EFA HOLDINGS PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

EFA HOLDINGS PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2023

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Stelios Anastasiou Nicolaos Papatsas Petros Christou
Company Secretary:	Petros Christou
Independent Auditors:	PKF abas limited Certified Public Accountants and Registered Auditors 67 Limassol Avenue Vision Tower 5th Floor 2121 Nicosia, Cyprus
Legal Advisers:	L. Papaphilippou & Co LLC
Registered office:	Agiou Antoniou 5, Muskita Building II, Floor 1, Office 102 Strovolos 2002 Cyprus
Bankers:	Alpha Bank Pireaus Bank National Bank of Greece Aegean Baltic Bank
Registration number:	HE429906

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2023.

Incorporation
The Company EFA Holdings Plc was incorporated in Cyprus on 13 January 2022 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. During the year 2022 the Company applied for listing in the non-regulated Emerging Capital Market of the Cyprus Stock Exchange. The listing was successfully completed on 7 July 2022.

Principal activities and nature of operations of the Group
The main operations of the Group are related to the aviation sector, aerospace and security. The Greek subsidiary EFA Ventures S.A. is involved in the Offsets / Industrial Cooperation market, in high-tech aerospace and defence industry projects, through the provision of commercial, financial, technical and support services. The Swiss subsidiary Aerospace Ventures AG provides services within the framework of major international contracts in the aviation industry, in particular in the areas of technology transfer, joint developments, support in marketing, distribution and financing.

Change of Company name
On 1 March 2022, the Company changed its name from EFA Holdings Ltd to EFA Holdings Plc.

Changes in group structure
During the year, the Group acquired control in the previously associate entity, Aether Aeronautics S.A., by acquiring a further 23% in the share capital of the entity, and therefore obtaining control over the entity by having a 65% shareholding.

Additionally, during the year the Group acquired a new company, Aviation Technologies Services and Solutions S.A..

Review of current position, and performance of the Group's business
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered beyond satisfactory. 2023 has been a pivotal year for EFA Group, reporting another record-setting set of results with profitability increasing over 600% compared to the previous year.

The Group's results are summarised as follows:

(amounts in €)	12 months to 31/12/2023	12 months to 31/12/2022	% Increase / (Decrease)
Turnover	66,297,764	22,509,282	195%
Results:			
Gross margin (I)	16,367,894	4,625,729	254%
Gross margin (%)	25%	21%	20%
EBITDA	10,072,469	1,710,901	489%
Other taxes	737,344	327,563	
Foreign exchange differences	622,638	125,542	
EBITDA (adjusted)	**11,432,451**	**2,164,006**	428%
EBIT	9,725,348	1,424,502	583%
Taxes	737,344	327,563	
Foreign exchange differences	622,638	125,542	
EBIT (adjusted)	**11,085,330**	**1,877,607**	490%
Earnings before tax	8,908,244	1,159,602	668%
Earnings after tax	5,840,557	873,366	569%

MANAGEMENT REPORT

Review of current position, and performance of the Group's business (continued)

Selected performance, capital structure and liquidity ratios:

				2023			2022		
Return on Equity (ROE)	=	Net profit after tax / Equity	=	5,840,557 / 11,364,462	=	*0.51*	873,836 / 4,854,866	=	*0.18*
Adjusted EBITDA	=	Adjusted EBITDA / Turnover	=	11,432,451 / 66,297,764	=	*0.17*	2,164,006 / 22,509,282	=	*0.10*
Debt ratio	=	Debt / Debt + Equity	=	15,018,964 / 26,383,426	=	*0.57*	9,528,490 / 14,383,356	=	*0.66*
Current ratio	=	Current assets / ST Liabilities	=	31,210,448 / 19,790,950	=	*1.58*	14,175,485 / 10,773,427	=	*1.32*
ROCE	=	Adjusted EBIT / Invested capital	=	11,085,330 / 18,613,002	=	*0.60*	1,877,607 / 7,562,795	=	*0.25*
Quick ratio	=	Current assets - inventories / Short-term liabilities	=	30,911,316 / 19,790,950	=	*1.56*	14,175,485 / 10,773,427	=	*1.32*

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group are disclosed in notes 7, 8, 37 and 41 of the consolidated financial statements.

Future developments of the Group
The Group looks forward to the improvement of the economic situation that will allow the recovery of the worldwide market and will contribute to the further improvement of its size and profitability. We believe that the Group, taking advantage of its acquired experience, its good reputation, but also relying on its good organization and the dedication of its specialized staff, will continue its good course in the next year as well.

Existence of branches
The subsidiary European Ventures S.A. maintains a branch in Nicosia. The main activity of the branch is the provision of services in the field of fire safety by leasing aircrafts for aerial firefighting.

The subsidiary Aerospace Ventures AG maintains a branch in Abu Dhabi. The main activity of the branch is the provision of administrative and consultancy services.

Results and Dividends
The Group's results for the year are set out on page 9. The net profit for the year attributable to the shareholders of the Group amounted to €5,840,558 (2022: €873,836). On 31 December 2023 the total assets of the Group were €38,403,954 (2022: €18,336,222) and the net assets of the Group were €11,364,463 (2022: €4,854,866).

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

Authorised capital
Under its Memorandum the Company fixed its share capital at 1,000 ordinary shares of nominal value of €3 each.

On 28 January 2022 the authorised share capital of the Company was increased by 129,500 ordinary shares of nominal value of €3 each.

Issued capital
Upon incorporation on 13 January 2022 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of €3 each at par.
On 28 January 2022 the Extraordinary General Meeting of the Company unanimously resolved to a further issue of 129,500 ordinary shares of nominal value €3,00 each.

Board of Directors
The members of the Group's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

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

Operating Environment of the Group
Any significant events that relate to the operating environment of the Group are described in note 37 to the consolidated financial statements.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 43 to the consolidated financial statements.

Related party transactions
Disclosed in note 38 of the consolidated financial statements.

Independent Auditors
The Independent Auditors, PKF abas limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Petros Christou
Secretary

Nicosia, 30 April 2024

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of EFA Holdings Plc (the "Company") for the year ended 31 December 2023, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group which are presented on pages 9 to 55:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and

b) The management report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with α description of the main risks and uncertainties which they face.

