

DERASCO TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2022

DERASCO TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS Year ended 31 December 2022

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DERASCO TRADING LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Sofi Panagidou
Alternate Directors:	Evnomia Konstantinou
Company Secretary:	Cyproservus Co. Ltd
Independent Auditors:	P. Constantinou & Co Ltd Certified Public Accountants Corner of Charalambou Fteroudi & Tiranoktonon Agios Athanasios 4104 Limassol Cyprus
Registered office:	13 Karaiskaki Street 3032 Limassol Cyprus
Registration number:	HE356716

DERASCO TRADING LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2022.

Principal activity and nature of operations of the Company

The principal activities of the Company are the holding of investments and the provision of loans to related companies.

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

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

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7 and 20 of the financial statements.

Results

The Company's results for the year are set out on page 7.

Dividends

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

Share capital

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

Board of Directors

The sole member of the Company's Board of Directors as at 31 December 2022 and at the date of this report is presented on page 1. The Sole Director was a member of the Board of Directors throughout the year ended 31 December 2022.

In accordance with the Company's Articles of Association the Sole Director presently member of the Board continues in office.

There were no significant changes in the remuneration and responsibilities of the Board of Directors.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in note 20 to the financial statements.

Events after the reporting period

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

Independent Auditors

The Independent Auditors, P. Constantinou & Co Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Sofi Panagidou
Director

Limassol, 24 January 2024



P. CONSTANTINOU & CO LTD

AUDIT • TAX • CONSULTING

Corner of Charalambou Fteroudi & Tiranoktonon,
Agios Athanasios 4104, Limassol, Cyprus
P.O. Box 57186, 3313 Limassol, Cyprus

Tel.: +357 25 361 000, Fax: +357 25 355 888
Email: info@pconstantinou.com
www.pconstantinou.com

Independent Auditor's Report

To the Members of Derasco Trading Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of parent company Derasco Trading Limited (the "Company"), which are presented in pages 7 to 22 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of parent company Derasco Trading Limited as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

Even though cash at bank has been agreed to the bank statements it was not made possible to obtain bank reply from one of the Company's banks thus audit report is qualified in regards to completeness of cash at bank.

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



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Independent Auditor's Report (continued)

To the Members of Derasco Trading Limited

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 additional information to the statement of profit or loss and other comprehensive income in pages 23 to 26, 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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient and appropriate evidence about the banks for one of the Company's bank accounts. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Board of Directors for the Financial Statements

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

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

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



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Independent Auditor's Report (continued)

To the Members of Derasco Trading Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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Independent Auditor's Report (continued)

To the Members of Derasco Trading Limited

Report on Other Legal Requirements

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

- In our opinion, 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 our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report except as explained in the Basis for Qualified Opinion section of our report.

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.

Panayiotis M. Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of
P. Constantinou & Co Ltd
Certified Public Accountants

Limassol, 24 January 2024

DERASCO TRADING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	2022 €	2021 €
Revenue	8	8.081.931	-
Administration expenses		(10.354)	(7.125)
Reversal of write off		-	(11.501)
Operating profit/(loss)	9	8.071.577	(18.626)
Net finance costs	10	(40.708)	(28.126)
Net profit/(loss) for the year		8.030.869	(46.752)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		8.030.869	(46.752)

The notes on pages 11 to 22 form an integral part of these financial statements.

DERASCO TRADING LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Investments in subsidiaries	11	20.790.000	20.000.000
Investments in associates	12	1.096.166	-
Non-current loans receivable	13	1.531.931	-
		<u>23.418.097</u>	<u>20.000.000</u>
Current assets			
Receivables	14	703.726	1.070.017
Cash at bank and in hand	15	3.892.652	117.566
		<u>4.596.378</u>	<u>1.187.583</u>
Total assets		<u>28.014.475</u>	<u>21.187.583</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	3.000	3.000
Share premium		20.128.000	20.128.000
Retained earnings /(accumulated losses)		7.879.654	(151.215)
Total equity		<u>28.010.654</u>	<u>19.979.785</u>
Non-current liabilities			
Borrowings	17	-	1.133.167
		-	<u>1.133.167</u>
Current liabilities			
Trade and other payables	18	3.819	2.629
Borrowings	17	-	72.000
Current tax liabilities	19	2	2
		<u>3.821</u>	<u>74.631</u>
Total liabilities		<u>3.821</u>	<u>1.207.798</u>
Total equity and liabilities		<u>28.014.475</u>	<u>21.187.583</u>

On 24 January 2024 the Board of Directors of Derasco Trading Limited authorised these financial statements for issue.

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Sofi Panagidou
Director

The notes on pages 11 to 22 form an integral part of these financial statements.

