

PRIMEORE LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2021

PRIMEORE LTD

REPORT AND FINANCIAL STATEMENTS 31 December 2021

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PRIMEORE LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Artem Mitsynskyy
Mikaella Kyprianou
Vitalii Kravchenko
Serhii Maksymenko
Olexandr Kotlyarenko
Timur Novikov
Viktor Skiba

Company Secretary:

Amalia Hadjipapa Charalambidou

Independent Auditors:

AdvancedAudit & Tax Consulting (P.P.) Ltd
Certified Public Accountants & Registered Auditors
4 Petrou Tsirou
3021, Limassol
Cyprus

Registered office:

Sotiri Michailidi & 28 Oktomvriou, Lophitis
International Center, Office 301
Limassol
3035
Cyprus

Bankers:

Eurobank Cyprus Ltd

Registration number:

HE333058

PRIMEORE LTD

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2021.

Incorporation

The Company Primeore Ltd was incorporated in Cyprus on 4 June 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the provision of services and holding of investments.

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

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

Principal risks and uncertainties

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables.

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.

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.

Results

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

Dividends

On 25 May 2021, 30 August 2021 and 13 December 2021 the Board of Directors approved the payment of an interim dividend of €1,215,000 (2020: €3,291,000).

On 25 May 2021 the Board of Directors approved the payment of a preference dividend of €600,000 (2020: €600,000).

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 Company's Board of Directors as at 31 December 2021 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 2021.

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.

PRIMEORE LTD

MANAGEMENT REPORT

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 29 to the financial statements.

Independent Auditors

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

By order of the Board of Directors,

Artem Mitsynskyy
Director

Limassol, 14 July 2022





Independent Auditor's Report

To the Members of Primeore Ltd

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Primeore Ltd (the "Company"), which are presented in pages 7 to 29 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

As stated in note 2 to the financial statements, the Company has not prepared consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and International Financial Reporting Standard 10 'Consolidated Financial Statements'. In our opinion, the presentation of consolidated information is necessary for a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

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

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss and other comprehensive income in pages 30 to 35, 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.



Independent Auditor's Report (continued)

To the Members of Primeore Ltd

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 Financial Statements

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

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

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

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 (continued)

To the Members of Primeore Ltd

Report on Other Legal Requirements

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

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report except that the Company has not prepared a consolidated Management Report, since as explained in the Basis for Qualified Opinion section of our report, the Company has not prepared consolidated financial statements.

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.

~~AdvancedAudit &
Tax Consulting (P.P.) Ltd~~

Panayiotis Papapetrou
Certified Public Accountant and Registered Auditor
for and on behalf of
AdvancedAudit & Tax Consulting (P.P.) Ltd
Certified Public Accountants & Registered Auditors
4 Petrou Tsirou
3021, Limassol
Cyprus

Limassol, 14 July 2022

PRIMEORE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2021

	Note	2021 €	2020 €
Revenue	8	3,888,372	2,970,076
Dividend income		300,000	2,932,000
Cost of sales		<u>(1,428,629)</u>	<u>(1,923,521)</u>
Gross profit		2,759,743	3,978,555
Other operating income	9	2,216	815
Selling and distribution expenses		(612)	(490)
Administration expenses	10	<u>(719,397)</u>	<u>(704,847)</u>
Operating profit		2,041,950	3,274,033
Finance income	12	1,085,240	1,498,869
Finance costs	12	<u>(1,154,738)</u>	<u>(1,386,416)</u>
Profit before tax		1,972,452	3,386,486
Tax	13	<u>(222,334)</u>	<u>(40,245)</u>
Net profit for the year		1,750,118	3,346,241
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,750,118</u>	<u>3,346,241</u>

The notes on pages 11 to 29 form an integral part of these financial statements.

