

**MEDSCOPE HOLDINGS PLC**

REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS

For the year ended 31 December 2022

# MEDSCOPE HOLDINGS PLC

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## REPORT AND CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2022

CONTENTS	PAGE
Board of Directors and other officers	1
Management Report	2 - 3
Independent auditor's report	4 - 6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9 - 10
Consolidated cash flow statement	11
Notes to the consolidated financial statements	12 - 39

# MEDSCOPE HOLDINGS PLC

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Stavros A. Karydis  
Markos Drakos  
Venetsianos Kakkavas

**Company Secretary:**

K and K Secretarial Limited

**Independent Auditors:**

VGDA Accountants Limited  
Certified Public Accountants and Registered Auditors  
25th Martiou 35 (Kennedy 32)  
2nd Floor  
1087 Nicosia, Cyprus

**Registered office:**

11 Kyriakou Matsi Street  
NIKIS CENTER, 8th floor  
1082 Nicosia  
Cyprus

**Bankers/Brokers:**

Bank of Cyprus Public Company Ltd  
Vista Bank (Romania) S.A.  
BNP Paribas (Suisse) SA  
The Cyprus Investment & Securities Corporation Ltd (CISCO)  
Banque Privee BCP (Suisse) SA  
Union Bancaire Privee, UBP SA

**Registration number:**

HE259056

# MEDSCOPE HOLDINGS PLC

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## MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the parent Company, its subsidiary and its associate companies (collectively referred to as (the 'Group') for the year ended 31 December 2022.

### **Incorporation**

The Company Medscope Holdings PLC was incorporated in Cyprus on 9 December 2009 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

On April 20 2022, the Company became a public company under the Companies Law, Cap. 113 and its shares are listed on the Cyprus Stock Exchange, Emerging Markets.

### **Principal activities and nature of operations of the Group**

The Medscope Holdings PLC Group consists of Medscope Holdings PLC ("Company"), World Properties S.R.L. ("Subsidiary") and associate companies. The principal activities of the Company are the holding investments and the provision of finance to related companies. The principal activity of the Subsidiary is the investment and exploitation of real estate.

### **Review of current position, future developments and performance of the Group's business**

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

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Group are disclosed in notes 7, 8 and 25 of the consolidated financial statements.

### **Use of financial instruments by the Group**

The Group is exposed to from the financial instruments it holds.

### **Results**

The Group's results for the year are set out on page 7. The net profit for the year attributable to the shareholders of the Group amounted to €3.270.069 (2021: €2.697.874). On 31 December 2022 the total assets of the Group were €74.179.161 (2021: €67.741.704) and the net assets of the Group were €74.100.597 (2021: €67.672.538).

### **Dividends**

On 2 November 2022, the Board of Directors approved the payment of an interim dividend of €3.347.445 (2021: €NIL).

### **Share capital**

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

### **Board of Directors**

The members of the Group's Board of Directors as at 31 December 2022 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 2022.

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 of the Board of Directors.

### **Events after the reporting period**

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

# MEDSCOPE HOLDINGS PLC

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## MANAGEMENT REPORT

### Independent Auditors

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

By order of the Board of Directors,



**K AND K SECRETARIAL LIMITED**

K and K Secretarial Limited  
Secretary

Nicosia, Cyprus, 28 April 2023



## Independent Auditor's Report

### To the Members of Medscope Holdings PLC

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

#### Opinion

We have audited the consolidated financial statements of Medscope Holdings PLC (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 39 and comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Opinion

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

#### Other information

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

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

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

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

## Independent Auditor's Report (continued)

### To the Members of Medscope Holdings PLC

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements (continued)

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

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

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

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

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

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

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 Medscope Holdings PLC

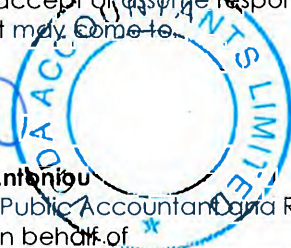

#### Report on Other Legal Requirements

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

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

#### Other Matter

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



**Antonis Antoniou**  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**VGDA Accountants Limited**  
**Certified Public Accountants and Registered Auditors**  
25th Martiou 35 (Kennedy 32)  
2nd Floor  
1087 Nicosia, Cyprus

