

# **Lanitis Golf Public Co Limited**

## **Report and financial statements 31 December 2023**

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# **Lanitis Golf Public Co Limited**

## **Board of Directors and other officers**

### **Board of Directors**

Platon E. Lanitis (Chairman)  
Marios E. Lanitis  
Costas Charitou  
Demetris Solomonides (resigned 13/6/2023)  
Kevin Valenzia  
Mark Gasan  
Alec Mizzi  
Matthew Portelli  
Evagoras Lanitis (appointed 13/6/2023)

### **Company Secretary**

#### **P & D Secretarial Services Limited**

10 Georgiou Gennadiou Street  
Agathangelos Court, 3rd Floor,  
3041, Limassol, Cyprus

### **Registered office**

10 Georgiou Gennadiou Street  
Agathangelos Court, 3rd Floor  
3041, Limassol, Cyprus

### **Auditors**

PricewaterhouseCoopers Limited  
PwC Central  
43 Demostheni Severi Avenue  
CY-1080 Nicosia  
P O Box 21612  
CY-1591 Nicosia, Cyprus  
Telephone: + 357 - 22555000  
[www.pwc.com/cy](http://www.pwc.com/cy)

# Lanitis Golf Public Co Limited

## Declaration of the members of the Board of Directors and the Company Officials for the drafting of the financial statements

According to Article 9, subsections (3) (c) and (7) of the Transparency Requirements (Traded Securities on a Regulated Market) Act of 2007 ('Act'), we the members of the Board of Directors and other officers responsible for the financial statements of Lanitis Golf Public Co Limited for the year ended 31 December 2023, we confirm that, to the best of our knowledge:

- (a) the annual financial statements presented on pages 12 to 47 were:
  - (i) prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the provision of subsection (4) of the Act, and
  - (ii) give a true and fair view of assets and liabilities, financial position and the loss of Lanitis Golf Public Co Limited for the year ended 31 December 2023, and
- (b) The Management report provides a fair overview of the developments and performance of the business and financial position of Lanitis Golf Public Co Limited for the year ended 31 December 2023, together with a description of the principal risks and uncertainties faced by the Company.

### Members of the Board of Directors

#### Chairman

Platon E. Lanitis



#### Directors

Marios E. Lanitis



Costas Charitou



Kevin Valenzia



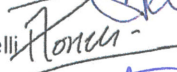
Mark Gasan



Alec Mizzi



Mathew Portelli



Evagoras Lanitis



### Responsible for Preparation of Financial Statements

Iakovos Christofi - Financial Controller



Limassol, 25 April 2024



# Lanitis Golf Public Co Limited

## Management Report

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2023.

### Principal activities and nature of operations of the Company

2 The principal activities of the Company are the development of a special leisure and residential golf course project. The application of the town planning permit with terms and conditions, was approved on 14 November 2012. On 26 July 2019, the Company has also obtained a building permit for the construction of its golf development project. Following a change in group structure on 15 January 2020, the Company has secured sufficient funds to enable it to commence its development plan. In 2021, the Company has begun the construction of the golf project and has also entered into agreements with buyers for the reservation and sale of plots and apartments. During 2022 and 2023, the Company has entered into additional agreements for the construction of the golf course, the clubhouse, villas, townhouses, two blocks of apartments and an internal road network. Additionally, agreements have also been entered with new buyers for the sale of apartments, villas and townhouses. No revenue has been yet recognised, due to the fact that the Company's accounting policy requires the recognition of revenue upon the transfer of the substantially completed properties to the buyers. Therefore, such amounts are presented in the Company's Balance Sheet under Contract Liabilities

### Review of developments, position and performance of the Company's business

3 The Company is the owner of land of about 1.400 decares near the villages of Tserkezoi and Asomatos, in Limassol. The land is located next to the shopping center, My Mall Limassol, the Fasouri Waterpark and the Casino.

4 The Company aims to develop a fully integrated golf and real estate development project on its land. One of the main goals of the master plan is to create a contemporary designed, integrated leisure and residential community project that includes luxurious villas, townhouses and apartments, an 18 hole championship golf course, a golf club, spa and sports center and commercial and retail facilities, such as restaurants and shops.

5 The loss attributable to the shareholders for the year ended 31 December 2023 is €2.784.102 (2022: loss of €1.318.303). During 2023, the Company had no income relating to its business activities since the project is under development. The consultancy fees, financing and other expenses related to the development of the project, are capitalized in the Balance Sheet, under Property, Plant and Equipment and Inventory to the extent that such capitalization is allowed under the Company's accounting policy.

6 During the year ended 31 December 2023, the Company incurred golf development expenditure amounting to €19.462.763 (2022: €5.437.096), which was financed by bank borrowings, borrowings from related parties and prepayments received from plots, apartments, villas and townhouses of clients. As at 31 December 2023, the Company's total assets amounted to €147.128.888 (2022: €106.464.371) and its net assets amounted to €65.190.450 (2022: €67.974.552). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

# Lanitis Golf Public Co Limited

## Management Report (continued)

### Principal risks and uncertainties

7 The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 6 and 7 of the financial statements.

### Use of financial instruments by the Company

8 The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

9 The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as credit risk and liquidity risk is monitored as part of its daily management of the business.

### Cash flow interest rate risk

10 The Company's interest rate risk arises from long term borrowings. Interest-bearing borrowings at variable rates expose the Company to cash flow interest rate risk.

11 At 31 December 2023, the Company's liabilities which bore variable interest rates amounted to €13.605.492 The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

### Credit risk

12 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 and deposits with banks and financial institutions.

13 Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. The utilisation of credit limits is regularly monitored. The company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

14 The Company's credit risk arises from financial assets at amortised cost amounting to €676.944 (2022: €385.223) and bank balances amounting to €24.885.398 (2022: €10.128.354). As of 31 December 2023, all financial assets subject to credit risk were fully performing (stage 1).

# **Lanitis Golf Public Co Limited**

## **Management Report (continued)**

### **Liquidity risk**

15 Management monitors the current liquidity position of the Company based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

### **Future developments of the Company**

16 During the first quarter of 2024, the Company continued with the sale of apartments, villas and townhouses. Furthermore, the Company continues with the construction of the project's infrastructure and residential units which are expected to be completed over the year.

### **Results**

17 The Company's results for the year are set out on page 12. The loss for the year is carried forward.

### **Dividends**

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

### **Share capital**

19 There were no changes in the share capital of the Company.

### **Board of Directors**

20 The members of the Board of Directors at 31 December 2023 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2023, except Mr Evagoras Lanitis, who was appointed as Director on 13 June 2023 in the place of Mr Demetris Solomonides who has resigned on 13 June 2023.

