

**QUALCO REAL ESTATE LTD (ex - Q RES
CYPRUS LTD)**

Financial statements
31 December 2024

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Financial statements

Year ended 31 December 2024

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QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Board of Directors and other officers

Board of Directors:

Fiducitrust Nominees Limited
Nomicorp Services Ltd
Christos Moschos (appointed on 23 October 2023)
Georgios Mantzavatinatos (resigned on 2 May 2023)

Company Secretary:

Fiducitrust Secretaries Limited

Independent Auditors:

Grant Thornton (Cyprus) Limited
Certified Public Accountants and Registered Auditors
41-49 Agiou Nicolaou Street
Nimeli Court, Block C
P.O. Box 23907
1687, Nicosia, Cyprus

Registered office:

Acropoleos 66
ACROPOLIS TOWER
Strovolos, Nicosia
2012
Cyprus

Bankers:

Bank of Cyprus Public Company Ltd
Eurobank S.A.
National Bank of Greece Ltd

Registration number:

HE403096



Independent Auditor's Report to the Members of QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD) (the "Company"), which are presented in pages 5 to 33 and comprise the statement of financial position as at 31 December 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes of the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 4 of the financial statements which indicates that the Company incurred a loss of €61.231 during the year ended 31 December 2024, and, as of that date the Company's current liabilities exceeded its current assets by €326.690. As stated in note 4, these events or conditions, along with other matters as set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors for the Financial Statements

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

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

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



Independent Auditor's Report to the Members of QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

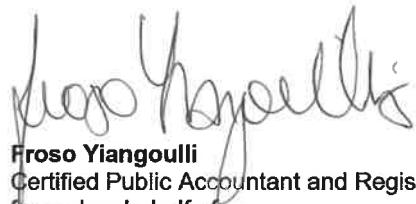
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

Independent Auditor's Report to the Members of QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD) (continued)

Other Matter

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



Froso Yiangoulli
Certified Public Accountant and Registered Auditor
for and on behalf of
Grant Thornton (Cyprus) Limited
Certified Public Accountants and Registered Auditors

Nicosia, 26 January 2026

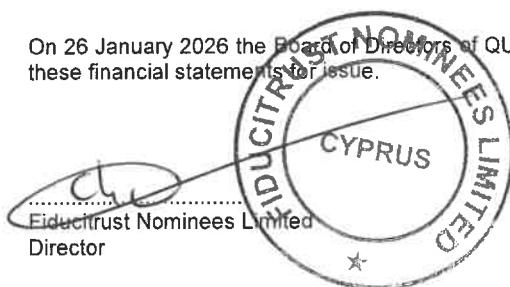
QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Statement of financial position

31 December 2024

	Note	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	7	8.961	10.065
Right-of-use assets	8	517.645	567.217
Intangible assets	9	206.864	25.709
		<u>733.470</u>	<u>602.991</u>
Current assets			
Trade and other receivables	10	905.051	234.933
Cash at bank	11	99.605	119.176
		<u>1.004.656</u>	<u>354.109</u>
Total assets		<u>1.738.126</u>	<u>957.100</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	718.000	718.000
Other reserves		1.788	549
Accumulated losses		<u>(1.134.670)</u>	<u>(1.073.439)</u>
Total equity		<u>(414.882)</u>	<u>(354.890)</u>
Non-current liabilities			
Borrowings	13	399.932	95.871
Lease liabilities	14	421.730	492.530
		<u>821.662</u>	<u>588.401</u>
Current liabilities			
Trade and other payables	15	1.202.939	624.535
Borrowings	13	1.096	-
Lease liabilities	14	127.112	98.855
Current tax liabilities	16	199	199
		<u>1.331.346</u>	<u>723.589</u>
Total liabilities		<u>2.153.008</u>	<u>1.311.990</u>
Total equity and liabilities		<u>1.738.126</u>	<u>957.100</u>

On 26 January 2026 the Board of Directors of QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD) authorised these financial statements for issue.



