# SIF IMOBILIARE PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

**SIF IMOBILIARE PLC**

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2024

CONTENTS

# SIF IMOBILIARE PLC

## BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Administrare Imobiliare SA<br>Chrystalla Mina<br>Androulla Siaxiate |
| **Company Secretary:** | Romanos Secretarial Limited<br>30 Karpenisiou Street<br>CY-1077, Nicosia, Cyprus |
| **Independent Auditors:** | Evoserve Auditors Limited<br>Certified Public Accountants and Registered Auditors<br>Andrea Papakosta 7, 1037<br>P.O. Box 21550 |
| **Registered office:** | 30 Karpenisiou Street<br>CY-1077, Nicosia, Cyprus |
| **Registration number:** | HE323682 |

# CONSOLIDATED MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2024.

**Principal activities and nature of operations of the Group**
The principal activities of the Group, which are unchanged from last year, is the ownership, exploitation, management and trading of real estate property located in Romania.

The consolidated results of the Group for the year ended 31 December 2024 include the following subsidiary companies of the Company:

1. COMALIM SA
2. SIFI BH EST SA
3. SIFI CLUJ RETAIL SA
4. SIFI CJ LOGISTIC SA
5. SIFI CJ AGRO SA
6. SIFI CJ STORAGE SA
7. SIFI UNITEH SA
8. SIFI BH IND VEST SA
9. BISTRITA SA
10. SIFI CJ OFFICE SA
11. CORA SA
12. SIFI BAIA MARE SA
13. SIFI SIGHET SA
14. SIFI B ONE SA
15. SIFI BH RETAIL SA
16. SIFI PROPERTIES SA
17. AISA INVESTMENTS LIMITED

The subsidiaries No. 1 up to No. 16 are property owners, all incorporated in Romania. The subsidiary No 17 remained dormant during 2024 and was incorporated on 10 December 2024 in the Republic of Cyprus.

SIFI Uniteh SA was liquidated on 24 September 2024 and the results of the subsidiary up to the date of liquidation have been incorporated in the statement of profit or loss and other comprehensive income.

Out of 17 subsidiary companies mentioned above, 4 are currently listed on Bucharest Stock Exchange's AeRO market: Comalim SA, SIFI Cluj Retail SA, SIFI CJ Logistic SA and SIFI CJ Storage SA. SIFI Uniteh was listed on the Bucharest Stock Exchange's AeRO market but its shares were suspended due to the liquidation.

**Review of current position, future developments and performance of the Group's business**
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

**Results**
The Group's results for the year are set out on page 8.

**Dividends**
The Group during the year declared dividends amounted to €7,150,407 (2023: €3,599,738).

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

**Board of Directors**
The members of the Group's Board of Directors as at 31 December 2024 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 2024.

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.

**Independent Auditors**
The Independent Auditors, Evoserve Auditors 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,

Administrare Imobiliare SA
Director

Nicosia, 27 March 2025

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# Independent Auditor's Report

## To the Members of SIF Imobiliare PLC

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

#### Opinion

We have audited the consolidated financial statements of SIF Imobiliare PLC (the "Company") and its subsidiaries (together with the Company, the "Group"), which are presented in pages 8 to 33 which comprise the consolidated statement of financial position as at 31 December 2024, 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 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 financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Opinion

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

#### Key Audit Matters

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

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# Independent Auditor's Report (continued)

## To the Members of SIF Imobiliare PLC

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investment properties (refer to Note 15 to the Financial Statements)</td></tr>
<tr><td>The Group holds investment properties at the total value of Euro 47,103,500 as at 31 December 2024 which represents approximately 39.23% of the total assets of the Group. The Group's investment properties are held to earn rentals and are located in Romania.<br><br>The fair value of investment property is determined by using valuation techniques. The Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Indicators of the assessment of the fair value of the investment properties include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability, which may indicate that the carrying amount of an asset is not recoverable. In addition, management obtains valuation reports for the investment properties held from external independent valuators.<br><br>The investment properties are stated at its fair value at the reporting date and we consider the valuation of the investment properties as a key audit matter due to their significance on the consolidated statement of financial position and because the determination of the fair values involves significant judgment and estimation.</td><td>Our audit procedures included the following:<br><br>- Obtained and inspected the valuation reports prepared by the external property valuer engaged by the Group<br><br>- Evaluated the independent external valuer competence, capabilities and objectivity<br><br>- Evaluated the valuation methodology used by the external property valuer based on our knowledge of other property valuers for similar types of properties<br><br>Based on the results of our audit procedures we have obtained reasonable assurance in regard to the valuation of the investment properties.</td></tr>
</table>