### **Events after the balance sheet date**

21 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

# Lanitis Golf Public Co Limited

## Management Report (continued)

### Climate change

22 The Company management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has no significant impact on the Company's financial statements, and the future effects on the Company's activities and business plans are difficult to predict. Management continues to monitor developments in this area and will respond as necessary to ensure the Company's viability and will adopt all government guidelines if and when these are issued in the markets in which the Company operates.

### Branches

23 The Company did not operate through any branches during the year.

### Independent Auditors

24 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. 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

 **P&D SECRETARIAL SERVICES LTD**  
COMPANY SECRETARY

**P & D Secretarial Services Limited**  
**Company Secretary**

Limassol, 25 April 2024



## *Independent Auditor's Report* **To the Members of Lanitis Golf Public Co Limited**

### *Report on the Audit of the Financial Statements*

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#### *Our opinion*

In our opinion, the accompanying financial statements of Lanitis Golf Public Co Limited (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### **What we have audited**

We have audited the financial statements which are presented in pages 12 to 47 and comprise:

- the balance sheet as at 31 December 2023;
- the statement of profit and loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No.143594). Its registered office is at PwC Central, 43 Demostheni Severi Avenue, CY-1080 Nicosia. A list of the company's directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhouseCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.



## Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b><u>Impairment assessment of Property, Plant and Equipment and determination of net realisable value for inventories</u></b></p> <p>Refer to Note 4, “Summary of Significant Accounting Policies”, Note 7, “Critical Accounting Estimates and Judgements”, Note 13, “Property, Plant and Equipment” and Note 18, “Inventories”.</p> <p>The Company commenced the development of its land to a special leisure and residential golf course project and has also entered into agreements with buyers for the reservation and sale of plots, apartments, villas and townhouses.</p> <p>As at 31 December 2023 the carrying value of Inventories amounted to €95.706.634 representing approximately 65% of Company’s total assets and the carrying value of land for the construction of the golf course and commercial activities amounted to €15.887.797 representing approximately 11% of the Company’s total assets. Inventories are stated at the lower of cost and net realisable value in accordance with the provisions of IAS 2 whilst land for the construction of the golf course and commercial activities is classified as Property, Plant and Equipment and is stated at cost less impairment in accordance with the provisions of IAS 16.</p> <p>For the purpose of assessing the net realisable value / recoverable amount the Board of Directors utilised the valuation prepared by management using the discounted cash flow approach. Our audit procedures focused on assessing any need to write down the above assets to their net realisable value / recoverable amount at 31 December 2023 due to the size of these assets and the level of judgement required in making these assessments in an area we spent time and effort.</p>	<p>We performed the following audit procedures to address the risks of material misstatement associated with this Key Audit Matter:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process followed by management to determine whether there is a need to write down Property, Plant and Equipment and Inventories to recoverable amount/net realisable value. We also assessed the design and implementation of the relevant internal controls.</li> <li>• We evaluated the competency and capabilities of the Company’s management in the context of preparing the discounted cash flow model in relation to the project.</li> <li>• We confirmed the existence and ownership of land by obtaining and reviewing the relevant title deeds and visiting the site. We obtained and verified the validity of the licenses issued to the Company by various Government departments in relation to the development of the Golf Course. The ownership of the land and the validity of the licenses form important parameters in the valuation of the project.</li> <li>• We assessed, with the involvement of auditor’s experts, the appropriateness of the methodology used of the discounted cash flow model and whether the critical assumptions made by management were reasonable. Furthermore, we verified the mathematical accuracy of the calculations.</li> </ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> <li>We evaluated the adequacy of the disclosures in the relevant notes to the financial statements.</li> </ul> <p>The results of the above procedures were considered satisfactory for the purposes of our audit.</p>

### *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 and the Declaration of the members of the Board of Directors and the Company Officials for the drafting of the financial statements, but does not include the financial statements and our auditor's report thereon.

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

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

### *Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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



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

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

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

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

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

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



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### *Report on Other Legal Requirements*

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

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

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### *Other Matter*

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

The engagement partner on the audit resulting in this independent auditor's report is Nicos A. Theodoulou.

A handwritten signature in blue ink that reads "N. A. Theodoulou .".

Nicos A. Theodoulou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors  
PwC Central, 43 Demostheni Severi Avenue  
CY-1080 Nicosia Cyprus

25 April 2024

# Lanitis Golf Public Co Limited

## Statement of profit and loss and other comprehensive income for the year ended 31 December 2023

	Note	2023 €	2022 €
Administration expenses	9	<u>(3.090.247)</u>	<u>(1.607.052)</u>
<b>Operating loss</b>		<b>(3.090.247)</b>	<b>(1.607.052)</b>
Finance costs	11	<u>(39.958)</u>	<u>(10.320)</u>
<b>Loss before income tax</b>		<b>(3.130.205)</b>	<b>(1.617.372)</b>
Income tax credit	12	<u>346.103</u>	<u>299.069</u>
<b>Loss and total comprehensive loss for the year</b>		<b><u>(2.784.102)</u></b>	<b><u>(1.318.303)</u></b>
<b>Other comprehensive income:</b>			
<b>Loss per share attributable to the equity holders of the Company during the year (expressed in cents per share) (Note 21)</b>			
- Basic		<u>(100,81)</u>	<u>(47,74)</u>

The notes on pages 16 to 47 are an integral part of these financial statements.

# Lanitis Golf Public Co Limited

## Balance sheet at 31 December 2023

	Note	2023 €	2022 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property plant and equipment	13	16.061.380	6.208.236
Right of use assets	14	608.133	154.638
Intangible assets	15	26.387	1.033
Deferred income tax assets	23	1.105.637	759.534
		<u>17.801.537</u>	<u>7.123.441</u>
<b>Current assets</b>			
Inventories	18	95.706.634	85.302.433
Other non-financial assets	17	8.057.652	3.524.868
Financial assets at amortised cost	16	676.944	385.223
Cash and cash equivalents	19	24.886.121	10.128.406
		<u>129.327.351</u>	<u>99.340.930</u>
<b>Total assets</b>		<u>147.128.888</u>	<u>106.464.371</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	20	4.722.462	4.722.462
Capital contribution	20	2.556.501	2.556.501
Share premium	20	25.730.893	25.730.893
Retained earnings		32.180.594	34.964.696
<b>Total equity</b>		<u>65.190.450</u>	<u>67.974.552</u>
<b>Non-current liabilities</b>			
Borrowings	22	16.354.224	8.678.531
Lease liabilities	14	480.825	82.482
Deferred income tax liabilities	23	5.988.947	5.988.947
		<u>22.823.996</u>	<u>14.749.960</u>
<b>Current liabilities</b>			
Trade and other payables	24	6.559.713	2.716.385
Contract liabilities	8	38.210.738	20.265.469
Lease liabilities	14	152.252	74.339
Borrowings	22	14.191.739	683.666
		<u>59.114.442</u>	<u>23.739.859</u>
<b>Total liabilities</b>		<u>81.938.438</u>	<u>38.489.819</u>
<b>Total equity and liabilities</b>		<u>147.128.888</u>	<u>106.464.371</u>

On 25 April 2024 the Board of Directors of Lanitis Golf Public Co Limited authorised these financial statements for issue.