28 April 2023



# MEDSCOPE HOLDINGS PLC

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 €	2021 €
<b>Revenue</b>	9	<b>1.744.705</b>	1.323.706
Other operating income	10	7.500	22.500
Administration expenses	11	(249.831)	(212.072)
Net impairment profit/(loss) on financial and contract assets		<u>591.785</u>	<u>(911.452)</u>
<b>Operating profit</b>		<b><u>2.094.159</u></b>	<u>222.682</u>
Finance income		598.267	363.426
Finance costs		<u>(61.977)</u>	<u>(60.853)</u>
Net finance income	13	<u>536.290</u>	<u>302.573</u>
Share of results of associates before tax		<u>714.019</u>	<u>2.187.078</u>
<b>Profit before tax</b>		<b>3.344.468</b>	2.712.333
Tax	14	<u>(74.399)</u>	<u>(14.459)</u>
<b>Net profit for the year</b>		<b><u>3.270.069</u></b>	<u>2.697.874</u>
<b>Other comprehensive income</b>			
Financial assets at fair value through other comprehensive income - Fair value gains		4.710.982	3.495.854
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		(1.710)	(445)
Profit from the redemption of bonds		25.185	-
Transfer of redemption gain to retained earnings		(25.185)	-
Profit from reduction of capital		160.800	-
Transfer of capital reduction gain to retained earnings		<u>(160.800)</u>	<u>-</u>
<b>Other comprehensive income for the year</b>		<b><u>4.709.272</u></b>	<u>3.495.409</u>
<b>Total comprehensive income for the year</b>		<b><u>7.979.341</u></b>	<u>6.193.283</u>

The notes on pages 12 to 39 form an integral part of these consolidated financial statements.

# MEDSCOPE HOLDINGS PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 December 2022

	Note	2022 €	2021 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	16	2.324.937	2.387.443
Intangible assets		-	75.660
Investments in associates	17	4.734.458	868.829
Financial assets at fair value through other comprehensive income	18	45.483.309	40.772.327
Non-current loans receivable	19	18.605.647	10.495.419
		<u>71.148.351</u>	<u>54.599.678</u>
<b>Current assets</b>			
Receivables	20	38.320	11.477
Refundable taxes	24	49	-
Cash and cash equivalents	21	2.992.441	13.130.549
		<u>3.030.810</u>	<u>13.142.026</u>
<b>Total assets</b>		<u>74.179.161</u>	<u>67.741.704</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	47.820.636	47.820.636
Share premium	22	2.082.250	2.082.250
Other reserves		16.454.727	11.639.439
Retained earnings		7.742.984	6.130.213
<b>Total equity</b>		<u>74.100.597</u>	<u>67.672.538</u>
<b>Current liabilities</b>			
Trade and other payables	23	78.564	69.003
Current tax liabilities	24	-	163
<b>Total liabilities</b>		<u>78.564</u>	<u>69.166</u>
<b>Total equity and liabilities</b>		<u>74.179.161</u>	<u>67.741.704</u>

On 28 April 2023 the Board of Directors of Medscope Holdings PLC authorised these consolidated financial statements for issue.

  
.....  
Markos Drakos  
Director

  
.....  
Venetsianos Kakkavas  
Director

The notes on pages 12 to 39 form an integral part of these consolidated financial statements.

# MEDSCOPE HOLDINGS PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital €	Share premium €	Fair value reserve - Financial assets at fair value through other comprehensive income €	Translation reserve €	Retained earnings €	Total €
<b>Balance at 1 January 2021</b>	<b>5,495,493</b>	<b>2,080,000</b>	<b>8,144,030</b>	<b>-</b>	<b>14,801,302</b>	<b>30,520,825</b>
<b>Comprehensive income</b>						
Net profit for the year	-	-	-	-	2,697,874	2,697,874
Other comprehensive income for the year	-	-	3,193,724	(445)	-	3,193,279
Total comprehensive income for the year	-	-	3,193,724	(445)	2,697,874	5,891,153
<b>Transactions with owners</b>						
Issue of share capital	31,258,310	2,250	-	-	-	31,260,560
Redemption of redeemable shares during the year	11,066,833	-	-	-	(11,066,833)	-
Total transactions with owners	42,325,143	2,250	-	-	(11,066,833)	31,260,560
<b>Other movements</b>						
Transfer from fair value reserve to retained earnings	-	-	302,130	-	(302,130)	-
Total other movements	-	-	302,130	-	(302,130)	-
<b>Balance at 31 December 2021</b>	<b>47,820,636</b>	<b>2,082,250</b>	<b>11,639,884</b>	<b>(445)</b>	<b>6,130,213</b>	<b>67,672,538</b>

The notes on pages 12 to 39 form an integral part of these consolidated financial statements.