Members of the Board of Directors:

The Managing Director

Nicolaos Papatsas

The Vice President of the Board

Petros Christou

Stelios Anastasiou
Responsible for drafting the financial statements

Nicosia, 30 April 2024

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Independent Auditor's Report

To the Members of EFA Holdings Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of EFA Holdings Plc (the "Company") and its subsidiaries (the "Group"), which are presented on pages 9 - 55 and comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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Independent Auditor's Report (continued)

To the Members of EFA Holdings Plc

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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Independent Auditor's Report (continued)

To the Members of EFA Holdings Plc

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

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

Report on Other Legal Requirements

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

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matter

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

George Koukoumas
Certified Public Accountant and Registered Auditor
for and on behalf of
PKF abas limited
Certified Public Accountants and Registered Auditors

Nicosia, 30 April 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2023

	Note	2023 €	2022 €
Turnover	9	**66,297,764**	22,509,282
Cost of sales	10	**(49,929,870)**	(17,883,553)
Gross profit		**16,367,894**	4,625,729
Other income	11	**125,046**	44,588
Change in fair value of derivative financial instruments		**18,850**	(9,500)
Selling and distribution expenses	12	**(601,149)**	(482,149)
Administration expenses	13	**(4,393,031)**	(2,572,419)
Net impairment loss on financial assets	28	**(732,610)**	-
Other expenses and losses	14	**(306,174)**	(193,719)
Operating profit	**15**	**10,478,826**	1,412,530
Net finance costs	16	**(1,578,745)**	(225,662)
Share of results of equity accounted investees before tax		**8,164**	(27,266)
Profit before tax		**8,908,245**	1,159,602
Tax	17	**(3,067,687)**	(285,766)
Net profit for the year		**5,840,558**	873,836
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Remeasurements of post-employment benefit obligations		**1,159**	2,478
Tax on other comprehensive income		**(255)**	(545)
Merger reserve		**-**	1,363,311
		904	1,365,244
Items that may be classified subsequently to profit or loss:			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		**337,623**	1,420
Other comprehensive income for the year		**338,527**	1,366,664
Total comprehensive income for the year		**6,179,085**	2,240,500
Net profit for the year attributable to:			
Equity holders of the parent		**5,853,647**	873,836
Non-controlling interests		**(13,089)**	-
Net profit for the year		**5,840,558**	873,836
Total comprehensive income for the year attributable to:			
Equity holders of the parent		**6,192,174**	2,240,500
Non-controlling interests		**(13,089)**	-
Total comprehensive income for the year		**6,179,085**	2,240,500
Earnings per share	**18**	**44.76**	6.70
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)		**11,432,451**	2,164,006

EFA HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	Note	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	20	**6,042,053**	3,014,916
Right-of-use assets	21	**107,704**	148,294
Intangible assets	22	**396,893**	167,471
Investments in associates	24	**218,109**	327,734
Financial assets at fair value through other comprehensive income	25	**250,000**	250,000
Trade and other receivables	28	**25,890**	130,000
Non-current loans receivable	26	**-**	69,435
Deferred tax assets	33	**-**	52,887
		7,040,649	4,160,737
Current assets			
Inventories	27	**299,132**	-
Trade and other receivables	28	**4,510,564**	10,990,995
Financial assets at fair value through profit or loss		**9,350**	5,700
Contract assets	9	**10,576,457**	35,079
Cash and cash equivalents	29	**15,967,802**	3,143,711
		31,363,305	14,175,485
Total assets		**38,403,954**	18,336,222
EQUITY AND LIABILITIES			
Equity			
Share capital	30	**391,500**	391,500
Other reserves		**2,835,141**	2,497,518
Retained earnings		**7,820,399**	1,965,848
		11,047,040	4,854,866
Non-controlling interests		**317,423**	-
Total equity		**11,364,463**	4,854,866

The notes on pages 14 to 55 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2023

	Note	2023 €	2022 €
Non-current liabilities			
Borrowings	31	**4,803,485**	2,505,385
Lease liabilities	32	**71,650**	100,865
Deferred tax liabilities	33	**2,262,705**	-
Government grants		**3,163**	3,163
Provisions	34	**107,539**	98,516
		7,248,542	2,707,929
Current liabilities			
Trade and other payables	35	**8,575,139**	3,701,273
Borrowings	31	**10,400,413**	7,023,105
Lease liabilities	32	**38,308**	49,049
Current tax liabilities	36	**777,089**	-
		19,790,949	10,773,427
Total liabilities		**27,039,491**	13,481,356
Total equity and liabilities		**38,403,954**	18,336,222

On 30 April 2024 the Board of Directors of EFA Holdings Plc authorised these consolidated financial statements for issue.

....
Stelios Anastasiou — Director | Nicolaos Papatsas — Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 December 2023

	Note	Share capital €	Reserve prescribed by Memorandum €	Untaxed reserves €	Merger reserve €	Translation reserve €	Retained earnings €	Total €	Non-controlling interests €	Total €
Balance at 1 January 2022		**391,500**	**170,670**	**732,174**	**-**	**-**	**1,090,079**	**2,384,423**	**-**	**2,384,423**
Comprehensive income										
Net profit for the year		-	-	-	-	-	873,836	873,836	-	873,836
Other comprehensive income for the year		-	-	-	1,363,311	1,420	1,933	1,366,664	-	1,366,664
Total comprehensive income for the year		-	-	-	1,363,311	1,420	875,769	2,240,500	-	2,240,500
Additions		-	229,943	-	-	-	-	229,943	-	229,943
Balance at 31 December 2022/ 1 January 2023		**391,500**	**400,613**	**732,174**	**1,363,311**	**1,420**	**1,965,848**	**4,854,866**	**-**	**4,854,866**
Comprehensive income										
Net profit for the year		-	-	-	-	-	5,853,647	5,853,647	(13,089)	5,840,558
Other comprehensive income for the year		-	-	-	-	337,623	904	338,527	-	338,527
Total comprehensive income for the year		-	-	-	-	337,623	5,854,551	6,192,174	(13,089)	6,179,085
Other movements										
Acquisition of subsidiary with NCI	23	-	-	-	-	-	-	-	330,512	330,512
Total other movements		-	-	-	-	-	-	-	330,512	330,512
Balance at 31 December 2023		**391,500**	**400,613**	**732,174**	**1,363,311**	**339,043**	**7,820,399**	**11,047,040**	**317,423**	**11,364,463**

The notes on pages 14 to 55 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
31 December 2023