PRIMEORE LTD

STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	15	36,442	48,327
Right-of-use assets	16	319,147	382,977
Investments in subsidiaries	17	2,996,895	2,996,895
		<u>3,352,484</u>	<u>3,428,199</u>
Current assets			
Trade and other receivables	18	13,381,629	15,261,627
Refundable taxes	25	-	14,644
Cash at bank and in hand	19	3,962,642	930,336
		<u>17,344,271</u>	<u>16,206,607</u>
Total assets		<u>20,696,755</u>	<u>19,634,806</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	20	2,000	2,000
Share premium		439,000	439,000
Redeemable shares	21	600	600
Other reserves		473,988	473,988
Retained earnings		2,806,247	2,871,129
Total equity		<u>3,721,835</u>	<u>3,786,717</u>
Non-current liabilities			
Lease liabilities	23	304,430	375,078
		<u>304,430</u>	<u>375,078</u>
Current liabilities			
Trade and other payables	24	15,931,937	14,875,057
Borrowings	22	600,215	529,364
Lease liabilities	23	70,648	68,590
Current tax liabilities	25	67,690	-
		<u>16,670,490</u>	<u>15,473,011</u>
Total liabilities		<u>16,974,920</u>	<u>15,848,089</u>
Total equity and liabilities		<u>20,696,755</u>	<u>19,634,806</u>

On 14 July 2022 the Board of Directors of Primeore Ltd authorised these financial statements for issue.

.....
Artem Mitsynskyy
Director

.....
Mikaella Kyprianou
Director

The notes on pages 11 to 29 form an integral part of these financial statements.

PRIMEORE LTD

STATEMENT OF CHANGES IN EQUITY

31 December 2021

Note	Share capital €	Redeemable shares €	Share premium €	Translation reserve €	Retained earnings €	Total €
Balance at 1 January 2020 as previously reported	2,000	600	439,000	473,988	3,479,341	4,394,929
Effect of initial application of IFRS 16	-	-	-	-	(63,453)	(63,453)
Balance at 1 January 2020 as restated	2,000	600	439,000	473,988	3,415,888	4,331,476
Comprehensive income						
Net profit for the year	-	-	-	-	3,346,241	3,346,241
Transactions with owners						
Dividends	14	-	-	-	(3,891,000)	(3,891,000)
Balance at 31 December 2020/ 1 January 2021	2,000	600	439,000	473,988	2,871,129	3,786,717
Comprehensive income						
Net profit for the year	-	-	-	-	1,750,118	1,750,118
Transactions with owners						
Dividends	14	-	-	-	(1,815,000)	(1,815,000)
Balance at 31 December 2021	2,000	600	439,000	473,988	2,806,247	3,721,835

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 11 to 29 form an integral part of these financial statements.

PRIMEORE LTD

STATEMENT OF CASH FLOWS

31 December 2021

	Note	2021 €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,972,452	3,386,486
Adjustments for:			
Depreciation of property, plant and equipment	15	80,360	80,230
Unrealised exchange loss/(profit)		77,363	(162,437)
Profit from the sale of property, plant and equipment		(2,216)	-
Dividend income		(300,000)	(2,932,000)
Interest expense	12	39,773	39,710
		1,867,732	411,989
Changes in working capital:			
Decrease in trade and other receivables		1,879,998	710,447
Increase/(Decrease) in trade and other payables		1,101,268	(1,223,271)
Cash generated from/(used in) operations		4,848,998	(100,835)
Dividends received		300,000	2,932,000
Tax paid		(140,000)	(92,247)
Net cash generated from operating activities		5,008,998	2,738,918
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	15	(5,199)	-
Proceeds from disposal of property, plant and equipment	15	2,770	-
Net cash used in investing activities		(2,429)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of leases liabilities		(68,590)	(66,592)
Interest paid		(13,310)	(15,308)
Dividends paid		(1,815,000)	(3,891,000)
Net cash used in financing activities		(1,896,900)	(3,972,900)
Net increase/(decrease) in cash and cash equivalents		3,109,669	(1,233,982)
Cash and cash equivalents at beginning of the year		930,336	2,049,031
Effect of exchange rate fluctuations on cash held		(77,363)	115,287
Cash and cash equivalents at end of the year	19	3,962,642	930,336

The notes on pages 11 to 29 form an integral part of these financial statements.