# MEDSCOPE HOLDINGS PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital €	Share premium €	Fair value reserve - Financial assets at fair value through other comprehensive income €	Translation reserve €	Retained earnings €	Total €
<b>Balance at 1 January 2022 as previously reported</b>	47.820.636	2.082.250	11.639.884	(445)	6.130.213	67.672.538
Adjustment to correct opening balance of investments in associates	-	-	-	106.016	1.504.014	1.610.030
<b>Balance at 1 January 2022 as restated</b>	<b>47.820.636</b>	<b>2.082.250</b>	<b>11.639.884</b>	<b>105.571</b>	<b>7.634.227</b>	<b>69.282.568</b>
<b>Comprehensive income</b>						
Net profit for the year	-	-	-	-	3.270.069	3.270.069
Other comprehensive income for the year	-	-	4.710.982	(1.710)	185.985	4.895.257
Total comprehensive income for the year	-	-	4.710.982	(1.710)	3.456.054	8.165.326
<b>Transactions with owners</b>						
Dividends	-	-	-	-	(3.347.445)	(3.347.445)
Total transactions with owners	-	-	-	-	(3.347.445)	(3.347.445)
<b>Other movements</b>						
Other movements	-	-	-	-	148	148
Total other movements	-	-	-	-	148	148
<b>Balance at 31 December 2022</b>	<b>47.820.636</b>	<b>2.082.250</b>	<b>16.350.866</b>	<b>103.861</b>	<b>7.742.984</b>	<b>74.100.597</b>

The notes on pages 12 to 39 form an integral part of these consolidated financial statements.

# MEDSCOPE HOLDINGS PLC

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	2022 €	2021 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>3,344,468</b>	2,712,333
Adjustments for:			
Depreciation of property, plant and equipment		63,299	63,279
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		(1,710)	(445)
Unrealised exchange profit		(353,760)	(360,641)
Share of profit from associates	17	(714,019)	(2,187,078)
(Reversal of impairment)/impairment charge on loans to related parties	26	(591,785)	911,452
Dividend income	9	(900,037)	(1,163,624)
Interest income	9 & 13	(717,763)	(157,271)
		<b>128,693</b>	(181,995)
<b>Changes in working capital:</b>			
Increase in receivables		(26,843)	(5,703)
Increase in financial assets at fair value through profit or loss		-	(5,665,441)
Increase in trade and other payables		9,561	11,331
		<b>111,411</b>	(5,841,808)
<b>Cash generated from/(used in) operations</b>		<b>541,762</b>	101,881
Interest received		900,037	1,163,624
Dividends received		(74,611)	(14,296)
Tax paid		<b>1,478,599</b>	(4,590,599)
<b>Net cash generated from/(used in) operating activities</b>		<b>1,478,599</b>	(4,590,599)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investment property	16	-	(2,450,722)
Payment for purchase of financial assets at fair value through other comprehensive income		(990,755)	(5,793,264)
Loans granted		(7,278,507)	(11,406,871)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	12,556
Proceeds from the reduction of capital of associate undertakings		-	1,723,301
		<b>(8,269,262)</b>	(17,915,000)
<b>Net cash used in investing activities</b>		<b>(8,269,262)</b>	(17,915,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		-	31,260,560
Dividends paid		(3,347,445)	-
		<b>(3,347,445)</b>	31,260,560
<b>Net cash (used in)/generated from financing activities</b>		<b>(3,347,445)</b>	31,260,560
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10,138,108)</b>	8,754,961
Cash and cash equivalents at beginning of the year		<b>13,130,549</b>	4,375,588
<b>Cash and cash equivalents at end of the year</b>	21	<b>2,992,441</b>	<b>13,130,549</b>

The notes on pages 12 to 39 form an integral part of these consolidated financial statements.

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Medscope Holdings PLC (the "Company") was incorporated in Cyprus on 9 December 2009 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Kyriakou Matsi 11, Nikis Center, 8th floor, 1082 Nicosia, Cyprus. On April 20 2022, the Company became a public company under the Companies Law, Cap. 113 and its shares are listed on the Cyprus Stock Exchange, Emerging Markets.

