating income including interest subsidy on government loans	-	60,893
	<u>403,004</u>	<u>257,970</u>

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10. Administration and other expenses

	2021	2020
	€	€
Sundry operating expenses	79,974	-
Loss from sale of investments in subsidiaries	-	86,974
Rent	10,038	38,111
Licenses and taxes	14,499	47,104
Municipality taxes	1,955	-
Annual levy	350	350
Other Professional taxes	1,000	-
Electricity	60,614	106,089
Water supply and cleaning	43,425	40,052
Insurance	4,590	-
Repairs and maintenance	26,540	22,733
Telephone and postage	18,348	5,854
Courier expenses	223	233
Stationery and printing	3,507	2,415
Subscriptions and contributions	-	1,698
Equipment maintenance	73,418	-
Sundry staff costs	11,678	1,275
Computer supplies and maintenance	7,831	3,074
Computer software	-	64
Auditors' remuneration	11,023	8,000
Accounting fees	26,143	74,850
Legal fees	4,550	300
Legal and professional	1,200	-
Other professional fees	593,549	175,046
Services received	254,892	-
Revenue stamps	16,965	15,254
Fines	14,198	372
Overseas travelling	3,924	5,595
Travelling	4,744	968
Inland travelling and accommodation	17,360	11,592
Advertising	4,500	5,600
Decoration	14,337	12,125
Commissions	-	75,932
Discounts allowed	900	-
Irrecoverable VAT	9,793	18,874
Entertaining	6,058	46,023
Decoration expenses	-	36,962
Electricity supplies and equipment for hotels	-	18,697
Consumable expenses	-	20,560
Cyprus stock exchange	5,857	7,918
Building repairs	150,688	26,845
Operating lease rentals	119,830	115,473
Sundry expenses	1,318	3,875
	<u>1,619,819</u>	<u>1,036,887</u>

THE AZUR SELECTION PLC

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11. Operating profit

	2021	2020
	€	€
Operating profit is stated after charging the following items:		
Depreciation of right-of-use assets (Note 16)	267,231	217,333
Depreciation of investment property (Note 17)	27,010	27,010
Staff costs including Directors in their executive capacity (Note 12)	503,203	292,432
Auditors' remuneration	11,023	8,000
Direct operating expenses arising from investment properties	1,252	-

12. Staff costs

	2021	2020
	€	€
Salaries	115,091	53,516
Wages	296,997	159,411
Social security costs	91,115	79,505
	<u>503,203</u>	<u>292,432</u>

13. Finance costs

	2021	2020
	€	€
Interest expense on lease liabilities	103,411	54,346
Interest expense	-	974
Sundry finance expenses	16,432	9,414
Finance costs	<u>119,843</u>	<u>64,734</u>

14. Tax

	2021	2020
	€	€
Corporation tax	74,382	124,796
Charge for the year	<u>74,382</u>	<u>124,796</u>

THE AZUR SELECTION PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. Property, plant and equipment

	Land and buildings	Furniture, fixtures and office equipment	Total
	€	€	€
Cost			
Balance at 1 January 2020	197,921	110,109	308,030
Additions	140,000	3,821	143,821
Balance at 31 December 2020/ 1 January 2021	337,921	113,930	451,851
Recognition of Right of Use asset (Note 16)	(337,921)	(110,888)	(448,809)
Balance at 31 December 2021	-	3,042	3,042
Depreciation			
Balance at 1 January 2020	10,366	54,995	65,361
Charge for the year	8,014	10,673	18,687
Balance at 31 December 2020/ 1 January 2021	18,380	65,668	84,048
Recognition of Right of Use asset (Note 16)	(18,380)	(62,626)	(81,006)
Balance at 31 December 2021	-	3,042	3,042
Net book amount			
Balance at 31 December 2021	-	-	-
Balance at 31 December 2020	319,541	48,262	367,803