Platon E. Lanitis , Chairman

Kevin Valenzia , Director

The notes on pages 16 to 47 are an integral part of these financial statements.

# Lanitis Golf Public Co Limited

## Statement of changes in equity for the year ended 31 December 2023

	Share capital €	Capital contribution €	Share premium €	Retained earnings <sup>(1)</sup> €	Total €
<b>Balance at 1 January 2022</b>	<u>4.722.462</u>	<u>2.556.501</u>	<u>25.730.893</u>	<u>36.282.999</u>	<u>69.292.855</u>
<b>Comprehensive loss</b>					
Loss for the year	-	-	-	(1.318.303)	(1.318.303)
Total comprehensive loss for the year	-	-	-	(1.318.303)	(1.318.303)
<b>Balance at 31 December 2022/1 January 2023</b>	<u>4.722.462</u>	<u>2.556.501</u>	<u>25.730.893</u>	<u>34.964.696</u>	<u>67.974.552</u>
<b>Comprehensive loss</b>					
Loss for the year	-	-	-	(2.784.102)	(2.784.102)
Total comprehensive loss for the year	-	-	-	(2.784.102)	(2.784.102)
<b>Balance at 31 December 2023</b>	<u>4.722.462</u>	<u>2.556.501</u>	<u>25.730.893</u>	<u>32.180.594</u>	<u>65.190.450</u>

- (1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the National Health System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 16 to 47 are an integral part of these financial statements.

# Lanitis Golf Public Co Limited

## Statement of cash flows for the year ended 31 December 2023

	Note	2023 €	2022 €
<b>Cash flows from operating activities</b>			
Loss before income tax		(3.130.205)	(1.617.372)
Adjustments for:			
Depreciation of property, plant and equipment	13	43.419	25.411
Depreciation of right-of-use assets	14	185.610	60.665
Amortisation of intangible assets	15	14.226	1.032
Interest expense - bank borrowings	11	-	314
Interest expense - Lease Liabilities	11	39.796	9.969
Gain from lease modifications		-	(4.942)
		<u>(2.847.154)</u>	<u>(1.524.923)</u>
Changes in working capital:			
Inventories	18	(9.740.485)	(3.728.455)
Other non-financial assets		(4.532.784)	(2.546.000)
Financial assets at amortised costs		(291.721)	(51.316)
Trade and other payables		3.843.328	1.444.646
Contract liabilities		<u>17.945.269</u>	<u>11.333.928</u>
<b>Cash generated from operations</b>		<u>4.376.453</u>	<u>4.927.880</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	13	(9.861.910)	(1.738.524)
Proceeds from sale of property, plant and equipment	13	-	2.121
Purchases of intangibles	15	(39.580)	-
Principal elements of lease payments	14	(202.645)	(69.945)
<b>Net cash used in investing activities</b>		<u>(10.104.135)</u>	<u>(1.806.348)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	19	13.435.397	-
Proceeds from borrowings	26(iii)	7.050.000	-
Interest paid		-	(314)
<b>Net cash from/(used in) financing activities</b>		<u>20.485.397</u>	<u>(314)</u>
<b>Net increase in cash and cash equivalents</b>		<u>14.757.715</u>	<u>3.121.218</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>10.128.406</u>	<u>7.007.188</u>
<b>Cash and cash equivalents at end of year</b>	19	<u>24.886.121</u>	<u>10.128.406</u>

The notes on pages 16 to 47 are an integral part of these financial statements.



# Lanitis Golf Public Co Limited

## Notes to the financial statements

### 1 General information

#### Country of incorporation

Lanitis Golf Public Co Limited (the "Company" ) was incorporated in Cyprus on 18 April 2007 as a limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. On 28 February 2014, the Company was converted from a private limited liability company to a public limited liability company under the Cyprus Companies Law, Cap. 113 and is listed on the Emerging Companies Market of the Cyprus Stock Exchange ("CSE"). Its registered office is at 10 Georgiou Gennadiou Street, Agathangelos Court, 3041, Limassol, Cyprus.

#### Principal activities

The principal activities of the Company are the development of a special leisure and residential golf course project. The application of the town planning permit with terms and conditions, was approved on 14 November 2012. On 25 July 2019, the Company has also obtained a building permit for construction of its golf development project. In 2021, the Company has begun the construction of the golf project and has also entered into agreements with buyers for the reservation and sale of plots and apartments. During 2022 and 2023, the Company has entered into additional agreements for the construction of the golf course, the clubhouse, villas, townhouses, two blocks of apartments and an internal road network. Additionally, agreements have also been entered with new buyers for the sale of apartments, villas and townhouses.

#### Operating environment of the Company

##### Conflict between Russia and Ukraine

During 2021, the Russian economy continued to be negatively impacted by the ongoing political tension in the region and international sanctions against certain Russian companies and individuals, with the tension intensifying towards the end of 2021 as a result of further developments of the situation with Ukraine. From late February 2022 the conflict between Russia and Ukraine escalated further and the situation remains highly unstable.

In response to the conflict, a number of sanctions have been imposed on Russian entities to restrict them from having access to foreign financial markets, including removing access of several Russian banks to the international SWIFT system.

The EU, UK and US (amongst others) have also imposed sanctions against the Russian central bank, restricting the access of the Russian state to foreign currency reserves, and introduced further asset freezes against designated individuals/entities and sectoral sanctions.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown.

# Lanitis Golf Public Co Limited

## 1 General information (continued)

### Operating environment of the Company (continued)

Nonetheless, the Company is not significantly impacted from the conflict, as its operations are not affected by the situation however it will continue monitoring the situation and take action if required.

Management has taken and continues to take necessary measures to ensure minimum disruption and sustainability of the Company's operations.

#### Israel - Gaza conflict

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

## 2 Basis of preparation

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

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4. Apart from the accounting policy changes resulting from the adoption of the new standards, amendments to existing standards and interpretations effective from 1 January 2023, as set out in Note 3, these policies have been consistently applied to all the years presented, unless otherwise stated (refer to Notes 3 and 4).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

# Lanitis Golf Public Co Limited

## 3 Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2023. This adoption did not have a material effect on the accounting policies of the Company.