The Company wholly owns (100%) and controls the Subsidiary, World Properties S.R.L., which is registered in Romania and operates under the laws of Romania and is active in the field of real estate investing and operating real estate. The Subsidiary was incorporated on December 15, 2021 as a Limited Liability Company under the laws of Romania.

The company also owns 50% in the associate company Corner Properties S.R.L. which is registered in Romania and operates under the Romanian laws and is active in the real estate sector with real estate investment and exploitation. In addition, the company owns 32.63% in associate company Barniveld Enterprises Corp. Limited, which is registered in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law of Cyprus, Cap. 113 and whose main activities are the holding of investments and the provision of loans.

#### Principal activities

The Medscope Holdings PLC Group consists of Medscope Holdings PLC ("Company"), World Properties S.R.L. ("Subsidiary") and associate companies. The principal activities of the Company are the holding investments and the provision of finance to related companies. The principal activity of the Subsidiary is the investment and exploitation of real estate.

### 2. Basis of preparation

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

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

### 3. Functional and presentation currency

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

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Group.

### 5. Significant accounting policies

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

#### Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the parent company Medscope Holdings PLC and its subsidiary, World Properties SRL.

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

#### Business combinations

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

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

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

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

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

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Business combinations (continued)

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

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

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

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

#### Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.



# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Investments in associates (continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### Goodwill

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

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

#### Revenue

##### Recognition and measurement

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

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

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

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Revenue recognition (continued)

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

#### Identification of performance obligations

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

The Group recognises revenue from the following major sources:

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

- **Rental income**

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

- **Interest income**

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

#### Employee benefits

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

#### 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.

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Foreign currency translation

**(1) Functional and presentation currency**

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

**(2) Translation from functional to presentation currency**

The results and financial position of the Group are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the reporting date;
- (ii) income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity as a cumulative translation reserve.

**(3) 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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates 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 Group's financial statements in the year in which they are approved by the Company's shareholders.

#### Deferred income

Deferred income represents income receipts which relate to future periods.

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Investment properties

Investment property, principally comprising shops and office buildings, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is treated as a non-current asset and is stated at historical cost less depreciation. 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 rate used is 3%.

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

#### Intangible assets

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.

#### 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.

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets

##### Financial assets - Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss)

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

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

All other financial assets are classified as measured at FVTPL.

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

##### Financial assets - Measurement

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

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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 consolidated statement of profit or loss and other 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.

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets (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 consolidated statement of profit or loss and other comprehensive income.

##### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

##### Financial assets - impairment - credit loss allowance for ECL

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

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

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

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

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

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

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets (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 Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

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

##### Financial assets -Reclassification

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

##### Financial assets - write-off

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

##### Financial assets - modification

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

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

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - modification (continued)

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

#### Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank.

#### Classification as financial assets at amortised cost

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

#### Prepayments

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

#### Share capital

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

#### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.



# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. Significant accounting policies (continued)

#### Comparatives

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

### 6. New accounting pronouncements

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

### 7. Financial risk management

#### Financial risk factors

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

#### 7.1 Market price risk

The Group is exposed to equity securities price risk because of equity investments held by the Group and classified on the consolidated statement of financial position either as fair value through other comprehensive income or at fair value through profit or loss. The Group is not exposed to commodity price risk.

#### 7.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The 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:

	2022	2021
	€	€
<b>Variable rate instruments</b>		
Financial assets	<u>18.875.492</u>	<u>11.381.697</u>
	<u>18.875.492</u>	<u>11.381.697</u>

#### 7.3 Credit risk

Credit risk arises from cash and cash equivalents and financial assets measured at fair value through Other Comprehensive Income.

##### (i) Impairment of financial assets

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

- trade receivables
- financial assets carried at FVOCI
- cash and cash equivalents

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 7. Financial risk management (continued)

#### 7.3 Credit risk (continued)

##### *(i) Impairment of financial assets (continued)*

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

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

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

##### *Significant increase in credit risk*

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

- 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 Group and changes in the operating results of the borrower/counterparty.

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

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

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 7. Financial risk management (continued)

#### 7.3 Credit risk (continued)

##### *(i) Impairment of financial assets (continued)*

##### *Low credit risk*

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

##### *Default*

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

##### *Write-off*

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

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

##### **Loans to related parties**

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as December 2022 and 31 December 2021:

<b>Group internal credit rating</b>	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Performing	<u>18.605.647</u>	<u>10.495.419</u>
<b>Total</b>	<u><b>18.605.647</b></u>	<u><b>10.495.419</b></u>

The Group does not hold any collateral as security for any loans to related parties.