### 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 financial statements and our auditor's report thereon.

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

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# Independent Auditor's Report (continued)

## To the Members of SIF Imobiliare PLC

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

**Responsibilities of the Board of Directors 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 Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

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# Independent Auditor's Report (continued)

## To the Members of SIF Imobiliare PLC

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

**Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Laws 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, and 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 Company's members as a body in accordance with Section 69 of the Auditors Laws of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Constantinos Montis.

C. Montis

Constantinos Montis, BSc ACA
Certified Public Accountant and Registered Auditor
for and on behalf of
**Evoserve Auditors Limited**
**Certified Public Accountants and Registered Auditors**

Nicosia, 27 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

| | Note | 2024 € | 2023 € |
|---|---|---|---|
| **Revenue** | 6 | **3,636,184** | 5,178,707 |
| Fair value gain on investment property | 15 | **1,762,974** | 6,808,209 |
| General and administration expenses | 7 | **(3,299,335)** | (2,474,530) |
| **Gross profit** | | **2,099,823** | 9,512,386 |
| Other operating income | 8 | **9,909,249** | 235,489 |
| Other expenses | 9 | **(4,354)** | (178,337) |
| **Operating profit** | | **12,004,718** | 9,569,538 |
| Finance income | 11 | **2,757,572** | 1,658,682 |
| Finance costs | 11 | **(47,567)** | (492,259) |
| **Profit before tax** | | **14,714,723** | 10,735,961 |
| Tax | 12 | **(746,628)** | (1,922,652) |
| **Net profit for the year** | | **13,968,095** | 8,813,309 |
| **Other comprehensive income** | | | |
| Total comprehensive income/ (loss) for the year | | **4,890,148** | (6,335,660) |
| **Other comprehensive income for the year** | | **4,890,148** | (6,335,660) |
| **Total comprehensive income for the year** | | **18,858,243** | 2,477,649 |
| Net profit for the year attributable to: | | | |
| Equity holders of the parent | | **13,019,682** | 7,978,148 |
| Non-controlling interests | | **948,413** | 835,161 |
| | | **13,968,095** | 8,813,309 |
| Total comprehensive income for the year attributable to: | | | |
| Equity holders of the parent | | **17,578,195** | 2,242,865 |
| Non-controlling interests | | **1,280,048** | 234,784 |
| | | **18,858,243** | 2,477,649 |

The notes on pages 14 to 33 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2024

| | Note | 2024 € | 2023 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **762,592** | 66,806 |
| Investment properties | 15 | **47,103,500** | 57,616,745 |
| Intangible assets | | **2,799** | 2,799 |
| Non-current loans receivable | 16 | **20,042,994** | 19,077,553 |
| | | **67,911,885** | 76,763,903 |
| **Current assets** | | | |
| Inventories | 17 | **125** | 255 |
| Trade and other receivables | 18 | **19,805,204** | 7,799,087 |
| Loans receivable | 16 | **-** | 208,307 |
| Financial assets at fair value through profit or loss | 19 | **2,055,154** | 2,054,963 |
| Cash and cash equivalents | 20 | **14,098,996** | 15,765,200 |
| | | **35,959,479** | 25,827,812 |
| Assets classified as held for sale | 21 | **16,195,111** | 1 |
| **Total assets** | | **120,066,475** | 102,591,716 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 22 | **4,499,974** | 4,499,974 |
| Share premium | | **31,037,928** | 31,037,928 |
| Other reserves | | **(3,205,538)** | (3,636,784) |
| Retained earnings | | **46,588,738** | 35,401,252 |
| | | **78,921,102** | 67,302,370 |
| Non-controlling interests | | **2,595,225** | 2,707,177 |
| **Total equity** | | **81,516,327** | 70,009,547 |
| **Non-current liabilities** | | | |
| Borrowings | 23 | **237,064** | 227,516 |
| Deferred tax liabilities | 24 | **6,412,380** | 5,108,255 |
| | | **6,649,444** | 5,335,771 |
| **Current liabilities** | | | |
| Trade and other payables | 25 | **31,900,704** | 27,246,398 |
| | | **31,900,704** | 27,246,398 |
| **Total liabilities** | | **38,550,148** | 32,582,169 |
| **Total equity and liabilities** | | **120,066,475** | 102,591,716 |

The notes on pages 14 to 33 form an integral part of these consolidated financial statements.

