Black Sea Property PLC

Consolidated Annual Report

Year ended 31 December 2023

Page

Directors
Yordan Naydenov (resigned 3 April 2024)
Miroslav Georglev (resigned 3 April 2024)
Ventsislava Altanova (resigned 3 April 2024)
Valentino Georglev (appointed 3 April 2024)
Todor Ivanov (appointed 3 April 2024)
Simon Hudd

Registered office
6th Floor
Victory House
Prospect Hill
Douglas, Isle of Man
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Administrator
Crowe Trust Isle of Man Limited
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Share Registrars Limited
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Property Investment Advisor
Phoenix Capital Management JSC
109-115 Todor Aleksandrov Blvd
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Auditor of the Company and Group
Grant Thornton Limited
Exchange House
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Douglas, Isle of Man
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Chairman's Statement

I am pleased to present the financial statements of Black Sea Property PLC ("Black Sea Property" or the "Company") for the year ended 31 December 2023.

The net asset value as at 31 December 2023 was € 50,511,892 or 2.01 cents per share (2022: € 28,779,491 or 1.59 cents per share).

The Company generated revenues from camping reservations of € 1,308,384 (2022: € 1,159,445). This resulted in earnings per share of 0.54 cents (2022: 0.22 cents).

Between August to November 2023, the Company raised € 22,800,000 through the issue of Loan Notes and a placing of 645,000,000 new ordinary shares of nil par value in the Company at a price of € 0.016 per share (the "Placing Price"), raising € 10.32 million. The Placing Price was based on the Company's NAV as at 30 June 2023. The repayment date of the Loan Notes has been extended to 31 December 2024.

Investments

Camping South Beach EOOD ("CSB")

In 2023, CSB maintained its prime position as a destination for luxury camping holidays and beach houses. The military conflict in Ukraine continues to negatively affect tourism in many ways, including the reduction in Russian tourists visiting the Bulgarian Black Sea coast.

Inflation, which affected the entire European economy in 2022, slowed CSB's growth rate, and 2023 saw significantly lower levels, reaching 4.7% by the end of the year.

The demand for high-end luxury camping holidays was generally driven by local guests. CSB achieved occupancy levels of over 58% in July and 50% in August 2023, which leads to a 13.6% increase in revenues from reservations in 2023 compared to 2022.

The fair value of the investment property in CSB at the year-end was €16,820,000 which represents an increase of € 390,000 above the value at the end of the previous year.

In November 2023, CSB acquired two plots of land adjacent to its camping site on the Bulgarian Black Sea coast. The total area of the two plots is circa 19,450 square meters.

The land will be used for the further expansion of the business activities of Camp South Beach EOOD, whose site is increasingly becoming popular as a 'glamping' site for both Bulgarian and international tourists.

The consideration for the two plots was EUR 4,836,600 which was satisfied in cash from the Company's existing resources.

Outlook for CSB in 2024

The expectations for the tourist segment in 2024 are positive despite the challenging environment arising from the war in Ukraine.

Over the years, an insignificant part of the Company's revenues was generated by tourists from the countries affected by the conflict. The forecasts prepared by the management for the summer season 2024 do not include revenues from this segment.

The initial forecast by the management indicates an approximate increase of over 10% in occupancy for 2024.

Chairman's Statement (Continued)

Star Mill

The Black Sea Star hotel complex which was acquired in 2022, and is owned by a BSP subsidiary, increased its market value in 2023 to EUR 7,274,300. The hotel complex is located in an excellent location on the Black Sea coast, behind CSB.

Ivan Vazov 1 Building and Grand Hotel Varna Dolphins ("GHV-Dolphins")

In April 2024 two of the Company's subsidiaries in Bulgaria (BSPF Bulgaria and GHV-Dolphins EAD) signed a license and management agreement with Nobu Hospitality LLC to transform two of the Company's existing properties into a Nobu Hotel and Restaurant in the heart of Sofia and on the Black Sea Coast.