THE AZUR SELECTION PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

16. Right-of-use assets

	Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Total
	€	€	€	€
Cost				
Balance at 1 January 2020	10,597,365	42,730	757,644	11,397,739
Additions	885,539	-	-	885,539
Adjustment to right-of-use asset	(641,524)	(34,303)	(131,818)	(807,645)
Balance at 31 December 2020/ 1 January 2021	10,841,380	8,427	625,826	11,475,633
Additions	1,452,036	-	4,225	1,456,261
Recognition of Right of Use asset (Note 15)	448,809	-	-	448,809
Balance at 31 December 2021	12,742,225	8,427	630,051	13,380,703
Depreciation				
Balance at 1 January 2020	514,798	29,426	460,588	1,004,812
Charge for the year	179,823	1,813	35,697	217,333
Adjustment to right-of-use asset	(210,270)	(26,315)	(125,958)	(362,543)
Balance at 31 December 2020/ 1 January 2021	484,351	4,924	370,327	859,602
Charge for the year	227,526	-	39,705	267,231
Recognition of Right of Use asset (Note 15)	81,006	-	-	81,006
Balance at 31 December 2021	792,883	4,924	410,032	1,207,839
Net book amount				
Balance at 31 December 2021	11,949,342	3,503	220,019	12,172,864
Balance at 31 December 2020	10,357,029	3,503	255,499	10,616,031

The Group presents its right-of-use assets that meet the definition of investment property in 'Investment Properties' in the consolidated statement of financial position.

The Group leases several assets including buildings, land for hotel and hotel apartments units. The average lease term is 25.00 years (2020: 25.00 years).

The lease agreements consist of the agreed rentals over the lease period, with a Company right for renewal.

The Right-of-use assets were recognized using the Discounted Cash flows Method. The discount rates were 3%/6%.

The assumptions and estimates used are based on future forecasts as at 31 December 2021. The management considers that the estimates and assumptions used in the calculation of impairment losses are reasonable and appropriate but such estimates are highly subjective; No impairment loss was recognized on the assets as a result of the impairment test.

Amounts recognised in profit and loss:

	2021	2020
	€	€
Depreciation expense on right-of-use assets	(267,231)	(217,333)
Income from subleasing right-of-use assets	225,000	225,000
Interest on obligations under finance leases	(103,411)	(54,346)

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16. Right-of-use assets (continued)

The depreciation charge for the year for 'Investment properties' was € 27.010 (2020: € 27.010) - Note 17. The depreciation charge for the year 'Property Plant and Equipment' was NIL (2020: € 18.687) - Note 15. Total depreciation charge for the year was € 294.241 (2020: € 263.030).

Income from subleasing right of use assets was reduced to € 225.000 due to the adverse consequences caused by the pandemic COVID-19. The average annual rental income is € 470.000. The sub-lease relates to a hotel unit being commenced in 2019 and it will end in 2026.

Amendments to lease agreements regarding to future rents, caused due to the pandemic COVID-19, have been adjusted for and were reflected on right-of-use assets, deferred expenditure and lease liabilities.

The obligations under finance leases are analyzed in Note 26.

17. Investment properties

	2021	2020
	€	€
Cost		
Balance at 1 January	448,067	421,423
Additions	-	26,644
Balance at 31 December	<u>448,067</u>	<u>448,067</u>
Depreciation		
Balance at 1 January	150,957	123,947
Charge for the year	27,010	27,010
Balance at 31 December	<u>177,967</u>	<u>150,957</u>
Net book amount		
Balance at 31 December	<u>270,100</u>	<u>297,110</u>

The above investment properties are Right-of-use assets.

The Group leases several assets including a complex of apartments and offices, situated in Greece. The average lease term is 18 years commenced in 2015 and will end in 2032.

The lease liability consists of the agreed rentals over the lease period. The Right-of -use assets were recognized using the Discounted Cash Flows Method. The discounted interest rate was 6%.

The assumptions and estimates used are based on future forecasts as at 31 December 2021. The management considers that the estimates and assumptions used in the calculation of impairment losses are reasonable and appropriate but such estimates are highly subjective; No impairment loss was recognized on the assets as a result of the impairment test.

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income in relation to leases are included in the above table (Note 16).