On 27 March 2025 the Board of Directors of SIF IMOBILIARE PLC authorised these consolidated financial statements for issue.

| | |
|---|---|
| ................................... | ................................... |
| Administrare Imobiliare SA | Chrystalla Mina |
| Director | Director |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2024

| | | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital € | Share premium € | Translation reserve € | Other reserves € | Retained earnings € | Total € | Non-controlling interests € | Total € |
| **Balance at 1 January 2023** | | **4,499,974** | **31,037,928** | **(486,118)** | **(802,228)** | **33,218,154** | **67,467,710** | **3,663,926** | **71,131,636** |
| Net profit for the year | | - | - | - | - | 7,978,148 | 7,978,148 | 835,161 | 8,813,309 |
| Dividends | 13 | - | - | - | - | (2,429,986) | (2,429,986) | (1,169,752) | (3,599,738) |
| Other comprehensive income | | - | - | 1,620 | (2,350,058) | (3,365,064) | (5,713,502) | (622,158) | (6,335,660) |
| **Balance at 31 December 2023/ 1 January 2024** | | **4,499,974** | **31,037,928** | **(484,498)** | **(3,152,286)** | **35,401,252** | **67,302,370** | **2,707,177** | **70,009,547** |
| Net profit for the year | | - | - | - | - | 13,019,682 | 13,019,682 | 948,413 | 13,968,095 |
| Dividends | 13 | - | - | - | - | (7,019,959) | (7,019,959) | (130,448) | (7,150,407) |
| Other comprehensive income | | - | - | 109,295 | 321,951 | 5,187,763 | 5,619,009 | (728,861) | 4,890,148 |
| Elimination of SIFI Uniteh SA | | - | - | - | - | - | - | (201,056) | (201,056) |
| **Balance at 31 December 2024** | | **4,499,974** | **31,037,928** | **(375,203)** | **(2,830,335)** | **46,588,738** | **78,921,102** | **2,595,225** | **81,516,327** |

The notes on pages 14 to 33 form an integral part of these consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2024

| | Note | 2024 € | 2023 € |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before tax** | | **14,714,723** | 10,735,961 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 14 | **8,461** | 15,846 |
| Unrealised exchange profit | | **(544,104)** | (668,276) |
| Profit from sale of assets held for sale | 8, 21 | **(9,586,056)** | - |
| Fair value profit on investment property | 15 | **(1,762,974)** | (6,808,209) |
| Net gain from sale of investment property | 8, 15 | **(323,193)** | - |
| Provisions | | **5,411** | 23,639 |
| Valuation gain of property, plant and equipment | | - | (3,071) |
| Interest income | 11 | **(2,757,572)** | (1,658,682) |
| Interest expense | 11 | **47,858** | 439,150 |
| Other non monetary items | | **70,826** | 82,410 |
| Deferred taxes | | **1,212,802** | - |
| | | **1,086,182** | 2,158,768 |
| **Changes in working capital:** | | | |
| Decrease in inventories | | **130** | 525 |
| Increase in trade and other receivables | | **(12,006,117)** | (4,618,526) |
| (Increase)/decrease in financial assets at fair value through profit or loss | | **(191)** | 3,464,280 |
| Increase in trade and other payables | | **4,654,306** | 12,381,020 |
| Increase in deferred tax liabilities | | **1,304,125** | - |
| **Cash (used in)/generated from operations** | | **(4,961,565)** | 13,386,067 |
| Interest received | | **895,533** | 225,319 |
| Interest paid | | **(4,266)** | (226,078) |
| Tax paid | | **(544,510)** | (1,862,769) |
| **Net cash (used in)/generated from operating activities** | | **(4,614,808)** | 11,522,539 |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of property, plant and equipment | 14 | **(687,423)** | (7,167) |
| Payment for purchase of investment property | 15 | **(34,097)** | (341,149) |
| Loans granted | | - | (18,700,196) |
| Loans repayments received | | - | 3,329,541 |
| Proceeds from disposal of property, plant and equipment | | - | 1,401 |
| Proceeds from disposal of assets held for sale | 21 | **9,586,057** | - |
| Proceeds from sale of investment properties | 15 | **400,193** | 289,409 |
| Interest received | | **223,962** | - |
| **Net cash generated from/(used in) investing activities** | | **9,488,692** | (15,428,161) |

# CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2024

| | Note | 2024 € | 2023 € |
|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayments of borrowings | | **(22,631)** | - |
| Proceeds from borrowings | | **502,502** | 31,058 |
| Interest paid | | - | (70,979) |
| Dividends paid | | **(7,019,959)** | (3,599,738) |
| **Net cash used in financing activities** | | **(6,540,088)** | (3,639,659) |
| **Net decrease in cash and cash equivalents** | | **(1,666,204)** | (7,545,281) |
| Cash and cash equivalents at beginning of the year | | **15,765,200** | 23,310,481 |
| **Cash and cash equivalents at end of the year** | **20** | **14,098,996** | 15,765,200 |

**1. Incorporation and principal activities**

**Country of incorporation**

SIF Imobiliare PLC (the 'Company') and its subsidiaries (together, the 'Group') are engaged in the ownership, exploitation, management and trading of real estate property located in Romania.

The Company was incorporated in Cyprus on 18 July 2013 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 30 Karpenisiou Street, CY-1077 Nicosia, Cyprus.

**Principal activities**

The principal activities of the Group, which are unchanged from last year, is the ownership, exploitation, management and trading of real estate property located in Romania.

**2. Basis of preparation**
**(a) Statement of compliance**
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

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

The consolidated financial statements have been prepared under the historical cost convention, except in the case of land, buildings and equipment, investment property, and financial assets and financial liabilities at fair value through profit or loss.

**(c) Use of estimates and judgments**
The preparation of financial statements in accordance with IFRS requires from management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below:

- **Fair value of investment property**
  The fair value of investment property 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 investment property has been estimated based on the fair value of the particular investment properties held.

- **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.

**2. Basis of preparation (continued)**

**(d) Functional and presentation currency**
The consolidated financial statements are presented in Euro (€) which is the presentation currency of the Group.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of, investment property, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

**3. 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 Group consolidated financial statements comprise the financial statements of the parent company SIF Imobiliare Plc and the financial statements of the following subsidiaries:

1. COMALIM SA
2. SIFI BH EST SA
3. SIFI CLUJ RETAIL SA
4. SIFI CJ LOGISTIC SA
5. SIFI CJ AGRO SA
6. SIFI CJ STORAGE SA
7. SIFI UNITEH SA
8. SIFI BH IND VEST SA
9. BISTRITA SA
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13. SIFI SIGHET SA
14. SIFI B ONE SA
15. SIFI BH RETAIL SA
16. SIFI PROPERTIES SA
17. AISA INVESTMENTS LIMITED

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**Acquisition of entities under common control**
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as an acquisition at the date when the business combination has occurred. The assets and liabilities are recognised at the carrying amounts recognised previously in the Group controlling shareholder's financial statements. The difference between the carrying values of the Group's share of the identifiable net assets and the consideration paid is recorded, in equity as a reserve on acquisition from entities under common control.

**3. Significant accounting policies (continued)**

**Changes in the Group's ownership interests in existing subsidiaries**
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

**Revenue recognition**
Revenues earned by the Group are recognised on the following bases:

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

- **Rendering of services**
  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Sale of products**
  Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

**Finance income**
Finance income includes interest income which is recognised based on an accrual basis.

**Finance expenses**
Interest expense and other borrowing costs are recognised to profit or loss using the effective interest method.

**3. Significant accounting policies (continued)**

**Foreign currency translation**

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

  Items included in the subsidiaries 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 Romanian Lei (LEI), which is the subsidiaries' functional and presentation currency. The financial statements of the subsidiary companies have been translated in Euro (€), for consolidation purposes.

  The financial statements of the Group are presented in Euro (€), which is the Group's presentation currency.

- **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.

  The assets and liabilities of the Company's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

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

Tax liabilities and assets for the current and prior periods 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. Current tax includes any adjustments to tax payable in respect of previous periods.

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 consolidated financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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 measured at cost less accumulated depreciation and impairment losses.
Land and buildings are carried at cost, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

**3. Significant accounting policies (continued)**

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised in profit or loss on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

| | % |
|---|---|
| Plant and machinery | 5 - 33.33 |
| Buildings | 2 - 5 |
| Furniture, fixtures and office equipment | 10 |
| Tangible assets-cost | 6.67 - 33.33 |

Depreciation methods, useful lives and residual values are reassessed at the 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.