Outlook

The Company operates in a challenging environment and is not able to assess the full impact of the war in Ukraine. All sectors of the economy are significantly affected by the consequences of the military conflict in Ukraine, namely rising inflation levels, raw materials price increases and market uncertainty.

The Directors are taking cautious measures to manage the cash flow and cost base of the Company and are confident that the business is well equipped to withstand this near-term uncertainty.

Despite the tough environment, the Directors believe that in 2024 incomes from CSB will increase by over 10% compared to 2023, based on current reservations and forecasts. Traditionally, CSB relies mainly on domestic demand and an insignificant part of its revenues are generated by tourists from countries affected by the conflict in Ukraine.

The transformation of Ivan Vazov Building is planned to be successfully finalized in the next 2 to 3 years. The competitive advantages of the building are the unique architecture and prime downtown location.

Signed on behalf of the Board by:

Simon Hudd
Chairman

28 June 2024

Directors' Report

As at 31 December 2023 the significant shareholders of Black Sea Property PLC (the "Company) were as follows:

Beneficial shareholder	Holding	Percentage
Neo London Capital PLC	515,126,806	20.95%
Elea Capital Holding JSC	645,000,000	26.24%
Mamferay Holdings Ltd	449,957,561	18.30%
DF Compass Progress	169,356,690	6.89%
Interfund Investments PLC	89,500,000	3.64%
DF C Mix	80,200,000	3.26%

The shareholder structure as at 31 December 2022 was as follows:

Beneficial shareholder	Holding	Percentage
Neo London Capital Plc	515,126,806	28.41%
Compass Capital JSC	304,354,182	16.78%
Mamferay Holdings Limited	449,957,562	24.81%
Capman AM	92,000,000	5.07%
Interfund Investments Plc	89,500,000	4.94%

Auditor

The Company's Auditor – Grant Thornton Limited, being eligible, has expressed their willingness to continue in office in accordance with the Isle of Man Companies Act 2006.

Directors' Interests

No current Director has an interest in the share capital of the Company.

Directors' Remuneration

Directors' remuneration comprises solely of the fee payments received by the Directors. No Directors received any benefits under long-term or short-term incentive schemes.

The maximum amount of the aggregate Directors' (other than those holding executive office with the Company or any subsidiary of the Company) ordinary remuneration permitted by Article 83.1 of the Company's Memorandum and Articles of Association is 100,000 pound sterling (112,970 euros) per annum, plus expenses.

Directors' Remuneration for the Directors of Parent company are:

	Fees Year ended 31 Dec 2023 €	Fees Payable As at 31 Dec 2023 €	Fees Year ended 31 Dec 2022 €	Fees payable As at 31 Dec 2022 €
Ventsislava Altanova	14,096	-	13,552	13,552
Miroslav Georgiev	14,096	-	13,552	13,552
Simon Hudd*	13,845	-	13,552	6,776
Yordan Naydenov	14,042	-	13,552	13,552
	56,079	-	**54,208**	**47,432**

*Chairman and non-executive director of the parent company

Directors' Report (Continued)

Corporate Governance

The company is committed to applying the highest standards of corporate governance corresponding to its size.

While the Company is not required to comply with the provisions set out in the UK Corporate Governance code issued by the Financial Reporting Council or to comment on its compliance with the provisions of the Code, the Board is nevertheless accountable to the shareholders for the good corporate governance of the Company.

The Board consists of four Directors and holds at least four board meetings annually. Matters which would normally be referred to appointed committees, such as the Audit, Remuneration and Nomination Committees, are dealt with by the Board as a whole.