## 4 Summary of significant accounting policies

### Land development and resale

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

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

### Contract assets and contract liabilities

In case the goods transferred or services rendered by the Company as of the reporting date exceed the payments made by the customer as of that date and the Company does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Company assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. The Company recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised.

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

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognized termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. In accounting for the tax effects of on-balance sheet leases, the Company views the right-of-use asset and lease liability separately and considers that the temporary difference on each item does not give rise to deferred tax since the initial recognition exception applies.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Current and deferred income tax (continued)

#### Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other gains/(losses), net, respectively.

#### Property, plant and equipment

Land and buildings comprising mainly golf courses under construction and other development activities are shown as costs less subsequent depreciation. Historical cost included expenditure that is directly attributable to the acquisition of property, plant and equipment.

Land and buildings under construction that are not ready for their intended use are not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Signages	33
Prefab house	10
Computer Hardware	20
Plant and machinery	10
Leasehold improvements	17
Furniture and fittings	10
Motor vehicles	20

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in “other gains/(losses) – net” in profit or loss.

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 prepare for its intended use, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

### Leases

#### *The Company is the lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company, with limited exceptions as set out below.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Leases (continued)

#### The Company is the lessee (continued)

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives.

In determining the lease term, management of the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

Right-of-use assets are reviewed for impairment in accordance with the Company's accounting policy for impairment of non-financial assets.

As an exception to the above, payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.



# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

### Impairment of non-financial assets

Intangibles that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment or more frequently if events and changes in circumstances indicate that they might be impaired. 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 classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

The Company classifies its financial assets at amortised cost. Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Company's financial assets measured at amortised cost (AC) comprise cash and cash, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets - Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)" together with foreign exchange gains and losses.

#### Financial assets - Measurement

At initial recognition, the Company measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

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 – impairment – credit loss allowance for expected credit losses

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement 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 measured at amortised cost are presented in the balance sheet net of the allowance for ECL.

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

#### 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.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Financial assets – write-off

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

#### Financial assets – modification

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

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

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

#### Classification as cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Financial assets (continued)

#### Classification as financial assets at amortised cost

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

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

#### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is 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 liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories consist of the cost of land and work in progress in connection with the construction of the residential units and infrastructure works, and include raw materials, direct labour, other direct costs and expenses associated with the construction work including borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete.

# Lanitis Golf Public Co Limited

## 4 Summary of significant accounting policies (continued)

### Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

### Capital contribution

Capital contribution constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

### Provisions

Provisions are recognised when the Company 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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### Prepayments

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

## 5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

# Lanitis Golf Public Co Limited

## 6 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including cash flow risk), credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Market risk**

#### **Cash flow and fair value interest rate risk**

##### *Exposure*

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

##### *Sensitivity*

At 31 December 2023, if interest rates on Euro-denominated borrowings had been 0,25% (2022: 0,25%) higher with all other variables held constant, post-tax loss for the year would have been € 14.881 (2022: €nil) higher, mainly as a result of higher interest expense on floating rate borrowings. For a decrease of 0,25% there would be an equal and opposite impact on equity and post-tax profit for the year.

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 and deposits with banks and financial institutions.

##### (i) Risk management

Credit risk is managed on an individual basis

For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'C'.

The Company'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 Company to reduce its credit risk significantly.

##### (ii) Impairment of financial assets

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

- financial assets at amortised cost (receivables from related parties and other receivables)

# Lanitis Golf Public Co Limited

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Credit risk (continued)**
- cash and cash equivalents

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

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

#### Financial assets at amortised cost

The Company assesses, on an individual basis, its exposure to credit risk arising from financial assets at amortised cost. This assessment takes into account, amongst others, the period the loan receivable or other receivable balance is past due (in days) and history of defaults in the past, adjusted for forward looking information. The Company uses two categories for loans, receivables and other receivables, debt securities which reflect their credit risk and how the loss provision is determined for each of those categories.

The estimated loss allowance for financial assets at amortised cost as at 31 December 2023 and 31 December 2022 was immaterial. All financial assets at amortised cost were performing (Stage 1) as at 31 December 2023 and 31 December 2022.

#### Cash and cash equivalents

The Company assesses, on an individual 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.

The gross carrying amounts below represent the Company’s maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

	Rating	2023 €	2022 €
Moody's	<b>Ba2</b>	-	10,128,354
Moody's	<b>Baa3</b>	22,279,449	-
Other external non-rated banks – satisfactory credit quality (performing)		<u>2,605,949</u>	<u>-</u>
<b>Total cash at bank</b>		<u><b>24,885,398</b></u>	<u><b>10,128,354</b></u>

The rest of the balance sheet item ‘cash and cash equivalents’ is cash on hand.

# Lanitis Golf Public Co Limited

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

#### • Credit risk (continued)

All cash and bank balances were performing (Stage 1) as at 31 December 2023 and 31 December 2022.

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

The estimated loss allowance on cash and cash equivalents as at 31 December 2023 and 31 December 2022 was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2023 and 31 December 2022.

#### • Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €
<b>At 31 December 2022</b>			
Borrowings	683.666	-	10.000.000
Trade and other payables (excluding statutory liabilities)	2.170.037	-	-
Lease liabilities	82.180	53.575	35.125
	<u>2.935.883</u>	<u>53.575</u>	<u>10.035.125</u>
	<b>Less than 1 year €</b>	<b>Between 1 and 2 years €</b>	<b>Between 2 to 5 years €</b>
<b>At 31 December 2023</b>			
Borrowings	15.410.929	11.316.620	8.013.751
Trade and other payables (excluding statutory liabilities)	6.196.831	-	-
Lease Liabilities	183.906	156.970	388.738
	<u>21.791.666</u>	<u>11.473.590</u>	<u>8.402.489</u>

### (ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.



# Lanitis Golf Public Co Limited

## 6 Financial risk management (continued)

### (ii) Capital risk management (continued)

During 2023, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio at low levels. The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 €	2022 €
Total borrowing (Note 22)	30.545.96	9.362.197
Less: cash and cash equivalents (Note 19)	<u>(24.886.121)</u>	<u>(10.128.406)</u>
Net debt/(cash and cash equivalents)	5.659.842	(766.209)
Total equity	<u>65.190.450</u>	<u>67.974.552</u>
Total capital as defined by management	<u>70.850.292</u>	<u>67.208.343</u>
Gearing ratio	8%	0%

## 7 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

Estimates and judgements 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.

### Critical accounting estimates and assumptions

The Company 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.