**Investment properties**
Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

**Intangible assets**
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 and is included within administrative expenses.

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.

**3. Significant accounting policies (continued)**

**Business combinations**

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

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

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

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

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

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

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.

**3. Significant accounting policies (continued)**

**Business combinations (continued)**

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.

**Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

**Employee benefits**

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

**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).

**3. Significant accounting policies (continued)**

**Financial assets - Measurement**

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

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

**Financial assets - 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.

**3. Significant accounting policies (continued)**

**Cash and cash equivalents**

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

**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".

**Credit related commitments**

The Group issues commitments to provide loans. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Group cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

**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.

**3. Significant accounting policies (continued)**

**Borrowings**

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

**Trade payables**

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

**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.

**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.

**3. Significant accounting policies (continued)**

**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 5, Credit risk section.

**Prepayments**

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

**Share capital**

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

**Non-current liabilities**

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

**Comparatives**

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

**4. New accounting pronouncements**

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

## 5. Financial risk management

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

### 5.1 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.

### 5.2 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 Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

### 5.3 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 cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Further, credit risk arises from financial guarantees and credit related commitments

### 5.4 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 2024** | Carrying amounts |
|---|---|
| | € |
| Long-term interest bearing liabilities | 237,064 |
| Trade and other payables | 31,900,704 |
| | **32,137,768** |

| 31 December 2023 | Carrying amounts |
|---|---|
| | € |
| Long-term interest bearing liabilities | 227,516 |
| Trade and other payables | 27,246,398 |
| | **27,473,914** |

**5. Financial risk management (continued)**

**5.5 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's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

## 6. Revenue

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

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Rental income | **3,085,144** | 3,462,031 |
| Other operating income | **551,040** | 1,716,676 |
| | **3,636,184** | 5,178,707 |

## 7. General and administration expenses

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Raw materials and consumables used | **4,874** | 16,369 |
| Staff costs (Note 10) | **317,008** | 430,707 |
| Water supply and cleaning | **24,234** | 44,788 |
| Licenses and taxes | **1,212,802** | 441,406 |
| Sundry expenses | **702,204** | 486,323 |
| Professional and other related expenses | **743,157** | 613,497 |
| Adjustment for impairment of current assets | **165,972** | 117,282 |
| Travelling and entertainment | **394** | 6,110 |
| Auditor's remuneration | **17,850** | 17,850 |
| Rent payable | **69,555** | 76,713 |
| Repairs and maintenance | **7,254** | 9,654 |
| Letting costs and Investment Properties sale commissions | **25,570** | 197,985 |
| Depreciation (Note 14) | **8,461** | 15,846 |
| | **3,299,335** | 2,474,530 |

## 8. Other operating income

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Commercial discounts | - | 232,418 |
| Net gain from sale of investment property (Note 15) | **323,193** | - |
| Valuation gain of property, plant and equipment (Note 14) | - | 3,071 |
| Profit from disposal of assets held for sale (Note 21) | **9,586,056** | - |
| | **9,909,249** | 235,489 |

### 9. Other expenses

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Commissions | - | 178,337 |
| Loss from liquidation of subsidiary | 4,354 | - |
| | 4,354 | 178,337 |

### 10. Staff costs

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Salaries | 295,101 | 399,944 |
| Social security costs | 21,907 | 30,763 |
| | 317,008 | 430,707 |
| Average number of employees | 37 | 43 |

### 11. Finance income/(costs)

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Interest income | 2,757,572 | 1,658,682 |
| **Finance income** | 2,757,572 | 1,658,682 |
| Net foreign exchange losses | 291 | (53,109) |
| Interest expense | (47,858) | (439,150) |
| **Finance costs** | (47,567) | (492,259) |
| **Net finance income** | 2,710,005 | 1,166,423 |

### 12. Tax

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Corporation tax | 746,628 | 1,922,652 |

The applicable tax rate in Cyprus is 12.5% and in Romania is 16%.

### 13. Dividends

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Declared dividend | 7,150,407 | 3,599,738 |

The Group during the year declared dividends amounted to €7,150,407.