Fiducitrust Nominees Limited
Director

Christos Meschos
Director

The notes on pages 9 to 33 form an integral part of these financial statements.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Statement of comprehensive income

Year ended 31 December 2024

	Note	2024 €	2023 €
Revenue			
Cost of sales	17	3.712.362	2.043.808
	18	(1.551.852)	(883.127)
Gross profit			
Administration expenses		2.160.510	1.160.681
	19	(2.193.103)	(1.668.413)
Operating loss		(32.593)	(507.732)
Finance income	21	657	(10)
Finance costs	21	(29.098)	(23.359)
Loss before tax		(61.034)	(531.101)
Tax	22	(197)	114
Net loss for the year		(61.231)	(530.987)

The notes on pages 9 to 33 form an integral part of these financial statements.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Statement of changes in equity

Year ended 31 December 2024

	Share capital €	Defined benefit scheme €	Accumulated losses €	Total €
Balance at 1 January 2023	718.000	232	(542.452)	175.780
Comprehensive income				
Net loss for the year	-	-	(530.987)	(530.987)
Other movements				
Remeasurement of defined benefit pension plan	-	317	-	317
Total other movements	-	317	-	317
Balance at 31 December 2023/ 1 January 2024	718.000	549	(1.073.439)	(354.890)
Comprehensive income				
Net loss for the year	-	-	(61.231)	(61.231)
Other movements				
Remeasurement of defined benefit pension plan	-	1.239	-	1.239
Total other movements	-	1.239	-	1.239
Balance at 31 December 2024	718.000	1.788	(1.134.670)	(414.882)

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

The notes on pages 9 to 33 form an integral part of these financial statements.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Statement of cash flows

Year ended 31 December 2024

	Note	2024 €	2023 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(61.034)	(531.101)
Adjustments for:			
Depreciation of property, plant and equipment	7	2.084	3.040
Depreciation of right-of-use assets	8	111.595	89.634
Unrealised exchange loss		-	469
Amortisation of computer software	9	22.570	9.085
Interest income	21	(657)	-
Interest expense	21	18.866	19.679
		93.424	(409.194)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(670.118)	190.725
Increase in trade and other payables		528.430	203.310
Cash used in operations		(48.264)	(15.159)
Tax paid		(197)	(438)
Net cash used in operating activities		(48.461)	(15.597)
Cash flows from investing activities			
Payment for purchase of intangible assets	9	(168.800)	-
Payment for purchase of property, plant and equipment	7	(980)	(137)
Interest received		657	-
Net cash used in investing activities		(169.123)	(137)
Cash flows from financing activities			
Payments of leases liabilities		(102.613)	(115.148)
Proceeds from borrowings		300.000	-
Interest paid		(470)	(4.050)
Net cash generated from/(used in) financing activities		196.917	(119.198)
Net decrease in cash and cash equivalents		(20.667)	(134.932)
Cash and cash equivalents at beginning of the year		119.176	254.108
Cash and cash equivalents at end of the year	11	98.509	119.176

The notes on pages 9 to 33 form an integral part of these financial statements.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

1. Incorporation and principal activities

Country of incorporation

The Company QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD) (the "Company") was incorporated in Cyprus on 15 October 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Acropoleos 66, ACROPOLIS TOWER, Strovolos, Nicosia, 2012, Cyprus.

Change of Company name

On 24 May 2024, the Company changed its name from Q RES CYPRUS LTD to QUALCO REAL ESTATE LTD.

Principal activities

The principal activity of the Company is Real Estate Asset management.

The Company has operations in Greece and operates through a branch. The branch changed its location from Marousi to Kallithea.

Operating Environment of the Company

The geopolitical situation in Eastern Europe intensified 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 continues to 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 rapid deterioration of the 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 Company 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.

Notes to the financial statements

Year ended 31 December 2024

1. Incorporation and principal activities (continued)

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to 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.

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 in case the crisis becomes prolonged.

2. Basis of preparation

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

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRSs) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2024.

4. Material accounting policy information

The principal accounting policies adopted in the preparation of these financial statements are set out below.

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:

	%
Computer Hardware	20
Furniture & Fittings	10

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

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 Company. 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.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (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.