DERASCO TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Share capital €	Share premium €	earnings/(accumulated losses) €	Retained losses) €	Total €
Balance at 1 January 2021	3.000	20.128.000		(104.463)	20.026.537
Comprehensive (loss)					
Net loss for the year	-	-		(46.752)	(46.752)
Balance at 31 December 2021/ 1 January 2022	3.000	20.128.000		(151.215)	19.979.785
Comprehensive income					
Net profit for the year	-	-		8.030.869	8.030.869
Balance at 31 December 2022	3.000	20.128.000		7.879.654	28.010.654

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 11 to 22 form an integral part of these financial statements.

DERASCO TRADING LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2022

	Note	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		8.030.869	(46.752)
Adjustments for:			
Dividend income	8	(8.050.000)	-
Interest income		(31.931)	-
Interest expense	10	38.333	25.250
		(12.729)	(21.502)
Changes in working capital:			
Increase in receivables		(700.209)	(1.067.234)
Decrease in financial assets at fair value through profit or loss		1.066.500	-
Increase in trade and other payables		1.190	256
Cash generated from/(used in) operations		354.752	(1.088.480)
Dividends received		8.050.000	-
Interest paid		(43.500)	(20.083)
Net cash generated from/(used in) operating activities		8.361.252	(1.108.563)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	11	(790.000)	-
Payment for purchase of investments in associated undertakings	12	(1.096.166)	-
Loans granted		(1.500.000)	-
Net cash used in investing activities		(3.386.166)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(1.950.000)	-
Proceeds from borrowings		750.000	1.200.000
Net cash (used in)/generated from financing activities		(1.200.000)	1.200.000
Net increase in cash and cash equivalents		3.775.086	91.437
Cash and cash equivalents at beginning of the year		117.566	26.129
Cash and cash equivalents at end of the year	15	3.892.652	117.566

The notes on pages 11 to 22 form an integral part of these financial statements.

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. Incorporation and principal activities

Country of incorporation

The Company Derasco Trading Limited (the "Company") was incorporated in Cyprus on 13 June 2016 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 13 Karaiskaki Street, 3032 Limassol, Cyprus.

Principal activity

The principal activities of the Company are the holding of investments and the provision of loans to related companies.

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.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's parent Autohellas Tourist and Trading Anonymous Company, a company incorporated in Greece produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB. These consolidated financial statements can be obtained at www.autohellas.gr.

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 on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

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

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Investments in associates

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

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

4. Significant accounting policies (continued)

Investments in associates (continued)

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

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

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

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

Revenue

- **Interest income**

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

- **Dividend income**

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Finance costs

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

Tax

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

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

4. Significant accounting policies (continued)

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial assets

Financial assets - Classification

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition and derecognition

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

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

Financial assets - Measurement

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

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

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. 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. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Financial assets - impairment - credit loss allowance for ECL

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

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

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

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

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

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

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

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

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

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

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Borrowings

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

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

5. New accounting pronouncements

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

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

6. Financial risk management

Financial risk factors

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

6.1 Interest rate risk

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

6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at fair value through profit or loss (FVTPL), as well as outstanding receivables.

(i) Risk management

Credit risk is managed on a group 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'].

If borrowers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the borrowers, taking into account its financial position, past experience and other factors.

6.3 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

7. Critical accounting estimates, judgments and assumptions

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

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.

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

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

- **Calculation of loss allowance**

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

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

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

- **Income taxes**

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

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries/associates**

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

8. Revenue

	2022	2021
	€	€
Dividend income	8.050.000	-
Loan interest income	31.931	-
	8.081.931	-

9. Operating profit/(loss)

	2022	2021
	€	€
Operating profit/(loss) is stated after charging the following items:		
Auditors' remuneration	1.904	1.904

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

10. Finance costs

	2022 €	2021 €
Interest expense	38.333	25.250
Sundry finance expenses	<u>2.375</u>	<u>2.876</u>
Finance costs	<u>40.708</u>	<u>28.126</u>

11. Investments in subsidiaries

	2022 €	2021 €
Balance at 1 January	20.000.000	20.000.000
Additions	<u>790.000</u>	<u>-</u>
Balance at 31 December	<u>20.790.000</u>	<u>20.000.000</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2022 Holding %	2021 Holding %	2022 €	2021 €
Hyundai Hellas ABEE	Greece	Trading activities	70	70	12.000.000	12.000.000
KIA Hellas ABEE	Greece	Trading activities	70	70	8.000.000	8.000.000
Kineo Single Member Societe Anonyme	Greece	Renting and leasing of e-bikes and e-scooters	100	0	<u>790.000</u>	<u>-</u>
					<u>20.790.000</u>	<u>20.000.000</u>

12. Investments in associates

	2022 €	2021 €
Balance at 1 January	-	-
Additions	<u>1.096.166</u>	<u>-</u>
Balance at 31 December	<u>1.096.166</u>	<u>-</u>