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

##### **Cash and cash equivalents**

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

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

The 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.

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 7. Financial risk management (continued)

#### 7.3 Credit risk (continued)

(i) *Impairment of financial assets (continued)*

#### Cash and cash equivalents (continued)

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

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

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

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

Impairment losses	2022	2021
	€	€
Impairment charge - loans to related parties	-	(911.452)
Reversal of impairment - loans to related parties	<u>591.785</u>	<u>-</u>
<b>Net impairment profit/(loss) on financial and contract assets</b>	<b><u>591.785</u></b>	<b><u>(911.452)</u></b>

#### 7.4 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 Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Romanian LEI, US Dollars and British Pounds. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 7.5 Capital risk management

Capital includes equity shares and share premium.

The Group 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 Group's overall strategy remains unchanged from last year.

#### Fair value estimation

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

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

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

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 7. Financial risk management (continued)

#### Fair value estimation (continued)

##### Fair value measurements recognised in consolidated statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

31 December 2022	Level 1 €	Level 2 €	Level 3 €	Total €
<b>Financial assets</b>				
Bonds	1.355.868	-	-	1.355.868
Shares	14.631.185	-	29.521.441	44.152.626
<b>Total</b>	<b>15.987.053</b>	<b>-</b>	<b>29.521.441</b>	<b>45.508.494</b>

31 December 2021	Level 1 €	Level 2 €	Level 3 €	Total €
<b>Financial assets</b>				
Bonds	1.935.072	-	-	1.935.072
Shares	12.743.400	-	26.093.855	38.837.255
<b>Total</b>	<b>14.678.472</b>	<b>-</b>	<b>26.093.855</b>	<b>40.772.327</b>

### 8. Critical accounting estimates, judgments and assumptions

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

#### *Critical accounting estimates and assumptions*

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

- **Calculation of loss allowance**

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

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

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

# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

- **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 Group 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 Group's accounting policies*

- **Impairment of investments in associates**

The Group periodically evaluates the recoverability of investments in associates 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 associates may be impaired, the estimated future discounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Group periodically evaluates the recoverability of loans receivable 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 in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

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

- **Impairment of non-financial assets**

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

- **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

- Useful live of depreciable assets

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

### 9. Revenue

Disaggregation of revenue	2022	2021
	€	€
Dividend from overseas	900.037	1.163.624
Interest income	-	13.137
Loan interest income	623.143	141.349
Rental income	221.525	5.596
	<u>1.744.705</u>	<u>1.323.706</u>

### 10. Other operating income

	2022	2021
	€	€
Commissions received	<u>7.500</u>	<u>22.500</u>

### 11. Administration expenses

	2022	2021
	€	€
Staff costs	3.637	-
Municipality taxes	250	-
Annual levy	350	350
Sundry expenses	6.319	467
Telephone, internet and postage	321	-
Auditors' remuneration	14.280	11.900
Accounting fees	6.581	4.760
Legal fees	8.330	-
Other professional fees	83.770	91.328
Inland travelling and accommodation	325	-
Management fees	48.200	39.928
Cyprus Stock Exchange fees	10.178	-
Investment advisors fees	3.991	60
Depreciation	63.299	63.279
	<u>249.831</u>	<u>212.072</u>

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 12. Staff costs

	2022	2021
	€	€
Salaries	3.185	-
Social security costs	303	-
GHS contribution	88	-
Social cohesion fund	61	-
	<u>3.637</u>	<u>-</u>

Average number of employees:

Full time	-	-
Part time	1	-
	<u>1</u>	<u>-</u>

### 13. Finance income/(costs)

	2022	2021
	€	€
Interest income	94.620	2.785
Exchange profit	503.647	360.641
<b>Finance income</b>	<u>598.267</u>	<u>363.426</u>
Net foreign exchange losses	(58.897)	(56.082)
Sundry finance expenses	(3.080)	(4.771)
<b>Finance costs</b>	<u>(61.977)</u>	<u>(60.853)</u>
<b>Net finance income</b>	<u>536.290</u>	<u>302.573</u>

### 14. Tax

	2022	2021
	€	€
Corporation tax	4.937	165
Overseas tax	69.462	14.294
<b>Charge for the year</b>	<u>74.399</u>	<u>14.459</u>

The Group operates in two tax jurisdictions and is subject to tax at the rates applicable in the respective countries of tax residence, the Republic of Cyprus and Romania. The tax rates for the Group are currently 12.5% in the Republic of Cyprus and 16% in Romania.