PRIMEORE LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. Incorporation and principal activities

Country of incorporation

The Company Primeore Ltd (the "Company") was incorporated in Cyprus on 4 June 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Sotiri Michailidi & 28 Oktomvriou, Lophitis International Center, Office 301, Limassol, 3035, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the provision of services and holding of investments.

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), except for the preparation of consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and by the International Financial Reporting Standard 10 'Consolidated Financial Statements'. 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 (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

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

Subsidiary companies

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Revenue recognition (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 profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

Identification of performance obligations

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

Rendering of services - at a point in time:

The 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.

- **Interest income**

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Revenue recognition (continued)

- **Dividend income**

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

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 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.

Dividends

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

Property, plant and equipment

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

PRIMEORE LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

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:

	%
Furniture, fixtures and office equipment	10
Computer Hardware	20

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

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Leases (continued)

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

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

Short-term leases and leases of low-value assets

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

Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. 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 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 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 6, 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.

Financial liabilities - measurement categories

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

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

Borrowings

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

Trade payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - Modifications

An exchange between the Company 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 Company 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 Company and the costs can be measured reliably.

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.

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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified.

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.

Convertible preference shares

The component of the convertible preference shares that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in profit or loss.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Provisions

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

Non-current liabilities

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

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. Significant accounting policies (continued)

Comparatives

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

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. Financial risk management

Financial risk factors

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

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Other than cash at bank which attract interest at normal commercial rates, the Company has no other significant interest bearing financial assets or liabilities. 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.

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

	2021	2020
	€	€
Fixed rate instruments		
Financial liabilities	<u>(600,215)</u>	<u>(529,364)</u>
	<u>(600,215)</u>	<u>(529,364)</u>

6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables.

(i) Risk management

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

If 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.

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

PRIMEORE LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

6. Financial risk management (continued)

6.2 Credit risk (continued)

(i) Risk management (continued)

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
- credit commitments

6.3 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.

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 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Lease liabilities	375,078	409,500	-	81,900	327,600	-	-
Other loans	600,215	600,215	-	600,215	-	-	-
Trade and other payables	14,698,215	15,617,043	-	15,617,043	-	-	-
Payables to related parties	1,189,207	1,189,207	-	1,189,207	-	-	-
	16,862,715	17,815,965	-	17,488,365	327,600	-	-
31 December 2020							
	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Lease liabilities	443,668	491,400	20,475	61,425	81,900	245,700	81,900
Other loans	529,364	529,364	-	529,364	-	-	-
Trade and other payables	13,633,456	13,633,456	-	13,633,456	-	-	-
Payables to related parties	1,201,716	1,201,716	-	1,201,716	-	-	-
	15,808,204	15,855,936	20,475	15,425,961	81,900	245,700	81,900

6.4 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 Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, PLN and UAH. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

6. Financial risk management (continued)

6.5 Capital risk management

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

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company'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.

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

Critical accounting estimates and assumptions

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

- **Leases**

The Company has an enforceable extension option in relation to... [provide details of the arrangement, extension option, pricing etc]. The group has assessed whether the extension option is reasonably certain to exercise by considering [list considerations] and has concluded that it is/is not reasonably certain to exercise.

