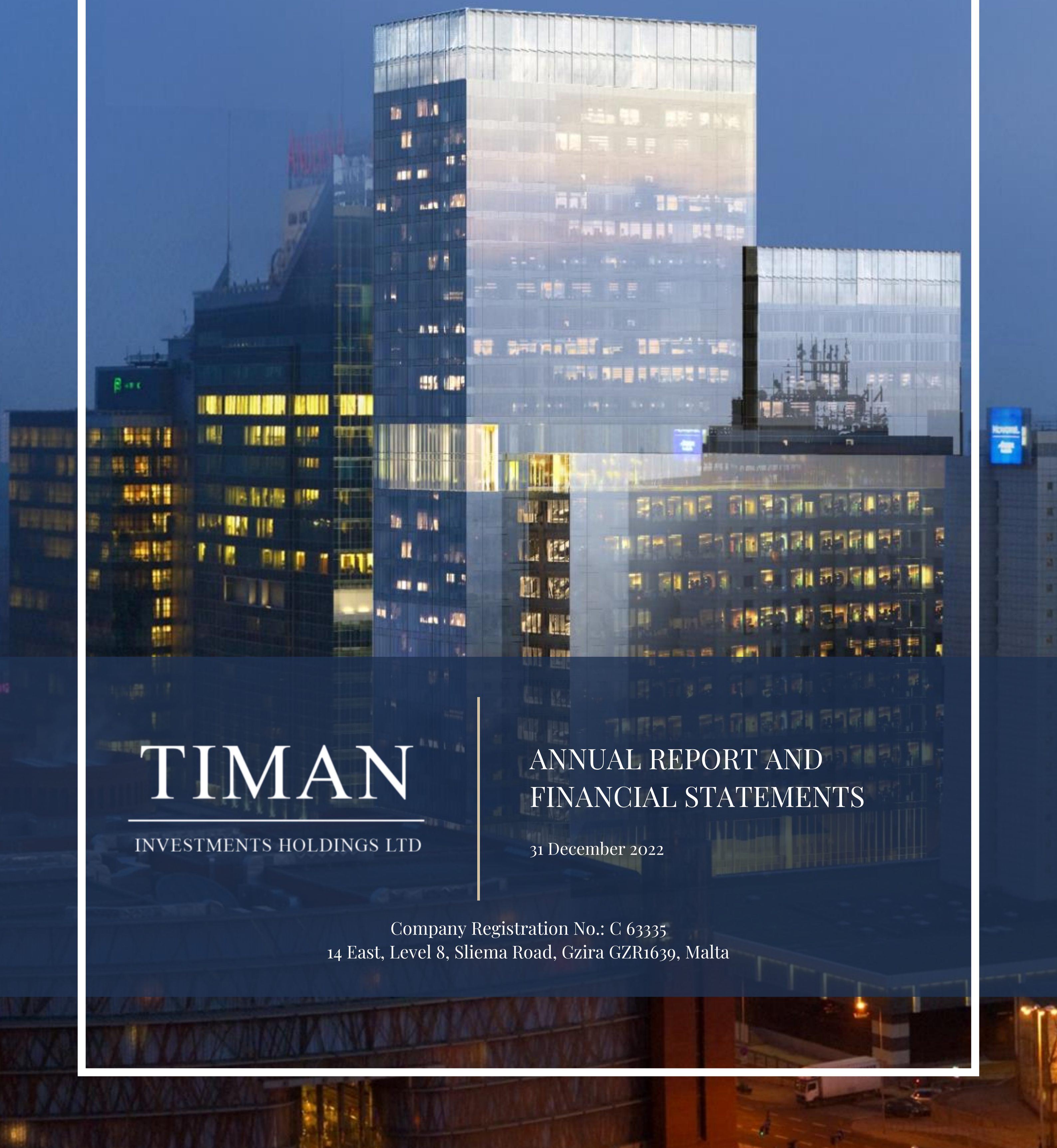
VON DER HEYDEN GROUP



TIMAN
INVESTMENTS HOLDINGS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2022

Company Registration No.: C 63335
14 East, Level 8, Sliema Road, Gzira GZR1639, Malta

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Directors, officers and other information

Registration	TIMAN Investments Holdings Limited is currently registered as a limited liability company in Malta under the Companies Act (Cap. 386) with registration number C 63335. Previously registered in the Netherlands as TIMAN Investments Holdings B.V. with a registration number 34117520 from 10 June 1999 until it was redomiciled in Malta on 31 December 2013.
Directors	Mr Sven von der Heyden Mr Javier Errejon Sainz de la Maza Mr Antonio Fenech
Company secretary	Dr Nicholas Formosa
Registered office	14 East, Level 8 Sliema Road Gzira GZR1639 Malta
Auditors	Ernst & Young Malta Limited Regional Business Centre Achille Ferris Street Msida MSD1751 Malta
Bankers	Lombard Bank Malta plc 67, Republic Street Valletta VLT1117 Malta UBS Switzerland AG Paradeplatz 6 Zurich CH-8001 Switzerland HSBC Bank Malta plc 116 Archbishop Street Valetta VLT1444 Malta

Chairman's Statement

The year 2022 was a year that proved how diversification in investments and markets is a key strength in a world with a challenging economic environment and constant transformation.

Real estate investment and development remains the principal activity of the Group, however within this segment we have sought diversification in both class and territories. Real estate development like the Bavaria Towers in Munich, Germany and now the Andersia Silver A-class office tower under construction in Poznań, Poland have always provided a strong foundation for our growth ambitions and also in supporting our sustainable diversification strategy. With a pan-European focus, we firmly believe that in delivering quality in whatever we do makes the investment strategy of the Group more resilient and better positioned to achieve higher returns in the long term.

Some challenges are still with us like the pressures on inflation in Europe, sparked especially by Russia's invasion of Ukraine and the impact this has had on energy markets and supply chains, although energy prices seem to have stabilised during the last months. The war in Ukraine led to the closing down of our corporate office in Ukraine and to the surrendering of our Asset Management Licence that we had worked so hard to achieve. This has not impacted our bottom-line results significantly as we had not yet deployed any capital in investment opportunities in Ukraine. However, the whole situation affected us emotionally considering the team we had onboarded and the human tragedy this war has caused.

For the Von der Heyden Group, 2022 will be another important milestone in our history, especially our relationship with the Maltese investing community. In December 2022, we managed to secure a second bond of €35 million, unsecured, at a 5% coupon with a 10-year maturity profile, thus giving us a solid platform for our longer-term financing strategy. The second bond issue was fully subscribed which is a very strong message of trust from our past investors and from our new investors that participated in the offering. I am proud to say that more than 78% of the bondholders of our first bond of €25 million 4.4% unsecured bond, rolled-over their holdings to the second bond. Issued in 2017, the Group was the first foreign issuer on the local stock exchange. The previous issue was for a seven-year term and, having achieved our objectives, we elected to seek the approval of our bondholders for its early redemption – 15 months prior to the bonds' maturity date, to allow us to issue the second bond and offer our investors a higher coupon for a new 10-year period.

Chairman's Statement – *continued*

With growth, diversification, and quality at the forefront of our activity, the construction of the Group's flagship 40,000 sqm, 26-storey office tower, Andersia Silver in Poznań, Poland, has already reached its 11th floor. The tower continues to rise at the pace of two floors per month and will be the highest building in the city. This €107 million investment project, designed with intelligent and sustainable solutions will complete our 27-year successful public-private-partnership with the City of Poznań. Andersia Silver commenced above ground construction on 11 October 2022 with the shell and core expected to be completed by Q1 2024. We see considerable interest in the building from prospective tenants as proof of our proposition in terms of the location, quality, and time to market of the project.

The Group continues to nurture an interesting pipeline of projects in the real estate segment. We strongly believe in Italy being a unique opportunity despite the very known prejudices and stereotype such as being too bureaucratic. As a Group, we are actively sourcing and handpicking the right investments that fit our strategy and offer unique opportunities as standalone assets or as part of our hotel story. We want to do more in Malta in the hospitality and warehousing sectors, and we do see opportunities in Spain and in Montenegro.

In the hospitality segment our strong positioning in various markets has allowed the Group to successfully refocus our attention into more profitable arenas whilst exploring new ventures that align with this new vision.

IBB Hotel Collection, currently comprising of eight hotels in Germany, Poland and Malta, continues to evolve with new projects and operational restructuring to match our quality ambition. This vision to higher quality is spearheaded by the Cugó Gran Collection brand, with our flagship hotel Cugó Gran Macina, the revival of Senglea's 16th century fortification that opened in 2018 and which we recently entered into the preliminary agreement to acquire the emphyteutical grant. This year, we experienced a healthy increase both in terms of revenue and average room rates. The fact that IBB Hotel Collection's hotel portfolio are now seven months straight ahead above budget make us feel that we are on the right track for our 3- and 4-star hotels as well.

To complement a storied and landmark hotel portfolio, we have identified three properties in Tuscany, Italy, where we are planning to refurbish a 70-75 bed hotel in Siena, as well as a luxurious villa on the hills of Lucca creating a stable rental income stream and foremost capital appreciation for the Group. Furthermore, we are about to close another acquisition of a hotel in Tuscany which we have been following for more than two years. We witnessed in the past the value and successful return on investment in rehabilitating historical properties with the sale of Cugó Gran Menorca (Spain), the positive operating results from Cugó Gran Macina (Malta), and potentially another transaction in 2023. In addition to this, we are looking to expand the Cugó Gran Brand outside of Europe, in destinations not only synonymous with the luxury tourism market, but where a healthy demand for occupancies with higher room rates makes for a thriving business model.

Our Malta-grown joint-venture catering arm Hammett's Collection is also successfully experiencing further expansion in new markets. The recent acquisition of a prominent venue on the waterfront of the Mahón Marina in Menorca, Spain marks the opening in Spring this year of the first overseas Hammett's restaurant franchise.

Our integrity in various markets continues to drive portfolio growth and reward all our stakeholders with business lines that demonstrate stronger synergies within the leisure sector. This includes the Von der Heyden Yachting brand reinforcing its operations in yacht charter, sales, and destination management, as well as our expanding partnership with our real estate agency in Sardinia, Italy.

The Group is also developing a high-end concierge Customer Relation Management (CRM) and Artificial Intelligence (AI) application that is designed to onboard and grow the Group's high-net-worth-individual clientele and centralise its steadily diversifying luxury portfolio.

Chairman’s Statement – *continued*

For the Von der Heyden Group, Environment, Social, and Governance (ESG) is not about imposed regulation but a story we want to embrace and be on the forefront. 2022 has proven how we can sustain growth by identifying opportunities in solutions across all our business lines. Skyrocketing energy prices have proved that having an eco-ethos in a business model is not just an ESG resolution, but an essential means to the collective. In line with this conviction, we have already taken steps to align all our business activity with the objectives of the green economy including Gold Level LEED certification in the development plans of Andersia Silver, Group-wide ESG data collection with the scope of reducing energy consumption and offsetting 126 tonnes of CO_2e generated in 2022. I am also proud that as a Group, we will also publish the TIH 2022 Annual ESG Report on our website for our stakeholders to better assess the steps we are taking to contribute to the well-being of society and our planet.

I would like to thank the investing public, particularly former and new bondholders and authorised financial intermediaries, for their trust in Von der Heyden Group. Our management, who worked so hard in these challenging times to achieve the financial results we attained in 2022, and the Board of Directors for their guidance and support in all our decisions. I would also like to thank all our employees for their unwavering dedication and for striving to protect and support the Group throughout all business challenges.

I look forward to the near future of the Von der Heyden Group, where solid foundations have paved the way for further value in our business ventures, as they have done in our 33-year history.

Sven von der Heyden
Founder and Chairman
Von der Heyden Group

28 April 2023

Directors' Report

The directors submit their annual report and the financial statements for the year ended 31 December 2022.

Principal activity

TIMAN Investments Holdings Limited and its subsidiaries (collectively the "Group") are involved in real estate investments, property management, development and leasing, hospitality and tourism operations and hotel management across Europe including Germany, Italy, Malta, Poland, and Spain.

TIMAN Investments Holdings Limited (the "Company") is the parent company of the Group, and its principal activity is the holding of interests in other companies, subsidiaries and associates as well as investing in various investment products for capital growth and income generation. The Company also provides financing to group and associate companies as well as to related companies.

Results and dividends

The statements of comprehensive income of the Group and of the Company are set out on page 16. During the years ended 31 December 2022 and 2021, the Company or any of the Group's subsidiaries did not declare a dividend.

Review of the business

The year 2022 was a year of recovery from the disruption that the COVID-19 pandemic brought on the global economy especially on the tourism sector with lockdowns and travel restrictions. The recovery in the tourism sector was a key driver for the Group's improved results despite the impact of the increase in cost-of-living due to disruptions in logistical supplies and increased energy prices brought about by the continued war in Ukraine. The cyclicality of the real estate segment made 2022 a year of investment with the commencement of the above ground works for the Andersia Silver project in the city of Poznań, Poland. Andersia Silver, a €107 million 40,000 sqm A-Class office tower, is another landmark project for the Group in partnership with the City of Poznań. In the fourth quarter of 2022. The Group also issued a new €35 million 5% unsecured 10-year bond (the "second bond") to refinance the previous €25 million 4.4% unsecured bond (the "first bond") that had a 2024 maturity date and provide further funding for the Andersia Silver project and corporate funding for other projects the Group is undertaking.

Directors' Report – *continued*

Review of the business - *continued*

In financial year 2022, the Group posted an increase in its adjusted EBITDA by 10% to €4.7 million from last year's €4.3 million brought about by the increase in revenue to €15.2 million (2021: €11.5 million). Consequently, due to the higher revenue base, the EBITDA margin decreased to 31% from last year's 37%. Adjusted EBITDA includes other gains and share of profits in associates as the directors believe that this adjusted EBITDA provides a fairer reflection of the Group's recurring and core activities, and which figure should not exclude the development of important and significant projects executed in partnership with other partners and also a new business venturing into the asset backed securities market.

		2022	2021
		€	€
Revenue		**15,234,432**	11,518,975
Operating loss		**(882,882)**	(2,843,426)
Add:	Depreciation and amortisation	**2,907,812**	3,927,788
	Other gains (losses)	**2,656,680**	1,791,096
	Share in profit of associates	**35,916**	1,408,998
Adjusted EBITDA		**4,717,526**	4,284,456
Adjusted EBITDA Margin		**31%**	37%

With the positive improvement in adjusted EBITDA, the Group's loss before tax for the year has also substantially reduced by €1.7 million to €0.6 million (2021: €2.3 million). The reduction is caused by a variety of factors including among others the significant increase in revenue of the Group, the reduction in cost of sales and the revaluation gain in investment property recorded for the year.

During the year, the Group saw a 32% revenue increase reaching €15.2 million (2021: €11.5 million). The Accommodation segment contributed to 84% of this increase, which itself saw a 43% (€3.1 million) growth in revenue to €10.4 million (2021: €7.3 million). The increase in accommodation revenue was across all the territories, with the greatest increase coming from the German market that saw better occupancies and much improved rates. The Catering segment also saw improvements, with an increase of 6% in sales to €2.4 million (2021: €2.2 million).

The cyclicality of the real estate activity continued to impact the results for 2022. While revenues generated from the real estate segment increased to €1.1 million (2021: €0.3 million), the Group has not realised any new sales as projects underway are either at their planning stage or early stages of construction. The revenue recorded for the year was the remaining promote fees related to the sale of the Blue Tower – the fourth and final building in the iconic Bavaria Towers in the capital of Bavaria, Munich.

The Group revenues in 2022 do not reflect any activity from fuel sales in Spain as the operation in Q2 2021 was deconsolidated from a subsidiary operation to an associate undertaking as the partner in the venture exercised the option to increase his shareholding and thus readjusting the Group's holding to 50% from 69%. Therefore, revenues amounting to €0.5 million reflected in the consolidated revenues for 2021 where in relation to Q1 2021, as in subsequent quarters revenues and costs are being reflected in share in profits of associates. However overall, the revenue from fuel operations increased by 93% to €5.4 million (2021: €2.8 million).

Cost of sales saw a reduction of 53% to €1.3 million (2021: €2.7 million). The reduction in cost of sales was mainly due to the efforts made by management and staff especially in the accommodation and catering segment to improve efficiency and profitability. In 2021 cost of sales included the full year activities relating to IBB Hotel Andersia which in 2022 Q2 was taken over by a new third-party operator at the end of our concession. Also in 2021, €0.4 million cost of sales relating to the fuel operations in Spain were included in Q1 before the activity was deconsolidated from the Group's results.