- **Impairment test for inventories and property, plant and equipment**

Refer to note 13 for the relevant disclosure for the impairment assessment made by the Company's management. A sensitivity analysis has been performed on the key assumption used by management in carrying its assessment. If the selling prices of units were 10% lower then no impairment would have been recognised on inventories and property, plant and equipment. If WACC increased from 12,65% to 13,65% then no impairment would have been recognised on inventories and property, plant and equipment. If construction costs were 10% higher then no impairment would have been recognised on inventories and property, plant and equipment. If the sales velocity is extended by one year then no impairment would have been recognised on inventories and property, plant and equipment. A combined decrease of 10% in selling prices of units and increase of construction costs by 10% with all other parameters remaining the same then an impairment of €17,65 million would have been recognized.

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## 8 Revenue

### (a) Disaggregation of revenue from contracts with customers

	2023 €	2022 €
Revenue from contracts with customers	-	-
<b>Total revenue from contracts with customers</b>	<b>-</b>	<b>-</b>

### (b) Assets and liabilities related to contracts with customers

	2023 €	2022 €
Current contract liabilities - Sales of inventories (plots, apartments, townhouses, villas) not yet delivered	<u>38.210.738</u>	<u>20.265.469</u>
<b>Total contract liabilities</b>	<b><u>38.210.738</u></b>	<b><u>20.265.469</u></b>

## 9 Expenses by nature

	2023 €	2022 €
Depreciation of right-of-use assets(Note 14)	185.610	60.665
Depreciation and amortisation of property, plant and equipment and intangibles (Notes 13 and 15)	57.645	26.443
Repairs and maintenance	16.325	22.510
Insurance	1.504	544
Auditors' remuneration charged by statutory audit firm	22.000	22.000
Auditors' remuneration prior year	876	2.167
Staff costs (Note 10)	1.263.053	702.803
Advertising and promotion	693.725	346.562
Transportation and hospitality expenses	63.210	20.719
Other expenses	120.351	12.715
Bank charges	159.244	88.408
Municipal and property taxes	5.619	5.180
Motor vehicle expenses	39.312	21.909
Legal Fees	43.700	16.230
Head office administration expenses	18.000	18.000
Mortgages expenses	71.928	-
Commitment fees	212.770	144.500
Professional Services	23.944	52.252
Entertaining expenses	51.660	13.672
Subscriptions, donations and gifts	12.080	13.572
Utilities expenses	27.691	16.201
<b>Total administrative expenses</b>	<b><u>3.090.247</u></b>	<b><u>1.607.052</u></b>

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2023 amounted to €22.000 (2022: €22.000). The total fees charged by the Company's statutory auditor for the year ended 31 December 2023 for other non-assurance services amounted to €14.450 (2022: €11.500).

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## 10 Staff costs

	2023 €	2022 €
Salaries	1.071.420	564.577
Bonus	13.245	28.245
Social insurance and other costs	126.158	73.708
Provident fund contributions	31.855	24.617
Social cohesion fund	20.375	11.656
	<u>1.263.053</u>	<u>702.803</u>
Average number of staff employed during the year	<u>20</u>	<u>11</u>

The Company participates in an external provident fund scheme run by an independent party, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

## 11 Finance costs

	2023 €	2022 €
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss:		
Bank borrowings	-	314
Lease liabilities (Note 14)	39.796	9.969
Total interest and finance charges	39.796	10.283
Net foreign exchange loss	162	37
Total finance costs	<u>39.958</u>	<u>10.320</u>

## 12 Income tax credit

	2023 €	2022 €
<b>Deferred tax (Note 23):</b>		
Tax losses carried forward	(346.103)	(299.069)
Income tax credit	<u>(346.103)</u>	<u>(299.069)</u>
	2023 €	2022 €
Loss before tax	<u>(3.130.205)</u>	<u>(1.617.372)</u>
Tax calculated at the applicable corporation tax rate of 12.5%	(391.276)	(202.172)
Tax effect of expenses not deductible for tax purposes	42.133	14.275
Tax effect of allowances and income not subject to tax	(28.162)	(10.885)
Effect of tax losses expired	31.202	-
Tax effect of tax losses for which no deferred tax asset was recognised in the past but it was foreseen in the current year that the Company will be able to utilise them	-	(100.287)
Income tax credit	<u>(346.103)</u>	<u>(299.069)</u>

The Company is subject to income tax on taxable profits at the rate of 12,5% .

Brought forward losses of only five years may be utilized.

Under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 30%.

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## 12 Income tax credit (continued)

In certain cases, dividends received from abroad may be subject to special contribution for defence at the rate of 17%. In addition, in certain cases, dividends received from other Cyprus tax resident companies may also be subject to special contribution for defence.

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

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## 13 Property, plant and equipment

	Leasehold improvements €	Plant and machinery €	Computer Hardware and Furniture and fittings €	Motor vehicles €	Land and Golf Developme nt €	Prefab house €	Signages €	Total €
<b>At 1 January 2022</b>								
Cost	-	5.989	46.527	3.500	4.400.793	8.800	39.128	4.504.737
Accumulated depreciation	-	(4.293)	(10.010)	(700)	-	(880)	(13.042)	(28.925)
Net book amount	-	1.696	36.517	2.800	4.400.793	7.920	26.086	4.475.812
<b>Year ended 31 December 2022</b>								
Opening net book amount	-	1.696	36.517	2.800	4.400.793	7.920	26.086	4.475.812
Additions	-	-	15.805	-	1.708.641	14.078	-	1.738.524
Disposals - net book value	-	-	(2.121)	-	-	-	-	(2.121)
Interest capitalised during the year	-	-	-	-	21.432	-	-	21.432
Depreciation charge (Note 9)	-	(600)	(8.780)	(700)	-	(2.288)	(13.043)	(25.411)
Closing net book amount	-	1.096	41.421	2.100	6.130.866	19.710	13.043	6.208.236
<b>At 31 December 2022</b>								
Cost	-	5.989	59.681	3.500	6.130.866	22.878	39.128	6.262.042
Accumulated depreciation	-	(4.893)	(18.260)	(1.400)	-	(3.168)	(26.085)	(53.806)
Net book amount	-	1.096	41.421	2.100	6.130.866	19.710	13.043	6.208.236
<b>At 1 January 2023</b>								
Opening net book amount	-	1.096	41.421	2.100	6.130.866	19.710	13.043	6.208.236
Additions	20.926	-	104.184	-	9.722.278	10.922	3.600	9.861.910
Interest capitalised during the year	-	-	-	-	34.653	-	-	34.653
Depreciation charge (Note 9)	(3.488)	(599)	(21.010)	(700)	-	(3.380)	(14.242)	(43.419)
Closing net book amount	17.438	497	124.595	1.400	15.887.797	27.252	2.401	16.061.380
<b>At 31 December 2023</b>								
Cost	20.926	5.989	163.865	3.500	15.887.797	33.800	42.728	16.158.605
Accumulated depreciation	(3.488)	(5.492)	(39.270)	(2.100)	-	(6.548)	(40.327)	(97.225)
Net book amount	17.438	497	124.595	1.400	15.887.797	27.252	2.401	16.061.380

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## 13 Property, plant and equipment (continued)

Interest amounting to €34.653 (2022: €21.432) relating to loans granted to the Company for financing the cost of construction and development of the project, were capitalised during the year and were included in the cost of development. The weighted average interest rate used for the capitalisation is 5% (2022: 5%) and represents the borrowing cost of the project in 2023 (Note 22). The total interest capitalised in property, plant and equipment since the commencement of the project in 2023 is €95.935 (2022: €61.282).