The annual amortisation rates used are as follows:

	%
Computer software	10

Leases

At inception of a contract, the Company 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 Company 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 Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company 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 Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company 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 Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (continued)

Leases (continued)

The Company as lessee

The Company 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 Company'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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 lease liabilities are presented separately in the statement of financial position.

Financial assets

Financial assets - Classification

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

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

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

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (continued)

Financial assets - Classification (continued)

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition and derecognition

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

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

Financial assets - Measurement

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

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

Debt instruments

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

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

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (continued)

Financial assets - Measurement (continued)

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

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

Financial assets - impairment - credit loss allowance for ECL

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

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

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

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

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

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

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

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (continued)

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

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 26, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 26, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 26, Credit risk section for a description of how the Company determines low credit risk financial assets.

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

Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

Classification as financial assets at amortised cost

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

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.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (continued)

Classification as trade receivables (continued)

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 Company 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 Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 26, 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 Company, and a failure to make contractual payments for a period of greater than 180 days past due.

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.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the 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 statement of financial position.

Share capital

Ordinary shares are classified as equity.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company 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 Company 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 Company's experience with similar contracts and forecasted sales to the customer.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (continued)

Revenue (continued)

The Company 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 Company 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 Company's future cash flows is expected to change as a result of the contract), it is probable that the Company 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 Company's contracts with customers.

The Company 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 Company 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 statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

Identification of performance obligations

The Company 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 Company'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).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company 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 Company 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 output 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 Company 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.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

4. Material accounting policy information (continued)

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company 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.

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 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.

(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.

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.

5. New accounting pronouncements

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

6. 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.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

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

Critical accounting estimates and assumptions

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

- **Calculation of loss allowance**

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

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

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

- **Income taxes**

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

- **Useful life 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 Company. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

7. Property, plant and equipment

	Computer Hardware	Furniture, fixtures and office equipment	Total
	€	€	€
Cost			
Balance at 1 January 2023	9.730	7.638	17.368
Additions	137	-	137
Balance at 31 December 2023/ 1 January 2024	9.867	7.638	17.505
Additions	-	980	980
Balance at 31 December 2024	9.867	8.618	18.485
Depreciation			
Balance at 1 January 2023	2.872	1.528	4.400
Charge for the year	2.276	764	3.040
Balance at 31 December 2023/ 1 January 2024	5.148	2.292	7.440
Charge for the year	1.321	763	2.084
Balance at 31 December 2024	6.469	3.055	9.524
Net book amount			
Balance at 31 December 2024	3.398	5.563	8.961
Balance at 31 December 2023	4.719	5.346	10.065

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

8. Right-of-use assets

	Land and buildings €	Motor vehicles €	Total €
Cost			
Balance at 1 January 2023	734.337	30.723	765.060
Adjustment to right-of-use asset	(17.430)	-	(17.430)
Balance at 31 December 2023/ 1 January 2024	716.907	30.723	747.630
Additions	1.851	60.172	62.023
Balance at 31 December 2024	718.758	90.895	809.653
Depreciation			
Balance at 1 January 2023	97.197	9.561	106.758
Charge for the year	86.644	2.990	89.634
Adjustment to right-of-use asset	(15.979)	-	(15.979)
Balance at 31 December 2023/ 1 January 2024	167.862	12.551	180.413
Charge for the year	91.451	20.144	111.595
Balance at 31 December 2024	259.313	32.695	292.008
Net book amount			
Balance at 31 December 2024	459.445	58.200	517.645
Balance at 31 December 2023	549.045	18.172	567.217
Amounts recognised in profit and loss:			
	2024 €	2023 €	
Depreciation expense on right-of-use assets	111.594	89.634	
Interest expense on lease liabilities	14.335	15.596	

The table below describes the nature of the Company's leasing activities by type of right-of-use (ROU) asset recognised on balance sheet:

ROU asset	No of ROU assets leased	Average remaining lease term	No of leases with extension options	No of leases with option to purchase	No of leases with termination options
Motor vehicle	5	3 years	0	0	0
Property	2	4 years	1	0	2