Review of the business - *continued*

Other operating income decreased to €2.6 million (2021: €4.7 million) mainly as governments have started reducing COVID-related grants on the re-opening of the economies in the second semester of 2022. Also contributing to the decrease was the tapering off the lease concessions granted by the lessors due to COVID.

In administrative expenses, the Group saw a 17% increase in costs to €14.6 million (2021: €12.5 million). Staff costs saw a 14% increase to €5.8 million (2021: €5.1 million), which accounted to 34% of the total increase in administrative expenses, directly attributable to the increased activity in the accommodation and catering segment and the share of the promote payable to a director. In the main the remaining increases in administration expenses such as utilities, cleaning and upkeep, commissions on sales and other operating expenses were due to the increased activity in the accommodation and catering segment and the inflationary impact.

Depreciation and amortisation in 2022 decreased to €2.9 million (2021: €3.9 million). This was attributable to the expiry of the lease of IBB Andersia Hotel in 2021. Likewise, interest and related expenses also decreased to €2.8 million (2021: €3.1 million) since interest expense arising from lease liabilities thereon were no longer being incurred on the expiry of the lease.

Other gains for the year of €2.7 million (2021: €1.8 million) includes a fair value revaluation gain on the investment properties at €2.9 million (2021: €0.5 million). This relates to the Andersia Silver project, the 40,000 sqm A-Class office tower in the city of Poznan, Poland with an investment value of over €107 million. This gain is partly offset by the loss on early extinguishment of financial liability of €0.3 million.

In other comprehensive income, a net amount of €1.4 million was recognised for the year (2021: €2.1 million) which was mainly attributable to the fair value gains on the two hotel properties the Group owns amounting to €1.5 million (2021: €2.0 million), net of tax, and partially offset by movement in foreign translation reserve resulting from translation of foreign operations.

The Group's total assets at 31 December 2022 increased by 6% reaching €142.0 million (2021: €133.5 million) which is a significant positive development for the Group. The growth in total assets is attributed to several factors including improved results in the year, further investments in the development activities, acquisition of properties and better economic conditions which contributed to the improved fair valuation of the properties. The total assets of the Group at 31 December 2022 is mainly comprised of investment properties (32%), owner-occupied properties (18%), right-of-use assets (21%), financial assets (17%) and cash and cash equivalents (17%).

During the year under review, the Group's investment properties have increased by €12.4 million to reach €45.0 million (2021: €32.6 million), representing a significant 38% increase from the previous year. This increase is primarily driven by the successful completion of construction milestones in Andersia Silver, which is currently progressing at a rate of two floors per month for its above-ground works, with the shell and core expected to be completed by Q1 2024. Additionally, the increase in value is also a result of the fair value revaluation and which is performed annually in accordance with relevant accounting standards.

The Group's property, plant, and equipment have increased by €1.1 million to €28.4 million (2021: €27.3 million) and includes the two owner-occupied hotel properties in Poland with a combined value of €26.0 million (2021: €25.0 million), accounting for 92% of the total value within this category. The increase in value is primarily due to the improved fair valuation of these two hotels while the remainder of the movements are due to acquisitions made during the year net of depreciation charges.

Investment in associate undertakings decreased to €0.6 million (2021: €3.0 million). This was due to the transfer of the investment in Bogenhausener Tor Immobilien Sarl, the company that developed the Bavaria Towers and sold in 2019, to a receivable as a result of the associated undertaking being placed into voluntary liquidation. The Group expects to receive a further €0.5 million as a final distribution from the liquidator once the liquidation process is fully completed.

Directors' Report – *continued*

Review of the business - *continued*

Right of use assets in the year under review decreased by €1.7 million to €29.7 million (2021: €31.4 million) mainly as a result of the depreciation charge and partially offset by a remeasurement of the asset following a modification in the one of the ongoing leases.

Total loans and other receivables which increased by €1.0 million to €14.7 million (2021: €13.7 million) as the Group continues its support for the development activities of its associate companies.

Other financial assets increased by €0.6 million to €2.5 million (2021: €1.9 million) due to investment call ins made during the year on investments held.

Trade and Other receivables increased by €2 million to €7.3 million (2021: €5.3 million). This includes VAT to be recovered from acquisitions and constructions costs, and an advance payment to acquire a property in Spain and interest receivable.

Cash and cash equivalents at the end of the year stood at €12.6 million (2021: €17.1 million). The decrease in cash was mainly due to the financing of the development of Andersia Silver and other Group projects and activities, acquisition of new properties, net of financing proceeds, including the issue of the second bond.

In 2022 the Group closed the year with a positive total working capital position of €13.5 million (2021: €14,40 million). The Group retains a strong liquidity position despite the continued investing activity, with cash and cash equivalents, trade receivables and other liquid financial assets amounting to €29.6 million (2021: €31.4 million). Despite the lower cash levels, the Group maintained sufficient liquidity to meet short-term liabilities including the liabilities for the payment of lease obligations. Applying the cash ratio as a measurement of the Group's liquidity position, (total cash and cash equivalents, including marketable securities to its current liabilities) the Group has a cash ratio of 1.13x. This demonstrates that the Group can meet the liquidity requirements of its short-term commitments. When also taking into account the most liquid assets including trade receivables, the result is a healthy quick ratio of 2.3x (2021: 2.1x).

At the end of 2022 the Group successfully raised its second bond – a €35 million 5% unsecured bond with a 10-year term, maturing 2032 on the Malta Stock Exchange.

As part of the second bond issue, the Company early redeemed its first bond of €25 million bonds that were due to mature on 8 March 2024. Through a bondholders' meeting held on 31 October 2022, with a quorum of 63.5% of the nominal value of the first bond, a 98.69% approval was achieved authorising the Group to early redeem the first bond. In the new issued 78% of the bondholders in the first bond, for a total of €19.5m, rolled-over their holdings to the second bond and consequently are enjoying a higher coupon of 5% per annum compared to the 4.4% coupon of the first bond for a new 10-year period.

The high roll-over rate is testament to the bondholders' unwavering confidence in our Group and the Group is committed to continue to provide the best possible returns to its bondholders. In this respect, the Group has paid-out a 1% redemption premium for a total of €250,000 to all the previous bondholders of the first bond as a gesture of appreciation for their invaluable support and confidence in the Group.

The purpose of the second bond is refinancing the first bond, provide further funding to the flagship project in Poznan and general corporate funding in support of the investing activities of the Group. This event increased debt securities to €33 million, net (2021: €24.2 million).

The gearing ratio, taking a conservative approach and including lease liabilities and trade payables (total net liabilities / total assets) increased to 62% from 56% in 2021, however still maintaining a healthy position. The main contributor to this increase was the increase in debt securities at the end of the year.

The Group's total debt ratio, excluding leases and right of use assets, amounted to 0.52x (2021: 0.48x) highlighting approximately half the assets of the Group are financed through debt. This is coupled with a stable debt to equity ratio of 1.4x (2021: 1.19x), meaning that almost all the Group's debt is covered by the equity portion.

Directors’ Report – *continued*

Review of the business - *continued*

The gearing position of TIMAN Investments Holdings Limited as the Guarantor of the Bond issued by Von der Heyden Group Finance plc on a stand-alone basis is of 32.26% (2021: 9.46%), which underlines an even higher level of stability. It is the policy of the Group not to cross collateralise debt within the Group or provide for material corporate guarantees by the holding company to secure any debt for any subsidiary or associate undertaking except for the bond issued by Von der Heyden Group Finance plc. Also, the holding company has no direct debt financing facilities and all financing arrangement at subsidiary levels are ring-fenced at the borrowing company level.

Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. Refer to Note 28 in these financial statements.

Future developments

Macro-economic developments still make for a challenging environment especially prolonged geopolitical instabilities like the war in Ukraine, continued pressures on inflation and rising interest rates. Having secured at the end of 2022 a €35 million 5% unsecured bond that matures 2032 the Group is in a strong position to sustain the real estate developments, the continued transformation of the Hotel operations and enter into other investment opportunities that provide the necessary diversification, recurrent cash flows and returns on the medium to long-term.

Real estate developments, investments, and services

The Andersia Silver project is now well above ground. The 26-story building has reached the 11th floor and progressing at a construction pace of two floors per month. Shell and core are expected to be completed by Q1 2024. The 40,000 sqm office tower in the financial centre of the city of Poznan, Poland, is projected to have an investment value of over €107 million. There has been increasing interest in the office tower resulting to considerable pre-leasing activities of the available space during the year.

The Group is also well advanced on the Villa Diodati project which it acquired in 2020 for €1.4 million and comprises a 16th century villa and a spacious garden over a plot of land measuring 2,000m² in Lucca, Tuscany, Italy. The renovation and restoration will convert the property into a luxury villa with five B&B luxury apartments that will be operated by the Cugó Gran collection within the accommodation segment. The project is expected to be completed by Q4 2023 – with an investment value of around over €8.5 million – and to be operational for the 2024 season. Based on a market study of the luxury market for villas of this quality in Lucca, renovated properties at a luxury level are currently in high demand, with the present market not having much to offer potential buyers, who are forced to acquire property at a high price and then having to invest further in the upgrade of the property. These studies shed light on the potential value of the asset once completed and on attracting the attention of the right prospective buyer.

With bank financing secured, the Atrium Liberdade Residences project in Algarve, Portugal is expected to start in Q2 2023. The construction of the 33 apartments will take 18 months, with full completion expected end 2024 and/or early the following year. The first three apartment sales have been made with a fourth reservation is to be signed imminently. The market conditions look positive. The estimated construction costs of the apartments is €5.5 million and sales proceeds of around €6.6 million. The Group holds 25% investment in this 5,000sqm residential development.

Future developments - *continued*

Real estate developments, investments, and services - continued

The Group managed to secure all the planning permissions for the development of a plot of land acquired in 2020 measuring 10,187 sqm gross area in Blizikuce, Budva Municipality, Montenegro.

The development would comprise of circa 8,000 sqm gross buildable area of serviced residential apartments together with a boutique hotel. The site is on the coastal slopes of Blizikuce, Budva, benefiting from sea views over the famous Sveti Stefan Peninsula and close to the Crvena Glavica beach. The Group is presently evaluating the options of whether to develop the project itself or sell the project-asset at a premium to a prospective buyer with the permits in hand.

The Group in 2022 acquired two properties one in the harbour of Mahon in Menorca and another in the main street of the city of Olbia in Sardinia, Italy for a total investment of around €3.2 million. Hammett’s Mestizo Menorca in Mahon will operate under franchise by a group company and will be the first Hammett’s restaurant outside of Malta. The property in Olbia holds a restaurant licence for the first floor that and will be operated by a third party with the second floor being planned for the leasing as office spaces.

The Group expects to eventually secure a hotel property in Tuscany that is following a judicial process on which the Group holds a credit block acquired in 2021 that carries the first ranking privileged and hypothec on the asset owned by a company in default. The Group is executing the process for the property’s repossession as part of its opportunistic asset acquisition strategy.

Accommodation and catering

The accommodation segment continues in its road to recovery with an improved performance in the first months of 2023 with improved occupancy and rooms rates. Continuing to benefit from the cost efficiencies secured through the recent restructuring process the Hotel Group is expected to exceed both the 2022 results as well as the higher budgeted figures for 2023.

The Group continues in its strategy to expanding the Hotel Group activities especially through the expansion of the Cugó Gran Collection offering, through the acquisition of properties or the securing of long-term management agreements. The Group is presently exploring investment opportunities in Italy, Spain, and Costa Rica.

In the catering segment, through the Groups 50% investment in IBB Hammett's Operations Limited the Group is looking to export the Hammett’s brand to Menorca, Spain. The restaurant at the Macina and the Sheer Bastion event space will be consolidated with the Cugó Gran Macina Grand Harbour thus improving the overall experience the Group wants to offer to its hotel guests. The Group, through Von der Heyden Malta Properties Limited, has entered into a promise of sale agreement for the acquisition of the remaining 80-year emphyteutical grant. The property comprises of 21 fully refurbished double rooms and suites which range from 40 square metres to an impressive 130 square metres.

Private equity, venture capital and other investments

In 2021, the Group launched Von der Heyden Yachting, that started operating a commercial luxury yacht chartering & sales operations in the summer season. For a first year of operation the chartering activities generated reasonable turnover however the operational costs of maintaining a luxury yacht such as the RIVA 63 for short charters make generating a reasonable rate of return challenging and generally covers direct costs only. The Group will therefore change its strategy, also in the light of its growing client base, on third party chartering and offer direct charters with a smaller version of the RIVA range – the RIVA 33 Aquariva – and that should make it more attractive to the local market.

Directors' Report – *continued*

Future developments – *continued*

Private equity, venture capital and other investments – continued

Urbelia Business S.L. runs low-cost petrol stations with washing centres in Spain. In 2022 the number of petrol stations increased to three with the fourth operation opening in Q2 2023. Through this venture the Group plans to further expand this operation and secure an expansion of around 11 stations in the coming three years. The Group's strategy is to scale up this business to around 15 stations in the coming three years. The strategy of the Group also includes electric charging points in readiness for the green transport evolution underway.

The Group is evaluating several investments that continue diversify the investment portfolio of the Group and create more recurrent cash flows, thus reducing dependency on and the challenges of the cyclical nature of the cash flows of the real estate development segment.

Despite the challenges brought about by the geopolitical realities, market conditions and the increased complexities in structuring deals, the Group maintains a strong liquidity position allowing the Group to continue financing its investments and enable it to seize new opportunities that may arise in the future. After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Events after the end of the reporting period

Except for the event disclosed in note 32 in the financial statements, there are no other events after the reporting period that require mention in this report.

Environment, Social and Governance (ESG)

The World Economic Forum has now ranked climate action failure as the top global risk, demonstrating the urgent need for governments, businesses, and people to act. Global emissions of carbon dioxide have increased by almost 50% since 1990 and it is no news that this is having a notable impact on our climate.

In our mind, it is imperative that every sector player, business and individual measures their impact on the environment and actively strives to minimise their carbon footprint to allow future generations to prosper. Aware of the environmental and social impact of its activity, the Group is issuing an ESG Report for the first time this year. Please refer to the TIH 2022 Annual ESG Report for further disclosure.

Through the implementation of an ESG data collection software, the Group was able to measure its total Scope 1 & 2 emissions for 2022 from its hospitality activity and operations in leased office spaces, amounting to a total 1.24k MTCO2e, plus another 184.3 MTCO2e from the Group's yacht charter activity. As data was also collected for 2021, there is evidence of a 1% increase in the Group's total carbon emissions, however, there was a 16.04% decrease in total Scope 1 emissions which could be attributed to data gaps but also to the fact that rising energy prices has incentivised a reduction in consumption across the board. Scope 2 emissions have increased by 5.28%, which could partially be attributed to data gaps in 2021 but also to a rise in operational activity in 2022 following the global pandemic.

The Group is aiming to reduce its total energy consumption and carbon footprint by 17.7% in the short-term and by 40% by 2030 in line with the European Green Deal.

Environment, Social and Governance (ESG) – *continued*

Irrespectively, the Group continues to show active support towards humans and wildlife in crisis and has donated to wildlife and humanitarian charities over the last year (WWF during Christmas and Terre des hommes for Red Hand Day). The Group and its subsidiaries have also organised a clean-up for World Clean-Up Day in September 2022, with volunteers collecting over 50 bags of debris, micro-plastics and trash from land and sea in one day. The Group also celebrated the opening of Hammett's Monastik in Malta in April 2022, whose mission is to source all possible ingredients locally within one year, in an aim to minimise food miles. The current rate is already at an impressive 90% being locally sourced.

In addition, two-thirds (126 MTCO2e) of Von der Heyden Yachting's total charter emissions for the summer season 2022 were offset through the investment in the Soubré Hydroelectric Power project in Côte d'Ivoire and there are targets to realise further eco-actions throughout 2023. The Group will continue measuring its environmental and social impact, as well as find ways to mitigate and adapt to climate-related risks.

Directors

During the year ended 31 December 2022, the directors were as listed on page 2. In accordance with the Company's Memorandum and Articles of Association, the present directors remain in office.

Statement of directors' responsibilities

The Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the Group and the Company as at the end of the financial period and of the profit or loss for that period.