The management of the Company carried out an assessment of the net realisable value / recoverable amount of its inventories and property, plant and equipment. The exercise utilised valuations prepared by management. The valuation methodology used by management was that of the Discounted Cash Flows. The valuation model is performed using the aggregated projected cash flows of both classes of assets, property, plant and equipment and inventories as they are considered as one cash-generating unit and the generation of cash flows by each class largely depends on each other. The results of the measurement depend largely on management's assessment of future cash flows and is subject to considerable variability and material estimation uncertainty, particularly as a result of the fact that the project is at an early stage of development. The result of management's assessment did not indicate that there is any impairment of property, plant and equipment or that net realisable value of inventories is below the carrying amount as at the balance sheet date. The exercise compared the Net Present Value of the project with the carrying amount of property, plant and equipment, inventories and deferred expenditures related to the project less contract liabilities for units sold but not delivered by the Company as at 31 December 2023.

Depreciation expense of €43.419 (2022: €25.411) has been charged in “administrative expenses”.

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2023 €	2022 €
Net book amount	-	2.121
Profit on sale of property, plant and equipment	-	-
Proceeds from sale of property, plant and equipment	<u>-</u>	<u>2.121</u>

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## 14 Leases

This note provides information for leases where the Company is a lessee.

### (i) The Company's leasing arrangements

The Company leases buildings and motor vehicles. Rental contracts are typically made for fixed periods of 1 year to 6 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

### (ii) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2023 €	2022 €
Right-of-use assets		
Motor vehicle	233.121	99.797
Buildings	<u>375.012</u>	<u>54.841</u>
	<u><b>608.133</b></u>	<u><b>154.638</b></u>
Lease liabilities		
Current	152.252	74.339
Non-current	<u>480.825</u>	<u>82.482</u>
	<u><b>633.077</b></u>	<u><b>156.821</b></u>

Additions to the right-of-use assets and lease liabilities during the 2023 financial year were €639.105 (2022: €109.986).

Modifications to the right-of-use assets and lease liabilities during the 2023 financial year were €nil (2022: €30.659).

The net gain on lease modifications during the year was €nil (2022: €4.942).

### (iii) Amounts recognised in profit or loss

The income statement shows the following amounts relating to leases:

	2023 €	2022 €
Depreciation of right-of-use assets(Note 9)		
Motor vehicles	73.397	31.506
Buildings	<u>112.213</u>	<u>29.159</u>
	<u><b>185.610</b></u>	<u><b>60.665</b></u>
Interest expense(Note 11)	<u>39.796</u>	<u>9.969</u>
	<u><b>39.796</b></u>	<u><b>9.969</b></u>

The total cash outflow for leases in 2023 was €202.645 (2022: €69.945).

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## 15 Intangible assets

	Computer software €	Total €
<b>At 1 January 2022</b>		
Cost	6.401	6.401
Accumulated amortisation and impairment	<u>(4.336)</u>	<u>(4.336)</u>
Net book amount	<u>2.065</u>	<u>2.065</u>
<b>Year ended 31 December 2022</b>		
Opening net book amount	2.065	2.065
Amortisation charge (Note 9)	<u>(1.032)</u>	<u>(1.032)</u>
Closing net book amount	<u>1.033</u>	<u>1.033</u>
<b>At 31 December 2022</b>		
Cost	6.401	6.401
Accumulated amortisation and impairment	<u>(5.368)</u>	<u>(5.368)</u>
Net book amount	<u>1.033</u>	<u>1.033</u>
<b>Year ended 31 December 2023</b>		
Opening net book amount	1.033	<b>1.033</b>
Additions	39.580	<b>39.580</b>
Amortisation charge (Note 9)	<u>(14.226)</u>	<u><b>(14.226)</b></u>
Closing net book amount	<u>26.387</u>	<u><b>26.387</b></u>
<b>At 31 December 2023</b>		
Cost	45.981	<b>45.981</b>
Accumulated amortisation and impairment	<u>(19.594)</u>	<u><b>(19.594)</b></u>
Net book amount	<u>26.387</u>	<u><b>26.387</b></u>

## 16 Financial assets

### Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2023 €	2022 €
<b>Current</b>		
Receivables from parent entity(Note 26(ii))	<b>163.895</b>	158.286
Other receivables	<u><b>513.049</b></u>	<u>226.937</u>
Total current	<u><b>676.944</b></u>	<u>385.223</u>
Financial assets at amortised cost - net	<u><b>676.944</b></u>	<u>385.223</u>

#### (i) Current financial assets at amortised cost

Due to the short-term nature of the current financial assets at amortised cost, their carrying amount is considered to be the same as their fair value.

The carrying amounts of the Company's financial assets at amortised cost are denominated in the following currencies:

	2023 €	2022 €
Euro - functional and presentation currency	<u><b>676.944</b></u>	<u>385.223</u>
	<u><b>676.944</b></u>	<u>385.223</u>

#### (ii) Impairment and risk exposure

Note 6 sets out information about the impairment of financial assets and the company's exposure to credit risk.



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## 17 Other non-financial assets

	2023 €	2022 €
Prepayments	766.190	166.228
Advances to subcontractors - construction contracts	2.428.220	693.538
Deferred expenses	<u>4.863.242</u>	<u>2.665.102</u>
	<u>8.057.652</u>	<u>3.524.868</u>

## 18 Inventories

	2023 €	2022 €
Opening balance	85.302.433	81.163.491
Interest capitalised during the year	663.716	410.487
Development costs capitalised during the year	<u>9.740.485</u>	<u>3.728.455</u>
Closing balance	<u>95.706.634</u>	<u>85.302.433</u>

Capitalised costs of €9.740.485 (2022: €3.728.455) includes costs which were incurred in relation to the construction and development of residential premises.

Interest amounting to €663.716 (2022: €410.487) relating to loans granted to the Company for financing the cost of construction and development of the project, were capitalised during the year and were included in the cost of development. The weighted average interest rate used for the capitalisation is 5% (2022: 5%) and represents the borrowing cost of the project in 2023 (Note 22). The total interest capitalised in inventories since the commencement of the project in 2023 is €1.837.467 (2022: €1.173.751).