	Note	2023 €	2022 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8,908,245**	1,159,602
Adjustments for:			
Depreciation of property, plant and equipment	20	**260,303**	209,022
Depreciation of right-of-use assets	21	**50,212**	44,487
Exchange differences		**716,388**	125,541
Amortisation of intangibles	22	**36,606**	32,889
Goodwill		**(104,468)**	-
Share of (profit)/loss from associates	24	**(8,164)**	27,266
Fair value (gains)/losses on financial assets at fair value through profit or loss		**(3,650)**	9,500
Impairment charge of trade receivables	28	**732,610**	-
Charge to profit or loss for provisions	34	**24,449**	22,667
Interest income	16	**(1,645)**	(71,128)
Interest expense	16	**818,872**	257,580
Profit from de recognition of leases		**(296)**	-
Subsidies		**-**	(15,854)
		11,429,462	1,801,572
Changes in working capital:			
Inventories		**131,565**	-
Trade and other receivables and contract assets		**(5,160,671)**	(6,478,890)
Trade and other payables		**4,236,409**	546,076
Employment benefits paid	34	**(16,035)**	(29,527)
Change in receivables from related parties		**595,991**	(812,668)
Change in payables to related parties		**(117,345)**	57,383
Cash generated from/(used in) operations		**11,099,376**	(4,916,054)
Tax paid		**(18,935)**	(203,789)
Net cash generated from/(used in) operating activities		**11,080,441**	(5,119,843)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	22	**(139,461)**	(17,815)
Payment for purchase of property, plant and equipment	20	**(3,126,114)**	(392,999)
Loans granted		**-**	(69,391)
Loans repayments received		**71,080**	-
Payment for purchase of other investments		**-**	(307,734)
Interest received		**1,645**	71,128
Net cash used in investing activities		**(3,192,850)**	(716,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings	31	**(6,821,405)**	(19,560,924)
Payments of leases liabilities	32	**(49,282)**	(44,831)
Proceeds from borrowings	31	**4,343,298**	26,818,870
Interest paid		**(644,665)**	(220,092)
Net cash (used in)/generated from financing activities		**(3,172,054)**	6,993,023
Net increase in cash and cash equivalents		**4,715,537**	1,156,369
Cash and cash equivalents at beginning of the year		**917,712**	(158,154)
Effect of exchange rate fluctuations on cash held		**(65,860)**	(80,503)
Cash and cash equivalents at end of the year		**5,567,389**	917,712

The notes on pages 14 to 55 form an integral part of these consolidated financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company EFA Holdings Plc (the "Company") was incorporated in Cyprus on 13 January 2022 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113 and was converted to a public limited liability company on 7 July 2022. Its registered office is at Agiou Antoniou 5, Muskita Building II, Floor 1, Office 102, Strovolos, 2002, Cyprus.

The company was incorporated with the purpose to acquire the 100% of the issued share capital of EFA Ventures S.A.."(hereinafter: the Greek subsidiary), a company incorporated in Greece.

The acquisition agreements were concluded on 28 January 2022. For the acquisition of the share capital of EFA Ventures S.A., the Company issued on 28 January 2022, 130,500 ordinary shares of €3.00 each in exchange of 130,500 issued and fully paid shares in EFA Holdings Plc.

On 12 July 2022, EFA Ventures S.A. has incorporated a branch in Nicosia with the purpose to serve the contract with Cyprus Ministry of Agriculture, Rural Development and Environment for the provision of two aircrafts for aerial firefighting for the summer of 2022 and 2023.

On 31 October 2022, the Company acquired 22.5% of the issued share capital of the Company Ucandrone A.E, incorporated in Greece.

On 28 November 2022, the Group acquired 100% of the issued share capital of the company Aerospace Ventures AG, incorporated in Switzerland. The purpose of the company is to provide consulting services within the framework of major international contracts in the aviation industry.

On 31 March 2023, the Group established a new subsidiary, Aviation Technologies Services and Solutions S.A., by acquiring 100% of its share capital.

On 17 July 2023 the Group obtained control over the company Aether Aeronautics S.A. by acquiring a further 23% of its share capital, thus increasing its participation percentage to 65%.

EFA Holdings PLC together with its subsidiaries and associates form the Group "EFA Group" ("The Group").

Principal activities

The main operations of the Group are related to the aviation sector, aerospace and security. The Greek subsidiary EFA Ventures S.A. is involved in the Offsets / Industrial Cooperation market, in high-tech aerospace and defence industry projects, through the provision of commercial, financial, technical and support services. The Swiss subsidiary Aerospace Ventures AG provides services within the framework of major international contracts in the aviation industry, in particular in the areas of technology transfer, joint developments, support in marketing, distribution and financing.

2. Basis of preparation

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

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

These consolidated financial statements have been prepared under the historical cost convention.

2. Basis of preparation (continued)

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 8.

3. Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional currency of the Group.

4. Adoption of new or revised standards and interpretations

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

5. Significant accounting policies

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

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company EFA Holdings Plc and the financial statements of the following subsidiaries:

-EFA Ventures S.A. - Greece (100%)
-Aerospace Ventures AG - Switzerland (100%)
-Aether Aeronautics S.A. (65%) - Greece
-Aviation Technologies Services and Solutions S.A. - Greece(100%)

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

Business combinations

For the purposes of preparing the consolidated financial statements, the method of Business Combinations under Common Control was followed (as regards the consolidation of EFA Ventures S.A.), where the book value method ("book-value accounting" or "Predecessor Value method") is applied. Particularly, the assets and liabilities of EFA Ventures S.A. were recognised based on their current book values instead of fair values. The Management has adopted this method of business combination since the new business structure did not affect the shareholding structure and minority interests. Furthermore, no resources were spent outside the Group as a result of this restructuring. Therefore, the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income are presented as the sum of the respective financial statements of the parent and its subsidiary EFA Ventures S.A. as if they had been combined during the accounting periods included in these financial statements. The difference between the acquisition price of a company and the book value of the corresponding net assets is presented as "Merger Reserve" in the Statement of Changes in Equity.

The rest of the subsidiaries were consolidated using the acquisition method.

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

5. Significant accounting policies (continued)

Business combinations (continued)

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

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

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

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

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

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

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

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

5. Significant accounting policies (continued)

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and are accounted for by the equity method of accounting.

Goodwill

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

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

Revenue

Recognition and measurement

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

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

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

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

Identification of performance obligations

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

5. Significant accounting policies (continued)

Revenue (continued)

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

- **Rendering of services**

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

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

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

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

Finance income

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

Finance costs

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

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

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

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

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

5. Significant accounting policies (continued)

Tax (continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Property, plant and equipment

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

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	4
Machinery & Equipment	10
Transportation equipment (for carrying people)	16
Transportation equipment (for carrying goods)	12
Other equipment	10
Equipment	20
Assets of lower value (below EUR 1,500)	100

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

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

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

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

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

Deferred income from government grants

Government grants on non-current assets acquisitions are credited to profit or loss in instalments over the estimated useful economic lives of the corresponding assets. This is achieved by deducting grants from the book value of these assets and the recognition of income through the reduced depreciation charge. Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognised in profit or loss as revenue.

5. Significant accounting policies (continued)

Intangible assets

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

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

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

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

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases

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

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

5. Significant accounting policies (continued)

Leases (continued)

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

The Group as lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

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

Short-term leases and leases of low-value assets

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

5. Significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Financial assets - Classification

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition and derecognition

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

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

Financial assets - Measurement

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

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement (continued)

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

Financial assets - impairment - credit loss allowance for ECL

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

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

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

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

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

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

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

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 7, Credit risk section for a description of how the Group determines low credit risk financial assets.

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets -Reclassification

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

Financial assets - write-off

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

Financial assets - modification

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

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

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

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

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

5. Significant accounting policies (continued)

Financial assets (continued)

Classification as trade receivables

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

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

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 7, Credit risk section.