In preparing the financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the consolidated financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provisions of the same Act.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company, and to enable them to ensure that the consolidated and separate financial statements comply with the Companies Act (Cap. 386) enacted in Malta and the International Financial Reporting Standards as adopted by the EU. This responsibility includes designing, implementing, and maintaining such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report – *continued*

Auditors

Ernst & Young Malta have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Approval

This directors' report was approved by the directors on 28 April 2023 and signed by them:

Mr Antonio Fenech	**Mr Javier Errejon Sainz de la Maza**	**Mr Sven von der Heyden**
Executive Director	Managing Director	Chairman

Financial Statements

Statements of Comprehensive Income

For the year ended 31 December

	Notes	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
Revenue	4	**15,234,432**	11,518,975	**-**	-
Cost of sales	5	**(1,262,428)**	(2,673,671)	**-**	-
Gross profit		**13,972,004**	8,845,304	**-**	-
Other operating income	7	**2,648,940**	4,738,882	**4,440**	128,479
Administrative expenses	5	**(14,596,014)**	(12,499,824)	**(1,265,041)**	(1,046,422)
Depreciation and amortisation	12, 13, 26	**(2,907,812)**	(3,927,788)	**(13,448)**	(12,958)
Operating loss		**(882,882)**	(2,843,426)	**(1,274,049)**	(930,901)
Impairment of financial assets		**(11,500)**	(9,907)	**-**	(975,642)
Other gains/(losses)	8	**2,656,680**	1,791,096	**718,680**	(1,634,684)
Investment income		**1,440**	-	**-**	2,467,163
Interest and related income	9	**416,087**	463,088	**1,899,739**	1,144,602
Interest and related expenses	10	**(2,786,301)**	(3,107,397)	**(927,302)**	(747,741)
Share in profits of associates	16	**35,916**	1,408,998	**-**	-
(Loss)/Profit before tax		**(570,560)**	(2,297,548)	**417,068**	(677,203)
Income tax (expense)/credit	11	**(529,169)**	76,583	**-**	-
(Loss)/Profit for the year		**(1,099,729)**	(2,220,965)	**417,068**	(677,203)
Other comprehensive income					
May be reclassified to profit or loss in subsequent periods (net of tax):					
Translation of foreign operations		**(240,986)**	(413,170)	**-**	-
Will not be reclassified to profit or loss in subsequent periods (net of tax):					
Share in other comprehensive income of associate		**82,749**	512,281	**-**	-
Movement in fair value of land and buildings and commercial yacht		**1,508,966**	1,962,144	**-**	-
Total other comprehensive income, net of tax		**1,350,729**	2,061,255	**-**	-
Total comprehensive income/(loss), net of tax		**251,000**	(159,710)	**417,068**	(677,203)
(Loss)/Profit attributable to:					
Owners of the parent company		**(2,256,434)**	(2,248,964)		
Non-controlling interests		**1,156,705**	27,999		
		(1,099,729)	(2,220,965)		
Total other comprehensive income, net of tax, attributable to:					
Owners of the parent company		**882,004**	1,429,982		
Non-controlling interests		**468,725**	631,273		
		1,350,729	2,061,255		
Total comprehensive income/(loss), net of tax, attributable to:					
Owners of the parent company		**(1,374,430)**	(818,982)		
Non-controlling interests		**1,625,430**	659,272		
		251,000	(159,710)		

Statements of Financial Position

As at 31 December

	Notes	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
ASSETS					
Non-current assets					
Intangible assets	12	**38,358**	66,194	**-**	-
Property, plant and equipment	13	**28,359,998**	27,309,196	**12,289**	16,808
Right of use assets	26	**29,712,577**	31,404,241	**-**	-
Investment properties	14	**44,967,617**	32,600,844	**-**	-
Investment in subsidiaries	15	**-**	-	**14,312,038**	13,734,690
Investment in associates	16	**896,491**	2,980,768	**694,892**	2,754,836
Loans and other receivables	17	**6,559,401**	6,654,844	**31,221,492**	18,968,923
Other financial assets	18	**2,511,359**	1,923,560	**3,563,299**	2,573,303
Deferred tax assets	11	**1,087,816**	1,003,920	**-**	-
		114,133,617	103,943,567	**49,804,010**	38,048,560
Current assets					
Inventories	19	**64,799**	90,160	**-**	-
Current tax assets		**201**	2,331	**-**	-
Loans and other receivables	17	**8,131,737**	7,059,523	**4,736,473**	-
Trade and other receivables	20	**6,996,116**	5,297,747	**6,847,053**	6,175,436
Cash and cash equivalents	21	**12,652,411**	17,124,904	**5,684,256**	9,520,470
		27,845,264	29,574,665	**17,267,782**	15,695,906
TOTAL ASSETS		**141,978,881**	133,518,232	**67,071,792**	53,744,466
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	**3,804,641**	3,804,641	**3,804,641**	3,804,641
Share premium	22	**4,445,283**	4,445,283	**4,445,283**	4,445,283
Retained earnings	22	**12,325,888**	14,272,114	**31,305,190**	30,888,122
Other reserves	22	**5,594,534**	4,877,107	**-**	-
Currency translation reserve	22	**(1,728,599)**	(1,615,913)	**-**	-
		24,441,747	25,783,232	**39,555,114**	39,138,046
Non-controlling interests		**16,655,290**	15,125,459	**-**	-
TOTAL EQUITY		**41,097,037**	40,908,691	**39,555,114**	39,138,046
Non-current liabilities					
Borrowings	23	**19,285,631**	17,765,944	**23,093,750**	11,566,382
Debt securities in issue	24	**33,084,636**	24,170,740	**-**	-
Lease liabilities	26	**29,169,628**	30,505,626	**-**	-
Deferred tax liabilities	11	**5,940,156**	5,002,395	**-**	-
		87,480,051	77,444,705	**23,093,750**	11,566,382
Current liabilities					
Borrowings	23	**5,856,479**	6,835,956	**1,790,591**	798,210
Lease liabilities	26	**2,741,406**	2,771,040	**-**	-
Debt securities in issue	24	**197,953**	895,278		
Current tax liabilities		**68,258**	54,879	**-**	-
Trade and other payables	25	**4,537,697**	4,607,683	**2,632,337**	2,241,828
		13,401,793	15,164,836	**4,422,928**	3,040,038
TOTAL LIABILITIES		**100,881,844**	92,609,541	**27,516,678**	14,606,420
TOTAL EQUITY AND LIABILITIES		**141,978,881**	133,518,232	**67,071,792**	53,744,466

These financial statements on pages 16 to 76 were approved and authorized for issue by the directors on 28 April 2023 and signed by them:

Mr Antonio Fenech
Executive Director

Mr Javier Errejon Sainz de la Maza
Managing Director

Mr Sven von der Heyden
Chairman

Statements of Changes in Equity

GROUP

	Share capital €	Share premium €	Currency translation reserve €	Other reserve €	Retained earnings €	Equity attributable to owners of the parent €	Non-Controlling interests €	Total Equity €
For the year ended 31 December 2021								
As at 1 January 2021	3,804,641	4,445,283	(1,350,317)	3,363,694	16,338,913	26,602,214	14,383,072	40,985,286
Loss for the year	-	-	-	-	(2,248,964)	(2,248,964)	27,999	(2,220,965)
Other comprehensive income	-	-	(265,596)	1,695,578	-	1,429,982	631,273	2,061,255
Total comprehensive income	-	-	(265,596)	1,695,578	(2,248,964)	(818,982)	659,272	(159,710)
Depreciation transfer for land and buildings	-	-	-	(182,165)	182,165	-	-	-
Deconsolidation of subsidiaries	-	-	-	-	-	-	99,115	99,115
Return of capital to NCI	-	-	-	-	-	-	(16,000)	(16,000)
Transfer of fair value upon property disposal	-	-	-	-	-	-	-	-
As at 31 December 2021	**3,804,641**	**4,445,283**	**(1,615,913)**	**4,877,107**	**14,272,114**	**25,783,232**	**15,125,459**	**40,908,691**
For the year ended 31 December 2022								
As at 1 January 2022	3,804,641	4,445,283	(1,615,913)	4,877,107	14,272,114	25,783,232	15,125,459	40,908,691
Loss for the year	-	-	-	-	(2,256,434)	(2,256,434)	1,156,705	(1,099,729)
Other comprehensive income	-	-	(112,686)	994,690	-	882,004	468,725	1,350,729
Total comprehensive income	-	-	(112,686)	994,690	(2,256,434)	(1,374,430)	1,625,430	251,000
Depreciation transfer for land and buildings	-	-	-	(277,263)	277,263	-	-	-
Return of capital to NCI	-	-	-	-	-	-	(95,599)	(95,599)
Other movement	-	-	-	-	32,945	32,945	-	32,945
As at 31 December 2022	**3,804,641**	**4,445,283**	**(1,728,599)**	**5,594,534**	**12,325,888**	**24,441,747**	**16,655,290**	**41,097,037**

Statements of Changes in Equity - *continued*

COMPANY	Share capital €	Share premium €	Retained earnings €	Total Equity €
For the year ended 31 December 2021				
As at 1 January 2021	3,804,641	4,445,283	37,224,216	45,474,140
Loss for the year	-	-	(677,203)	(677,203)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(677,203)	(677,203)
As at 31 December 2021	**3,804,641**	**4,445,283**	**30,888,122**	**39,138,046**
For the year ended 31 December 2022				
As at 1 January 2022	3,804,641	4,445,283	30,888,122	39,138,046
Loss for the year	-	-	417,068	417,068
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	417,068	417,068
As at 31 December 2022	**3,804,641**	**4,445,283**	**31,305,190**	**39,555,114**

Statements of Cash Flows

For the year ended 31 December

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Cash flows from operating activities				
(Loss) / Profit before tax	**(570,560)**	(2,297,548)	**417,068**	(677,203)
Adjustments for:				
- Depreciation and amortisation	**2,907,812**	3,927,788	**13,448**	12,958
- Impairment of investment in associates (Note 8)	**17,041**	369,770	**-**	295,828
- Impairment of financial assets	**11,500**	9,907	**-**	975,642
- Gain on termination and remeasurement of leases under IFRS 16	**-**	(535,922)	**-**	-
- Movement in fair values of investment properties (Note 8)	**(2,929,344)**	(522,819)	**-**	-
- Movement in fair values of investment in subsidiaries and associates (Note 8)	**-**	-	**(850,033)**	1,379,464
- Movement in fair value of FVTPL investments (Note 8)	**49,684**	-	**148,703**	(1,774)
- Share in profits of associates	**(35,916)**	(1,408,998)	**-**	-
- Amortisation of deferred fair value gain	**-**	(1,059,523)	**-**	-
- Gain on release of provisions	**(505,582)**	-	**-**	-
- Gain on disposal of property and equipment	**(209,486)**	(77,990)	**-**	-
- Gain on deconsolidation of subsidiaries	**-**	(238,711)	**-**	-
- Lease concessions due to COVID-19	**-**	(1,155,517)	**-**	-
- Loss on early redemption of bonds	**293,249**	-	**-**	-
- Dividend income	**(1,440)**	-	**-**	(2,467,163)
- Interest and other related income	**(416,087)**	(463,088)	**(1,899,739)**	(1,144,602)
- Interest and other related expenses	**2,786,301**	3,107,397	**927,302**	747,741
Operating profit/(loss) before working capital movements	**1,397,172**	(345,254)	**(1,243,251)**	(879,109)
Movement in inventories	**124,560**	7,282	**-**	-
Movement in trade and other receivables	**(759,005)**	878,212	**21,834**	(6,036)
Movement in trade and other payables	**(286,568)**	885,047	**(435,493)**	60,860
Cash generated by/(used in) operations	**476,159**	1,425,287	**(1,656,910)**	(824,285)
Income taxes paid	**(26,281)**	(557,013)	**-**	-
Net cash flows from/(used in) operating activities	**449,878**	868,274	**(1,656,910)**	(824,285)

Statements of Cash Flows - *continued*

For the year ended 31 December

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Net cash flows from/(used in) operating activities	**449,878**	868,274	**(1,656,910)**	(824,285)
Cash flow from investing activities				
Payments to acquire:				
- Property, plant and equipment (Note 13)	**(431,106)**	(459,629)	**(8,929)**	(4,907)
- Investment properties (Note 14)	**(9,723,266)**	(8,212,763)	**-**	-
- Intangible assets (Note 12)	**(12,053)**	(9,867)	**-**	-
- Financial assets (Note 18)	**(637,482)**	(1,053,034)	**(638,700)**	(1,148,462)
- Subsidiaries and associates	**-**	(206,922)	**-**	(126,049)
Proceeds from disposals of:				
- Property, plant and equipment	**156,715**	1,134,064	**-**	-
- Financial assets	**-**	66,778	**-**	-
- Subsidiaries and/or associates	**-**	19,000	**-**	-
Dividends received/Return of capital from associates	**2,455,186**	2,467,163	**1,912,471**	2,467,163
Net movement in loans to:				
- Ultimate parent company	**(532,319)**	500,000	**-**	-
- Group companies	**-**	-	**(11,865,834)**	(13,603,732)
- Associates and other related parties	**(542,378)**	(590,461)	**(1,042,080)**	(262,079)
- Third parties	**11,537**	(4,731,378)	**-**	2,870,145
Net movement in amounts due from:				
- Ultimate beneficial owner	**-**	19,324	**225,000**	257,960
- Third Parties	**-**	-	**1,500**	-
Interest received	**71,204**	89,431	**380,235**	70,633
Net cash flows used in investing activities	**(9,183,962)**	(10,968,294)	**(11,036,337)**	(9,479,328)

Statements of Cash Flows - *continued*

For the year ended 31 December

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Net cash flows from/(used in) operating activities	**449,878**	868,274	**(1,656,910)**	(824,285)
Net cash flows used in investing activities	**(9,183,962)**	(10,968,294)	**(11,036,337)**	(9,479,328)
Cash flow from financing activities				
Proceeds from new issuance of bonds	**14,464,901**	-	**-**	-
Repayment of debt securities in issue	**(5,337,770)**	-	**-**	-
Premium paid to redeem the first bond	**(250,000)**	-	**-**	-
Net proceeds from borrowings from banks	**-**	-	**-**	-
Repayment of borrowings from banks	**(631,193)**	(541,319)	**-**	-
Acquisition by parent company of group bonds	**-**	(95,918)	**-**	-
Return of capital to NCI	**-**	(16,000)	**-**	-
Payments of principal portion of lease liabilities	**(1,680,940)**	(4,161,962)	**-**	-
Net movement in borrowings from:			**-**	-
- Group companies	**-**	-	**9,250,000**	8,083,271
- Associates and other related parties	**-**	575,258	**66,545**	(580,909)
- Third parties	**850,546**	5,034,605	**-**	1,186,859
Interest paid	**(3,344,377)**	(1,555,581)	**(459,512)**	(158,364)
Net cash flows from/(used in) financing activities	**4,071,167**	(760,917)	**8,857,033**	8,530,857
Effect of changes in foreign exchange	**190,424**	80,195	**-**	-
Net movement in cash and cash equivalents	**(4,472,493)**	(10,780,742)	**(3,836,214)**	(1,772,756)
Cash and cash equivalents at the beginning of the year	**17,124,904**	27,905,646	**9,520,470**	11,293,226
Cash and cash equivalents at the end of the year	**12,652,411**	17,124,904	**5,684,256**	9,520,470

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Notes to the Financial Statements - *continued*

1. GENERAL INFORMATION

TIMAN Investments Holdings Limited (the Company) is a limited liability company registered and domiciled in Malta. Its registered office is 14 East, Level 8, Sliema Road, Gzira GZR1639, Malta and its registration number is C 63335.

The Company and its subsidiaries (collectively, the Group) are involved in real estate investments, property management, development and leasing, hospitality and tourism operations, hotel management across Europe including Germany, Malta and Poland.

TIMAN Investments Holdings Limited is the parent company of the Group, and its principal activity is the holding of interests in other companies, subsidiaries, and associates as well as investing in various investment products for capital growth and income generation. The Company also provides financing to group and associate companies as well as to related companies.

The immediate and ultimate parent company of TIMAN Investments Holdings Limited is Von Der Heyden Group Holdings B.V., a company registered in Curaçao with its registered address at Landhuis Groot Kwartier, Groot Kwartierwerg 12 Curaçao, which owns 85.42% of the voting capital of the Company. The remaining 14.58% voting capital of the Company is owned by Trusthigh Holdings Limited, a company registered in Ireland.

The ultimate controlling party of the Group is Mr Sven von der Heyden, a resident of Malta.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and the requirements of the Companies Act (Cap. 386) of the laws of Malta.

These financial statements have been prepared on a historical cost basis, except for investment properties, certain properties (classified as property, plant and equipment), and debt and equity financial assets that have been measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services at the point of transaction.