Amendments to lease agreements regarding to future rents, caused due to the pandemic COVID-19, have been adjusted for and were reflected on right-of-use assets, deferred expenditure and lease liabilities.

The obligations under finance leases are analysed in Note 26.

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18. Intangible assets

	Goodwill
	€
Cost	
Balance at 1 January 2020	18,008,225
Additions	799,830
Disposals	<u>(686,974)</u>
Balance at 31 December 2020/ 1 January 2021	<u>18,121,081</u>
Balance at 31 December 2021	<u>18,121,081</u>
Net book amount	
Balance at 31 December 2021	<u>18,121,081</u>
Balance at 31 December 2020	<u>18,121,081</u>

Goodwill represents the premium paid to acquire the business of the Company's subsidiaries and associates and is measured at cost less any accumulated impairment losses.

In the context of the negative consequences of the COVID-19 pandemic, in the tourism sector, the Group reassessed the Goodwill paid for the acquisition of subsidiaries and associates. The initial goodwill estimate, is based on the net present value of the future cash flows (NPV model) of the acquired assets. The sensitivity and achievability of the set expected cash flows are being evaluated on an annual basis.

These future cash items have been discounted using the Group's average cost of capital plus a risk premium of 2%. Goodwill was impaired in 2019 by € 1.366.435 due to the COVID-19 pandemic and the Management of the Group, having reassessed the impact on future cash flows, concluded that no further impairment is required.

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19. Investments in subsidiaries

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2021 Holding %	2020 Holding %	2021 €	2020 €
A.S Resort IKE	Greece	Investment activities in the tourism sector	100	100	6,194,772	6,194,772
APIZTON Glyfada IKE	Greece	Investment activities in the tourism sector	100	100	3,517,896	3,517,896
Crystal Vouliagmeni IKE	Greece	Hotel management	80	80	2,747,897	2,747,897
ARVAN Hotel Constructions IKE	Greece	Construction Company	100	100	800,000	800,000
Housepeak Investments Limited	Greece	Investments in Properties	80	80	806,450	806,450
R&A Biene Propertia Investments Ltd	Greece	Investment activities in the tourism sector	58	58	288,479	288,479
Estoril Holdings Limited	Greece	Investment activities in the tourism sector	75	75	4,155,610	4,155,610
					<u>18,511,104</u>	<u>18,511,104</u>

20. Investments in associates

	2021 €	2020 €
Balance at 1 January	47,884	47,717
Additions	-	(1)
Share of results of associates before tax	26,961	168
Balance at 31 December	<u>74,845</u>	<u>47,884</u>

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2021 Holding %	2020 Holding %	2021 €	2020 €
MATSAR LTD	Cyprus	Investments activities in tourist sector	50	50	74,845	47,884
					<u>74,845</u>	<u>47,884</u>

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21. Trade and other receivables

	2021	2020
	€	€
Trade receivables	65,307	107,605
Receivables from associates (Note 32.4)	405,563	-
Shareholders' current accounts - debit balances (Note 32.6)	863,190	1,860,928
Deposits and prepayments	466,296	300,689
Advances to subcontractors	243,254	1,021,261
Deferred expenses	13,192,188	12,903,409
Other receivables	28,037	85,391
Refundable VAT	217,609	-
	<u>15,481,444</u>	<u>16,279,283</u>
Less non-current receivables	<u>(12,979,037)</u>	<u>(12,792,853)</u>
Current portion	<u>2,502,407</u>	<u>3,486,430</u>

Deferred expenses relate to the deferred finance cost with regards to the obligations under finance lease assets (Note 26).

The Group 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.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the consolidated financial statements.

22. Lease receivables

	2021	2020
	€	€
Balance at 1 January	1,014,577	-
Amounts receivable under finance lease asset	-	1,139,577
Repayments	<u>(90,000)</u>	<u>(125,000)</u>
Balance at 31 December	924,577	1,014,577
Less non-current portion	<u>(800,000)</u>	<u>(900,000)</u>
Current portion	<u>124,577</u>	<u>114,577</u>

During 2020, the Group sub-leased a hotel unit that has been presented as part of a right-of-use asset.