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

9. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2023	20,849
Additions	<u>16,500</u>
Balance at 31 December 2023/ 1 January 2024	37,349
Additions	<u>203,725</u>
Balance at 31 December 2024	<u>241,074</u>
 Amortisation	
Balance at 1 January 2023	2,555
Amortisation for the year	<u>9,085</u>
Balance at 31 December 2023/ 1 January 2024	11,640
Amortisation for the year	<u>22,570</u>
Balance at 31 December 2024	<u>34,210</u>
 Net book amount	
Balance at 31 December 2024	<u>206,864</u>
Balance at 31 December 2023	<u>25,709</u>

10. Trade and other receivables

	2024 €	2023 €
Trade receivables	344,523	76,065
Trade receivables from related parties	85	-
Receivables from other related parties (Note 23.3)	251,877	89,738
Deposits and prepayments	308,566	40,174
Accrued income	-	9,240
Refundable VAT	-	19,716
	<u>905,051</u>	<u>234,933</u>

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

11. Cash at bank

Cash balances are analysed as follows:

	2024 €	2023 €
Cash at bank and in hand	<u>99,605</u>	<u>119,176</u>
	<u>99,605</u>	<u>119,176</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 26 of the financial statements.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

12. Share capital

	2024 Number of shares	2024 €	2023 Number of shares	2023 €
Authorised				
Ordinary shares of €1 each	<u>718.000</u>	<u>718.000</u>	<u>718.000</u>	<u>718.000</u>
Issued and fully paid				
Balance at 1 January	<u>718.000</u>	<u>718.000</u>	<u>718.000</u>	<u>718.000</u>
Balance at 31 December	<u>718.000</u>	<u>718.000</u>	<u>718.000</u>	<u>718.000</u>

13. Borrowings

	2024 €	2023 €
Current borrowings		
Bank overdrafts (Note 11)	<u>1.096</u>	<u>-</u>
Non-current borrowings		
Loans from other related parties (Note 23.5)	<u>399.932</u>	<u>95.871</u>
	<u>399.932</u>	<u>95.871</u>
Total	<u>401.028</u>	<u>95.871</u>

Maturity of non-current borrowings:

	2024 €	2023 €
Between two and five years	<u>399.932</u>	<u>95.871</u>

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

	2024 %	2023 %
Loans from other related parties	<u>4,5</u>	<u>4,5</u>

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

14. Lease liabilities

	Minimum lease payments		The present value of minimum lease payments	
	2024	2023	2024	2023
Not later than 1 year	120.624	111.842	127.112	98.855
Later than 1 year and not later than 5 years	405.160	478.508	383.990	447.078
Later than 5 years	37.890	45.677	37.740	45.452
	563.674	636.027	548.842	591.385
Future finance charges	(14.832)	(44.642)	-	-
Present value of lease liabilities	548.842	591.385	548.842	591.385

It is the Company's policy to lease certain of its motor vehicles and buildings. The average lease term is 42 months. For year ended 31 December 2024, the average effective borrowing rate was 3.3% (2023: 2.9%). Interest rates are fixed at the contract date, and thus expose the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Euro.

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

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

15. Trade and other payables

	2024	2023
	€	€
Trade payables	372.179	213.396
Social insurance and other taxes	43.874	25.591
VAT	37.219	-
Withholding tax	45.218	39.887
Accruals	292.526	26.786
Provisions for retirement benefits	4.933	2.687
Payables to other related parties (Note 23.4)	406.990	316.188
	1.202.939	624.535

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

16. Current tax liabilities

	2024	2023
	€	€
Special contribution for defence	199	199
	199	199

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

17. Revenue

	2024	2023
	€	€
Rendering of services	<u>3.712.362</u>	<u>2.043.808</u>
	<u>3.712.362</u>	<u>2.043.808</u>

18. Cost of sales

	2024	2023
	€	€
Staff costs	<u>1.430.550</u>	<u>725.950</u>
Services received	<u>96.230</u>	<u>137.368</u>
Sundry staff costs	<u>25.072</u>	<u>19.809</u>
	<u>1.551.852</u>	<u>883.127</u>