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

Financial guarantee contracts

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

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

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

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

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Borrowings

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

5. Significant accounting policies (continued)

Financial assets (continued)

Trade payables

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

Financial liabilities - Modifications

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

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

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

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

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

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

5. Significant accounting policies (continued)

Prepayments

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

Share capital

Ordinary shares are classified as equity.

Provisions

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

Obligations to pay retirement compensation are calculated based on the requirements of IAS 19 "Employee Benefits" at the present value of future benefits accumulated at the end of the year, based on recognition of employee benefits during the course of work. These obligations are calculated based on the financial and actuarial assumptions and are specified using the actuarial valuation method called the projected unit credit method. Actuarial gains and losses which are now recognised in Other Comprehensive Income and expected returns on asset plans are not recognised in the income statement while there is a requirement to recognise interest on the net defined benefit obligation (or asset) in the income statement which is calculated using the discount rate used to measure the defined benefit obligation. Costs of past service that were not recorded must be recorded in the Income Statement on either the date of the amendment or the date on which the cost of restructuring or termination is recognised, whichever is earlier.

Non-current liabilities

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

Fair value measurement

The carrying amounts of the Group's financial assets and liabilities approximate their fair value at the reporting date.

The fair value of financial assets traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

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

5. Significant accounting policies (continued)

Earnings per share

The basic earnings/(losses) per share are calculated by dividing the net profits/(losses) attributable to shareholders by the weighted average number of ordinary shares in circulation during the relevant period, excluding the average number of shares acquired as own shares. Diluted earnings/(losses) per share are calculated by dividing the net profits/(losses) attributable to the parent's shareholders by the weighted average number of ordinary shares outstanding during the year, as adjusted for the impact of potential securities convertible to shares (such as stock options).

Comparatives

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

6. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- *IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-currentand Non-current Liabilities with covenants (effective for annual periods beginning on or after 1 January 2024)*
- *IFRS 16 Leases (Amendments): Lease Liability in Sale and Leaseback (effective for annual periods beginning onor after 1 January 2024)*

(ii) Issued by the IASB but not yet adopted by the European Union

Amendments

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (effective for annual periods beginning on or after 1 January 2024).*
- *IFRS 10 Consolidated Financial Statements (Amendments) and IAS 28 Investments in Associates and JointVentures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(effective date postponed indefinitely; early adoption continues to be permitted)*
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025).*

The above are expected to have no significant impact on the Group's consolidated financial statements when they become effective.

7. Financial risk management

Financial risk factors

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

7.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio.

7. Financial risk management (continued)

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

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2023	2022
	€	€
Fixed rate instruments		
Financial liabilities	**1,344,502**	6,181,530
Variable rate instruments		
Financial liabilities	**13,859,396**	3,346,960
	15,203,898	9,528,490

7.3 Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables. Further, credit risk arises from financial guarantees and credit related commitments.

(i) Risk management

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

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

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

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

(ii) Impairment of financial assets

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

- trade receivables
- receivables from related parties
- cash and cash equivalents

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

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

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

Significant increase in credit risk

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

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

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

Low credit risk

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

Default

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

Write-off

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

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

Trade receivables

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

The loss allowances for trade receivables as at 31 December 2023 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2023	2022
	€	€
Balance at 1 January	**16,988**	-
Increase in loss allowance recognised in profit or loss during the year	**732,610**	16,988
Balance at 31 December	**749,598**	16,988

There were no significant trade receivable and contract asset balances written off during the year that are subject to enforcement activity.

Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Group assesses whether there was a significant increase in credit risk.

The Group does not hold any collateral as security for any receivables from related parties.

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

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents

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

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

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

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

(iii) Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	2023 €	2022 €
Impairment charge - trade receivables	(732,610)	-
Net impairment loss on financial and contract assets	(732,610)	-

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

7.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2023	Carrying amounts €	Contractual cash flows €	6 months or less €	6-12 months €	1-5 years €	More than 5 years €
Bank loans	3,458,983	3,458,983	-	-	739,600	2,719,383
Lease liabilities	109,958	109,958	19,154	19,154	71,650	-
Bank overdrafts	9,950,471	9,950,471	9,950,471	-	-	-
Short term loans	449,942	449,942	381,142	68,800	-	-
Trade and other payables	7,937,296	2,328,855	-	2,328,855	-	-
Payables to related parties	1,689	1,794	-	1,794	-	-
Loans from other related parties	1,344,502	1,505,842	-	-	1,505,842	-
	23,252,841	17,805,845	10,350,767	2,418,603	2,317,092	2,719,383

7. Financial risk management (continued)

7.4 Liquidity risk (continued)

31 December 2022	Carrying amounts	Contractual cash flows	6 months or less	6-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	1,120,961	1,120,961	-	-	1,120,961	-
Lease liabilities	149,914	125,390	-	24,525	100,865	-
Bank overdrafts	2,171,491	2,171,491	2,171,491	-	-	-
Short term loans	54,508	54,508	29,508	25,000	-	-
Trade and other payables	2,744,645	2,682,994	2,682,994	-	-	-
Payables to related parties	57,383	119,034	119,034	-	-	-
Loans from other related parties	6,181,530	6,181,530	-	4,797,105	1,384,425	-
	12,480,432	**12,455,908**	**5,003,027**	**4,846,630**	**2,606,251**	**-**

7.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Liabilities		**Assets**
	2023	2022	**2023**	2022
	€	€	**€**	€
United States Dollars	**-**	-	**8,562,698**	836,206
Swiss francs	**1,996,357**	27,420	**121,836**	165,247
	1,996,357	27,420	**8,684,534**	1,001,453

7.6 Reputation risk

The risk of loss of reputation arising from the negative publicity relating to The Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group. The Group applies procedures to minimize this risk.

7. Financial risk management (continued)

7.7 Capital risk management
Capital includes equity shares and share premium.

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The Group's capital is analysed as follows:

	2023	2022
	€	€
Total borrowings (Note 31)	**15,203,898**	9,528,490
Less: Cash and cash equivalents	**(15,967,802)**	(3,143,711)
Net debt	**(763,904)**	6,384,779
Total equity	**11,364,463**	4,854,866
Total capital	**10,600,559**	11,239,645
Gearing ratio	**(7.21)%**	56.81%

8. Critical accounting estimates, judgments and assumptions

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

Critical accounting estimates and assumptions

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

- **Amount payable under residual value guarantees**

  The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Group does not expect to pay anything under the guarantees.

  At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

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

- **Calculation of loss allowance**

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

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

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

- **Revenue recognition**

  The Group uses the percentage-of-completion method in accounting for its fixed price contract to deliver services since the customer receives and uses the benefits from the services simultaneously. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Were the proportion of services performed to total services to be performed differs from Management's estimates, the amount of revenue recognised in the year would be different.