These financial statements are presented in EUR (€) which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.2. Going concern

In the year under review, the Group recorded a €0.6m loss for the year before taxation (2021: €2.2m loss) registering a significant improvement in results on account of the increase in the hotel and accommodation activity, the containment of operating costs and the continuing financial support received in the first half of the year in Poland and in Germany to mitigate the impact of COVID-19 pandemic on the Group's activities. Furthermore, the Group has successfully concluded the issue of its second bond of €35 million on 16 December 2022. The bond proceeds were primarily applied to roll-over the first bond that was due for redemption in March 2024, also provided the Group with €9.2 million in additional funds to finance the ongoing Andersia Silver office development project in Poznan, Poland, as well as other projects.

The Group's financial position remains robust. As at 31 December 2022, the Group had total assets of €142.0m (2021: €133.5m) including a cash balance of €12.7m (2021: €17.1m). Total shareholders' funds amount to €41.1m (2021: €40.9m).

During the year, the Group continued to deploy its resources in the development of its core investment property portfolio and its property, plant and equipment that in aggregate account for 51.5% (2021: 44.8%) of the Group's total assets. In the coming year, the Directors will continue to monitor and pursue investment opportunities as arising, as long as the funding requirements thereof is aligned to the Group's core objective of maintaining sufficient liquidity to meet short and longer-term obligations, including the servicing of bank borrowings and the Group's Bonds as they arise.

Accordingly, after due consideration of banking facilities at hand and financial obligations in place, and after the extensive review of the Group's cashflow projections for the forthcoming twelve months, the Directors consider the going concern assumption in the preparation of the Group's financial statements as appropriate as at the date of approving these accounts.

2.3. New and amended standards and interpretations

Standards, interpretations and amendments effective in the current year

The Group has adopted the following amendments and improvements to EU-IFRS which are effective in the current year:

- Amendment to IFRS 16 *Leases: COVID-19-Related Rent Concessions beyond 30 June 2021* (applicable for annual periods beginning on or after 1 April 2021)
- Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract*
- Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework*
- Amendments to IFRS 9 and IAS 41 (as part of the 2018-2020 Annual Improvement cycle – Financial instruments)
- Annual Improvements to IFRS Standards 2018–2020

The adoption of these amendments and improvements did not have significant impact on the financial statements or performance of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.4. Standards, interpretations, and amendments issued but not yet effective

Standards, interpretations, and amendments to published standards as adopted by the European Union but are not yet effective

Up to the date of approval of these financial statements, the following new standard and amendments to existing standards have been published but are not yet effective for the current reporting year and which the Group has not adopted early.

- IFRS 17 *Insurance Contracts* issued on 18 May 2017, including Amendments to IFRS 17 issued on 25 June 2020 (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 17 *Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information* (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies* (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* issued on 12 February 2021 (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* issued on 7 May 2021 (applicable for annual periods beginning on or after 1 January 2023)

None of these new standard or amendments is expected to have an impact on the financial position or performance of the Group and of the Company.

Standards, interpretations and amendments that are not yet adopted by the European Union

The following amendments to IFRS have been issued by the International Accounting Standards Board but have not yet been adopted in the European Union.

- Amendments to IAS 1 *Presentation of Financial Statements: Non-current Liabilities with Covenants* issued on 31 October 2022 (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current issued on 23 January 2020* (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* issued on 22 September 2022 (applicable for annual periods beginning on or after 1 January 2024)

None of these amendments is expected to have an impact on the financial position or performance of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.5. Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are 'investee entities' over which the Group has control. Control is achieved when the Group:

- has power over the investee entity;
- is exposed, or has rights, to variable returns from its involvement with the investee entity;
- has the ability to use its power over the investee entity to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value (Note 31).

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.5. Basis of consolidation - *continued*

Information about the composition of the Group

These consolidated financial statements are comprised of the following:

Name	Principal activities	City	Domicile	Shareholding (%) 2022	2021
Directly held by the Company					
Von der Heyden Group Finance PLC	Financing	Gzira	Malta	**99.99**	99.99
IBB Hotel Collection Holding S.L.	Investment holding	Menorca	Spain	**99.59**	99.59
Asset Management Company Von der Heyden Group LLC	Dormant, subject to liquidation	Kiev	Ukraine	**100.00**	100.00
Von der Heyden Group Services Limited	Service company	Gzira	Malta	**100.00**	100.00
Von der Heyden Yachting Limited	Yacht leasing	Gzira	Malta	**100.00**	100.00
Hotspot Real Estate d.o.o.	Property holding	Podgorica	Montenegro	**100.00**	100.00
Gzira 14 East Limited	Property leasing	Gzira	Malta	**100.00**	100.00
IBB Hotel Erfurt GmbH & Co KG	Dormant company	Berlin	Germany	**100.00**	100.00
IBB Hotel Verwaltungsgesellschaft mbH	Dormant company	Berlin	Germany	**100.00**	100.00
First Polish Real Estate B.V.	Investment holding	Amsterdam	Netherlands	**53.45**	53.45
Andersia Tower Hotel Management Sp. z o.o.	Hotel management, operations ceased in March 2022	Poznan	Poland	**24.53**	24.53
Lublin Grand Hotel Sp. z o.o.	Property holding	Lublin	Poland	**75.00**	75.00
Nowy Swiat 5 Sp. z o.o.	Property holding	Warsaw	Poland	**100.00**	100.00
Von der Heyden & Partners Sp. z o.o.	Property holding	Warsaw	Poland	**100.00**	100.00
Von der Heyden Development Sp. z o.o.	Management services	Warsaw	Poland	**100.00**	100.00
Timan Investments España S.L.	Hotel operations	Menorca	Spain	**100.00**	100.00
Lvant Prospects Limited	Management company	Gzira	Malta	**100.00**	100.00
Villa Diodati S.R.L.	Property holding	Pisa	Italy	**100.00**	100.00
Held by the Group					
IBB Management 2007 S.L.	Hotel management	Mallorca	Spain	**99.59**	99.59
Hotel Sol del Este S.L.	Property holding	Menorca	Spain	**99.59**	99.59
IBB España 2004 S.L.	Hotel management	Menorca	Spain	**99.59**	99.59
Kalagastur S.L.	Dormant company	Menorca	Spain	**99.59**	99.59
Donaupassage Hotel Betriebs GmbH	Property holding	Passau	Germany	**99.59**	99.59
IBB Hotels Deutschland Betriebs GmbH	Hotel management	Ingelheim	Germany	**99.59**	99.59
IBB Blue Hotel Betriebs GmbH	Hotel management	Berlin	Germany	**99.59**	99.59
Merkanti Hotel Operations Limited	Hotel operations	Gzira	Malta	**99.59**	99.59
IBB Hotel Management Europe Limited	Hotel management	Gzira	Malta	**99.59**	99.59
Senglea Hotel Operations Limited	Hotel operations	Gzira	Malta	**99.59**	99.59
Andersia Tower Hotel Management Sp. z o.o.	Hotel management	Poznan	Poland	**49.08**	49.08
Dlugi Targ Hotel Management Sp. z o.o.	Hotel management	Lublin	Poland	**50.00**	50.00
Lublin Grand Hotel Management Sp. z o.o.	Hotel management	Lublin	Poland	**74.63**	74.63
IBB Polska Sp. z o.o.	Hotel operations	Lublin	Poland	**99.59**	99.59
Andersia Property Sp. z o.o.	Property management	Poznan	Poland	**66.67**	66.67
Dlugi Targ Sp. z o.o.	Property holding	Lublin	Poland	**66.67**	66.67
SPV WW1 Sp. z o.o.	Dormant shelf company	Warsaw	Poland	**100.00**	100.00
Andersia Retail Sp. z o.o.	Property developer	Poznan	Poland	**66.67**	66.67
SPV Project 2101 S.R.L.	Special purpose vehicle	Milan	Italy	**N/a**	N/a

The remaining proportion of equity interest not held by the Company and /or the Group are the proportion held by non-controlling interests. Non-controlling interest of subsidiaries have been assessed by management as not being material on an individual basis.

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.6. Business combination and goodwill

Business combinations, except for combinations involving common control companies, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held versus the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7. Business combination under common control

A business combination under common control is a transaction when the Group acquires a company, or brings into the Group for consolidation, for which the latter is already under common control by the same ultimate controlling party of the Group. The Group adopts a predecessor approach to account for business combinations under common control whereby the assets and liabilities of the acquiree are taken in the consolidated financial statements at their carrying amounts rather than at fair value and the difference between the consideration paid and the net assets/liabilities of the acquiree are recognised directly in equity. Goodwill is only recognised if it pertains to existing goodwill.

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.8. Foreign currencies

The Group's consolidated financial statements are presented in Euro (€), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate). The principal exchange rates against the Group currency used in preparing the financial statements are:

	Assets and liabilities		**Income, expenses and cash flows**	
	2022	**2021**	**2022**	**2021**
PLN	**4.6808**	4.5969	**4.6861**	4.5652

2.9. Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of an intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on the straight-line method so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

	%
Computer software	12 - 25

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.10. Property, plant and equipment

Property, plant and equipment other than land and buildings and yacht are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Certain land and buildings are stated at revalued cost less accumulated depreciation in case of buildings and yacht.

Cost includes purchase price and any directly attributable cost of preparing the asset for its intended use. Subsequent costs are included in the carrying amount of the asset or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the group and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided on all items of property, plant and equipment, except freehold land and assets under construction, at the rates calculated to write-off the cost less residual value over their expected useful life as follows:

	%
Building	1 – 2
Machinery and equipment	7 - 25
Commercial yacht	7

Assets under construction are carried at cost less impairment, if any.

The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Land and buildings and the commercial yacht are revalued by a professionally qualified architect/surveyor on the basis of market values. Any surpluses arising on such revaluation are credited to a revaluation reserve whilst deficiencies resulting from decreases in value and/or impairment are deducted from this reserve to the extent that it is sufficient to absorb these by asset and charged through the other of comprehensive income thereafter. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

On disposal of an item of property, plant and equipment, the difference between the net consideration received and their carrying amount are recorded in profit or loss. The carrying amount of the revaluation reserve directly attributable to the disposed property carried are revalued amount is also released directly to retained earnings.

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.11. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined by a professionally qualified architect/surveyor on the basis of market values.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition. The amount of consideration to be included in the gain or loss arising from the de-recognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.12. Investment in subsidiaries and associates

A subsidiary is an investee company over which the Company has control. Refer to 2.5 for more information about subsidiaries. An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in subsidiaries and associates are initially recognised in the separate financial statements at cost, being the fair value of the consideration given, including acquisition charges associated with the investment.

Subsequent to initial recognition, the investments in subsidiaries and associates in the separate financial statements of the Company are measured at fair value in accordance with IFRS 9. Gains and losses in changes in fair value are taken to profit or loss.

In the consolidated financial statements of the Group, subsequent to initial recognition, investment in associates are accounted for using the equity method. Under the equity method, the carrying amount of the investment in associate is adjusted for the share in net income or loss of the associate, dividends received, and other equity movements of the associate. Where the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The use of the equity method ceases from the date that significant influence ceases.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.13. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the price at which stocks can be sold in the course of business less anticipated costs of selling. Provision is made where necessary for obsolete, slow moving and defective stocks.

2.14. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at fair value through profit or loss (FVTPL)

All financial assets that are neither classified as financial assets at amortised costs nor financial assets at fair value through OCI as described in the accounting policies below are classified as financial assets at fair value through profit or loss. Investments in debt instruments that also meet the criteria to be classified as at amortised cost or at fair value through OCI below can also be classified under this category upon irrevocable designation by the directors if doing so eliminates or significantly reduces an accounting mismatch. Subsequent to initial recognition, changes in the fair values of financial assets under this category are recognised in profit or loss.

Financial assets at fair value through other comprehensive income (FVTOCI)

Investments in debt instruments that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the asset and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as financial assets at FVTOCI. Changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated in a revaluation reserve. When these debt instrument are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.14. Financial instruments – *continued*

Financial assets at fair value through other comprehensive income (FVTOCI) - continued

Investments in equity instruments are classified under this category when an irrevocable election at initial recognition has been made on these investments. Election of investments in equity instruments at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognised by an acquirer in a business combination. Changes in the fair value of these equity instruments are recognised in OCI and accumulated in a revaluation reserve. When these equity instruments are derecognised, the cumulative gains or losses previously recognised in OCI are not reclassified to profit or loss, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at amortised cost

Investments in debt instruments that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as financial assets at amortised cost.

Investments in debt instruments under this category are initially recognised at fair value and subsequently measured at amortised using the effective interest method and are subject to impairment. Interest income is recognised in profit or loss and is calculated by applying the effective interest rate to the gross carrying amount of the debt instrument that is not credit impaired, or to the amortised cost if credit impaired. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and recognised in other gains only to the extent that it arises from a change in factor, such as time.

The Group's financial assets under this classification includes trade receivables, loans to related parties, amounts owed by related parties

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

In respect of purchased or originated credit impaired (POCI) assets, the ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses. POCI assets are financial assets that are credit impaired on initial recognition and are recorded at fair value on original recognition with interest income subsequently being recognised on a credit-adjusted EIR.

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.14. Financial instruments – *continued*

Impairment of financial assets - continued

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVTOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVTOCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. The Group does not have financial liabilities at FVTPL.

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.15. Cash and cash equivalents

Cash in hand and at banks and short-term deposits with an original maturity of less than three months are carried at cost.

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.15. Cash and cash equivalents – *continued*

Cash and cash equivalents are defined as cash in hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks.

2.16. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity.

Share premium represents the net consideration received in excess of the nominal value of the shares upon issuance.

2.17. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the financial reporting date and are discounted to present value when the effect is material. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

2.18. Revenue

The Group recognises revenue from the following major sources:

- accommodation and catering
- administration and consulting
- property leasing
- sale of fuel

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties including governmental agencies (e.g. sales taxes and fees). The Group recognises revenue when it transfers control of a product or service to a customer.

Accommodation and catering revenues

Accommodation revenue corresponds to all the revenues from guests at our owned and leased hotels. The services rendered such as room rentals, food and beverage sales and other ancillary services are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. Room rentals are recognised over time when rooms are occupied, while food and beverage sales and ancillary services are recognised at a point in time when goods and services have been delivered or rendered. Invoicing is done upon check-out and payment of the transaction price is immediate.

Catering revenue pertains to the catering services and food and beverage sales related to catering. The transaction price comprises a fixed amount agreed with the respective customer. Revenue is recognised at a point in time that the services are provided to the customer. Any upfront payments are deferred as contract liabilities.

Administration and consulting

Revenue from administration and consulting is recognised over time on a monthly basis based on the actual number of months rendered as a proportion to the duration of the agreed term or when the services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.18. Revenue - *continued*

Property leases

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Amounts received from tenants to terminate leases are recognised in the statement of profit or loss when the right to receive them arises.

Sale of fuel

Sale of fuel is recognised at a point in time when control of the fuel has been transferred, being at the point the customer purchases the fuel at the fuel stations. Payment of the transaction price is due immediately at the point the customer purchases the fuel.

Practical expedients and exemptions

Financing component

The Group does not expect to have material contracts where the period between satisfaction of the performance obligations and payment by the customer exceeds one year. Consequently, the Group does not adjust any of its transaction prices for the time value of money.

Disclosure of variable consideration

The Group does not disclose the amount of variable consideration that the Group is expected to recognise in future periods in the following circumstances:

- if the revenue is recognise based on the amount invoiced or services performed; or
- if the consideration is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation, and terms of the consideration relate specifically to a specific outcome from transferring the service.

Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer but not yet billed. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned but yet to be billed to customers is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.19. Leases

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

The Group as a lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Depreciation charged varies from 4 to 30 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group applies the practical expedient available under the amendments to IFRS 16 providing relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. In 2021, the Group recognised €1,155,517 in profit and loss to reflect changes in lease payments that arose from rent concessions to which it applied the practical expedient. No rent concessions were received in 2022.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.19. Leases - *continued*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts received from tenants to terminate leases are recognised in the statement of profit or loss when the right to receive them arises.

2.20. Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.21. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.22. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23. Taxation

The tax charge/(credit) in the profit and loss for the year normally comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.24. Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2.25. Fair value measurement

The Group measures financial instruments, and non-financial assets such as land & buildings and investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

Notes to the Financial Statements - *continued*

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.25. Fair value measurement - *continued*

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and, if a change is needed, it is accounted for in the year the changes become known.

Except for the below, in the opinion of the Directors, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 *Presentation of financial statements.*

3.1. Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has tasked the Group Managing Director and the Group Financial Controller to determine the appropriate valuation techniques and inputs for fair value measurements.

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES - *continued*

3.1. Fair value measurements and valuation processes - *continued*

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group Managing Director and the Group Financial Controller work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group Managing Director and the Group Financial Controller reports their findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities and the board of directors verifies.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. Involvement of external valuers is determined annually by the board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The board of directors decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Board of Directors analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Board of Directors verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in their respective notes.