Going concern

As of the reporting date the group has reported an operating loss of EUR 0.38m (2022: loss EUR 0.33m), net profit in the year of EUR 10.41m (2022: EUR 3.85m), this is mainly due to the bargain purchase of EUR 10.2m on the entities acquired during the year. The group's current liabilities exceed its current assets by EUR 11.3m. The Directors consider that at this stage of the group's development, the generation of losses is expected. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In previous year, the group started renovating and developing its properties. The expectations of the management are that after the completion of the renovation works, the investment properties will be recognized as a significant investment project, which is expected to generate income in the medium-term future and lead to stability in the financial position of the group. In addition, there are two signed license and management agreements with Nobu Hospitality subsequent to year end, which will start two new projects - one in Varna and one in Sofia, which will attract customers and make profit for the group in the foreseeable future.

The major shareholders of the parent company have undertaken to provide the financial supports to the group to secure its functioning as a going concern and within its normal capacity for a period of at least 12 months from the date of signing the financial statements for the year ended 31 December 2023.

The Directors are therefore, satisfied that the group has sufficient resource available along with support from major shareholders who have sufficient liquid resource to provide financial support to the group. Given this the Directors have a reasonable expectation that the group will continue in operational existence in the foreseeable future, and for a period of at least 12 months from the date of signing these financial statements. Therefore, financial statements have been prepared on a going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence.

Post balance sheet events

In April 2024 two of the Company's subsidiaries in Bulgaria (BSPF Bulgaria and GHV-Dolphins EAD) each signed a license and management agreement with Nobu Hospitality to transform two of the Company's existing properties into a Nobu Hotel and Restaurant in the heart of Sofia and on the Black Sea Coast.

Also, in April 2024 the Parent Company announced Board Changes where the previous Directors – Ventsislava Altanova, Miroslav Georgiev and Yordan Naydenov have resigned. The Parent Company welcomed Todor Ivanov and Valentino Georgiev as new Directors.

Directors' Report (Continued)

Mr. Ivanov has over 20 years of administrative experience, and, in 2022, was the deputy regional governor of Burgas Region. Mr Ivanov is currently a municipal councilor in the Municipality of Burgas. Previously, he was successively an administrative director and manager of an architectural company and has considerable experience of the entire construction and investment process.

Mr. Georgiev has over ten years of experience in real estate in the UK and Bulgaria. Mr. Georgiev spent five years working in a legal firm in London, specialising in conveyancing, transfers of equity and lease extensions. In addition to this, Mr. Georgiev also has UK experience as an estate agent working in sales and leases of commercial and residential properties in Central London. In Bulgaria, Mr. Georgiev has experience of real estate development and sales in exclusive holiday resorts on the Black Sea Coast.

Signed on behalf of the Board by:

Simon Hudd
Chairman
28 June 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

The Directors are required to prepare Group financial statements for each financial year. The Directors have elected to prepare the Group financial statements in accordance with the UK-adopted International Accounting Standards ("UK adopted IASs") and applicable law.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing each of the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK adopted IASs;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

Simon Hudd
Chairman

28 June 2024

Independent auditor's report to the members of Black Sea Property PLC

Opinion

We have audited the financial statements of Black Sea Property PLC ("Company") and its subsidiaries (the "Group"), which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year ended 31 December 2023, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted International Accounting Standards (UK-adopted IAS).

In our opinion, Group's financial statements:

- give a true and fair view in accordance with UK-adopted IAS of the financial position of the Group as at 31 December 2023 and of the Group financial performance and consolidated cash flows for the year then ended; and

- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Isle of Man, including the FRC's Ethical Standard, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In forming our opinion, which is not modified, we draw attention to disclosures made in the Directors' report and Note 2(e) in the financial statements concerning the Group's ability to continue as a going concern. The group has reported an operating loss of EUR 0.38m (2022: loss EUR 0.33m). The net profit in the year of EUR 10.41m (2022: EUR 3.85m), is mainly due to the bargain purchase of EUR 10.2m on the entities acquired during the year. The group's current liabilities exceed its current assets by EUR 11.3m (2022: net current assets EUR 1.4m). These events and conditions, along with other matters as set forth in Note 2(e), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of directors' assessment of group's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's future cash flow forecasts, the process by which they were prepared, and assessed the calculations are mathematically accurate;
- Challenging the underlying key assumptions such as expected cash outflow for property operating and other operating expenses;
- Reviewed the license and management agreements entered subsequent to year end with Nobu Hospitality to build two Nobu properties in Bulgaria which would expect to generate revenue once developed.
- Obtained the letter of support from major shareholders to provide the required financial support.