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2022 Holding %	2021 Holding %	2022 €
Instacar IKE	Greece	Renting and leasing of cars, e-bikes and e-scooters	23,38%	0	<u>1.096.166</u>
					<u>1.096.166</u>

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

13. Non-current loans receivable

	2022	2021
	€	€
Balance at 1 January	-	-
New loans granted	<u>1.531.931</u>	-
Balance at 31 December	<u>1.531.931</u>	-

	2022	2021
	€	€
Loans to related parties (Note 21.1)	<u>1.531.931</u>	-
	<u>1.531.931</u>	-

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

14. Receivables

	2022	2021
	€	€
Deposits and prepayments	702.493	1.066.500
Refundable VAT	<u>1.233</u>	<u>3.517</u>
	<u>703.726</u>	<u>1.070.017</u>

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

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

15. Cash at bank and in hand

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

	2022	2021
	€	€
Cash at bank and in hand	<u>3.892.652</u>	<u>117.566</u>
	<u>3.892.652</u>	<u>117.566</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

16. Share capital

	2022	2022	2021	2021
	Number of	€	Number of	€
	shares		shares	
Authorised				
Ordinary shares of €1 each	<u>3.000</u>	<u>3.000</u>	<u>3.000</u>	<u>3.000</u>
Issued and fully paid				
Balance at 1 January	<u>3.000</u>	<u>3.000</u>	<u>3.000</u>	<u>3.000</u>
Balance at 31 December	<u>3.000</u>	<u>3.000</u>	<u>3.000</u>	<u>3.000</u>

17. Borrowings

	2022	2021
	€	€
Current borrowings		
Loans from related companies (Note 21.2)	<u>-</u>	<u>72.000</u>
	<u>-</u>	<u>72.000</u>
Non-current borrowings		
Loans from related companies (Note 21.2)	<u>-</u>	<u>1.133.167</u>
Total	<u>-</u>	<u>1.205.167</u>

18. Trade and other payables

	2022	2021
	€	€
Accruals	<u>3.819</u>	<u>2.629</u>
	<u>3.819</u>	<u>2.629</u>

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

19. Current tax liabilities

	2022	2021
	€	€
Corporation tax	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

20. Operating Environment of the Company

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

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

20. Operating Environment of the Company (continued)

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

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

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

21. Related party transactions

The following transactions were carried out with related parties:

21.1 Loans to related parties (Note 13)

		2022	2021
	<u>Terms</u>	€	€
Instacar - Promissory note 1	interest at 11% p.a., repayable by 5 October 2024	1.026.278	-
Instacar - Promissory note 2	interest at 11% p.a., repayable by 24 November 2024	505.653	-
		<u>1.531.931</u>	<u>-</u>

21.2 Loans from related companies (Note 17)

		2022	2021
	<u>Terms</u>	€	€
Autotechnica (Cyprus) Limited	interest 5% per annum, repayable 5/9/2025	-	1.205.167
		<u>-</u>	<u>1.205.167</u>

22. Contingent liabilities

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

23. Commitments

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

DERASCO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

24. Events after the reporting period

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

Independent auditor's report on pages 3 to 6

DERASCO TRADING LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2022

	Page	2022 €	2021 €
Revenue			
Dividend income		8.050.000	-
Loan interest income		31.931	-
Operating expenses			
Administration expenses	24	(10.354)	(7.125)
		8.071.577	(7.125)
Other operating expenses			
Reversal of write off		-	(11.501)
Operating profit/(loss)		8.071.577	(18.626)
Finance costs	25	(40.708)	(28.126)
Net profit/(loss) for the year before tax		8.030.869	(46.752)

DERASCO TRADING LIMITED

ADMINISTRATION EXPENSES

Year ended 31 December 2022

	2022	2021
	€	€
Administration expenses		
Municipality taxes	366	-
Annual levy	350	350
Courier expenses	630	377
Auditors' remuneration	1.904	1.904
Accounting fees	1.904	1.642
Other professional fees	2.916	2.852
Irrecoverable VAT	2.284	-
	10.354	7.125

DERASCO TRADING LIMITED

FINANCE COSTS

Year ended 31 December 2022

	2022	2021
	€	€
Finance costs		
Interest expense		
Loan interest	38.333	25.250
Sundry finance expenses		
Bank charges	<u>2.375</u>	<u>2.876</u>
	<u>40.708</u>	<u>28.126</u>

DERASCO TRADING LIMITED

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2022

	Page	€	€
Net profit per income statement	23		8.030.869
<u>Add:</u>			
Annual levy		350	
Other non-allowable expenses		<u>12.330</u>	
			<u>12.680</u>
			8.043.549
<u>Less:</u>			
Dividends received		<u>8.050.000</u>	
			<u>(8.050.000)</u>
Net loss for the year			<u><u>(6.451)</u></u>