The Group uses the services of professional valuers to revalue the land and buildings and investment property.

The professional valuers take into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- A use that is physically possible, takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property).
- A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property).
- A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. As described in Note 31, the Group uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of land and building and investment property. Note 31 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations.

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES – *continued*

3.2. Fair value of investments in subsidiaries and associates – separate financial statements

As described in Note 15, the Group uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of investment in subsidiaries and associates. Note 16 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations. The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the investment in subsidiaries and associates in accordance with EU-IFRS.

3.3. Investment in associates

Investments in associates are carried at equity method for the Group and at fair value for the Company. For one of its associates, the Company has agreements in place to hold a percentage of the shares as trustee on behalf of other principals. The associate has been accounted for using the effective shareholding which is reflective of the returns to which the Group and the Company are entitled as a principal. Whilst the Group may have power over this share, as the shares are held in a trustee capacity, the Group has no right to variable returns on such.

3.4. Determining the lease term on contracts

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

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the options available as part of the lease term for its property leases. The Group typically exercises its option to renew for these leases in view of the investment made in the operations in each location.

3.5. Consolidation of special purpose vehicle

In 2021, the Group has launched an asset securitisation vehicle created under the Italian Securitisation Law (Law 130/1999) and regulated by the Bank of Italy. The Group does not hold any ownership interests in the vehicle. However, based on the terms of agreements under which the vehicle was established, the Group is entitled to variable returns from its involvement in the vehicle and that the Group has rights that gives it the ability to direct this vehicle's activities substantially and affect those variable returns. Consequently, the Group has control over this vehicle and therefore is being consolidated in these financial statements of the Group. The vehicle was set-up as a securitisation vehicle with the purpose of acquiring credits and eventually securitise them. Other than the acquisition of the credits disclosed in Note 17, the vehicle did not undertake any other major transactions.

Notes to the Financial Statements - *continued*

4. REVENUE

	Group	
	2022	2021
	€	€
Revenue by geographical region:		
Poland	**5,626,663**	5,344,451
Spain	**2,904**	519,757
Germany	**7,726,958**	4,380,711
Malta	**1,877,907**	1,274,056
	15,234,432	11,518,975
Revenue by activity:		
Accommodation	**10,398,978**	7,269,136
Catering	**2,373,994**	2,234,564
Administration and consulting	**44,852**	41,207
Development	**1,138,256**	251,440
Leasing	**670,442**	514,832
Fuel sale	**-**	494,522
Other	**607,910**	713,274
	15,234,432	11,518,975

Improvement in revenue is mainly due to improved market situation after COVID-19.

5. EXPENSES BY NATURE

Profit (loss) before tax is stated after charging:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Cost of sales	**1,262,428**	2,673,671	**-**	-
Staff costs (Note 6)	**7,257,437**	6,496,956	**682,459**	512,475
Legal, professional, & outsourcing fees	**1,431,015**	1,244,025	**210,396**	168,997
Auditor fees	**228,500**	209,600	**39,150**	32,500
Marketing costs	**164,801**	96,525	**1,387**	3,114
Lease and related expenses (Note 26)	**269,416**	355,020	**61,176**	56,026
General and administrative expenses	**924,698**	997,267	**32,077**	18,664
Commissions	**771,956**	537,657	**-**	-
Cleaning and upkeep	**1,243,327**	979,938	**1,710**	1,940
Utilities, water and electricity	**1,084,803**	695,439	**-**	-
Other operating expenses	**1,220,061**	887,397	**236,686**	252,706
	15,858,442	15,173,495	**1,265,041**	1,046,422

6. STAFF COSTS

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Salaries and wages	**4,847,597**	4,182,642	**513,287**	348,876
Social security costs	**923,968**	885,025	**29,190**	23,698
	5,771,565	5,067,667	**542,477**	372,574
Directors' fees and remuneration (Note 27)	**1,485,872**	1,429,289	**139,982**	139,901
	7,257,437	6,496,956	**682,459**	512,745
Average number of employees	**191**	192	**16**	14

7. OTHER OPERATING INCOME

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Lease concessions and rebates (Note 26)	**-**	1,155,517	**-**	-
Gain on deconsolidation of subsidiaries (Note 15.3)	**-**	238,711	**-**	-
Government grants (Note i) (Note 29)	**2,146,477**	3,114,339	**-**	-
Others	**502,463**	230,315	**4,440**	128,479
	2,648,940	4,738,882	**4,440**	128,479

i. Throughout the period presented, the Group benefited from government assistance packages aimed at mitigating the impact of the COVID-19 pandemic. Assistance ranged from financial support due to state-imposed lockdowns which resulted in various hotels managed by the Group to be closed for a period of time, together with financial aid to protect the jobs of employees in countries where the Group operates. Conditions attributable to these grants, where applicable, are disclosed in Note 29 and have been satisfied for all grants recognised within income.

8. OTHER GAINS (LOSSES)

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Net foreign exchange differences	**(312,690)**	42,602	**17,350**	40,608
Movement in fair value of investments in subsidiaries and associates (Notes 15 and 16)	**-**	-	**850,033**	(1,379,464)
Movement in fair value of financial assets at fair value through profit and loss (Note 18)	**(49,684)**	-	**(148,703)**	-
Impairment of investment in associate	**(17,041)**	(369,770)	**-**	(295,828)
Remeasurement of right-of-use asset and lease liabilities (Note 26)	**-**	535,922	**-**	-
Loss on extinguishment of financial liability (Note 24)	**(293,249)**	-	**-**	
Movement in fair value of investment properties (Note 14)	**2,929,344**	522,819	**-**	-
Deferred gain on sale of property	**400,000**	-	**-**	
Amortisation of deferred fair value gain (Note 17)	**-**	1,059,523	**-**	-
	2,656,680	1,791,096	**718,680**	(1,634,684)

Notes to the Financial Statements - *continued*

9. INTEREST AND OTHER RELATED INCOME

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Interest on:				
Bank balances	**218**	275	**36**	94
Loan to ultimate parent company	**175,657**	175,878	**21,657**	-
Loan to group companies	**-**	-	**1,721,545**	1,029,840
Loan to associates and related parties	**182,423**	170,385	**45,598**	45,073
Loan to ultimate beneficial owner	**15,577**	7,469	**-**	-
Loan to third parties	**14,569**	19,925	**5,415**	19,924
Other interest and other related income	**27,643**	89,156	**105,488**	49,671
	416,087	463,088	**1,899,739**	1,144,602

10. INTEREST AND OTHER RELATED EXPENSE

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Interest on:				
Bank loans and charges	**352,120**	455,581	**177**	79,683
Loan from group companies	**-**	-	**920,915**	661,970
Loan from associates and related parties	**238,020**	209,170	**5,585**	5,463
Loan from third parties	**10,383**	96,589	**625**	625
Debt securities in issue	**1,131,785**	1,141,630	**-**	-
Finance lease liabilities	**1,036,908**	1,204,427	**-**	-
Other interest-bearing payables	**17,085**	-	**-**	-
	2,786,301	3,107,397	**927,302**	747,741

11. TAXATION

11.1. Income tax expense

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Current tax (credit)/expense				
Corporate income tax expense	**80,858**	72,310	**-**	-
Corporate income tax adjustments in respect of prior periods	**(52,167)**	(81,471)	**-**	-
	28,691	(9,161)	**-**	-
Deferred tax expense/(credit)				
Charged to profit or loss	**500,478**	(67,422)	**-**	-
Income tax expense (credit)	**529,169**	(76,583)	**-**	-

Notes to the Financial Statements - *continued*

11. TAXATION - *continued*

11.2. Tax reconciliation

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Loss before tax	**(570,560)**	(2,297,548)	**417,068**	(677,205)
Theoretical credit at the parent company's domestic tax rate of 35%	**(199,696)**	(804,142)	**145,974**	(237,022)
Tax effects of:				
- Non-taxable income	**(1,463,318)**	(902,416)	**(510)**	(863,521)
- Non-deductible expenses	**1,041,378**	1,075,776	**(242,851)**	926,607
- Unabsorbed tax losses not recognised	**659,200**	685,643	**(24,249)**	134,005
- Revaluation of assets	**613,315**	-	**-**	-
- Other differences	**(1,946)**	(404,311)	**121,636**	39,931
- Income tax related to prior period	**(52,167)**	-	**-**	-
- Effect of difference in tax rate in the operating subsidiaries' jurisdictions	**(67,597)**	272,867	**-**	-
	529,169	(76,583)	**-**	-
Effective income tax rate	**(92.75)%**	(3.33)%	**0%**	0%

11.3. Deferred tax assets (liabilities)

	Group	
	2022	2021
	€	€
Deferred tax assets		
Tax loss carried forward and other temporary differences	**1,087,816**	1,003,920
Deferred tax liabilities		
Revaluation of land and buildings	**(2,098,069)**	(1,744,114)
Revaluation of investment properties	**(3,301,080)**	(2,744,505)
Revaluation of yacht	**(114,833)**	(114,833)
Other temporary differences	**(426,174)**	(398,943)
	(5,940,156)	(5,002,395)
Net deferred tax liabilities	**(4,852,340)**	(3,998,475)

Notes to the Financial Statements - *continued*

11. TAXATION - *continued*

11.3. Deferred tax assets (liabilities) - *continued*

The directors have assessed the recognition of the deferred tax assets and they are confident that the deferred taxation recognized in the financial statements will be realized in the foreseeable future through trading operations. As at 31 December 2022, the Group has an unrecognized deferred tax asset of €4,170,320 (2021: €4,087,195) arising mainly on trading losses which have not been recognized due to doubts over their recoverability. Trading losses held by the Group are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2022, the Company had unutilized tax losses of €2,499,551 (2021: €2,486,821), which gave rise to a deferred tax asset €874,843 (2021: €870,387). The deferred tax asset has not been recognised in the financial statements in view of the potential uncertainty that future taxable profits would be available to absorb such asset.

11.4. Reconciliation of opening and closing balances of net deferred tax liabilities

	Group	
	2022	2021
	€	€
At 1 January	**3,998,475**	3,384,840
Tax expense/(credit) recognised in profit or loss	**500,478**	(67,422)
Tax expense recognised in OCI	**353,387**	681,057
At 31 December	**4,852,340**	3,998,475

12. INTANGIBLE ASSETS

Intangible assets of the Group comprise Computer and other software.

	Group	
	2022	2021
	€	€
Cost		
At 1 January	**404,698**	499,424
Additions	**12,053**	9,867
Disposals	**-**	(104,593)
At 31 December	**416,751**	404,698
Accumulated amortisation		
At 1 January	**(335,602)**	(364,548)
Charge for the year	**(39,001)**	(37,906)
Released on disposal	**-**	66,852
At 31 December	**(374,603)**	(335,602)
Effect of translation of foreign operations	**(3,790)**	(2,902)
Carrying amount at 31 December	**38,358**	66,194

The Company does not have intangible assets during the periods presented in these financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Group				
For the year ended 31 December 2022	**Land and buildings €**	**Machinery and equipment €**	**Commercial Yacht €**	**Assets under construction €**	**Total €**
Cost/Revalued cost					
At 1 January 2022	25,006,082	3,719,885	1,400,000	28,305	30,154,272
Additions	4,289	380,013	45,395	-	429,697
Disposals	-	(666,759)	-	(3,305)	(670,064)
Revaluation	1,862,921	-	-	-	1,862,921
Transfers	(574,479)	-	-	-	(574,479)
Effect of translation of foreign operations	(329,813)	(5,146)	-	-	(334,959)
At 31 December 2022	**25,969,000**	**3,427,993**	**1,445,395**	**25,000**	**30,867,388**
Accumulated depreciation					
At 1 January 2022	-	(2,845,076)	-	-	(2,845,076)
Charge for the year	(574,479)	(138,511)	(148,848)	-	(861,838)
Released on disposal	-	625,045	-	-	625,045
Transfers	574,479	-	-	-	574,479
At 31 December 2022	**-**	**(2,358,542)**	**(148,848)**	**-**	**(2,507,390)**
Carrying amount at 31 December 2022	**25,969,000**	**1,069,451**	**1,296,547**	**25,000**	**28,359,998**

The transfers during the years ended 31 December 2022 relate to the accumulated depreciation as at the revaluation date that were eliminated against the gross carrying amount for the revalued assets.

The Group's land and buildings, as well as the yacht, were revalued by independent professional qualified valuers. Note 31 provides detailed information regarding the key assumptions used in performing such revaluation. The carrying amount of land and buildings, had they been measured at cost, would have amounted to €14,926,531 (2021: €15,826,533).

Notes to the Financial Statements - *continued*

13. PROPERTY, PLANT AND EQUIPMENT - *continued*

	Group				
For the year ended 31 December 2021	**Land and buildings €**	**Machinery and equipment €**	**Commercial Yacht €**	**Assets under construction €**	**Total €**
Cost/Revalued cost					
At 1 January 2021	23,603,829	5,976,436	979,000	422,166	30,981,431
Additions	36,743	255,391	142,495	25,000	459,629
Disposals	(279,346)	(2,924,171)	-	-	(3,203,517)
Revaluation	2,159,116	-	328,093	-	2,487,209
Transfers	(364,332)	418,449	(49,588)	(418,449)	(413,920)
Effect of translation of foreign operations	(149,928)	(6,220)	-	(412)	(156,560)
At 31 December 2021	**25,006,082**	**3,719,885**	**1,400,000**	**28,305**	**30,154,272**
Accumulated depreciation					
At 1 January 2021	-	(3,969,793)	-	-	(3,969,793)
Charge for the year	(366,494)	(387,676)	(49,588)	-	(803,758)
Released on disposal	2,162	1,505,898		-	1,508,060
Transfers	364,332	-	49,588	-	413,920
Effect of translation of foreign operations	-	6,495	-	-	6,495
At 31 December 2021	**-**	**(2,845,076)**	**-**	**-**	**(2,845,076)**
Carrying amount at 31 December 2021	**25,006,082**	**874,809**	**1,400,000**	**28,305**	**27,309,196**

The transfer during the year ended 31 December 2021 relate to the accumulated depreciation as at the revaluation date that were eliminated against the gross carrying amount for the revalued asset.

13. PROPERTY, PLANT AND EQUIPMENT - *continued*

	Company			
	Motor vehicle €	Computer equipment €	Other assets €	Total €
For the year ended 31 December 2022				
Cost				
At 1 January 2022	115,699	27,527	2,950	146,176
Additions	-	8,929	-	8,929
At 31 December 2022	**115,699**	**36,456**	**2,950**	**155,105**
Accumulated depreciation				
At 1 January 2022	(108,700)	(19,193)	(1,475)	(129,368)
Charge for the year	(6,999)	(6,154)	(295)	(13,448)
At 31 December 2022	**(115,699)**	**(25,347)**	**(1,770)**	**(142,816)**
Carrying amount at 31 December 2022	**-**	**11,109**	**1,180**	**12,289**
For the year ended 31 December 2021				
Cost				
At 1 January 2021	115,699	22,620	2,950	141,269
Additions	-	4,907	-	4,907
At 31 December 2021	**115,699**	**27,527**	**2,950**	**146,176**
Accumulated depreciation				
At 1 January 2021	(101,700)	(13,530)	(1,180)	(116,410)
Charge for the year	(7,000)	(5,663)	(295)	(12,958)
At 31 December 2021	**(108,700)**	**(19,193)**	**(1,475)**	**(129,368)**
Carrying amount at 31 December 2021	**6,999**	**8,334**	**1,475**	**16,808**

14. INVESTMENT PROPERTIES

	Group	
	2022 **€**	2021 €
At 1 January	**32,600,844**	23,989,226
Additions	**9,723,266**	8,212,763
Fair value movement	**2,929,344**	522,819
Effect of translation of foreign operations	**(285,837)**	(123,964)
At 31 December	**44,967,617**	32,600,844

The Group's investment properties were revalued by independent professional qualified valuers. Note 31 provides detailed information regarding the key assumptions used in performing such revaluation. The fair value movement is mainly due to the revaluation increment related to the fair value of the ongoing office tower development project in Poznan, Poland.

Notes to the Financial Statements - *continued*

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	€	€
At fair value		
At 1 January	**13,734,690**	14,280,841
Additions	**115,480**	225,605
Disposals	**-**	(333,640)
Fair value movement	**461,868**	(438,116)
At 31 December	**14,312,038**	13,734,690

Information about the investments of the Company at the end of the period are as disclosed in Note 2.5. The Company accounts for its investments in subsidiaries at fair value, details of which are disclosed in Note 31. The fair value movement is mainly due to the revaluation increment related to the fair value of the hotel property in Lublin, Poland.