19. Administration expenses

	2024	2023
	€	€
Annual levy	-	350
Electricity	-	270
Insurance	53	272
Telephone and postage	10.906	8.891
Newspapers and publications	720	423
Staff training	8.377	7.114
Computer supplies and maintenance	45.881	113.358
Auditor's remuneration - current year	5.885	6.325
Auditor's remuneration - current year for tax advice	-	550
Accounting fees	19.395	17.450
Legal fees	42.000	47.285
Other professional fees	<u>1.818.721</u>	<u>1.122.301</u>
Fines	136	603
Travelling	12.988	7.430
Inland travelling and accommodation	2.919	9.637
Entertaining	14.847	32.795
Office support service	7.404	24.704
Consulting services	-	68.083
Services rendered	18.744	18.325
Amortisation of computer software	22.570	9.085
Depreciation	<u>119.105</u>	<u>92.673</u>
Sundry expenses	<u>42.452</u>	<u>80.489</u>
	<u>2.193.103</u>	<u>1.668.413</u>

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

20. Staff costs

	2024	2023
	€	€
Salaries	1.225.925	596.028
Social security costs	195.651	124.030
GHS contribution	5.311	3.487
Social cohesion fund	3.663	2.405
	<u>1.430.550</u>	<u>725.950</u>
Average number of employees	<u>34</u>	<u>13</u>

21. Finance income/(costs)

	2024	2023
	€	€
Finance income		
Bank interest	-	(10)
Interest income on tax refunds	<u>657</u>	<u>-</u>
	<u>657</u>	<u>(10)</u>
Finance costs		
Interest expense		
Loan interest	(4.061)	(4.050)
Interest on obligations under finance leases	(14.720)	(15.596)
Other interest	(85)	-
Sundry finance expenses		
Bank charges	(10.232)	(3.221)
Other finance expenses	-	(23)
Net foreign exchange losses		
Realised foreign exchange loss	<u>-</u>	<u>(469)</u>
	<u>(29.098)</u>	<u>(23.359)</u>
Net finance costs		
	<u>(28.441)</u>	<u>(23.369)</u>

22. Tax

	2024	2023
	€	€
Corporation tax - prior years	-	(313)
Defence contribution - current year	<u>197</u>	<u>199</u>
Charge/(credit) for the year	<u>197</u>	<u>(114)</u>

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

22. Tax (continued)

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

	2024 €	2023 €
Loss before tax	<u>(61.034)</u>	<u>(531.101)</u>
Tax calculated at the applicable tax rates	(7.629)	(66.388)
Tax effect of expenses not deductible for tax purposes	878	1.579
Tax effect of allowances and income not subject to tax	(13.783)	(25.655)
Tax effect of tax loss for the year	20.534	90.464
Defence contribution current year	197	199
Prior year tax	-	(313)
Tax charge	197	(114)

Tax liability relates to tax payable by the Greek branch.

Tax corporation tax rate in Cyprus is 12,5% and in Greece is 22%.

23. Related party transactions

The Company is controlled by Qualco Holdco Ltd, incorporated in the UK, which owns 100% of the Company's shares.

On 15 May 2024, the total shares of the Company were transferred to Qualco Europe Holdings Ltd, incorporated in Cyprus.

The ultimate parent entity is Qualco Group S.A. which is listed on the Athens Stock Exchange.

The following transactions were carried out with related parties:

23.1 Sales of goods and services

	<u>Nature of transactions</u>	2024 €	2023 €
Qualco Information Systems Single Member S.A.	Trade	179.044	207.162
Qquant Master Servicer S.A.	Trade	<u>1.900.501</u>	<u>929.276</u>
		2.079.545	1.136.438

23.2 Purchases of goods and services

	<u>Nature of transactions</u>	2024 €	2023 €
Qualco Information Systems Single Member S.A.	Loan interest	4.061	4.050
Qualco Information Systems Single Member S.A.	Rent and other expenses	113.954	167.310
Qquant Master Servicer S.A.	Rent and other expenses	<u>6.772</u>	<u>6.740</u>
		124.787	178.100