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%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.



# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 15. Dividends

	2022	2021
	€	€
Interim dividend paid	<u>3.347.445</u>	-
	<u><u>3.347.445</u></u>	<u><u>-</u></u>

On 2 November 2022, the Board of Directors approved the payment of an interim dividend of €3.347.445 (2021: €NIL).

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. Dividends are also subject to a 2,65% contribution to the General Healthcare System.

### 16. Investment properties

	2022	2021
	€	€
<b>Cost</b>		
Balance at 1 January	2.450.722	-
Additions	-	2.450.722
Effect of translation to presentation currency	<u>793</u>	-
<b>Balance at 31 December</b>	<u><u>2.451.515</u></u>	<u><u>2.450.722</u></u>
<b>Depreciation</b>		
Balance at 1 January	63.279	-
Charge for the year	<u>63.299</u>	<u>63.279</u>
<b>Balance at 31 December</b>	<u><u>126.578</u></u>	<u><u>63.279</u></u>
<b>Net book amount</b>		
<b>Balance at 31 December</b>	<u><u>2.324.937</u></u>	<u><u>2.387.443</u></u>

Details of investment properties are as follows:

	2022	2021
	€	€
<b>Type</b>		
Land	341.546	341.435
Buildings	<u>1.983.391</u>	<u>2.046.008</u>
	<u><u>2.324.937</u></u>	<u><u>2.387.443</u></u>

The fair value of the investment properties based on assessments made by the Board of Directors as of 31 December 2022, approximates the above value.

During the year, the Group received rental income amounting to €221.525 (2021: €5.596).

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 17. Investments in associates

	2022	2021
	€	€
Balance at 1 January	868.829	2.438.057
Additions	3.151.610	-
Capital reduction	-	(1.723.301)
Share of results of associates before tax	714.019	2.187.078
Dividends received	-	(2.033.005)
<b>Balance at 31 December</b>	<b>4.734.458</b>	<b>868.829</b>

Details of the investments recognized using the equity method in the consolidated financial statements are follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2022 Holding %	2021 Holding %	2022 €	2021 €
Barniveld Enterprises Corp. Limited	Cyprus	Holding of investments and provision of finance	32,63	32,63	3.158.857	786.597
Corner Properties S.R.L.	Romania	Real estate development	50	-	1.575.601	-
S.C. Downtown Plaza Business Center S.R.L.	Romania	Real estate development	-	50	-	31.292
Global Invest Project Development S.R.L.	Romania	Real estate development	-	50	-	50.940
					<b>4.734.458</b>	<b>868.829</b>

Since 2020, the Company owns 3,263 shares of €1 each, in the issued share capital of Barniveld Enterprises Corp. Limited. The shares were purchased by the Company at a total cost of €552.263. Barniveld Enterprises Corp. Limited owns 99.99% of the issued share capital of Vista Leasing IFN S.A., a company registered in Romania.

On 28 May 2021, the associate companies S.C. Downtown Plaza Business Center S.R.L. and Global Invest Project Development S.R.L., by decision of the shareholders proceeded to reduce capital by €1,214,692 and €508,609, respectively.

By decision of the shareholders of associate companies S.C. Downtown Plaza Business Center S.R.L. and Global Invest Project Development S.R.L. dated 20 December 2021, the voluntary dissolution and liquidation of the two associate companies was approved, which was completed during the year under review.

After the voluntary dissolution and liquidation of the above associate companies, a total amount of €26.185 (after writing off the goodwill resulting upon their acquisition and the final balances of the two investments), was deducted from the Group's Share of results before tax from the associate companies, reducing the share from €740.204 to €704.019.

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 17. Investments in associates (continued)

On 21 July 2022, the Company acquired 10 shares of LEI10 each in Corner Properties S.R.L. representing 50% of its issued share capital. The shares were acquired at their nominal value of LEI100 (equivalent in €20). On 22 July 2022, Corner Properties S.R.L. proceeded with an increase of its issued share capital by issuing 1,580,800 new shares of LEI10 each. The Company acquired 790,400 shares with a nominal value of LEI7.904.000 (equivalent in €1.600.000) and thus the Company's percentage of holding remained unchanged.