**14. Property, plant and equipment**

| | Land and buildings | Plant and machinery | Furniture, fixtures and office equipment | Tangible assets-cost | Total |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| **Cost** | | | | | |
| Balance at 1 January 2023 | 2,653,003 | 1,097,352 | 91,900 | 5,388 | 3,847,643 |
| Additions | - | 7,167 | - | - | 7,167 |
| Disposals | - | - | - | (1,401) | (1,401) |
| Inflation adjustment | - | - | 27 | 9 | 36 |
| Exchange differences | - | (1,975) | (238) | (29) | (2,242) |
| Valuation adjustments | 3,071 | - | - | - | 3,071 |
| **Balance at 31 December 2023/ 1 January 2024** | **2,656,074** | **1,102,544** | **91,689** | **3,967** | **3,854,274** |
| Additions | - | 3,094 | - | 684,329 | 687,423 |
| Inflation adjustment | - | - | 27 | 147 | 174 |
| Exchange differences | (239) | (524) | (28) | - | (791) |
| Corrections | - | 12,171 | 6,915 | - | 19,086 |
| Transfer to scrap | - | - | - | (247) | (247) |
| **Balance at 31 December 2024** | **2,655,835** | **1,117,285** | **98,603** | **688,196** | **4,559,919** |
| | | | | | |
| **Depreciation** | | | | | |
| Balance at 1 January 2023 | (2,618,411) | (1,066,022) | (90,101) | - | (3,774,534) |
| Charge for the year | (141) | (15,072) | (633) | - | (15,846) |
| On disposals | - | - | (27) | - | (27) |
| Inflation adjustments | 31 | 2,677 | 230 | - | 2,938 |
| **Balance at 31 December 2023/ 1 January 2024** | **(2,618,521)** | **(1,078,417)** | **(90,531)** | **-** | **(3,787,469)** |
| Charge for the year | (107) | (7,408) | (946) | - | (8,461) |
| Inflation adjustment | - | (1,947) | (27) | - | (1,974) |
| Exchange difference | 40 | 2,610 | (2,073) | - | 577 |
| **Balance at 31 December 2024** | **(2,618,588)** | **(1,085,162)** | **(93,577)** | **-** | **(3,797,327)** |
| | | | | | |
| **Net book amount** | | | | | |
| **Balance at 31 December 2024** | **37,247** | **32,123** | **5,026** | **688,196** | **762,592** |
| **Balance at 31 December 2023** | **37,554** | **24,127** | **1,158** | **3,967** | **66,806** |

### 15. Investment properties

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Balance at 1 January | **57,616,745** | 56,209,968 |
| Additions | **34,097** | 341,149 |
| Disposals | **(400,193)** | (289,409) |
| Net gain from sale of investment property (Note 8) | **323,193** | - |
| Reclassification to assets held for sale (Note 21) | **(16,195,111)** | - |
| Exchange differences | **2,743** | (340,155) |
| Fair value adjustments | **1,762,974** | 6,808,209 |
| Prior year corrections | **(344)** | - |
| Disposal due to spin off | - | (5,113,017) |
| Reversal of disposal | **3,959,396** | - |
| **Balance at 31 December** | **47,103,500** | 57,616,745 |

### 16. Non-current loans receivable

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Loans to related parties (Note 27.1) | **20,042,994** | 19,285,860 |
| | **20,042,994** | 19,285,860 |
| Less current portion | - | (208,307) |
| Non-current portion | **20,042,994** | 19,077,553 |

The loans are repayable as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Within one year | - | 208,307 |
| Between one and five years | **20,042,994** | 19,077,553 |
| | **20,042,994** | 19,285,860 |

The exposure of the Group to credit risk in relation to loans receivable is reported in note 5 of the consolidated financial statements.

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

### 17. Inventories

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Raw materials | **90** | 220 |
| Goods for resale | **35** | 35 |
| | **125** | 255 |

Inventories are stated at cost.

### 18. Trade and other receivables

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Trade receivables | **4,379,865** | 4,337,041 |
| Refundable taxes | **93,958** | 86,586 |
| Deferred expenses | **4,750** | 4,594 |
| Other receivables | **15,326,631** | 3,370,866 |
| | **19,805,204** | 7,799,087 |

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

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 5 of the consolidated financial statements.

### 19. Financial assets at fair value through profit or loss

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Balance at 1 January | **2,054,963** | 5,519,243 |
| Disposals | **-** | (3,222,476) |
| Exchange differences | **191** | (29,251) |
| Return of capital | **-** | (212,553) |
| **Balance at 31 December** | **2,055,154** | 2,054,963 |

### 20. Cash and cash equivalents

Cash balances are analysed as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Cash at bank and in hand | **2,554,153** | 6,070,745 |
| Bank deposits | **11,544,843** | 9,694,455 |
| | **14,098,996** | 15,765,200 |

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the consolidated financial statements.