15.1. Net assets and results for the year of the of the subsidiaries directly held by the Company

Set out below is the information regarding the net assets as at 31 December and the results for the year then ended of the subsidiaries directly held by the Company.

	Net assets		Profit (loss) for the year	
	2022	2021	**2022**	2021
	€	€	**€**	€
Von der Heyden Group Finance P.L.C. (audited)	**537,107**	427,800	**109,307**	104,996
IBB Hotel Collection Holding S.L. (unaudited)	**294,603**	330,382	**(35,781)**	(9,424)
Asset Management Company Von der Heyden Group LLC (unaudited)	**57,205**	155,114	**(75,363)**	(235,005)
Von der Heyden Group Services Limited (audited)	**(1,056,846)**	(284,798)	**(772,048)**	(375,196)
Von der Heyden Yachting Limited (audited)	**(312,063)**	(52,427)	**(391,831)**	(247,127)
Hotspot Real Estate d.o.o. (unaudited)	**(341,165)**	(171,573)	**(169,592)**	(115,152)
Gzira 14 East Limited (audited)	**209,272**	254,096	**(44,822)**	(57,688)
IBB Hotel Erfurt GmbH & Co KG (unaudited)	**-**	275,136	**(3,399)**	(1,939)
IBB Hotel Verwaltungsgesselschaft mbH (unaudited)	**235,279**	57,945	**1,198**	1,282
First Polish Real Estate B.V. (unaudited)	**4,832,283**	5,488,346	**(656,063)**	(633,836)
Andersia Tower Hotel Management Sp. z o.o. (audited)	**(797,312)**	(1,220,056)	**399,195**	840,250
Lublin Grand Hotel Sp. z o.o. (audited)	**3,550,006**	2,963,639	**639,650**	341,797
Lublin Grand Hotel Management Sp. z o.o. (audited)	**(626,077)**	(853,997)	**212,363**	(536,867)
Nowy Swiat 5 Sp. z o.o. (unaudited)	**(2.179,873)**	(1,910,824)	**(302,956)**	(213,332)
Von der Heyden & Partners Sp. z o.o. (unaudited)	**(520,308)**	(536,373)	**6,280**	(44,521)
Von der Heyden Development Sp. z o.o. (unaudited)	**1,499,370**	1,681,389	**(151,791)**	(671,157)
Timan Investments España S.L. (unaudited)	**(829,610)**	(1,073,676)	**244,067**	(220,214)
Lvant Prospects Limited (unaudited)	**1,500**	1,500	**-**	-
Villa Diodati S.R.L. (unaudited)	**(264,361)**	(36,193)	**(343,648)**	(46,193)

Notes to the Financial Statements - *continued*

15. INVESTMENT IN SUBSIDIARIES – *continued*

15.2. IBB Hotel Andersia

During the year, the Group, through its subsidiary Andersia Tower Hotel Management Sp. z o.o., has ceased operating IBB Hotel Andersia in Poland. This came about after the Group entered into a settlement agreement in 2021 with the lessor of Andersia Tower. As part of the settlement agreement, the Group ceased operating the hotel by end of March 2022 and transferred it to the new hotel operator. This has led to a remeasurement of the related right-of-use asset and corresponding lease liability as disclosed in Note 26. The following table summarises the results of Andersia Tower Hotel Management Sp. z o.o. for the years presented in these financial statements before intercompany elimination:

	2022	2021
	€	€
Revenue	**1,052,120**	3,089,358
Other operating income	**958,824**	1,616,190
Operating expenses	**(1,431,558)**	(3,845,857)
Other gains	**(110,086)**	1,920
Net finance costs	**(70,105)**	(21,361)
Profit before tax	**399,195**	840,250
Taxation	**-**	-
Profit for the year	**399,195**	840,250
Other comprehensive income	**23,549**	(326,165)
Total comprehensive income	**422,744**	514,085

15.3. Deconsolidation of Urbelia

In 2021, the Group lost control in Urbelia Business S.L. and consequently, the Group deconsolidated the net assets of Urbelia Business S.L. and of its subsidiaries from these consolidated financial statements as at the date when the control was lost. The carrying amount of the assets and liabilities as at the date when the controls was lost are as follows:

	€
Assets	
Property, plant and equipment	677,124
Right-of-use	312,962
Trade and other receivables	166,750
Inventories	41,171
Total assets	**1,198,007**
Liabilities	
Borrowings	(503,762)
Trade and other payables	(135,637)
Lease liability	(327,510)
Total liabilities	**(966,909)**
Net identifiable assets	231,098
Non-controlling interest at acquisition date	99,115
Net assets deconsolidated	**330,213**

Consideration and received and resulting gain on deconsolidation of the subsidiaries are as follows:

	€
Cash received	19,000
Fair value of retained investment	-
Net receivables recognised upon deconsolidation	549,924
Total consideration	**568,924**
Net assets deconsolidated	(330,213)
Gain on deconsolidation of subsidiaries	**238,711**

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
At equity method/fair value				
At 1 January	**2,980,768**	3,600,593	**2,754,836**	3,646,183
Additions	**250,000**	295,829	**265,500**	345,829
Dividends received/return of capital	**(2,435,901)**	(2,467,163)	**(2,713,609)**	-
Share in profits of associates	**35,916**	1,408,998	**-**	-
Share in OCI of associates	**82,749**	512,281	**-**	-
Impairment charge	**(17,041)**	(369,770)	**-**	(295,828)
Change in fair value	**-**	-	**388,165**	(941,348)
At 31 December	**896,491**	2,980,768	**694,892**	2,754,836

The Company accounts for its investments in associates at fair value, details of which are disclosed in Note 31. The decrease in fair value for both 2022 and 2021 followed the return of capital upon liquidation and dividend distribution undertaken, respectively, by two of the associates. Dividend distribution undertaken by one of the associates during 2021 was recorded in profit and loss for the year, whereas the return of capital upon liquidation during 2022 has been transferred to the Group and Company's bank account. Amount yet to be received from liquidation of one of the associates as at year end has been recognised within the Group and Company's receivables.

16.1. Details of associates

Details of each of the Group's material associates at the end of the reporting period are as follows:

			Equity interest* (%)	
Name	**Principal activities**	**Domicile**	**2022**	**2021**
Bogenhausener Tor Immobilien Sarl**	Property developer	Luxembourg	**-**	37.75
KASA Investments GmbH	Investments	Germany	**49.58**	49.58
IBB Hammets Operations Limited	Restaurant	Malta	**50.00**	50.00
Plaza Explanada S.L.***	Property holding	Spain	**-**	50.00
Mimie Reed International Limited ****	Retail	Malta	**40.00**	40.00
DGDV Capital Lda.	Investments	Portugal	**25.00**	25.00
Von der Heyden Group Real Estate Services S.R.L.	Real estate services	Italy	**50.00**	50.00
Urbelia Business S.L.	Fuel stations	Spain	**50.00**	50.00
Blulabel Limited**	Technology start-up	England	**-**	31.50

** This is the legal shareholding, whilst the Group's carrying amount is measured at the effective shareholding.*

*** These associated companies were put into liquidation during in 2022 and the process of liquidation has not been completed as at 31 December 2022. Blulabel Limited was struck-off on 24 January 2023.*

**** Plaza Explanada S.L. was put into liquidation on 11 November 2022.*

***** The shareholding of Timan Investments Holdings Limited in Mimie Reed International Limited were acquired by the ultimate beneficial owner on 10 March 2023.*

Notes to the Financial Statements - *continued*

16. INVESTMENT IN ASSOCIATES - *continued*

16.2. Summarised financial information of associate undertakings

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with EU-IFRS Standards adjusted by the Group for equity accounting purposes.

	Bogenhau-sener Tor Immobilien Sarl	Plaza Explanada S.L.	Urbelia Business S.L.	KASA Investments GmbH	IBB Hammetts Operations Limited	DGDV Capital Lda.	Mimie Reed International Ltd	Von der Heyden Group Real Estate Services S.R.L.	Blulabel Limited *
	2022	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Revenue	-		5,375,650	167,096	4,616,868	-	5,674	145,304	-
Profit (loss) for the year	677,947	(26,823)	(114,152)	41,579	29,340	(13,064)	(81,264)	(10,301)	(87,279)
Other comprehensive income (loss)	-	-	165,497	-	-	-	-	-	-
Total comprehensive income (loss)	**677,947**	**(26,823)**	**51,345**	**41,579**	**29,340**	**(13,064)**	**(81,264)**	**(10,301)**	**(87,279)**
Share of profit/(loss) for the year	85,788	(13,411)	(57,076)	20,615	-	-	-	-	
Share of other comprehensive income	-	-	82,749	-	-	-	-	-	-
Unrecognised share of profits/(loss) losses in the associate for the year	-	-	-	-	14,670	(3,266)	(32,506)	(5,151)	-
Dividends received from the associate	-	307,375	-	-	-	-	-	-	-
Non-current assets	-	-	3,059,012	460,872	500,582	-	16,971	-	-
Current assets	9,094,610	65,409	162,548	767,322	922,631	1,103,069	64,951	98,945	26,300
Non-current liabilities	-	-	(2,082,498)	-	(646,000)	-	(239,925)	-	-
Current liabilities	(471,164)	(63,454)	(208,617)	(828,221)	(1,207,693)	(171,235)	(56,386)	(156,685)	(103,579)
Equity	**8,623,446**	**1,955**	**930,445**	**399,973**	**(430,480)**	**931,834**	**(214,389)**	**(57,739)**	**(77,279)**
Group's share in equity	**3,255,351**	**978**	**465,223**	**198,307**	**(215,240)**	**232,959**	**(85,756)**	**(28,870)**	**(24,343)**
Goodwill	-	-	73,942	-	-	-	-	-	-
Cumulative unrecognised share of losses in associates	-	-	-	-	240,240	17,291	89,756	89,756	24,343
Impairment	-	-	(73,942)	-	(25,000)	(17,291)	(4,000)	(5,000)	-
Other adjustments	(3,255,351)	(978)	-	-	-	-	-	-	-
Carrying amount of the investment	**-**	**-**	**465,223**	**198,307**	**-**	**232,959**	**-**	**-**	**-**

** Based on latest available management accounts dated 31 October 2020*

Notes to the Financial Statements - *continued*

16. INVESTMENT IN ASSOCIATES - *continued*

Summarised financial information of associate undertakings – *continued*

	Bogenhau-sener Tor Immobilien Sarl	Plaza Explanada S.L.	Urbelia Business S.L.	KASA Investments GmbH	IBB Hammetts Operations Limited	DGDV Capital Lda.	Mimie Reed International Ltd	Von der Heyden Group Real Estate Services S.R.L.	Blulabel Limited *
	2021	**2021**	**2021**	**2021**	**2021**	**2021**	**2021**	**2021**	**2021**
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Revenue	(1,982,573)	34,500	2,388,771	80,705	1,934,344	-	9,670	171,057	-
Profit (loss) for the year	5,464,932	54,904	2,426	64,630	(49,260)	(16,016)	(68,782)	21,788	(87,279)
Other comprehensive income (loss)	-	-	1,024,560	-	-	-	-	-	-
Total comprehensive income (loss)	**5,464,932**	**54,904**	**1,026,986**	**64,630**	**(49,260)**	**(16,016)**	**(68,792)**	**21,788**	**(87,279)**
Share of profit for the year	1,348,290	27,452	1,213	32,043	-	-		-	
Share of other comprehensive income	-	-	512,281	-	-	-	-	-	-
Unrecognised share of losses in the associate for the year	-	-	-	-	(24,630)	(4,004)	(34,391)	10,894	-
Dividends received from the associate	2,467,163	-	-	-	-	-	-	-	-
Non-current assets	-	9,824	2,391,973	500,000	513,393	-	29,509	-	-
Current assets	17,165,164	739,195	112,726	690,003	459,967	976,275	52,365	115,165	26,300
Non-current liabilities	-	(103,670)	(1,434,659)	(812,969)	(646,000)	(865,000)	-	-	-
Current liabilities	(8,901,174)	(1,822)	(190,937)	(18,639)	(898,585)	(166,378)	(230,879)	(161,654)	(103,579)
Equity	**8,263,990**	**643,527**	**879,103**	**358,395**	**(571,225)**	**(55,103)**	**(149,005)**	**(46,489)**	**(77,279)**
Group's share in equity	**2,041,760**	**321,764**	**439,552**	**177,692**	**(285,613)**	**(13,776)**	**(59,602)**	**(23,245)**	**(24,343)**
Goodwill	-	-	73,942	-	-	-	-	-	295,829
Cumulative unrecognised share of losses in associates	-	-	-	-	310,613	14,026	55,602	28,245	24,343
Impairment		-	(73,942)	-	(25,000)	(250)	(4,000)	(5,000)	(295,828)
Other adjustments	-	-	-	-	-	-	-	-	-
Carrying amount of the investment	**2,041,760**	**321,764**	**439,552**	**177,692**	**-**	**-**	**-**	**-**	**-**

** Based on latest available management accounts dated 31 October 2020*

17. LOANS AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Non-current				
Amounts owed by ultimate parent company (i)	**4,032,319**	3,500,000	**532,319**	-
Amounts owed by group companies (i)	**-**	-	**29,998,803**	18,510,099
Amounts owed by associates and other related parties (ii)	**1,414,621**	2,016,074	**664,621**	420,074
Amounts owed by third parties (iii)	**1,112,461**	1,135,498	**25,749**	38,750
Prepayments	**-**	3,272	**-**	-
	6,559,401	6,654,844	**31,221,492**	18,968,923
Current				
Amounts owed by third parties (iv)	**7,059,523**	7,059,523	**-**	-
Amounts owed by group companies (i)	**-**	-	**4,510,259**	-
Amounts owed by associates and other related parties (ii)	**1,072,214**	-	**226,214**	-
	8,131,737	7,059,523	**4,736,473**	-

i. The amounts owed by parent and group companies are unsecured, subject to interest rates ranging between 3.75% and 7.5% per annum and have maturity dates ranging from 31 August 2023 to 31 December 2032. The Company's amounts owed by group companies as at 31 December 2022 are shown net of provision for impairment of financial assets amounting to €3,262,824 (2021: €3,262,824) (see Note 28).

ii. The amounts owed by associates and other related companies are unsecured, subject to interest rates ranging between 5% and 7.5% per annum and have maturity dates from 31 December 2023 and 1 September 2032.

iii. The amounts owed by third parties are unsecured, bear interest at the rate of 5% per annum and have maturity dates ranging from 31 December 2024 to 9 January 2026.

iv. This receivable, acquired through the special purpose vehicle (Note 3.5), was categorised as POCI upon acquisition as the borrower was in breach of the contract provisions. Furthermore, the receivable was acquired for a discounted price of €6m. The receivable was recognised at its fair value which was determined to be €7.1m, equal to the contractual inflows of the instrument, in view of its collateral. The receivable is secured by a first ranking privileged and hypothec linked to a hotel property in Italy valued at over €11m. The Group is currently executing the process of calling in on the collateral which is planned to be completed before the end of 2023. The difference between the transaction price and the fair value was initially deferred and taken to profit or loss over the expected time of cash flows realisation (Note 8).

Notes to the Financial Statements - *continued*

18. OTHER FINANCIAL ASSETS

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Financial assets at fair value through profit or loss				
Balance at beginning of the year	**1,793,982**	861,521	**2,573,303**	1,538,360
Additions	**621,983**	1,053,034	**1,926,624**	1,148,462
Disposals	**-**	-	**(787,925)**	-
Transferred to investment in associates		(111,745)	**-**	(111,745)
Fair value movement	**(49,684)**	(8,828)	**(148,703)**	(1,774)
Balance at end of the year	**2,366,281**	1,793,982	**3,563,299**	2,573,303

The Group's investments at fair value through profit and loss comprised solely of quoted debt and equity instruments that are listed on regulated markets and, therefore, are considered to be low credit risk investments. Fair values of these quoted debt and equity shares are determined by reference to published price quotations in an active market.

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Other financial assets				
Balance at beginning of the year	**129,578**	220,371	**-**	-
Movement	**15,500**	(90,793)	**-**	-
	145,078	129,578	**-**	-

Other financial assets, held at cost, are non-consolidated immaterial subsidiaries not traded in active markets.

19. INVENTORIES

The Group's inventories as at 31 December 2022 and 2021 mainly pertain to food and beverage supplies and materials for room amenities and housekeeping at the Group's hotels.

The Company had no inventories as at 31 December 2022 (2021: Nil).