Independent auditor's report to the members of Black Sea Property PLC (Continued)

Material uncertainty related to going concern (Continued)

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should the Group be unable to continue in existence.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters.

In addition to the matter described in "Material uncertainty related to going concern", we have determined the matters described below to be the key audit matters to be communicated in our report.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimate of valuation of investment properties that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

Based on our considerations as set out below, our areas of focus included:

- Valuation of investment properties

How we tailored the audit scope

The group is property investment group, which seeks to generate capital gains through the development, financing, and sale of property in Bulgaria. The group engages Phoenix Capital Management JSC as property investment advisor. We tailored the scope of our audit taking into account the components of the group, investment properties these hold and the involvement of third parties, the accounting processes and controls, and the industry in which the group operates.

We sent group audit instructions to certain number of the group components. As group auditor, we retained overall responsibility for the audit of group financial statements. The components where full scope audit or specific audit procedures were performed accounted for 100% of the Group's Profit before tax from continuing operations, 100% of the Group's Revenue and 100% of the Group's Total Assets. The components where group audit instructions were sent out to are BSPF Bulgaria EAD, BSPF Project 1EAD, Camp South Beach EOOD, Star Mill EOOD, Grand Hotel Varna and Lazuren Bryag.

The directors control the affairs of the group and are responsible for the overall investment property policy, which is determined by them. The board has delegated certain responsibilities to Crowe Trust Isle of Man Limited and Crowe Bulgaria ("the Administrators"). The company engages the administrators to manage certain duties and responsibilities with regards to the management of the group and its components

Independent auditor's report to the members of Black Sea Property PLC (Continued)

Key audit matters (Continued)

The group financial statements, which remain the responsibility of the directors, are prepared on their behalf by the administrator, Crowe Trust Isle of Man Limited.

In establishing the overall approach to our audit we assessed the risk of material misstatement at group level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the group's interaction with the administrator, and we assessed the control environment in place at the administrator.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the entity and its environment, the history of misstatements, the complexity of the Group and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the group as €1,020,000 being 1% of the Group's Total Assets at 31 December 2023. We have applied this benchmark because the group is primarily an investment property group with investment properties either for sale or intended to be let to generate income.

We have set Performance materiality for the group at €765,000 (75% of materiality) having considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the entity and its control environment, this is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We agreed with the Directors that we would report to them misstatements identified during our audit above triviality of €51,000 (5% of materiality), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant matters identified
The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the consolidated financial statements as a whole. This is not a complete list of all risks identified by our audit.

Independent auditor's report to the members of Black Sea Property PLC (Continued)

Key audit matters (Continued)

Significant Matter	How the scope of our audit addressed the significant matter
Valuation of Investment property As detailed in note 8, the group owns investment properties with a fair value of €58.8million at 31 December 2023. The determination of the fair value of the investment properties is considered to be a significant judgement as detailed in note 8 and we therefore considered this to be a significant audit risk and key audit matter. The group engages an independent valuer to determine the fair value of the properties at the year end. This valuation considers the nature of the property, its location and any comparable property transactions. The valuations require the independent valuer to make significant professional judgements in relation to expected future cash flows, market capitalisation yields and appropriate input information provided by the management in relation to occupancy and rental values. Any inaccuracies in this input information or unreasonable judgements made in the valuation could result in a material misstatement in the group financial statements.	Our audit work included, but was not restricted to, the following: • We obtained an understanding of the processes in place in relation to valuation of investment properties and tested the design and implementation of relevant controls. • We assessed the competency, independence, qualifications and objectivity of the independent valuer to confirm that they are appropriately qualified to value the properties. • We reviewed the valuation reports to ensure that all valuations have been carried out in line with relevant professional standards and in accordance with the group's accounting policy. • We assessed and challenged the significant judgements used in the valuations to ensure they are reasonable. • We recalculated the movement in fair value based of revaluation reports, and agreed the movement posting to the financial statements. • We reviewed the appropriateness of the disclosures within the group's financial statements in relation to the valuation methodology, key valuation inputs and valuation uncertainty. We completed our planned audit procedures, with no exceptions noted.