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

23. Related party transactions (continued)

23.3 Receivables from related parties (Note 10)

Name	Nature of transactions	2024	2023
		€	€
Qquant Master Servicer S.A. (Other related parties)	Rendering of services	251.877	89.738
		<u>251.877</u>	<u>89.738</u>

23.4 Payables to related parties (Note 15)

Name	Nature of transactions	2024	2023
		€	€
Qualco Information Systems Single Member S.A. (Other related parties)	Trading	406.990	316.188
		<u>406.990</u>	<u>316.188</u>

23.5 Loans from related parties (Note 13)

	2024	2023
	€	€
Qualco Information Systems Single Member S.A. (Other related parties)	399.932	95.871
	<u>399.932</u>	<u>95.871</u>

On 25 March 2022, the Company entered into a loan agreement with Qualco Information Systems Single Member S.A. for the principal amount of €90.000. The loan is unsecured, bears interest 4,5% and is repayable on 31 December 2023.

During the year 2024, an additional loan of €300.000 was granted.

24. Contingent liabilities

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

25. Commitments

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

26. Financial risk management

Financial risk factors

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

26.1 Interest rate risk

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

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

26. Financial risk management (continued)

26.1 Interest rate risk (continued)

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

	2024	2023
	€	€
Fixed rate instruments		
Financial liabilities	<u>(399.932)</u>	<u>(95.871)</u>
	<u>(399.932)</u>	<u>(95.871)</u>

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and equity of the Company, because, all financial instruments are fixed rate

26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

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

If wholesale 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. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

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

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

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

(ii) Impairment of financial assets

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

- trade receivables
- cash and cash equivalents

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

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

26. Financial risk management (continued)

26.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial 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 Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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 Company 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 Company 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 forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- 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 increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company 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 Company 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 Company 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.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

26. Financial risk management (continued)

26.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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 Company. The Company 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 Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

Trade receivables and contract assets

The Company 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 Company 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 2024 or 1 January 2024 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 Company 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 Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

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.

	2024	2023
	€	€
Company internal credit rating		
Performing	251.877	89.738
Total	251.877	89.738

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

26. Financial risk management (continued)

26.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Receivables from related parties (continued)

The Company 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.

Cash and cash equivalents

The Company 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 gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2024 and 31 December 2023:

External credit rating	2024	2023
	€	€
Ba1	99.605	-
Ba2	-	119.176
Total	99.605	119.176

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Company 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) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

26.3 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 Company 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.

QUALCO REAL ESTATE LTD (ex - Q RES CYPRUS LTD)

Notes to the financial statements

Year ended 31 December 2024

26. Financial risk management (continued)

26.3 Liquidity risk (continued)

The following tables detail the Company'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 Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2024	Carrying amounts	Contractual cash flows	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Lease liabilities	548.842	563.673	120.624	114.306	290.854	37.889
Bank overdrafts	1.096	1.096	1.096	-	-	-
Trade and other payables	422.330	422.330	422.330	-	-	-
Payables to related parties	406.990	406.990	406.990	-	-	-
Loans from other related parties	399.932	399.932	399.932	-	-	-
	1.779.190	1.794.021	1.350.972	114.306	290.854	37.889

31 December 2023	Carrying amounts	Contractual cash flows	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Lease liabilities	591.385	635.817	111.842	102.122	375.576	46.277
Trade and other payables	255.970	255.970	255.970	-	-	-
Payables to related parties	316.188	316.188	316.188	-	-	-
Loans from other related parties	95.871	139.013	139.013	-	-	-
	1.259.414	1.346.988	823.013	102.122	375.576	46.277

27. Events after the reporting period

As explained in the geopolitical situation in Eastern Europe and the Middle East remains intense with the continuation of the conflict between Russia and Ukraine and the Israel-Gaza conflict. As at the date of authorising these financial statements for issue, the conflicts continue to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, the Israel-Gaza conflict and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2025 which relate to new developments that occurred after the reporting period.

In May 2025, the parent company of the Group, which is also the ultimate parent company of Qualco Real Estate Ltd, Qualco Group S.A. was listed on the Athens Stock Exchange.

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 financial statements.

Independent auditor's report on pages 2 to 4