Notes to the Financial Statements - *continued*

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Trade receivables from third parties (i)	**794,824**	828,389	**5,349**	4,818
Trade receivables from related parties (i)	**388,835**	429,610	**-**	-
Amounts owed by third parties (ii)	**514,182**	67,788	**61,522**	54,812
Amounts owed by group companies (iii)	**-**	-	**5,479,516**	5,241,629
Amounts owed by associate and other related parties (iii)	**1,129,756**	688,926	**1,215,801**	580,331
Amounts owed by ultimate parent company (iii)	**351,535**	175,878	**21,657**	-
Amounts owed by ultimate beneficial owner (iv)	**-**	721,252	**-**	225,000
Amounts owed by directors (v)	**30,000**	30,000	**30,000**	30,000
Advance payments to suppliers/deposits	**1,471,358**	726,372	**-**	-
Other receivables	**132,381**	258,796	**-**	-
Accrued income	**64,355**	102,878	**18,125**	16,988
Prepayments	**361,162**	196,118	**15,083**	21,858
VAT receivable	**1,757,728**	1,071,740	**-**	-
	6,996,116	5,297,747	**6,847,053**	6,175,436

i. Trade receivables of the Group are stated net of expected credit loss allowance of €130,380 (2021: €130,380). Trade receivables of the Company are stated net of expected credit loss allowance of €86,467 (2021: €86,467) (Note 28). Analysis of trade receivables past due is as follows:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
0 – 30 days	**549,587**	677,440	**-**	-
31 – 60 days	**52,290**	39,708	**-**	-
61 – 90 days	**46,843**	60,510	**-**	-
90+ days	**534,939**	480,341	**5,349**	4,818
	1,183,659	1,257,999	**5,349**	4,818

ii. The amounts owed by third parties are unsecured, subject to interest ranging between interest-free and 5.0%. These are repayable on demand. Expected credit loss allowance on these receivables in the Group and the Company's accounts as at 31 December 2022 amounted to €121,301 (2021: €121,301) (Note 28).

iii. The amounts owed by ultimate parent company, group and associate companies as well as other related parties are unsecured and subject to interest rate ranging between 3.75% to 7.5%. The amounts are repayable on demand. Expected credit loss allowance as at 31 December 2022 on these receivables in the Group amounted to €163,151 (2021: €163,151) and €673,359 (2021: €673,359) in the Company (Note 28).

iv. The amounts owed by ultimate beneficial owner are interest free, unsecured and repayable on demand.

v. The amounts owed by directors are unsecured, interest free and are repayable on demand.

Notes to the Financial Statements - *continued*

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the consolidated statements of cash flows reconcile to the amounts shown in the consolidated statements of financial position as follows:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Cash at bank (i)	**12,369,412**	16,693,366	**5,441,891**	9,246,077
Cash on hand	**42,015**	157,459	**1,381**	314
Other cash and cash equivalents (ii)	**240,984**	274,079	**240,984**	274,079
	12,652,411	17,124,904	**5,684,256**	9,520,470

i. In 2021, the Company had provided a guarantee of €6,800,000 for rights and claims arising from a loan against a related party. Such loan was fully repaid by the related party and the guarantee was consequently cancelled.

ii. The Group's and Company's other cash and cash equivalents represent amounts held with brokers which are of a current nature.

22. EQUITY AND RESERVES

22.1. Share capital

	2022	2021
	€	€
Authorised		
20,000,000 Ordinary A shares of €1 each	**20,000,000**	20,000,000
30,000,000 Ordinary B shares of €1 each	**30,000,000**	30,000,000
	50,000,000	50,000,000
Issued and paid-up		
3,249,924 Ordinary A shares, fully paid-up	**3,249,924**	3,249,924
554,717 Ordinary B shares, fully paid-up	**554,717**	554,717
	3,804,641	3,804,641

The Ordinary 'A' shares and Ordinary 'B' shares rank pari-passu.

22.2. Share premium

The share premium arising on the issue of shares of the Company amounted to €4,445,283 (2021: €4,445,283).

22.3. Retained earnings

This represents the accumulated retained profits that are available for distribution to the shareholders of the Company.

22.4. Other reserves

The Group's other reserves is mainly composed of a revaluation reserve of €4,503,079 (2021: €3,868,401), a capital reserve of €235,023 (2021: €235,023), share in OCI of associates of €595,030 (2021: €512,281) and a merger reserve of €261,402 (2021: €261,402).

The Group's revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The Group's capital reserve mainly relates to distributable reserves of certain subsidiary companies.

22. EQUITY AND RESERVES - *continued*

22.5. Currency translation reserve

The Group's reserve comprises foreign currency differences arising from the translation of the results and financial position of the Group entities that have a functional currency different from the presentation currency.

23. BORROWINGS

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Non-current				
Bank borrowings (i)	**13,150,665**	13,840,606	**-**	-
Loans from group companies (ii)	**-**	-	**23,093,750**	11,493,750
Loans from associate companies (ii)	**-**	72,632	**-**	72,632
Loans from other related parties (ii)	**5,884,931**	3,611,678	**-**	-
Loans from third parties (iii)	**-**	-	**-**	-
Other borrowings	**250,035**	241,028	**-**	-
	19,285,631	17,765,944	**23,093,750**	11,566,382
Current				
Bank borrowings (i)	**702,143**	643,395	**-**	-
Loans from group companies (ii)	**-**	-	**877,590**	25,010
Loans from other related parties (ii)	**418,883**	268,191	**139,177**	-
Loans from third parties (iii)	**4,735,453**	5,924,370	**773,824**	773,200
	5,856,479	6,835,956	**1,790,591**	798,210

i. The bank borrowings are pledged by special hypothecs on the properties and bear variable interest at rates ranging from 2.1% to 4.5% per annum. A €4.3 million loan is also secured by a pledge on the shares of two subsidiary undertakings

ii. One of the subsidiaries of the Group has a financial covenant requirement to maintain a minimum Debt Service Cover Ratio of 1.4. As at 31 December 2021 and 2020, due to the impact of Covid-19, the ratio was below this requirement. In 2020 the outstanding loan of €4.3 million was classified as current also in view of its maturity date. In 2021 the entity has re-financed the loan with a maturity date in 2024 and obtained a waiver in respect of this covenant. In 2022, there have been no breaches of the financial covenants of any interest-bearing and borrowings.

iii. The loans from parent company, group companies, associates and other related companies are unsecured and bear interest at rates ranging from 4.4% to 7.5% per annum. Loans mature on dates ranging from 31 December 2023 to 16 December 2032. The increase in loans from group companies of the Company of €11.6 million relates to additional facilities provided by two of the subsidiaries. These facilities were utilised to fund new investments.

iv. The loans from third parties, except for the amounts as government grants, are unsecured and bear interest at rates ranging from 2.98% to 6% per annum. Government grants of €1.4 million were included within the current loan balance as at 31 December 2021 until the conditions were fully satisfied in 2022. Such government grants were interest free.

24. DEBT SECURITIES IN ISSUE

	Group	
	2022	2021
	€	€
Non-current		
Listed Debt Securities MT0001401216, €35M 5% Bond, 2032	**35,000,000**	-
Listed Debt Securities MT0001401208, €25M 4.4% Bond, 2024	**-**	25,000,000
	35,000,000	25,000,000
Less: Bond issue costs (unamortised balance) (i)	**(619,864)**	(83,260)
Bonds held by the Company (not cancelled)	**(1,295,500)**	(746,000)
	33,084,636	24,170,740
Current		
Accrued interest on bonds payable (ii)	**68,056**	895,278
Amounts held on behalf of bondholders (iii)	**129,897**	-
	197,953	895,278

i. The carrying amount of the bonds is net of issue costs of which are being amortised over the life of the bonds.

ii. Interest paid in relation to the bond during 2022 totalled to €1,896,213 (2021: €1,100,000). In addition to the bond interest payment due in March 2022, the Group also settled the interest on the first bond accruing up to the redemption date of 16 December 2022.

iii. This relates to amounts due to bondholders held by the Group until the instructions for payment are received from the Malta Stock Exchange.

On 16 December 2022, the Group, through its listed subsidiary Von der Heyden Group Finance PLC, issued the second bond of an aggregate principal amount of €35 million with a nominal value of €100 each. The second bond is unsecured, bears interest of 5% per annum and will mature on 16 December 2032 subject to the terms and conditions in the prospectus dated 10 October 2022. The second bond is traded on the Malta Stock Exchange with the trading symbol of VH32A and International Securities Identification Number (ISIN) MT0001401216. At the close of the last trading day for the year 2022, the quoted price of the second bond was 100.

The proceeds from the second bond were used mainly to early redeem the first bond that was due to mature on 8 March 2024, and to partly finance the Group's ongoing construction of the Andersia Silver in Poznan, Poland as well as for general corporate funding purposes.

The Group's first bond amounting to €25 million, issued in 2017 with a nominal value of €1,000 per bond, was unsecured, bore interest of 4.4% per annum and was due to be redeemed on 8 March 2024 terms and conditions in the prospectus dated 30 January 2017. In the process of issuing the second bond, the Group early redeemed the first bond on 16 December 2022 upon the approval of the bondholders through a bondholders' meeting held on 31 October 2022. The Group's first bond was traded on the Malta Stock Exchange with a trading symbol of VH24A and ISIN MT0001401208. The quoted market price as at 31 December 2021 of the first bond was 100.93.

To early redeem the first bond, the Group paid the bondholders a redemption premium of 1% for a total of €250,000 and the accrued interest up to the redemption date of 16 December 2022. This redemption premium payment is presented within the loss on extinguishment of financial liability together with the unamortised portion of the bond issue cost of the first bond amounting to €43,249, resulting to total loss on extinguishment of financial liability of €293,249.

Notes to the Financial Statements - *continued*

24. DEBT SECURITIES IN ISSUE - *continued*

Proceeds from the issuance of the second bond amounted to €15,014,400 while €5,451,900 of the first bond were redeemed, out of which €5,337,770 has been settled, while the remaining €114,130 is being held by the Group until the instructions for payment are received from the Malta Stock Exchange.

Total costs to issue the second bond amounted to €622,264 which will be amortised until the maturity of the second bond.

The Company, TIMAN Investments Holdings Limited, has provided a corporate guarantee in favor of the bondholders to affect the due and punctual performance of all payment obligations undertaken by the subsidiary under the Bonds if it fails to do so. Also, the Company has provided a corporate guarantee in favor of Von der Heyden Group Finance P.L.C. (VDHGF) to affect the due and punctual performance of all the payment obligations undertaken by the related party borrowers under VDHGF's loans if the said borrowers fail to do so.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Trade payables to third parties	**1,499,396**	894,692	**23,203**	43,148
Trade payables to associates	**356,786**	168,860	**-**	-
Trade payables to group companies	**-**	-	**22,584**	24,233
Trade payables to other related parties	**129,812**	-	**-**	-
Amounts owed to third parties	**850,091**	1,311,045	**850,091**	1,307,832
Amounts owed to group companies (i)	**-**	-	**1,615,210**	744,357
Amounts owed to associates and other related parties (i)	**10,777**	9,824	**2,894**	9,824
Amounts owed to ultimate beneficial owner (i)	**175,241**	21,303	**36,803**	21,303
Other taxes and social security contributions	**212,450**	343,439	**14,100**	15,885
Advance payments received from customers (ii)	**61,203**	114,698	**-**	-
Other payables	**421,841**	696,166	**-**	-
Accruals	**642,179**	614,294	**67,452**	75,246
VAT payable	**177,921**	433,362	**-**	-
	4,537,697	4,607,683	**2,632,337**	2,241,828

i. The amounts owed to parent company, group companies, associates, other related companies and to ultimate beneficial owner are unsecured, interest free and repayable on demand.

ii. Advance payment received from customers represent contract liabilities which will be recognised as revenue in proportion to the pattern of rights exercised by the customer.

Notes to the Financial Statements - *continued*

26. LEASES

As at 31 December 2022, the Group had seven ongoing contracts for leases of properties for hotel operations and for office use where it is the lessee (2021: eight). The Company does not have financial commitments under non-cancellable leases of properties or other assets where it is the lessee.

The Group's leases were discounted at incremental borrowing rates between 2.96% and 4.65%. The weighted average rate applied is 3.31%.

26.1. Right-of-use assets

	Group	
	2022	2021
	€	€
At 1 January	**31,404,241**	36,781,943
Depreciation charge	**(2,006,972)**	(3,086,124)
Modification of lease	**315,308**	-
Deconsolidation of subsidiaries (Note 15)	**-**	(312,962)
Remeasurement of right-of-use (Note 15)	**-**	(1,978,616)
At 31 December	**29,712,577**	31,404,241

26.2. Lease liabilities

	Group	
	2022	2021
	€	€
At 1 January	**33,276,666**	40,231,766
Interest accretion	**1,036,908**	1,204,427
Payments	**(2,717,848)**	(4,161,962)
Modification of lease	**315,308**	-
Lease concessions (Note 2.19)	**-**	(1,155,517)
Deconsolidation of subsidiaries (Note 30)	**-**	(327,510)
Remeasurement of lease liabilities (Note 33.3)	**-**	(2,514,538)
At 31 December	**31,911,034**	33,276,666
Non-current	**29,169,628**	30,505,626
Current	**2,741,406**	2,771,040
	31,911,034	33,276,666

The maturity analysis of the undiscounted lease liabilities is disclosed in Note 28.

26. LEASES - *continued*

26.3. Amounts recognised in profit or loss

	Group	
	2022	2021
	€	€
Income		
Lease concessions and rebates	-	1,155,517
Remeasurement of right-of-use and lease liability	-	535,922
Expenses		
Depreciation of right-of-use	**2,006,972**	3,086,124
Interest expense on lease liabilities	**1,036,908**	1,204,427
Short-term and low-value leases and related expenses	**269,416**	355,020

26.4. Other disclosures related to leases

The Group had total cash outflows for leases amounting to €2,987,264 (2021: €4,516,982).

The Group has leases for hotel properties that contains variable lease payments based on the performance of the property. The variable lease payments are due only when the amount of a percentage of revenue exceeds the determined fixed lease payments. The fixed element under these leases amounted to €2,717,848 (2021: €2,931,458). A five percent increase in revenue from these hotel properties would not result in any impact on the total lease payments as the resulting calculation would be below the fixed portion.

Extension options considered by management are disclosed in Note 3.4.

27. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company and the ultimate beneficial owner, the Company's subsidiaries and all other parties forming part of the Group of which the Company is the parent, and key management personnel. Transactions between the Company and its subsidiaries have been eliminated on consolidation. Details of transactions between the Company and its other related parties are disclosed below. Certain subsidiaries purchase and sell services to various related parties.

During the year then ended, the Group entered into the following transactions with non-consolidated related parties. Amounts due from and to related parties are disclosed in Notes 17, 20,23 and 25 respectively. Amounts due or payable to related parties are classified within trade and other receivables and trade and other payables when determined by management to be of a current account nature. The guarantee provided by the Company to one of its subsidiaries is disclosed in Note 24.

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Transactions with ultimate parent company				
Interest income	**175,657**	175,878	**21,657**	-
Transactions with ultimate beneficial owner				
Interest income	**15,577**	7,469	**-**	-
Transactions with group companies				
Interest income	**-**	-	**1,721,545**	1,081,840
Interest expense	**-**	-	**920,915**	661,970
Operating expenses	**-**	-	**89,435**	83,185
Transactions with other related parties				
Interest income	**182,423**	170,385	**45,598**	121,202
Interest expense	**238,020**	209,795	**5,585**	5,463

Key management compensation

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Director's fees and remuneration	**1,485,872**	1,429,289	**139,982**	139,901

Amounts due from directors are disclosed in Note 20.

28. FINANCIAL INSTRUMENTS

At year-end, the Group's and the Company's financial assets comprise loans receivable, trade and other receivables, other financial assets and cash and cash equivalents. There were no off-balance sheet financial assets.

At year-end, the Group's and the Company's financial liabilities comprise borrowings and trade and other payables. Off-balance sheet financial liabilities such as financial commitments and contingent liabilities are as disclosed in Note 30.

Exposure to credit and liquidity risks arise in the normal course of the Group's and the Company's operations.

28.1. Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statements of financial position is intended to indicate the timing in which cash flows will arise.

28.2. Capital risk management

The Group and the Company manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

The Group's and the Company's strategies are expected to remain unchanged in the foreseeable future. The capital structure of the Group and the Company consists of debt, which includes the borrowings as disclosed in Notes 23 and 24, and equity attributable to equity holders, comprising issued share capital, reserves and retained earnings as disclosed in Note 22 to these financial statements and in the statement of changes in equity.