Critical judgements in applying the Group's accounting policies

- **Fair value of financial assets**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Useful live of depreciable assets**

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

- **Provisions**

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

9. Turnover

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

Disaggregation of revenue - geographical	2023	2022
	€	€
Domestic	**14,414,221**	3,710,830
EU	**18,925,323**	15,152,185
Third countries	**32,958,220**	3,646,267
	66,297,764	22,509,282

(a) Assets and liabilities related to contracts with customers

The Group has recognised the following assets related to contracts with customers:

	2023	2022
	€	€
Contract assets		
Revenue	**10,576,457**	35,079
Total contract assets	**10,576,457**	35,079

Amounts relating to contract assets are receivables under 6 Framework Agreements with the Hellenic Air Force for the support of the CL-215-415 Aerial Fire Fighting System and partial repair of A/K PW123AF for a duration of 4 years, with a contractual price of €78,826,504. The recognition of the contract asset is in line with a series of performance related milestones. The contract assets include the Group's right to the revenue occuring from the services transferred to customers.

The contract asset is recognised over the period in which the services are performed to represent the Group's right to consideration for the services transferred to date.

	2023	2022
	€	€

10. Cost of sales

	2023	2022
	€	€
Staff costs	**535,399**	404,380
Subcontracted work	**46,780,396**	2,466,869
Services received	**97,106**	13,670,576
Sundry expenses	**448,502**	298,304
Changes in inventories of finished goods	**270,078**	-
Taxes-duties	**748,081**	327,563
Aerial management fees	**960,000**	640,000
Depreciation	**90,308**	75,861
	49,929,870	17,883,553

11. Other operating income

	2023	2022
	€	€
Government grants	**71,713**	15,854
Sundry operating income	**53,333**	28,734
	125,046	44,588

12. Selling and distribution expenses

	2023	2022
	€	€
Staff costs	**87,860**	11,098
Exhibition, transport, travel expenses	**374,891**	152,824
Taxes - duties	**9,171**	7,120
Third party fees and expenses	**39,703**	296,183
Subcontracting fees	**83,518**	2,659
Depreciation	**6,006**	12,265
	601,149	482,149

13. Administration expenses

	2023	2022
	€	€
Staff costs	**1,793,748**	1,234,788
Sundry expenses	**608,238**	440,562
Auditors' remuneration	**64,634**	15,980
Operating allowances	**24,449**	22,385
Taxes - duties	**88,058**	83,447
Subcontracting fees	**414,050**	317,751
Third party fees and expenses	**1,162,467**	259,234
Depreciation	**237,387**	198,272
	4,393,031	2,572,419

14. Other expenses

	2023	2022
	€	€
Foreign exchange differences	**93,750**	164,778
Sundry expenses	**212,424**	28,941
	306,174	193,719

15. Operating profit

	2023	2022
	€	€
Operating profit is stated after charging the following items:		
Amortisation of intangibles (included in "Administration expenses") (Note 22)	**36,606**	32,889
Depreciation of right-of-use assets (Note 21)	**50,212**	44,487
Depreciation of property, plant and equipment (Note 20)	**260,303**	209,021
Staff costs	**2,417,007**	1,650,266
Auditors' remuneration	**64,634**	15,980
Trade receivables - impairment charge for bad and doubtful debts	**732,610**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2023

16. Finance income/(costs)

	2023	2022
	€	€
Finance income		
Other interest income	**1,645**	71,128
Foreign exchange gains	**79,176**	39,237
	80,821	110,365
Finance costs		
Interest expense		
Bank loan interest	**(664,830)**	(246,783)
Interest on obligations under finance leases	**(4,487)**	(2,774)
Bank overdraft interest	**-**	(485)
Interest on loans from related parties	**(147,787)**	(7,256)
Financial cost of discounting liability for post-employment benefits	**(1,768)**	(282)
Sundry finance expenses		
Bank charges	**(138,880)**	(78,447)
Net foreign exchange losses		
Foreign exchange losses	**(701,814)**	-
	(1,659,566)	(336,027)
Net finance costs	**(1,578,745)**	(225,662)

17. Tax

17.1 Tax recognised in profit or loss

	2023	2022
	€	€
Corporation tax - current year	**752,095**	327,538
Corporation tax - prior years	**-**	(2,893)
Deferred tax - charge/(credit) (Note 33)	**2,315,592**	(38,879)
Charge for the year	**3,067,687**	285,766

The tax on the Group's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2023	2022
	€	€
Profit before tax	**8,908,245**	1,159,602
Tax calculated at the applicable tax rates	**1,113,531**	144,950
Tax effect of expenses not deductible for tax purposes	**514,528**	35,800
Tax effect of allowances and income not subject to tax	**(1,037,422)**	129,261
10% additional charge	**161,458**	17,527
Deferred tax	**2,315,592**	(38,879)
Prior year tax	**-**	(2,893)
Tax charge	**3,067,687**	285,766

17. Tax (continued)

17.2 Tax recognised in other comprehensive income

	2023 €	2022 €
Re-measurement of defined benefit plans	255	545
Total income tax recognised in other comprehensive income	**255**	545

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

18. Profit per share attributable to equity holders of the parent

	2023	2022
Profit attributable to shareholders (€)	**5,840,558**	873,836
Weighted average number of ordinary shares in issue during the year	**130,500**	130,500
Profit per share attributable to equity holders of the parent	**44.76**	6.70

Basic earnings per share are calculated by dividing the net profits corresponding to ordinary shareholders by the average weighted number of ordinary shares in issue over the year.

Consequently, both the basic earnings per share and the diluted earnings per share are the same.

19. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2023	Financial assets at fair value through other comprehensive income €	Fair value through profit or loss €	Financial assets at amortised cost €	Total €
Assets as per consolidated statement of financial position:				
Trade and other receivables	-	-	2,436,422	2,436,422
Financial assets	250,000	-	218,109	468,109
Cash and cash equivalents	-	-	16,050,443	16,050,443
Financial assets at fair value through profit or loss	-	9,350	-	9,350
Total	**250,000**	**9,350**	**18,704,974**	**18,964,324**

	Borrowings and other financial liabilities €
Liabilities as per consolidated statement of financial position:	
Borrowings	15,203,898
Trade and other payables	1,741,702
Total	**16,945,600**

19. Financial instruments by category (continued)

31 December 2022	Financial assets at fair value through other comprehensive income	Fair value through profit or loss	Financial assets at amortised cost	Total
	€	€	€	€
Assets as per consolidated statement of financial position:				
Trade and other receivables	-	-	7,416,014	7,416,014
Loans granted	-	-	69,435	69,435
Financial assets	250,000	-	327,734	577,734
Cash and cash equivalents	-	-	3,143,711	3,143,711
Financial assets at fair value through profit or loss	-	5,700	-	5,700
Total	**250,000**	**5,700**	**10,956,894**	**11,212,594**

	Borrowings and other financial liabilities
	€
Liabilities as per consolidated statement of financial position:	
Borrowings	9,528,490
Trade and other payables	2,378,489
Total	**11,906,979**