- **Income taxes**

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

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries**

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

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

7. Critical accounting estimates and judgments (continued)

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **Impairment of non-financial assets**

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

8. Revenue

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

Disaggregation of revenue

	2021	2020
	€	€
Rendering of services	<u>3,888,372</u>	<u>2,970,076</u>
	<u>3,888,372</u>	<u>2,970,076</u>

9. Other operating income

	2021	2020
	€	€
Gain from sale of property, plant and equipment	2,216	-
Interest received from VAT	-	815
	<u>2,216</u>	<u>815</u>

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NOTES TO THE FINANCIAL STATEMENTS

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10. Administration expenses

	2021	2020
	€	€
Staff costs	554,952	540,096
Common expenses	1,800	1,800
Municipality taxes	2,106	2,106
Annual levy	350	350
Electricity	4,772	5,127
Water supply and cleaning	3,887	5,354
Insurance	327	311
Repairs and maintenance	590	17,516
Sundry expenses	5,525	5,120
Telephone and postage	10,101	12,471
Courier expenses	2,164	2,341
Stationery and printing	838	673
Subscriptions and contributions	10,000	10,000
Computer software	21,327	-
Auditors' remuneration - current year	4,600	4,600
Auditors' remuneration - prior years	-	600
Accounting fees	3,600	3,600
Legal fees	241	1,448
Other professional fees	9,760	10,285
Fines	754	51
Overseas travelling	1,343	750
Irrecoverable VAT	-	18
Depreciation	80,360	80,230
	<u>719,397</u>	<u>704,847</u>

11. Staff costs

	2021	2020
	€	€
Salaries	509,943	499,317
Social security costs	22,046	20,312
GHS contribution	13,366	11,081
Social cohesion fund	9,597	9,386
	<u>554,952</u>	<u>540,096</u>
Average number of employees (including Directors in their executive capacity)	<u>6</u>	<u>6</u>

PRIMEORE LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

12. Finance income/(costs)

	2021	2020
	€	€
Exchange profit	<u>1,085,240</u>	1,498,869
Finance income	<u>1,085,240</u>	1,498,869
Net foreign exchange losses	<u>(1,112,097)</u>	(1,343,159)
Interest expense on lease liabilities	<u>(13,310)</u>	(15,308)
Other interest expense	<u>(26,463)</u>	(24,402)
Sundry finance expenses	<u>(2,868)</u>	(3,547)
Finance costs	<u>(1,154,738)</u>	(1,386,416)
Net finance (costs)/income	<u>(69,498)</u>	112,453

13. Tax

	2021	2020
	€	€
Corporation tax	222,334	40,000
Defence contribution	-	245
Charge for the year	<u>222,334</u>	<u>40,245</u>

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

	2021	2020
	€	€
Profit before tax	<u>1,972,452</u>	<u>3,386,486</u>
Tax calculated at the applicable tax rates	246,557	423,311
Tax effect of expenses not deductible for tax purposes	154,166	182,937
Tax effect of allowances and income not subject to tax	<u>(185,874)</u>	<u>(566,248)</u>
10% additional charge	7,485	-
Defence contribution current year	-	245
Tax charge	<u>222,334</u>	<u>40,245</u>

The corporation tax rate is 12,5%.

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

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

14. Dividends

	2021 €	2020 €
Interim dividend paid	1,215,000	3,291,000
Preference dividends	<u>600,000</u>	<u>600,000</u>
	<u>1,815,000</u>	<u>3,891,000</u>

On 25 May 2021, 30 August 2021 and 13 December 2021 the Board of Directors approved the payment of an interim dividend of €1,215,000 (2020: €3,291,000).

On 25 May 2021 the Board of Directors approved the payment of a preference dividend of €600,000 (2020: €600,000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. From 1 March 2019, dividends are also subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable.