Independent auditor's report to the members of Black Sea Property PLC (Continued)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Chairman's Statement and the Directors' Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted IAS, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

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

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent auditor's report to the members of Black Sea Property PLC (Continued)

Responsibilities of the auditor for the audit of the financial statements (Continued)
Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Data Privacy Act, and the listing regulations of Aquis Stock Exchange and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Isle of Man Companies Act 2006 and the taxation law. The Audit Principal considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

The group engagement team shared the risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management and board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group's regulatory and legal correspondence and review of minutes of board meetings and annual general meeting during the year to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including valuation of investment property and expected credit losses;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management; and
- requested information from component auditors on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the group financial statements.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

Independent auditor's report to the members of Black Sea Property PLC (Continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with the terms of engagement letter. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited

Grant Thornton Limited
Douglas
Isle of Man

Date 28 June 2024

Consolidated Statement of Comprehensive Income

	Note	Year to 31 Dec 23 €	Year to 31 Dec 22 €
Revenue	4)	1,629,379	1,159,445
Property operating expenses	4)	(1,260,397)	(1,409,106)
		368,982	(249,661)
Gain on revaluation of investment properties	8)	79,399	724,708
Fair value gain on financial assets at fair value through profit and loss	28)	335,901	-
		415,300	724,708
Administration and other expenses	5)	(1,170,345)	(800,340)
Operating (loss)		(386,063)	(325,293)
Other Income	6)	2,135,886	3,449,267
Bargain purchase	10)	10,213,883	2,127,765
Share of post-tax losses of equity accounted associate		-	(2,548)
Write off of loans		(2,025)	-
Interest payable and similar charges	6)	(1,170,443)	(862,551)
Interest receivable and similar income	6)	119,237	-
Profit before taxes		10,910,475	4,386,640
Taxation	7)	(497,028)	(537,399)
Profit and total comprehensive income		10,413,447	3,849,241
Profit and total comprehensive income attributable to the:			
- shareholders of the parent company		10,409,093	3,849,241
- non-controlling interest		4,354	-
Earnings per share			
Basic and Diluted earnings per share (cents)	19)	0.54	0.22

The results are derived from continuing operations during the year.

The notes on pages 19 to 45 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2024 and were signed on their behalf by:

Simon Hudd
Chairman

Valentino Georgiev
Director

Consolidated Statement of Financial Position

	Note	2023	2022
		€	€
Non-current assets			
Investment properties	8)	58,888,532	47,517,500
Intangible assets	9)	1,882,912	450,390
Property, plant and equipment	11)	20,018,830	517,952
Long term deposit	26)	102,258	-
Loan receivable	27)	2,754,689	-
Total non-current assets		83,647,221	48,485,842
Current assets			
Trade and other receivables	12)	2,653,084	6,331,172
Short term investment	28)	12,330,603	-
Cash and cash equivalents	13)	2,559,356	239,409
Total current assets		17,543,043	6,570,581
Total assets		101,190,264	55,056,423
Equity and liabilities			
Issued share capital	17)	81,019,442	70,699,442
Retained earnings	18)	(29,977,772)	(40,386,865)
Foreign currency translation reserve	16)	(1,533,086)	(1,533,086)
Total equity, attributable to the shareholders of the parent company		49,508,584	28,779,491
Non-controlling interest	10)	1,003,308	-
Total equity		50,511,892	28,779,491
Liabilities			
Non-current liabilities			
Bank loans	15)	16,869,504	18,185,200
Trade and other payables	14)	2,000,852	539,929
Deferred tax liability	7)	2,869,332	2,407,965
Total non-current liabilities		21,739,688	21,133,094
Current liabilities			
Trade and other payables	14)	1,850,981	726,326
Tax liability		80,950	80,426
Bank loans	15)	3,698,920	1,771,278
Shareholder loan	25)	23,307,833	2,565,808
Total current liabilities		28,938,684	5,143,838
Total liabilities		50,678,372	26,276,932
Total equity and liabilities		101,190,264	55,056,423
Number of ordinary shares in issue	17)	2,458,323,603	1,813,323,603
NAV per ordinary share (cents)	19)	2.01	1.59