All inventories items are stated at cost with the exception of inventory that was transferred on 15 January 2020 from investment property which is presented at its fair value at the date of transfer. For information regarding the management assessment of the net realisable value of inventories refer to Note 13.

## 19 Cash and cash equivalents

	2023 €	2022 €
Cash at bank and in hand	<u>24.886.121</u>	<u>10.128.406</u>

Cash and cash equivalents are denominated in the following currencies:

	2023 €	2022 €
Euro - functional and presentation currency	<u>24.886.121</u>	<u>10.128.406</u>

## Principal non-cash investing and financing transactions

The principal non-cash investing and financing transactions during the current and the prior year were the acquisition of right-of-use assets using leases for €639.105 (2022: €109.986).

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## 19 Cash and cash equivalents (continued)

### Reconciliation of liabilities arising from financing activities:

	Bank Borrowings €	Loans from related parties €	Lease liabilities €	Total liabilities from financing activities €
Opening Balance at 1 January 2023	-	9.362.197	156.821	9.519.018
Cash flows:				
Proceeds from borrowings	13.435.397	7.050.000	-	20.485.397
Repayment of principal	-	-	(202.645)	(202.645)
Other non-cash changes:				
Additions	-	-	639.105	639.105
Interest expense	170.095	74.759	-	244.854
Unwinding of interest expense	-	453.515	39.796	493.311
Closing Balance 31 December 2023	<u>13.605.492</u>	<u>16.940.471</u>	<u>633.077</u>	<u>31.179.040</u>

	Bank Borrowings €	Loans from related parties €	Lease liabilities €	Total liabilities from financing activities €
Opening Balance at 1 January 2022	-	8.930.279	142.412	9.072.691
Cash flows:				
Repayment of principal	-	-	(69.945)	(69.945)
Other non-cash changes:				
Additions	-	-	109.986	109.986
Gain on lease modification	-	-	(4.942)	(4.942)
Modifications	-	-	(30.659)	(30.659)
Unwinding of interest expense	-	431.918	9.969	441.887
Closing Balance 31 December 2022	<u>-</u>	<u>9.362.197</u>	<u>156.821</u>	<u>9.519.018</u>

## 20 Share capital and share premium

	Number of shares	Share capital €	Capital Contribution €	Share premium €	Total €
At 31 December 2022 / 31 December 2023	<u>2 761 674</u>	<u>4.722.462</u>	<u>2.556.501</u>	<u>25.730.893</u>	<u>33.009.856</u>

The total authorized number of ordinary shares is 3 000 000 shares (2022: 3 000 000 shares) with a par value of €1,71 per share. All issued shares are fully paid.

## 21 Basic loss per share attributable to equity holders of the Company

	2023	2022
Loss attributable to shareholders (€)	<u>(2.784.102)</u>	<u>(1.318.303)</u>
Weighted average number of ordinary shares in issue during the year	<u>2.761.674</u>	<u>2.761.674</u>
Basic loss per share attributable to equity holders of the parent (cent per share)	<u>(100,81)</u>	<u>(47,74)</u>

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## 22 Borrowings

	2023 €	2022 €
<b>Current</b>		
Borrowings from related parties(Note 26(iii))	688.311	683.666
Bank borrowings	<u>13.503.428</u>	<u>-</u>
	<u>14.191.739</u>	<u>683.666</u>
<b>Non-current</b>		
Bank borrowings	102.064	-
Borrowings from related parties (Note 26(iii))	<u>16.252.160</u>	<u>8.678.531</u>
	<u>16.354.224</u>	<u>8.678.531</u>
<b>Total borrowings</b>	<u>30.545.963</u>	<u>9.362.197</u>
<b>Maturity of non-current borrowings</b>		
Between 1 and 2 years	9.234.110	-
Between 2 and 5 years	<u>7.120.114</u>	<u>8.678.531</u>
	<u>16.354.224</u>	<u>8.678.531</u>

The bank borrowings are secured as follows:

- (i) By first and second mortgage on the Company's Land for €43.150.000
- (ii) By first and second floating charge on the Company's assets for €43.150.000
- (iii) By Corporate Guarantees of MCY Development Limited for €43.150.000 (Note 26(iv)).
- (iv) By pledging of Fire Policy for €15.626.208

### Current - Borrowings from related parties

During the previous financial years, the Company received a loan from a related party amounting to €683.666. The loan is repayable by 2024 and bears interest 4%.

During the year total interest expense of €230 and €4.415 was capitalised as part of property, plant and equipment and inventories respectively, as apportioned using the building coefficient of the project.

### Non-current

(1) As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10.000.000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2.556.501, was credited in the statement of changes in equity as Capital Contribution. The unwinding of interest expense following the initial recognition, is capitalised against inventories and property, plant and equipment as apportioned using the building coefficient of the project. During the year total interest expense of €22.503 and €431.012 (2022: €21.432 and €410.487) was capitalised as part of property, plant and equipment and inventories respectively.

# Lanitis Golf Public Co Limited

## 22 Borrowings (continued)

(2) On 16 August 2023, the Company has entered into new loan agreements for €7.050.000 for the construction of the project. The loans are repayable upon the request of lender but always after the settlement of the bank borrowings and the loan facility of €10.000.000 (1). The loans bears interest of 3%. During the year total interest expense of €3.479 and €66.635 was capitalised as part of property, plant and equipment and inventories respectively, as apportioned using the building coefficient of the project.

### Bank Borrowings

On 24 September 2020, the Company has signed an agreement with Hellenic Bank for a €34m loan term facility related to the construction of the infrastructure of the resort and €3.15m ancillary facilities in the form of bank guarantees and overdraft facility. The loan term facility will be available to the Company for utilisation once the Company has reached €30m of confirmed sales.

On 21 October 2022, the Company has signed an amended and restated agreement with Hellenic Bank to which the confirmed sales have been reduced to €25m and the loan repayment period has been extended to 2026.

On 9 June 2023, the Company has signed an amended and restated agreement with Hellenic Bank to which the loan term facility has been increased to €40m and the confirmed sales have been increased to €37m. During 2023, the Company has utilised €13.435.397 of the loan term facility and the total interest expense of €8.440 and €161.655 was capitalised as part of property, plant and equipment and inventories respectively, as apportioned by the building coefficient of the project. As per the agreement an amount of €13.333.333 is repayable by 31 December 2024.