The following table presents the amounts included in profit or loss:

	2021	2020
	€	€
Net income on the net investment in finance leases	<u>152,504</u>	<u>152,504</u>

The Group's finance lease arrangements do not include variable payments.

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23. Cash at bank and in hand

	2021	2020
	€	€
Cash at bank and in hand	<u>367,250</u>	361,774
	<u>367,250</u>	<u>361,774</u>

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

	2021	2020
	€	€
Cash at bank and in hand	<u>367,250</u>	361,774
Bank overdrafts (Note 25)	-	(43,600)
	<u>367,250</u>	<u>318,174</u>

24. Share capital

	2021	2021	2020	2020
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>19,662,520</u>	<u>19,662,520</u>	19,662,520	19,662,520
Issued and fully paid				
Balance at 1 January	<u>19,662,520</u>	<u>19,662,520</u>	19,662,520	19,662,520
Balance at 31 December	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>	<u>19,662,520</u>

25. Borrowings

	2021	2020
	€	€
Current borrowings		
Bank overdrafts (Note 23)	-	43,600
Non-current borrowings		
Other loans	<u>858,737</u>	836,392
Total	<u>858,737</u>	<u>879,992</u>

Other loans relate to Government loans given to the Group's greek subsidiaries for financial support purposes due to the adverse consequences caused by the pandemic COVID-19.

According to several decisions issued by the Ministry of Finance in Greece, it was established that part or all of the amounts of the loans given by the government may not be returned by the companies. Based on the current publications, the loans shall be returned after 31.12.2021 into forty (40) equal interest-bearing monthly installments, each of which are payable on the last day of the month. However, according to the decisions of the Ministry of Finance, a smaller amount than the amount given to the companies might be returned, i.e. the repayment might be reduced by either 30%, 40% or 50%. This will depend on whether the Group meets several requirements at the time-as they will be further announced by the Ministry of Finance.

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25. Borrowings (continued)

New borrowings obtained:

	2021	2020
	€	€
Balance at 1 January	836,392	-
Proceeds during the year	22,345	929,372
Repayments during the year	-	(95,275)
	-	2,295
Balance at 31 December	858,737	836,392

Maturity of non-current borrowings:

	2021	2020
	€	€
Between two and five years	858,737	836,392

The fair values are based on discounted cash flows using a discount rate based upon market interest rates prevailing for similar instruments at the reporting date. The carrying amounts of other loans approximate their fair value.

The weighted average effective interest rates at the reporting date were as follows:

	2021	2020
	%	%
Other loans	3.4%	3.4%

26. Obligations under finance leases

	The present value of minimum lease payments		Minimum lease payments	
	2021	2020	2021	2020
	€	€	€	€
Not later than 1 year	569,809	369,031	782,960	468,600
Later than 1 year	9,128,643	9,069,646	22,107,680	21,862,499
	9,698,452	9,438,677	22,890,640	22,331,099
Future finance charges (Note 21)	13,192,188	12,892,422	-	-
Present value of finance lease liabilities	22,890,640	22,331,099	22,890,640	22,331,099

The present value of finance lease liabilities consists of minimum lease payments minus future finance charges.

It is the Group's policy to lease hotel units under finance leases. The average lease term is - months. For year ended 31 December 2021, the average effective borrowing rate was 4.0% (2020: 4.0%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Euro.

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

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

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27. Provisions for other liabilities and charges

	Pension and other post retirement obligations €	Warranty on Rents receivable €	Total €
Balance at 1 January 2020	-	-	-
Rental guarantees	26,424	1,457,425	1,483,849
Balance at 31 December 2020/ 1 January 2021	26,424	1,457,425	1,483,849
Rental guarantees	-	17,502	17,502
Balance at 31 December 2021	26,424	1,474,927	1,501,351

The amounts included in the consolidated statement of financial position include the following:

	2021 €	2020 €
Provisions to be used after more than twelve months	<u>1,501,351</u>	<u>1,483,849</u>