15. Property, plant and equipment

	Furniture, fixtures and office equipment €	Computer Hardware €	Total €
Cost			
Balance at 1 January 2020	<u>36,317</u>	<u>63,842</u>	<u>100,159</u>
Balance at 31 December 2020/ 1 January 2021	36,317	63,842	100,159
Additions	3,557	1,642	5,199
Disposals	<u>-</u>	<u>(2,770)</u>	<u>(2,770)</u>
Balance at 31 December 2021	<u>39,874</u>	<u>62,714</u>	<u>102,588</u>
Depreciation			
Balance at 1 January 2020	9,893	25,538	35,431
Charge for the year	<u>3,632</u>	<u>12,769</u>	<u>16,401</u>
Balance at 31 December 2020/ 1 January 2021	13,525	38,307	51,832
Charge for the year	3,988	12,542	16,530
On disposals	<u>-</u>	<u>(2,216)</u>	<u>(2,216)</u>
Balance at 31 December 2021	<u>17,513</u>	<u>48,633</u>	<u>66,146</u>
Net book amount			
Balance at 31 December 2021	<u>22,361</u>	<u>14,081</u>	<u>36,442</u>
Balance at 31 December 2020	<u>22,792</u>	<u>25,535</u>	<u>48,327</u>

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2021 €	2020 €
Net book amount	554	-
Profit from the sale of property, plant and equipment (Note 9)	<u>2,216</u>	<u>-</u>
Proceeds from disposal of property, plant and equipment	<u>2,770</u>	<u>-</u>

PRIMEORE LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

16. Right-of-use assets

	ROU ASSET €
Cost	
Additions	<u>446,807</u>
Balance at 31 December 2020/ 1 January 2021	<u>446,807</u>
Balance at 31 December 2021	<u>446,807</u>
Depreciation	
Charge for the year	<u>63,830</u>
Balance at 31 December 2020/ 1 January 2021	63,830
Charge for the year	<u>63,830</u>
Balance at 31 December 2021	<u>127,660</u>
Net book amount	
Balance at 31 December 2021	<u>319,147</u>
Balance at 31 December 2020	<u>382,977</u>

17. Investments in subsidiaries

	2021 €	2020 €
Balance at 1 January	<u>2,996,895</u>	2,996,895
Balance at 31 December	<u>2,996,895</u>	<u>2,996,895</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2021 Holding %	2020 Holding %	2021 €	2020 €
LLC Production Innovation	Ukraine	Trading & Consulting	100	100	320,406	320,406
Trading Primeore	Poland	Trading	100	100	<u>2,676,489</u>	<u>2,676,489</u>
Trading (Polska) Spolka Zoo					<u>2,996,895</u>	<u>2,996,895</u>

The investments are stated at cost.

No consolidated financial statements as provided by the International Financial Reporting Standard 10 'Consolidated Financial Statements' have been prepared, because in the opinion of the directors, it is impracticable and would involve expense or delay out of proportion to the value of shareholders of the Company.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

18. Trade and other receivables

	2021	2020
	€	€
Trade receivables	13,354,683	15,235,533
Deposits and prepayments	22,725	22,605
Refundable VAT	4,221	3,489
	<u>13,381,629</u>	<u>15,261,627</u>

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

19. Cash at bank and in hand

Cash balances are analysed as follows:

	2021	2020
	€	€
Cash at bank and in hand	<u>3,962,642</u>	930,336
	<u>3,962,642</u>	<u>930,336</u>

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

20. Share capital

	2021	2021	2020	2020
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>2,000</u>	<u>2,000</u>	2,000	2,000
Issued and fully paid				
Balance at 1 January	<u>2,000</u>	<u>2,000</u>	2,000	2,000
Balance at 31 December	<u>2,000</u>	<u>2,000</u>	2,000	2,000

21. Redeemable shares

	2021	2021	2020	2020
	Number of shares	€	Number of shares	€
Authorised				
Redeemable shares of €1 each	<u>600</u>	<u>1</u>	600	1
Issued and fully paid				
Balance at 1 January	<u>-</u>	<u>600</u>	-	600
Balance at 31 December	<u>-</u>	<u>600</u>	-	600
Balance at 31 December		<u>600</u>		<u>600</u>

PRIMEORE LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

22. Borrowings

	2021	2020
	€	€
Current borrowings		
Other loans	<u>600,215</u>	<u>529,364</u>

Other loan bears interest at the rate of 6% per annum and is repayable on request.