The interest rates at the balance sheet date were as follows:

	2023 %	2022 %
Bank borrowings	8,9	-
Borrowings from related parties (Note 26(iii))	3-5	5

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2023 €	2022 €
Euro - functional and presentation currency	<u>30.545.963</u>	<u>9.362.197</u>

# Lanitis Golf Public Co Limited

## 23 Deferred income tax liabilities

The gross movement on the deferred income tax account is as follows:

	Tax losses €	Fair value gains €	Total €
At 1 January 2022	(460.465)	5.988.947	5.528.482
Charged/(credited) to: Profit or loss (Note 12)	<u>(299.069)</u>	<u>-</u>	<u>(299.069)</u>
At 31 December 2022/1 January 2023	(759.534)	5.988.947	5.229.413
Charged/(credited) to: Profit or loss (Note 12)	<u>(346.103)</u>	<u>-</u>	<u>(346.103)</u>
At 31 December 2023	<u>(1.105.637)</u>	<u>5.988.947</u>	<u>4.883.310</u>

Deferred income tax assets are recognised for the tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at 31 December 2023, the Company had tax losses carried forward amounting to €8.845.097 for which a deferred tax asset was recognised. From these losses an amount of €418.903 expires in 2024, €1.585.728 expires in 2025, €2.031.769 expires in 2026, €1.790.255 expires in 2027 and €3.018.442 expires in 2028.

## 24 Trade and other payables

	2023 €	2022 €
Retentions	<b>830.248</b>	-
Payables to related parties (Note 26(ii))	<b>353.653</b>	370.130
Other payables	<b>1.256.915</b>	1.379.988
Accrued expenses	<b>3.756.015</b>	419.919
Total financial payables within trade and other payables at amortised cost	<b>6.196.831</b>	2.170.037
Social insurance and other taxes	<b>57.318</b>	44.509
VAT Payable	<b>305.564</b>	501.839
Total other payables	<b>362.882</b>	546.348
<b>Trade and other payables</b>	<b>6.559.713</b>	2.716.385

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2023 €	2022 €
Euro - functional and presentation currency	<u><b>6.559.713</b></u>	<u>2.716.385</u>

# Lanitis Golf Public Co Limited

## 25 Commitments

(a) An amount of €255.996 will become payable to the Electricity Authority of Cyprus upon the completion of the relevant installation and connection of the electricity supply.

(b) An amount of €830.000 will become payable to Water Development Department for potable water pipeline construction. This is repayable upon request and issuance of invoice by the Government of Cyprus.

(c) The Company has entered in a contract for the construction of a golf course in 2022 for the amount of €14 million plus €4,2 million as variation orders. The remaining commitments from the Company related to this contract as at 31 December 2023 are €10,5 million, which is expected to be paid according to construction progress. Expected completion of this contract is December 2024.

(d) The Company has entered in a contract for the construction of the two blocks of apartments in 2023 for the amount of €16,8 million. The remaining commitments from the Company related to this contract as at 31 December 2023 are €14 million, which is expected to be paid according to construction progress. Expected completion of this contract is December 2024.

(e) The Company has entered in a contract for the construction of internal road network and the relevant infrastructure in 2023 for the amount of €13 million. The remaining commitments from the Company related to this contract as at 31 December 2023 are €11,2 million, which is expected to be paid according to construction progress. Expected completion of this contract is December 2024.

(f) The Company has entered in a contract for the construction of the clubhouse in 2023 for the amount of €3,6 million. The remaining commitments from the Company related to this contract as at 31 December 2023 are €2,8 million, which is expected to be paid according to construction progress. Expected completion of this contract is December 2024.

(g) The Company has entered in a contract for the construction of 12 townhouses in 2023 for the amount of €5,3 million. The remaining commitments from the Company related to this contract as at 31 December 2023 are €4,7 million, which is expected to be paid according to construction progress. Expected completion of this contract is December 2024.

(h) The Company has entered in a contract for the construction of 11 villas in 2023 for the amount of €8,4 million. The remaining commitments from the Company related to this contract as at 31 December 2023 are €7,7 million, which is expected to be paid according to construction progress. Expected completion of this contract is December 2024.

## 26 Related party transactions

The company is controlled by MCY Development Limited who owns the 99.99% of the issued share capital. The share capital of MCY Development Limited is equally owned by Lanitis Farm Limited and AMOL Enterprises Limited.

# Lanitis Golf Public Co Limited

## 26 Related party transactions (continued)

### (i) Related party transactions

	2023 €	2022 €
Purchases of services:		
Carobmill Restaurants Ltd (Hospitality services)	18.679	2.971
Lanitis E.C. Holdings (Management Fees)	18.000	18.000
Cybarco Contracting Ltd (IT Services)	4.913	6.114
Cybarco Contracting Ltd (Construction Services)	10.541.902	3.877.398
Cybarco Development Ltd (Promotional Services)	2.041.989	1.371.036
	<u>12.625.483</u>	<u>5.275.519</u>

### (ii) Year-end balances with related parties

	2023 €	2022 €
Receivables from related parties (Note 16):		
MCY Development Limited (Parent Company)	<u>163.895</u>	<u>158.286</u>
Payables to related parties (Note 24):		
Amol Enterprises Limited	29.533	120.762
Carobmill Restaurants Ltd	2.254	-
Cybarco Development Limited	66.700	2.776
Cybarco Contracting Limited	251.277	243.381
Lanitis Farm Limited	3.889	3.211
	<u>353.653</u>	<u>370.130</u>

The above balances bear no interest and are repayable on demand.

### (iii) Borrowings from related parties

	2023 €	2022 €
Borrowings from related parties:		
At beginning of year	9.362.197	8.930.279
Borrowings advanced during year	7.050.000	-
Interest charged (Note 11)	74.759	-
Unwinding of interest expense	453.515	431.918
At end of year (Note 22)	<u>16.940.471</u>	<u>9.362.197</u>

(1) As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10.000.000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2.556.501, was credited in the statement of changes in equity as Capital Contribution.

(2) On 16 August 2023, the Company has entered into loan agreements with related parties for €7.050.000 to be used for financing the construction of the project. The loans are repayable upon the request of lender but always after the settlement of the bank borrowings and the loan facility of €10.000.000 (1). The loans bears interest of 3%. During the year total interest expense of €3.479 and €66.635 was capitalised as part of property, plant and equipment and inventories respectively, as apportioned using the building coefficient of the project.

# Lanitis Golf Public Co Limited

## 26 Related party transactions (continued)

### (iii) Borrowings from related parties (continued)

(3) During the previous financial years, the Company received a loan from a related party amounting to €683.666. The loan is repayable by 2024 and bears interest 4%. During the year total interest expense of €230 and €4.415 was capitalised as part of property, plant and equipment and inventories respectively, as apportioned using the building coefficient of the project.

### (iv) Corporate Guarantees

The bank borrowings of the Company are secured by corporate guarantees of MCY Development Limited for €43.150.000. (Note 22).

## 27 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report on pages 7 to 11.