20. Property, plant and equipment

	Immovable property €	Transportation equipment €	Machinery & Equipment €	Other equipment €	Total €
Cost					
Balance at 1 January 2022	2,516,467	34,770	565,509	873,867	3,990,613
Additions	151,164	-	21,116	114,838	287,118
Balance at 31 December 2022/ 1 January 2023	**2,667,631**	**34,770**	**586,625**	**988,705**	**4,277,731**
Acquisitions through business combinations	-	-	137,438	45,095	182,533
Additions	2,801,571	-	-	324,543	3,126,114
Balance at 31 December 2023	**5,469,202**	**34,770**	**724,063**	**1,358,343**	**7,586,378**
Depreciation					
Balance at 1 January 2022	173,624	21,865	118,927	739,378	1,053,794
Charge for the year	70,231	3,130	59,371	76,289	209,021
Balance at 31 December 2022	**243,855**	**24,995**	**178,298**	**815,667**	**1,262,815**
Balance at 31 December 2022/ 1 January 2023	**243,855**	**24,995**	**178,298**	**815,667**	**1,262,815**
Acquisitions through business combinations	-	-	13,280	7,925	21,205
Charge for the year	68,361	3,130	72,540	116,274	260,305
Balance at 31 December 2023	**312,216**	**28,125**	**264,118**	**939,866**	**1,544,325**
Net book amount					
Balance at 31 December 2023	**5,156,986**	**6,645**	**459,945**	**418,477**	**6,042,053**
Balance at 31 December 2022	**2,423,776**	**9,775**	**408,327**	**173,038**	**3,014,916**

The following liens are filed against on the property owned by the Greek subsidiary located at the junction of 7 Stratigi St. and 10 Omirou St., Neo Psychiko:

a) A first priority mortgage prenotation registered in favour of Aegean Baltic Bank pursuant to Piraeus Court of Peace Judgment No. 167/10.04.2023 for €5.160.000 to secure the bank's interest-bearing claim derived from the loan agreement dated 07.04.2023 amounting to €4.300.000.

21. Right-of-use assets

	Motor vehicles
	€
Cost	
Balance at 1 January 2022	162,029
Additions	121,734
Adjustment to right-of-use asset	(58,740)
Balance at 31 December 2022/ 1 January 2023	**225,023**
Additions	29,720
Adjustment to right-of-use asset	(93,873)
Balance at 31 December 2023	**160,870**
Depreciation	
Balance at 1 January 2022	90,982
Charge for the year	44,487
Adjustment to right-of-use asset	(58,740)
Balance at 31 December 2022/ 1 January 2023	**76,729**
Charge for the year	50,212
Adjustment to right-of-use asset	(73,775)
Balance at 31 December 2023	**53,166**
Net book amount	
Balance at 31 December 2023	**107,704**
Balance at 31 December 2022	**148,294**

Amounts recognised in profit and loss:

	2023	2022
	€	€
Interest expense on lease liabilities	**(4,487)**	(2,774)

22. Intangible assets

	Goodwill €	Software €	Royalties €	Total €
Cost				
Balance at 1 January 2022	-	812,885	28,993	841,878
Additions	-	15,115	2,700	17,815
Balance at 31 December 2022/ 1 January 2023	**-**	**828,000**	**31,693**	**859,693**
Acquisitions through business combinations	-	29,840	-	29,840
Additions	104,468	137,211	2,250	243,929
Balance at 31 December 2023	**104,468**	**995,051**	**33,943**	**1,133,462**
Amortisation				
Balance at 1 January 2022	-	635,340	23,993	659,333
Amortisation for the year (Note 15)	-	30,209	2,680	32,889
Balance at 31 December 2022/ 1 January 2023	**-**	**665,549**	**26,673**	**692,222**
Acquisitions through business combinations	-	7,741	-	7,741
Amortisation for the year (Note 15)	-	33,743	2,863	36,606
Balance at 31 December 2023	**-**	**707,033**	**29,536**	**736,569**
Net book amount				
Balance at 31 December 2023	**104,468**	**288,018**	**4,407**	**396,893**
Balance at 31 December 2022	**-**	**162,451**	**5,020**	**167,471**

Goodwill represents the premium paid to acquire the business of Aether Aeronautics S.A. (Note 23) and is measured at cost less any accumulated impairment losses.

23. Acquisition of subsidiary

On 17 July 2023 the Group obtained control over the company Aether Aeronautics S.A. by acquired a further 23% of its share capital, thus increasing its participation percentage to 65%.

Name	Acquisition date	Percentage acquired	Previous percentage	Country and principal activity
Aether Aeronautics S.A.	17 July 2023	65%	42%	Greece. Provision of flight testing schedules for manned and unmanned systems and design, testing and manufacturing of light aircrafts.

Fair Value of Consideration transferred for each major class of consideration:

	Aether Aeronautics S.A. €
Cash paid	720,486
Total consideration transferred	720,486

Goodwill arising on consolidation:

	Aether Aeronautics S.A. €
Consideration transferred	720,486
Plus: non-controlling interests on acquisition date	330,512
Less: Fair value of the net assets acquired	(944,319)
Share of profits pre acquisition	(2,211)
Goodwill arising on consolidation: (Note 22)	104,468

Goodwill arose in the acquisition of Aether Aeronautics S.A. because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Aether Aeronautics S.A.. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

24. Investments in associates

	2023 €	2022 €
Balance at 1 January	**327,734**	120,000
Additions	**-**	235,000
Reclassification due to acquisition of control	**(117,789)**	-
Share of results of equity accounted investees before tax	**8,164**	(27,266)
Balance at 31 December	**218,109**	327,734

24. Investments in associates (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2023 Holding %	2022 Holding %	**2023 €**	2022 €
Ucandrone S.A.	Greece	Research and developmentand study of non manned systems or aircraft	22.5	22.5	**218,109**	209,945
Aether Aeronautics S.A.	Greece	Provision of flight testing schedules for manned and unmanned systems and design, testing and manufacturing of light aircrafts.	65	42	**-**	117,789
					218,109	327,734

On 3 February 2022, the Group acquired a participating shareholding of 22,5% in Ucandrone S.A., for €235.000.

On 17 July 2023 the Group obtained control over the company Aether Aeronautics S.A. by acquired a further 23% of its share capital, thus increasing its participation percentage to 65%. The net book value of €117,789 was eliminated on consolidation of these financial statements.

25. Financial assets at fair value through other comprehensive income

	2023 €	2022 €
Balance at 31 December	**250,000**	250,000

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, Management of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The details of the investments are as follows:

Name	**Country of incorporation**	**Principal activities**	**Holding %**	**2023 €**	2022 €
SARISA SUB-CONCESSION S.A.	Greece	Operating the Port of Kavala, Greece	10	**250,000**	250,000
				250,000	250,000

(i) Disposal of equity investments

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

(ii) Disposal of debt investments

On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

26. Non-current loans receivable

	2023	2022
	€	€
Loans to related parties (Note 38.6)	-	69,435
	-	69,435

The exposure of the Group to credit risk in relation to loans receivable is reported in note 7 of the consolidated financial statements.