23. Lease liabilities

	Minimum lease payments 2021 €	Interest 2021 €	Principal 2021 €	Minimum lease payments 2020 €	Interest 2020 €	Principal 2020 €
Within one year	81,900	11,252	70,648	81,900	13,310	68,590
Between one and five years	327,600	23,170	304,430	327,600	32,037	295,563
After five years	-	-	-	81,900	2,385	79,515
	<u>409,500</u>	<u>34,422</u>	<u>375,078</u>	<u>491,400</u>	<u>47,732</u>	<u>443,668</u>

It is the Company's policy to lease certain of its fixtures and equipment. The average lease term is 120 months. For year ended 31 December 2021, the average effective borrowing rate was 3.0% (2020: 3.0%). 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.

24. Trade and other payables

	2021	2020
	€	€
Trade payables	9,019,344	8,391,920
Social insurance and other taxes	35,043	29,565
Shareholders' current accounts - credit balances (Note 26.2)	1,189,207	1,201,716
Accruals	9,472	10,320
Other creditors	<u>5,678,871</u>	<u>5,241,536</u>
	<u>15,931,937</u>	<u>14,875,057</u>

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

25. Current tax liabilities/(current tax assets)

	2021	2020
	€	€
Corporation tax	<u>67,690</u>	<u>(14,644)</u>
	<u>67,690</u>	<u>(14,644)</u>

PRIMEORE LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

26. Related party transactions

The following transactions were carried out with related parties:

26.1 Directors' remuneration

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

	2021	2020
	€	€
Directors' remuneration	<u>259,166</u>	<u>261,054</u>
	<u>259,166</u>	<u>261,054</u>

26.2 Shareholders' current accounts - credit balances (Note 24)

	2021	2020
	€	€
Shareholders' current accounts	<u>1,189,207</u>	<u>1,201,716</u>
	<u>1,189,207</u>	<u>1,201,716</u>

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

27. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2021.

28. Commitments

The Company had no capital or other commitments as at 31 December 2021.

29. Events after the reporting period

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

Independent auditor's report on pages 4 to 6

PRIMEORE LTD

DETAILED INCOME STATEMENT

31 December 2021

	Page	2021 €	2020 €
Revenue			
Rendering of services		3,888,372	2,970,076
Dividend income		300,000	2,932,000
Cost of sales	31	(1,428,629)	(1,923,521)
Gross profit		2,759,743	3,978,555
Other operating income			
Gain from sale of property, plant and equipment		2,216	-
Interest received from VAT		-	815
		2,761,959	3,979,370
Operating expenses			
Administration expenses	32	(719,397)	(704,847)
Selling and distribution expenses	32	(612)	(490)
Operating profit		2,041,950	3,274,033
Finance income		1,085,240	1,498,869
Finance costs	33	(1,154,738)	(1,386,416)
Net profit for the year before tax		1,972,452	3,386,486

PRIMEORE LTD

COST OF SALES 31 December 2021

	2021	2020
	€	€
Cost of sales		
Purchases	<u>1,428,629</u>	<u>1,923,521</u>
	<u><u>1,428,629</u></u>	<u><u>1,923,521</u></u>

PRIMEORE LTD

OPERATING EXPENSES

31 December 2021

	2021	2020
	€	€
Administration expenses		
Directors' remuneration	259,166	261,054
Staff salaries	250,777	238,263
Social security costs	22,046	20,312
GHS contribution	13,366	11,081
Social cohesion fund	9,597	9,386
Common expenses	1,800	1,800
Municipality taxes	2,106	2,106
Annual levy	350	350
Electricity	4,772	5,127
Water supply and cleaning	3,887	5,354
Insurance	327	311
Repairs and maintenance	590	17,516
Sundry expenses	5,525	5,120
Telephone and postage	10,101	12,471
Courier expenses	2,164	2,341
Stationery and printing	838	673
Subscriptions and contributions	10,000	10,000
Computer software	21,327	-
Auditors' remuneration - current year	4,600	4,600
Auditors' remuneration - prior years	-	600
Accounting fees	3,600	3,600
Legal fees	241	1,448
Other professional fees	9,760	10,285
Fines	754	51
Overseas travelling	1,343	750
Irrecoverable VAT	-	18
Depreciation	80,360	80,230
	719,397	704,847