The notes on pages 19 to 45 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2024 and were signed on their behalf by:

Simon Hudd
Chairman

Valentino Georgiev
Director

Consolidated Statement of Changes in Equity

	Share capital €	Retained earnings €	Foreign currency translation reserve €	Total equity attributable to the parent company €	Non-controlling interests €	Total €
At 1 January 2022	**70,699,442**	**(44,236,106)**	**(1,533,086)**	**24,930,250**	**-**	**24,930,250**
Profit for the year	-	3,849,241	-	3,849,241	-	3,849,241
Total comprehensive income	-	3,849,241	-	3,849,241	-	3,849,241
At 31 December 2022	**70,699,442**	**(40,386,865)**	**(1,533,086)**	**28,779,491**	**-**	**28,779,491**
At 1 January 2023	**70,699,442**	**(40,386,865)**	**(1,533,086)**	**28,779,491**	**-**	**28,779,491**
Issue of share capital	10,320,000	-	-	10,320,000	-	10,320,000
Profit for the year	-	10,409,093	-	10,409,093	-	10,409,093
Non-controlling interest	-	-	-	-	1,003,308	1,003,308
Total comprehensive income	-	10,409,093	-	10,409,093	1,003,308	11,412,401
At 31 December 2023	**81,019,442**	**(29,977,772)**	**(1,533,086)**	**49,508,584**	**1,003,308**	**50,511,892**

The notes on pages 19 to 45 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2024 and were signed on their behalf by:

Simon Hudd
Chairman

Valentino Georgiev
Director

Consolidated Statement of Cash Flows

	Note	2023 €	2022 €
Operating activities			
Profit before taxation		10,910,475	4,386,640
Gain on revaluation of investment property	8)	(79,399)	(724,708)
Bargain Purchase on Acquisition	10)	(10,213,883)	(2,127,765)
Materials from purchase of subsidiary		-	232,737
Amortisation of intangible fixed assets	9)	48,001	62,987
Depreciation of property, plant and equipment	11)	27,519	3,444
Interest received	6)	(119,237)	(898,689)
Bad debt recovered	6)	(1,957,176)	(2,550,578)
Finance expense	6)	1,170,443	862,551
Changes in working capital		213,257	(753,381)
(Increase)/Decrease in trade and other receivables		17,261,922	(1,451,996)
(Decrease)/Increase in trade and other payables		(650,010)	431,565
Cash used in operations		16,398,655	(1,773,812)
Tax refund/(paid)		(496,504)	6,190
Cash flows used in operating activities		15,902,151	(1,767,622)
Investing activities			
Investment property additions		(5,484,400)	(1,470,562)
Property, plant and equipment additions		-	(496,513)
Acquisition of intangibles		(142,499)	-
Acquisition of Subsidiaries	10)	(27,291,684)	(5,150,001)
Bad debt recovered	6)	1,957,176	2,550,578
Interest received	6)	119,237	898,689
Long term deposit paid		(102,258)	-
Cash held by the acquired subsidiary	10)	733,937	151
Short term investments	28)	(12,330,603)	-
Net cash (outflow) from investing activities		(42,541,094)	(3,667,658)
Financing activities			
Proceeds from issuing share capital		10,320,000	-
Loans (repaid) / granted		(932,691)	6,211,052
Interest paid and other charges	6)	(1,170,443)	(862,551)
Loans granted from shareholders		20,742,025	-
Net cash (outflow)/inflow from financing activities		28,958,891	5,348,501
Net increase / (decrease) in cash and cash equivalents	13)	2,319,947	(86,779)
Cash and cash equivalents at beginning of year		239,409	326,188
Cash and cash equivalents at end of year	13)	2,559,356	239,409