Significant aggregate amounts in respect of associated undertakings:

2022	Barniveld Enterprises Corp. Limited €	Corner Properties S.R.L. €	Total €
Percentage ownership interest	32,63%	50%	
Non-current assets	12.360.618	8.336.713	20.697.331
Current assets	64.317.732	504.445	64.822.177
Non-current liabilities	(65.632.951)	(5.566.108)	(71.199.059)
Current liabilities	(1.364.563)	(123.848)	(1.488.411)
Net assets (100%)	9.680.836	3.151.202	12.832.038
Group's share of net assets	3.158.857	1.575.601	4.734.458
Carrying amount of interest in associates	3.158.857	1.575.601	4.734.458
Revenue	3.992.817	359.060	4.351.877
Profit/(loss) from continuing operations (100%)	2.441.424	(44.052)	2.397.372
Total comprehensive income (100%)	2.441.424	(44.052)	2.397.372
Total comprehensive income (Group's share)	796.564	(22.026)	774.538
Exchange difference after the translation and consolidation of the financial statements of foreign companies	(34.334)	-	(34.334)
Group's share of profit and total comprehensive income	762.230	(22.026)	740.204

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 17. Investments in associates (continued)

2021	S.C. Downtown Plaza Business Center S.R.L. €	Global Invest Project Development S.R.L. €	Barniveld Enterprises Corp. Limited €	Total €
Percentage ownership interest	50%	50%	32,63%	
Non-current assets	-	-	1.430.025	1.430.025
Current assets	139.698	137.571	992.597	1.269.866
Current and non-current liabilities	(108)	(1.586)	(11.967)	(13.661)
Net assets (100%)	139.590	135.985	2.410.655	2.686.230
Group's share of net assets (Group's share)	69.795	67.993	786.597	924.385
Elimination of unrealized profit on downstream sales	(38.503)	(17.053)	-	(55.556)
Carrying amount of interest in associates	31.292	50.940	786.597	868.829
Revenue	400.647	71.546	223.043	695.236
Profit from continuing operations (100%)	3.432.544	869.180	110.989	4.412.713
Total comprehensive income (100%)	3.432.544	869.180	110.989	4.412.713
Total comprehensive income (Group's share)	1.716.272	434.590	36.216	2.187.078
Group's share of profit and total comprehensive income	1.716.272	434.590	36.216	2.187.078

### 18. Financial assets at fair value through other comprehensive income

	2022 €	2021 €
Balance at 1 January	40.772.327	26.927.653
Additions	990.755	5.793.264
Disposals	-	(12.556)
Reclassification of financial assets (note 19)	-	5.665.441
Revaluation difference transferred to equity	4.896.967	3.193.724
Return of capital	-	(795.199)
Redemption of bonds	(1.015.940)	-
Income from capital reduction	(160.800)	-
<b>Balance at 31 December</b>	<b>45.483.309</b>	<b>40.772.327</b>

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

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

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 19. Non-current loans receivable

	2022	2021
	€	€
Balance at 1 January	10.495.419	-
New loans granted	7.278.507	11.429.918
Repayments	(541.762)	(101.881)
Interest charged	623.143	142.935
10% deduction on interest paid	(62.314)	(14.294)
Exchange differences	220.869	160.721
Credit Loss Allowance/(Credit Loss Charge)	591.785	(1.121.980)
<b>Balance at 31 December</b>	<b>18.605.647</b>	<b>10.495.419</b>

On 18 June 2021, the Company ("Lender") entered into a loan agreement with Vista Leasing IFN S.A. ("Borrower") for the provision of a loan in the total amount of €10.000.000 (which was increased to €15.000.000 with related additional agreement dated 6 December 2021 and to €20.000.000 with another related additional agreement dated 20 May 2022). The Borrower, based on the loan agreement, has the right to utilise the loan either in Euros or in United States Dollars (US\$). Until 31 December 2022, the Borrower utilised the total amounts of €11.000.000 and US\$8.400.000 which, plus accrued interest of €2.823 and \$46.998 respectively, remain outstanding at 31 December 2022. The amount of the loan in Euro carries interest of three months EURIBOR plus a margin of 3% and the loan amount in United States Dollars carries interest at three months LIBORUS\$ plus a margin of 3% per annum. The amounts due are repayable by 18 June 2027.