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

27. Inventories

	2023	2022
	€	€
Finished products	299,132	-
	299,132	-

Inventories are stated at the lower of cost and net realisable value.

28. Trade and other receivables

	2023	2022
	€	€
Trade receivables	1,516,565	5,485,719
Trade receivables from related parties	88,676	658,638
Less: credit loss on trade receivables	(749,598)	(16,988)
Trade receivables - net	855,643	6,127,369
Directors' current accounts - debit balances (Note 38.9)	10,276	7,816
Receivables from other related parties (Note 38.5)	69,755	666,454
Deposits and prepayments	2,088,598	767,368
Advances to subcontractors	11,433	2,937,613
Other receivables	1,500,749	614,375
	4,536,454	11,120,995
Less non-current receivables	(25,890)	(130,000)
Current portion	4,510,564	10,990,995

Other receivables include an escrow account amounting to €604,547 (2022: NIL), VAT and other taxes receivable amounting to €555,360 (2022: €476,580) and advances for the purchase of property amounting to NIL (2022: €130,000).

The Group does not hold any collateral over the trading balances.

Movement in provision for impairment of receivables:

	2023	2022
	€	€
Balance at 1 January	16,988	-
Impairment losses recognised on receivables	732,610	16,988
Balance at 31 December	749,598	16,988

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

28. Trade and other receivables (continued)

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the consolidated financial statements.

29. Cash and cash equivalents

Cash balances are analysed as follows:

	2023	2022
	€	€
Cash in hand	**75,352**	24,667
Notice accounts	**15,892,450**	3,119,044
	15,967,802	3,143,711

Cash and cash equivalents by type:

	2023	2022
	€	€
Sight deposits in EUR	**6,627,809**	1,672,390
Sight deposits in foreign currency	**9,264,641**	1,446,654
Cash in hand	**75,352**	24,667
Total	**15,967,802**	3,143,711

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the consolidated financial statements.

30. Share capital

	2023 Number of shares	**2023 €**	2022 Number of shares	2022 €
Authorised				
Ordinary shares of €1 each	130,500	391,500	130,500	391,500
Issued and fully paid				
Balance at 1 January	130,500	391,500	1,000	3,000
Issue of shares	-	-	129,500	388,500
Balance at 31 December	**130,500**	**391,500**	130,500	391,500

Authorised capital

Under its Memorandum the Company fixed its share capital at 1,000 ordinary shares of nominal value of €3 each.

On 28 January 2022 the authorised share capital of the Company was increased by 129,500 ordinary shares of nominal value of €3 each.

Issued capital

Upon incorporation on 13 January 2022 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of €3 each at par.

On 28 January 2022 the Extraordinary General Meeting of the Company unanimously resolved to a further issue of 129,500 ordinary shares of nominal value €3,00 each.

31. Borrowings

	2023	2022
	€	€
Balance at 1 January	**9,528,490**	2,233,823
Additions	**35,129,537**	27,063,202
Repayments of principal	**(29,975,308)**	(19,795,924)
Repayments of interest	**(640,178)**	(217,318)
Interest charged (Note 16)	**812,617**	254,039
Foreign exchange differences	**348,740**	(9,332)
Balance at 31 December	**15,203,898**	9,528,490

	2023	2022
	€	€
Current borrowings		
Bank overdrafts (Note 29)	**9,950,471**	2,171,491
Short term portion of long term loans (Note 29)	**449,942**	54,508
Loans from other related parties (Note 38.8)	**-**	4,797,106
	10,400,413	7,023,105
Non-current borrowings		
Bank loans	**3,458,983**	1,120,961
Loans from other related parties (Note 38.8)	**1,344,502**	1,384,424
	4,803,485	2,505,385
Total	**15,203,898**	9,528,490

Bank loans were granted by Aegean Baltic Bank, Alpha Bank, National Bank of Greece and Pereus Bank.

The bank loans and overdrafts are secured as follows:

- By mortgage against immovable property of the Group for €5,160,000 (2022: €1,500,000).

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

	2023	2022
	%	%
Bank overdrafts	**4.1**	4.1
Bank loans	**Euribor 3m + 3%**	3.5

32. Lease liabilities

	2023	2022
	€	€
Balance at 1 January	**149,914**	73,011
Additions	**29,720**	121,734
Repayments of principal	**(49,282)**	(44,831)
Repayments of interest	**(4,487)**	(2,774)
Interest (Note 16)	**4,487**	2,774
Derecognition of lease liabilities	**(20,394)**	-
Balance at 31 December	**109,958**	149,914

	2023	2022
	€	€
Maturity analysis:		
Year 1	**38,308**	49,049
Up to year 5	**71,650**	100,865
	109,958	149,914

	2023	2022
Analysed as:		
Non-current	**71,650**	100,865
Current	**38,308**	49,049
	109,958	149,914

All lease obligations are denominated in Euro.

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

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

33. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 17). The applicable corporation tax rate in the case of tax losses is 12,5%.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Temporary tax differences
	€
Charged/(credited) to:	
	2,262,705
Balance at 31 December 2023	**2,262,705**

33. Deferred tax (continued)

Deferred tax assets

	Temporary tax differences €
Balance at 1 January 2022	14,553
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 17)	38,879
Other comprehensive income	(545)
Balance at 31 December 2022/ 1 January 2023	**52,887**
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 17)	(52,887)
Balance at 31 December 2023	**-**

34. Provisions

	Pension and other post retirement obligations €	Other provisions €	Total €
Balance at 1 January 2022	40,240	49,000	89,240
Charged/(credited) to profit or loss	22,667	-	22,667
Charged/(credited) to other comprehensive income	(2,478)	-	(2,478)
Benefits paid	(10,913)	-	(10,913)
Balance at 31 December 2022/ 1 January 2023	**49,516**	**49,000**	**98,516**
Charged/(credited) to profit or loss	26,217	-	26,217
Charged/(credited) to other comprehensive income	(1,159)	-	(1,159)
Benefits paid	(16,035)	-	(16,035)
Balance at 31 December 2023	**58,539**	**49,000**	**107,539**

The actuarial estimate of obligations has been prepared in accordance with the relevant legislation as provided in the Laws 2112/1920 and 3026/1954 and amended by Laws 4093/2012, 4336/2015 and 4194/2013.

They are pension benefits specified in the relevant legislation paid once the employee retires. Greek labour law provides for compensation when one retires from work. The amount is based on length of service at the Greek subsidiary, taking into account the pay on the date of departure.

Compensation for retirement is not funded from special funds.

The Group has not developed a special benefits plan for employees other than those specified in the relevant legislation, which must be paid to all employees who leave the Groupy.