28.3. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Group and the Company to concentrations of credit risk consist principally of loans and borrowings, trade and other receivables, other financial assets and cash and cash equivalents.

Other financial assets and bank balances

The Group's and the Company's investments in debt securities are mainly listed on the regulated markets and are therefore considered to be of low credit risk investments.

The credit risk relating to bank balances is considered to be low in view of management's policy of placing it with quality and reputable financial institutions.

Trade and other receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. Outstanding customer receivables are regularly monitored and significantly dispersed in nature with no significant concentration of risk being in existence. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for customers with similar loss patterns (i.e. by geographical region or customer type).

28. FINANCIAL INSTRUMENTS - *continued*

28.3. Credit risk - *continued*

Loans and other receivables

Impairment of loans and other receivables is made when significant deterioration of credit risk has been identified. Twelve-month expected credit losses are derived by reference to average industry ratings from reputable credit rating agencies.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset as disclosed in their respective notes. The maximum exposure for the Company is further increased in respect of the guarantee given to VDHGF.

The table below analyses the Group's allowance for expected credit losses and impairment on loans and trade and other receivables as at the reporting date:

31 December 2022		**Group**	
	Gross carrying amount €	**Allowance €**	**Net carrying amount €**
By classification			
Loans and other receivables	14,691,138	-	14,691,138
Trade and other receivables	7,410,948	(414,832)	6,996,116
	22,102,086	**(414,832)**	**21,687,254**
By impairment analysis			
12-month ECL (low credit risk)	11,816,724	(130,380)	11,686,344
Lifetime ECL	2,941,387	-	2,941,387
Credit-impaired	284,452	(284,452)	-
POCI (i)	7,059,523	-	7,059,523
	22,102,086	**(414,832)**	**21,687,254**

31 December 2021		**Group**	
	Gross carrying amount €	**Allowance €**	**Net carrying amount €**
By classification			
Loans and other receivables	13,714,367	-	13,714,367
Trade and other receivables	5,712,579	(414,832)	5,297,747
	19,426,946	**(414,832)**	**19,012,114**
By impairment analysis			
12-month ECL (low credit risk)	9,753,230	(130,380)	9,622,850
Lifetime ECL	2,329,741	-	2,329,741
Credit-impaired	284,452	(284,452)	-
POCI (i)	7,059,523	-	7,059,523
	19,426,946	**(414,832)**	**19,012,114**

i. No ECL is being recognised on POCI financial assets in view of collateral held (Note 17).

28. FINANCIAL INSTRUMENTS - *continued*

28.3. Credit risk - *continued*

The table below analyses the Company's allowance for expected credit losses and impairment on loans and trade and other receivables as at the reporting date:

31 December 2022	Company		
	Gross carrying amount €	Allowance €	Net carrying amount €
By classification			
Loans and other receivables	37,585,289	(3,262,824)	34,322,465
Loans and other receivables (as Guarantor of a Group Company)	11,109,097	-	11,109,097
Trade and other receivables	8,480,012	(794,660)	7,685,352
	57,174,398	**(4,057,484)**	**53,116,914**
By impairment analysis			
12-month ECL (low credit risk)	53,056,064	(86,467)	52,969,597
Lifetime ECL (simplified approach)	147,317	-	147,317
Lifetime ECL (not credit-impaired)	-	-	-
Credit-impaired	3,971,017	(3,971,017)	-
	57,174,398	**(4,057,484)**	**53,116,914**

31 December 2021	Company		
	Gross carrying amount €	Allowance €	Net carrying amount €
By classification			
Loans and other receivables	22,231,747	(3,262,824)	18,968,923
Loans and other receivables (as Guarantor of a Group Company)	11,046,715	-	11,046,715
Trade and other receivables	6,970,096	(794,660)	6,175,436
	40,248,558	**(4,057,484)**	**36,191,074**
By impairment analysis			
12-month ECL (low credit risk)	36,272,723	(86,467)	36,186,256
Lifetime ECL (simplified approach)	4,818	-	4,818
Lifetime ECL (not credit-impaired)	-	-	-
Credit-impaired	3,971,017	(3,971,017)	-
	40,248,558	**(4,057,484)**	**36,191,074**

28. FINANCIAL INSTRUMENTS – *continued*

28.4. Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bond proceeds, bank loans, lease contracts and bank overdrafts. The Group's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 13% of the Group's debt will mature in less than one year at 31 December 2022 (2021: 13%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2022			**Group**			
	On demand €	**Less than 3 months €**	**3 to 12 months €**	**1 to 5 years €**	**More than 5 years €**	**Total €**
Interest-bearings loans (excluding items below)	194,311	169,120	5,353,874	19,013,678	414,025	25,145,008
Debt securities in issue	-	-	1,685,225	6,740,900	42,130,625	50,556,750
Lease liabilities		685,352	2,056,055	10,644,414	28,993,800	42,379,621
Trade and other payables	2,407,835	642,179	-	-	-	3,050,014
	2,602,146	**1,496,651**	**9,095,154**	**36,398,992**	**71,538,450**	**121,131,393**

31 December 2021			**Group**			
	On demand €	**Less than 3 months €**	**3 to 12 months €**	**1 to 5 years €**	**More than 5 years €**	**Total €**
Interest-bearings loans (excluding items below)	-	490,250	6,593,816	8,902,315	7,942,489	23,928,870
Debt securities in issue	-	1,067,176	-	27,134,352	-	28,201,528
Lease liabilities	-	678,535	2,092,505	10,473,049	31,743,780	44,987,869
Trade and other payables	1,059,364	533,740	-	-	-	1,593,104
	1,059,364	**2,769,701**	**8,686,321**	**46,509,716**	**39,686,269**	**98,711,371**

28.5. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Notes to the Financial Statements – *continued*

28. FINANCIAL INSTRUMENTS – *continued*

28.6. Foreign currency risk

The Group is exposed to foreign currency risk on payments of expenses that are denominated in a currency other than the Euro. The main currency giving rise to this risk is the Polish złoty (PLN), upon translation of the results of the subsidiaries into Euro (€).

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

The following table illustrates the sensitivities to a reasonably possible change in exchange rate between the PLN and the €, with all other variables held constant on the Group's total comprehensive income:

	Effect on the Group's total comprehensive income	
	2022	2021
	€'000	€'000
Change in PLN versus EUR rate by +5%	**4,118**	(786)
Change in PLN versus EUR rate by −5%	**5,793**	517

28.7. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The interest rates on the borrowings are disclosed in Note 23.

The following table illustrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, with all other variables held constant, on the Group's profit before tax.

	Effect on the Group's profit before tax	
	2022	2021
	€'000	€'000
Change in basis points by +100	**(139)**	(145)
Change in basis points by −50	**69**	72

28.8. Fair value measurement of financial assets

At 31 December 2022 and 2021, financial assets at fair value through profit and loss were based on level 1 inputs, whereas the other financial assets are measured at fair value based on level 3 inputs. The different levels in the fair value hierarchy are defined in Note 2.

Fair value information is not presented for financial assets and financial liabilities which are not measured at fair value if their carrying amount is a reasonable approximation of fair value. As at 31 December 2022 and 2021, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current interest-bearing loans and borrowings approximated their fair values in view of the nature of the instruments or their short-term maturity. The fair value of non-current loans is not materially different from their carrying amounts particularly due to re-pricing. The fair values of non-current unsecured loans can be defined by reference to the quoted market price as disclosed in Note 24.

Notes to the Financial Statements - *continued*

28. FINANCIAL INSTRUMENTS – *continued*

28.9. Changes in liabilities arising from financing activities

	Group			Company
	Borrowings €	Debt securities in issue €	Lease liabilities €	Borrowings €
Balance at 1 January 2022	24,601,900	24,170,740	33,276,666	12,364,592
Cash flows	219,353	8,877,132	(1,680,940)	12,031,599
Accrued interest	215,679	-	-	-
Foreign exchange movement	105,178	-	-	-
Modification of lease	-	-	315,308	-
Loss on extinguishment of financial liability	-	293,249	-	-
Amortisation of bond issue costs	-	42,409	-	-
Other movement	-	(298,894)	-	488,150
Balance at 31 December 2022	**25,142,110**	**33,084,636**	**31,911,034**	**24,884,341**
Balance at 1 January 2021	20,037,118	24,225,028	40,231,766	4,985,565
Cash flows	4,897,208	(95,918)	(3,782,619)	7,500,000
Modification of leases and concessions	-	-	(2,844,971)	-
Deconsolidation of subsidiaries	(503,762)	-	(327,510)	-
Accrued interest	171,336	-	-	120,973
Amortisation of bond issue costs	-	41,630	-	-
Balance at 31 December 2021	**24,601,900**	**24,170,740**	**33,276,666**	**12,364,592**

Notes to the Financial Statements - *continued*

29. GOVERNMENT GRANTS

In an attempt to mitigate the impact of the COVID-19 pandemic, Governments in different countries introduced measures to aid entities. Government grants received by the Group during the financial periods presented included the Polish Development Fund (PFR) Financial Shields as well as the Bridging Aids by the German Government. These grant took the form of forgivable loans, which were provided as interest free loans. The PFR grant requires entities to maintain the average number of employees and to operate for the entire period of 12 months from the date of receiving the subsidy. Upon satisfying these conditions, the loan will be waived.

Government grants received, and for which conditions have been fully satisfied, are reported as income and are disclosed in Note 7. Government grants received and for which conditions are not yet fully satisfied, due to the twelve-month period which expires in May 2022, are reported as liabilities within current loans from third parties and amounted to €1,396,815 in 2021, while nil in 2022.

30. COMMITMENTS AND CONTINGENT LIABILITIES

30.1. Commitments

During the year, the Group, through its subsidiary Timan Investments España S.L., had entered into a purchase commitment to acquire a real estate property in Spain. The remaining commitments in this regard amounted to €0.2 million as at 31 December 2022 and the property was successfully acquired after the reporting period.

The Group also has commitments in respect of subscriptions it has with private investment funds. Total remaining commitments in this regard amounted to €1.2 million as at 31 December 2022.

30.2. Contingent liabilities

The Group has initiated arbitration procedures with one of the Hotel landlords over a dispute of leases to be paid. The landlords have also submitted a counter claim for approximately €1.1 million. The dispute has been resolved in 2021 and a settlement agreement has been reached including the termination of the lease and the consequential transfer of hotel operations to a new operator (Note 15.2).

There were no ongoing disputes involving the Company or any of the Group's subsidiaries as at 31 December 2022.

31. FAIR VALUE MEASUREMENT

31.1. Land & buildings and investment properties

The Group's land and buildings are classified as either property, plant and equipment or investment property depending on their intended use. Land and buildings are revalued by professionally qualified architects or surveyors on the basis of assessments of the fair value of the property in accordance with international valuations standards and professional practice (Notes 13 and 14).

In the years where a valuation is not obtained, management verifies all major inputs to the independent valuation report, assesses any property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer, as necessary.

For all properties, their current use equates to the highest and best use.

The investment properties held are still in their development stages, and thus no income is being derived from such.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group's property has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

Description of valuation techniques used and key inputs to valuation of lands and buildings and investment properties

The valuation was determined by a combination of the income approach (discounted projected cash flows) and the asset-based approach with reference to market prices based on database of valuations and sales of properties in the relevant area, as applicable.

Particulars	Valuation technique	Significant unobservable inputs	Range	Narrative sensitivity
Land and building	Income approach	Discount rate	6.90% - 10.50%	The higher the discount rate, the lower the fair value
Commercial yacht	Asset-based	Replacement costs of hull, engine, parts and equipment	€18,000 - €1,000,000	The higher the replacement cost, the higher the fair value
Investment property	Asset-based	Price per square meter	€100/sqm to €590/sqm	The higher the price per sqm, the higher the fair value
	Income approach	Discount rate	6.5% - 10.75%	The higher the discount rate, the lower the fair value

31. FAIR VALUE MEASUREMENT - *continued*

31.2. Investment in associates

The Company accounts for its investments in associates at fair value (Note 16) using the asset-based approach by reference to the net asset value of the respective entities. The Company's investment in associates has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2. The decrease in fair value for both 2022 and 2021 followed the return of capital upon liquidation and dividend distribution undertaken, respectively, by two of the associates. Dividend distribution undertaken by one of the associates during 2021 was recorded in profit and loss for the year, whereas the return of capital upon liquidation during 2022 has been transferred to the Group and Company's bank account. Amount yet to be received from liquidation of one of the associates as at year end has been recognised within the Group and Company's receivables.

Valuations from professionally qualified architects or surveyors, on the basis of assessments in accordance with international valuations standards and professional practice, including market data at the valuation date, are reflected for the operations being valued (for valuation techniques on asset-based approach refer to Note 31.3).

31.3. Investment in subsidiaries

The Company accounts for its investments in subsidiaries at fair value (Note 15). It uses different methods to value its investments, mainly the discounted projected cash flows approach in the case of operating companies and the asset-based approach in the case of companies holding properties.

The Company's investment in subsidiaries has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2.

	Company	
	2022	2021
	€	€
Discounted cash flows approach	**5,002,664**	5,033,058
Asset-based approach	**9,309,374**	8,701,632
	14,312,038	13,734,690

Discounted cash flows ("DCF") approach

Management performs an annual budgeting exercise updating each hotel's projected performance to reflect actual results and external market factors. A discount rate of 10%, and capitalisation rates of between 8% and 12%, have been used for the operations being valued. The higher the discount rate, the lower the fair value; the higher the capitalisation rate, the lower the fair value.

Asset-based approach

Valuations from professionally qualified architects or surveyors, on the basis of assessments in accordance with international valuations standards and professional practice, including market data at the valuation date, are reflected for the operations being valued (Note31.1)

Notes to the Financial Statements - *continued*

31. FAIR VALUE MEASUREMENT - *continued*

31.3. Investment in subsidiaries - *continued*

Details of investment in subsidiaries by valuation technique

	Valuation technique
Von der Heyden Group Finance P.L.C.	Asset-based
IBB Hotel Collection Holding S.L.	DCF
Asset Management Company Von der Heyden Group LLC	Asset-based
Von der Heyden Group Services Limited	Asset-based
Von der Heyden Yachting Limited	Asset-based
Hotspot Real Estate d.o.o.	Asset-based
Gzira 14 East Limited	Asset-based
IBB Hotel Erfurt GmbH & Co KG	Asset-based
First Polish Real Estate B.V.	Asset-based
Andersia Tower Hotel Management Sp. z o.o.	DCF
Lublin Grand Hotel Sp. z o.o.	Asset-based
Nowy Swiat 5 Sp. z o.o.	Asset-based
Von der Heyden & Partners Sp. z o.o.	Asset-based
Von der Heyden Development Sp. z o.o.	DCF
Timan Investments España S.L.	Asset-based
Urbelia Business S.L.	Asset-based
IBB Hotel Verwaltungsgesellschaft mbH	Asset-based
Lvant Prospects Limited	Asset-based
Villa Diodati S.R.L.	Asset-based

32. EVENTS AFTER THE END OF THE REPORTING PERIOD

32.1. Acquisition and sale of property in Spain

As disclosed in Note 30, a Group company has entered into a purchase commitment to acquire a property in Spain. Such purchase was completed subsequent to year end and was also sold thereafter to a third party.

32.2. Disposal of associate

On 10 March 2023, The Company's shareholdings in Mimie Reed International Limited, an associate company, were transferred by the ultimate beneficial owner on 10 March 2023.

Independent Auditors' Report

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Ernst & Young Malta Limited
Regional Business Centre
Achille Ferris Street
Msida MSD 1751, Malta

Tel: +356 2134 2134
Fax: +356 2133 0280
ey.malta@mt.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Timan Investments Holdings Limited

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the separate and consolidated financial statements of Timan Investment Holdings Limited (the "Company" and together with its subsidiaries, the "Group"), set on pages 15 to 76, which comprise the separate and consolidated statements of financial position as at 31 December 2022, and the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company as at 31 December 2022, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta,* and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Timan Investments Holdings Limited - continued

Report on the audit of the separate and consolidated financial statements - continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 other than our reporting on other legal and regulatory requirements.

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 directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group, or to cease operations, or have no realistic alternative but to do so.

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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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Timan Investments Holdings Limited - continued

Report on the audit of the separate and consolidated financial statements - continued

Auditor's responsibilities for the audit of the financial statements - continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 and Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the 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 and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 or the Group 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 fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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
to the Shareholders of Timan Investments Holdings Limited - continued

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act
We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

We also have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The partner in charge of the audit resulting in this independent auditor's report is Shawn Falzon for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

28 April 2023