28. Trade and other payables

	2021 €	2020 €
Trade payables	646,078	846,632
Social insurance and other taxes	727,384	375,189
VAT	-	94,833
Accruals	155,429	122,713
Other creditors	794	287,978
Deferred income	762,522	915,027
Payables to associates (Note 32.5)	622,065	498,744
	<u>2,914,272</u>	3,141,116
Less non-current payables	<u>(1,215,971)</u>	(760,522)
Current portion	<u>1,698,301</u>	2,380,594

During 2020, the Group recognised a total gain of on derecognition of the right-of-use asset pertaining to the building (hotel unit) which it was sub-leased for the remaining years of the use of the building.

However, this Gain was deferred throughout the remaining lease period of the sub-rental agreement, i.e. 7 years (Note 22).

During 2021, the Group recognised net income on lease receivables of € 152,504 (2020: € 152,504).

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

29. Deferred income

	2021 €	2020 €
Client advances	-	309,205
	<u>-</u>	<u>309,205</u>

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30. Current tax liabilities

	2021	2020
	€	€
Corporation tax	<u>274,523</u>	323,964
	<u>274,523</u>	<u>323,964</u>

31. Operating Environment of the Group

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

However, the uncertain economic conditions in Cyprus, the unavailability of financing and the high percentage of non performing bank loans in combination with the high unemployment rates, have affected:

- The ability of the Group to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The ability of the Group's trade and other debtors to repay the amounts due to the Group
- The ability of the Group to sell its existing inventories to customers
- The cash flow forecasts of the Group's Management in relation to the impairment assessment for financial and non-financial assets

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group.

On the basis of the evaluation performed, the Group's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Group and the smooth conduct of its operations in the current business and economic environment.

32. Related party transactions

The following transactions were carried out with related parties:

32.1 Directors' remuneration

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

	2021	2020
	€	€
Directors' fees	2,000	-
Directors' remuneration	<u>4,800</u>	-
	<u>6,800</u>	<u>-</u>

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32. Related party transactions (continued)

32.2 Sales of goods and services

		2021	2020
	<u>Nature of transactions</u>	€	€
Grisogono (Greece)	Management fees	<u>46,000</u>	30,000
		<u>46,000</u>	<u>30,000</u>

Sales to the associated undertakings were made at cost.

32.3 Purchases of goods and services

		2021	2020
	<u>Nature of transactions</u>	€	€
ARVANITAKIS MANAGEMENT COMPANY SARL	Technical support	<u>51,341</u>	-
		<u>51,341</u>	<u>-</u>

Purchases from related company ARVANITAKIS MANAGEMENT COMPANY SARL were made on commercial terms and conditions.

32.4 Receivables from related parties (Note 21)

<u>Name</u>	<u>Nature of transactions</u>	2021	2020
		€	€
Azur Meganisi and Azur Volos (Greece)	Finance	<u>405,563</u>	-
		<u>405,563</u>	<u>-</u>

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

32.5 Payables to related parties (Note 28)

<u>Name</u>	<u>Nature of transactions</u>	2021	2020
		€	€
GRISOGONO (Greece)	Finance	<u>570,724</u>	498,744
ARVANITAKIS MANAGEMENT COMPANY SARL	Trade	<u>51,341</u>	-
		<u>622,065</u>	<u>498,744</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

32.6 Shareholders' current accounts - debit balances (Note 21)

	2021	2020
	€	€
Georgios Arvanitakis	<u>863,190</u>	1,860,928
	<u>863,190</u>	<u>1,860,928</u>

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

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33. Participation of Directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2021 and 07 April 2022 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December	
	2021	07 April 2022
	%	%
Georgios Arvanitakis	98	98

34. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2021 and 07 April 2022 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December	
	2021	07 April 2022
	%	%
Georgios Arvanitakis	98	98

35. Significant agreements with management

At the end of the year, no significant agreements existed between the Group and its Management.

36. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021.

37. Commitments

The Group had no capital or other commitments as at 31 December 2021.

38. Events after the reporting period

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

Independent auditor's report on pages 5 to 9