The present value of the defined benefit obligation, the normal cost of current employee and, where appropriate, the cost of past service are calculated using the projected unit credit method (IAS 19).

On 31 December 2023 the Group employed 60 persons (2022: 45 persons).

35. Trade and other payables

	2023	2022
	€	€
Trade payables and obligations under contracts	7,305,252	2,200,143
Social insurance	111,514	66,142
Other taxes and duties	583,810	423,539
Accruals	524,640	43,002
Other creditors	48,234	120,963
Payable dividends	-	790,101
Payables to other related parties (Note 38.7)	1,689	57,383
	8,575,139	3,701,273

During the year 2023, the Group signed 6 Framework Agreements with the Hellenic Air Force for the support of the CL-215-415 Aerial Fire Fighting System and partial repair of A/K PW123AF for a duration of 4 years with a contractual price of €78,826,504. The trade payables and obligations under contracts include a total amount of €4,957,076 which relates to these projects.

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

36. Current tax liabilities

	2023	2022
	€	€
Corporation tax	777,089	-
	777,089	-

37. Operating Environment of the Group

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments have taken increasingly stringent measures against Russia and Belarus. These measures slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which has affected household incomes and business operating costs.

The Management team has positively assessed those current developments that will contribute to the further development of our sector. This has and is expected to continue having a positive impact on our overall financials.

In particular, the Management considers that the projected increase in defence and security expenditure worldwide had a positive impact on the Group's financial results in 2023 and is expected to have a positive impact on the Group's financial results in 2024 as well. The Management team continuously assesses the trends in our sector and by evaluating the new conditions that are emerging plans measures designed to optimise its financials.

In 2024, Management is making every effort to enhance the Group's profitability, strengthen its presence in foreign markets, while also improving its financial indicators. The Group 's high credit rating contributes to easy access to financing from banks, to partnerships with suppliers offering competitive terms, ensuring our smooth operation.

The ongoing war in Ukraine following the Russian invasion in early 2022 and the severe economic sanctions imposed on Russia have significantly affected the energy market and subsequently the global market. The Group is not directly exposed, so there is no direct impact on financial performance from the latest developments. Any impact is only indirect, related to the high energy costs and inflationary pressures caused by this crisis that has caused a general climate of uncertainty and instability.

The conflict between Hamas and Israel commenced on 7 October 2023. The military activities continue until the date of approval of these financial statements. The result of this conflict cannot be assessed however at the date of approval of these financial statements the Management considers that it will have a positive impact on the Group's financial results in 2024.

38. Related party transactions

The Group is controlled by Mr. Christian Hadjiminas, who owns 87% of the Group's shares.

The following transactions were carried out with related parties:

38.1 Directors' remuneration

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

	2023	2022
	€	€
Directors' and key management personnel salaries	**289,351**	141,035

38.2 Rendering of services

	2023	2022
	€	€
Theon Sensors SA	**17,930**	27,960
Interoperability Systems International Hellas SA	**11,520**	12,120
European Sensor Systems SA	**1,200**	1,200
Skytalis	**10,893**	-
Ucandrone S.A.	**14,400**	-
	55,943	41,280

38. Related party transactions (continued)

38.3 Cost of sales

	2023	2022
	€	€
Ucandrone S.A.	**134,159**	10,164
Theon Sensors S.A.	**14,463**	3,662
Aether Aeronautics S.A.	**-**	11,215
Interoperability Systems International Hellas S.A.	**9,415**	-
	158,037	25,041

38.4 Interest income/(expense) (Note 16)

	2023	2022
	€	€
Theon Sensors AG	**(79,045)**	(5,143)
European Finance Aerospace Group AG	**(57,866)**	(2,492)
Asseblia Limited	**(9,098)**	(4,335)
European Finance Aerospace Group AG	**1,641**	478
Theon International Plc	**(2,108)**	-
	(146,476)	(11,492)

38.5 Receivables from related parties (Note 28)

Name	Nature of transactions	2023 €	2022 €
Theon Sensors SA	Trade	**12,313**	11,126
Interoperability Systems International Hellas SA	Trade	**14,285**	15,029
European Sensor Systems SA	Trade	**1,243**	10,567
Key management personnel	Salary advances	**-**	7,816
Aether Aeronautics S.A.	Trade	**-**	621,916
Ucandrone S.A.	Trade	**60,835**	-
Antonia Vescou	Finance	**65,143**	-
Apostolos Vrontoulakis	Finance	**4,613**	-
		158,432	666,454

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

38.6 Loans to related parties (Note 26)

	2023	2022
	€	€
European Finance Aerospace Group AG	**-**	69,435
	-	69,435

The loan to European Finance Aerospace Group AG carried interest of 3% and was repayable on 31 March 2024. The loan was repaid during the year ended 31 December 2023.

38.7 Payables to related parties (Note 35)

Name	2023 €	2022 €
European Finance Aerospace Group AG	**-**	57,383
Theon International Plc	**1,689**	-
	1,689	57,383

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

38. Related party transactions (continued)

38.8 Loans from related parties (Note 31)

Name	Terms	2023 €	2022 €
European Finance Aerospace Group AG	Finance	**1,344,502**	1,384,424
Asseblia Limited	Finance	-	279,335
Theon Sensors AG		-	4,517,771
		1,344,502	6,181,530

The loan from European Finance Aerospace Group AG carries interest 4% per annum (2022: 1.5%) and is repayable on 31 December 2026.

The loan from Asseblia Limited carried interest 3.5% per annum and was repaid on 31 December 2023.

The loan from Theon Sensors AG carried interest 0.5% per annum and was repayable on demand. The loan was fully repaid on 14 August 2023.

38.9 Directors' current accounts - debit balances (Note 28)

	2023 €	2022 €
Nicolaos Papatsas	**10,276**	-

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

39. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2023 and 25 April 2024 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2023 %	25 April 2024 %
Christian Hadjiminas	87	87

40. Significant agreements with management

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

41. Contingent liabilities

As at 31 December 2023 the Group had contingent liabilities in respect of guarantees issued for tender procedures. These amounted to €3,777,102 (2022: €2,559,341).

The total amounts of contingent liabilities of the Group are as follows:

	2023 €	2022 €
Participation guarantee	**613,826**	1,200,437
Performance guarantee	**2,912,429**	903,257
Advance payment guarantee	-	304,800
Warranties	**150,847**	150,847
Payment guarantee	**100,000**	-
	3,777,102	2,559,341

42. Commitments

The Group had no capital or other commitments as at 31 December 2023.

43. Events after the reporting period

After the reporting period, the Group has signed an agreement with NSPA (NATO Support and Procurement Agency) for Aerial Fire Fighting services for a duration of three (3) years with a contractual price of €25,000,000 with an option to extent for additional two (2) years.

On 17 April 2024, the Group acquired a further 22.5% in the share capital of Ucandrone S.A., increasing its shareholding to 45%, for a total consideration of €235,000.

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Independent auditor's report on pages 6 to 8