	2021	2020
	€	€
Selling and distribution expenses		
Decoration	612	490
	612	490

PRIMEORE LTD

FINANCE INCOME/COST 31 December 2021

	2021	2020
	€	€
Finance income		
Realised foreign exchange profit	50,506	-
Unrealised foreign exchange profit	<u>1,034,734</u>	<u>1,498,869</u>
	<u>1,085,240</u>	<u>1,498,869</u>
Finance costs		
Interest expense		
Loan interest	26,294	24,402
Interest expense on lease liabilities	13,310	15,308
Interest on taxes	169	-
Sundry finance expenses		
Bank charges	2,868	3,547
Net foreign exchange losses		
Realised foreign exchange loss	-	6,727
Unrealised foreign exchange loss	<u>1,112,097</u>	<u>1,336,432</u>
	<u>1,154,738</u>	<u>1,386,416</u>

PRIMEORE LTD

COMPUTATION OF WEAR AND TEAR ALLOWANCES

31 December 2021

	Year	%	COST			ANNUAL ALLOWANCES				Net value 31-Dec-21 €	
			Balance 01-Jan-21 €	Additions for the year €	Disposals for the year €	Balance 31-Dec-21 €	Balance 01-Jan-21 €	Charge for the year €	On disposals €		Balance 31-Dec-21 €
Furniture, fixtures and office equipment											
Cost	2017	10	26,290	-	-	26,290	10,516	2,629	-	13,145	13,145
Cost	2018	10	10,026	-	-	10,026	3,009	1,003	-	4,012	6,014
Cost	2021	10	-	3,558	-	3,558	-	356	-	356	3,202
			<u>36,316</u>	<u>3,558</u>	-	<u>39,874</u>	<u>13,525</u>	<u>3,988</u>	-	<u>17,513</u>	<u>22,361</u>
Computer Hardware											
Cost	2018	20	63,843	-	2,770	66,613	38,307	13,323	2,216	53,846	12,767
Cost	2021	20	-	1,642	-	1,642	-	328	-	328	1,314
			<u>63,843</u>	<u>1,642</u>	<u>2,770</u>	<u>68,255</u>	<u>38,307</u>	<u>13,651</u>	<u>2,216</u>	<u>54,174</u>	<u>14,081</u>
Total			<u>100,159</u>	<u>5,200</u>	<u>2,770</u>	<u>108,129</u>	<u>51,832</u>	<u>17,639</u>	<u>2,216</u>	<u>71,687</u>	<u>36,442</u>

PRIMEORE LTD

COMPUTATION OF CORPORATION TAX

31 December 2021

	Page	€	€
Net profit per income statement	30		1,972,452
Add:			
Depreciation		80,360	
Unrealised foreign exchange loss		1,112,097	
Annual levy		350	
Fines		754	
Interest expense on lease liabilities		13,310	
Interest on taxes		169	
Other non-allowable expenses		<u>26,294</u>	
			<u>1,233,334</u>
			3,205,786
Less:			
Annual wear and tear allowances	34	17,639	
Gain from sale of property, plant and equipment		2,216	
Dividends received		300,000	
Realised foreign exchange profit		50,506	
Unrealised foreign exchange profit		1,034,734	
Rent expenses		<u>81,900</u>	
			<u>(1,486,995)</u>
Chargeable income for the year			<u><u>1,718,791</u></u>

Calculation of corporation tax

	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	<u>1,718,791</u>	12.50	214,848.88
Tax paid provisionally	<u>1,120,000</u>		<u>(140,000.00)</u>
			74,848.88
10% additional charge			<u>7,484.89</u>
TAX PAYABLE			<u><u>82,333.77</u></u>