### 21. Assets classified as held for sale

| | Investment in subsidiaries | Investment Properties | Total |
|---|---|---|---|
| | € | € | € |
| Balance at 1 January 2023 | - | - | - |
| Additions | 1 | - | 1 |
| **Balance at 31 December 2023/ 1 January 2024** | **1** | **-** | **1** |
| Disposals | (9,586,057) | - | (9,586,057) |
| Profit on disposal (Note 8) | 9,586,056 | - | 9,586,056 |
| Reclassification from Investment properties (Note 15) | - | 16,195,111 | 16,195,111 |
| **Balance at 31 December 2024** | **-** | **16,195,111** | **16,195,111** |

### 21. Assets classified as held for sale (continued)

On 12 March 2024 the Group sold the investment held in SIFI BH Retail Oradea SRL for a consideration of €9,490,500 and 474,868.66 Romanian Lei, equivalent in total to €9,586,057, resulting in a profit on disposal of €9,586,056.

On 12 March 2024 a bilateral promise of sale-purchase of all buildings and fixed assets owned by SIFI Cluj Retail S.A. was signed for the price of €24,380,000 (excluding VAT).

### 22. Share capital

| | **2024 Number of shares** | **2024 €** | 2023 Number of shares | 2023 € |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of €1 each | 4,499,974 | 4,499,974 | 4,499,974 | 4,499,974 |
| **Issued and fully paid** | | | | |
| Balance at 1 January | 4,499,974 | 4,499,974 | 4,499,974 | 4,499,974 |
| **Balance at 31 December** | **4,499,974** | **4,499,974** | 4,499,974 | 4,499,974 |

### 23. Borrowings

| | **2024 €** | 2023 € |
|---|---|---|
| **Non-current borrowings** | | |
| Lont-term interest bearing liabilities | **237,064** | 227,516 |

Maturity of non-current borrowings:

| | **2024 €** | 2023 € |
|---|---|---|
| Between two and five years | **237,064** | 227,516 |

### 24. Deferred tax

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

The movement on the deferred taxation account is as follows:

**Deferred tax liability**

| | **Temporary tax differences €** |
|---|---|
| Balance at 1 January 2023 | 5,602,803 |
| Charged/ (credited) | (494,548) |
| **Balance at 31 December 2023/ 1 January 2024** | **5,108,255** |
| Charged/(credited) to: | |
| Charged/ (credited) | 1,304,125 |
| **Balance at 31 December 2024** | **6,412,380** |

### 25. Trade and other payables

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Trade payables | **70,186** | 135,342 |
| Social insurance and other taxes | **17,103** | 21,044 |
| Taxes payable | **69,443** | 84,098 |
| Accruals | **116,269** | 65,476 |
| Other creditors | **16,358,973** | 12,381,278 |
| Deferred income | **15,268,730** | 14,559,160 |
| | **31,900,704** | 27,246,398 |

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

### 26. Operating Environment of the Group

The geopolitical situation in Eastern Europe changed significantly on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continuesto evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries-imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The continued conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

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

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Group does not have direct exposure in these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

**26. Operating Environment of the Group (continued)**

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess accordingly in case the crisis becomes prolonged.

The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

**27. Related party transactions**

The Company is controlled by Lion Capital S.A. (ex. SIF Banat-Crisana S.A.), which owns 99.99% of the issued share capital of SIF Imobiliare PLC.

The following transactions were carried out with related parties:

**27.1 Loans to related parties (Note 16)**

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| SIF SPV TWO SA-principal amount | **18,901,238** | 18,901,218 |
| SIF SPV TWO SA- accrued interest | **1,141,756** | 384,643 |
| | **20,042,994** | 19,285,861 |

The loans receivable from SIF SPV TWO SA bear interest 3.5% and 4% per annum and are expected to be repaid in 2026.

**28. Contingent liabilities**

The Group had no contingent liabilities as at 31 December 2024.

**29. Commitments**

The Group had no capital or other commitments as at 31 December 2024.

**30. Events after the reporting period**

As explained in note 26 the geopolitical situation in Eastern Europe remains intense with the continuation of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

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.