	2022	2021
	€	€
Loans to related parties (Note 26.1)	18.605.647	10.495.419
	<u>18.605.647</u>	<u>10.495.419</u>

The loans are repayable as follows:

	2022	2021
	€	€
Between one and five years	18.605.647	-
After five years	-	10.495.419
	<u>-</u>	<u>10.495.419</u>

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

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

### 20. Receivables

	2022	2021
	€	€
Deposits and prepayments	26.523	6.428
Accrued income	11.797	4.309
Other receivables	-	740
	<u>38.320</u>	<u>11.477</u>

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

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 21. Cash and cash equivalents

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash at bank	<u>2.992.441</u>	<u>13.130.549</u>
	<u><b>2.992.441</b></u>	<u><b>13.130.549</b></u>

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

### 22. Share capital and share premium

	2022	2022	2021	2021
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>50.000.000</u>	<u>50.000.000</u>	<u>50.000.000</u>	<u>50.000.000</u>
<b>Issued and fully paid</b>	Number of shares	Share capital €	Share premium €	Total €
Balance at 1 January 2021	5.495.493	5.495.493	2.080.000	7.575.493
Issue of shares	31.250.810	31.250.810	-	31.250.810
Issue of shares	7.500	7.500	2.250	9.750
Issue of shares	<u>11.066.833</u>	<u>11.066.833</u>	<u>-</u>	<u>11.066.833</u>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<u><b>47.820.636</b></u>	<u><b>47.820.636</b></u>	<u><b>2.082.250</b></u>	<u><b>49.902.886</b></u>
<b>Balance at 31 December 2022</b>	<u><b>47.820.636</b></u>	<u><b>47.820.636</b></u>	<u><b>2.082.250</b></u>	<u><b>49.902.886</b></u>

### 23. Trade and other payables

	2022	2021
	€	€
Deposits received from clients	37.011	36.999
Accruals	14.512	11.901
Other creditors	<u>27.041</u>	<u>20.103</u>
	<u><b>78.564</b></u>	<u><b>69.003</b></u>

### 24. (Refundable) taxes/current tax liabilities

	2022	2021
	€	€
Corporation tax	<u>(49)</u>	<u>163</u>
	<u><b>(49)</b></u>	<u><b>163</b></u>

### 25. Operating Environment of the Group

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 25. Operating Environment of the Group (continued)

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services have also been indirectly affected.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in minor operational disruption for the Group.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The Group has not applied for such government assistance. The details of all the arrangements that might be available to the Group and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The Group is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress-scenarios for going concern purposes.

The event is reflected in the recognition and measurement of the assets and liabilities in the consolidated financial statements as at 31 December 2022. The Group's management has assessed:

- (1) whether any impairment allowances are deemed necessary for the Group's financial assets, non-financial assets (e.g., property, plant & equipment, goodwill, intangible assets), lease receivables, contract assets, loan commitments or financial guarantee contracts, investments in subsidiaries, associates and joint ventures by considering the economic situation and outlook at the end of the reporting period.
- (2) the ability of the Group to continue as a going concern.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

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

# MEDSCOPE HOLDINGS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 25. Operating Environment of the Group (continued)

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

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

The Group has no direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

### 26. Related party balances and transactions

The Company is controlled by Mr. Vemetsianos Kakkavas, a non-tax resident of Cyprus, who owns 99.98% of the Company's shares.

The related party balances and transactions are as follows:

#### 26.1 Loans to related parties (Note 19)

		2022	2021
		€	€
Vista Leasing IFN (Romania) S.A.	Nature of relation (βλ. πιο κάτω)	18.925.314	11.406.871
Expected Credit Losses		(319.667)	(911.452)
		<u>18.605.647</u>	<u>10.495.419</u>

Vista Leasing IFN (Romania) S.A. is a subsidiary of Barniveld Enterprises Corp. Limited, in which the Company owns 32.63% of its share capital.

The interest during the year amounted to €623.143 (2021: €142.935).

The details of the loans to related parties are described in note 19.



# MEDSCOPE HOLDINGS PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 27. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2022.

### 28. Commitments

The Group had no capital or other commitments as at 31 December 2022.

### 29. Events after the reporting period

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairment on its assets in 2023. The exact impact on the Company's activities in 2023 and thereafter cannot be predicted.

As explained in note 25, 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 and additional sanctions are imposed.

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

**Independent auditor's report on pages 4 to 6**