The notes on pages 19 to 45 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2024 and were signed on their behalf by:

Simon Hudd
Chairman

Valentino Georgiev
Director

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

1) General information

Black Sea Property PLC (the "Company") was originally incorporated in Jersey and re-domiciled to the Isle of Man with effect from 20 July 2016 and continues under the Isle of Man Companies Act 2006 with registered number 013712V.

The Company seeks to generate capital gains through the development, financing and sale of property in Bulgaria, including the prime areas of Bulgaria's Black Sea coast, the ski resorts and the capital, Sofia. The financial statements represent the financial position and effects of the operations of the Company and its subsidiaries (collectively referred as the "Group").

Black Sea Property Plc is an entity listed on the Aquis stock exchange. Aquis is a primary and secondary market for equity and debt securities.

2) Summary of material accounting policies

a) Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

The consolidated financial statements have been prepared on a going concern basis under the historical-cost convention as modified by the revaluation of financial assets held at fair value through profit or loss and investment properties that have been measured at fair value.

Statement of compliance

The consolidated financial statements have been prepared in accordance with the UK-adopted International Accounting Standards ("IASs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as applicable to an Isle of Man company under the Isle of Man Companies Act 2006.

Use of estimates and judgements

The preparation of financial statements in conformity with IASs requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors, which are believed to be reasonable under the circumstances, and are reviewed on an on-going basis. The Directors believe that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates. The most significant accounting estimate affecting the financial statements is the valuation of investment property (see note 3).

b) Standards and amendments which are first effective for the period beginning 1 January 2023

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules
- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

None of the above listed amendments have had a significant effect on the financial statements. All other standards or amendments to standards that have been issued by the UK endorsement board, and are effective from 1 January 2023, onwards are not applicable or material to the Group.

c) New standards, amendments and interpretations issued but not yet effective and not early adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements
- Classification of Liabilities as Current or Non-current (effective 1 January 2024)
- Non-current Liabilities with Covenants (effective 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure: Supplier Finance Arrangements (effective 1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (effective 1 January 2024)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures) (effective 1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027)

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the group financial statements.

d) Basis of consolidation

The financial statements comprise the results of the Company and its subsidiaries as set out in note 16. Subsidiaries in which the Company has the ability to exercise control are fully consolidated. Control is defined as having exposure, or rights, to variable returns due to involvement in an investee and the ability to affect those returns.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by group.

e) Going concern

As of the reporting date the group has reported an operating loss of EUR 0.38m (2022: loss EUR 0.33m), net profit in the year of EUR 10.41m (2022: 3.85m), this is mainly due to the bargain purchase of EUR 10.2m on the entities acquired during the year. The group's current liabilities exceed its current assets by EUR 11.3m. The Directors consider that at this stage of the group's development, the generation of losses is expected. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In previous year, the group started renovating and developing its properties. The expectations of the management are that after the completion of the renovation works, the investment properties will be recognized as a significant investment project, which is expected to generate income in the medium-term future and lead to stability in the financial position of the group. In addition, there are two signed license and management agreements with Nobu Hospitality subsequent to year end, which will start two new projects - one in Varna and one in Sofia, which will attract customers and make profit for the group in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

e) Going concern (Continued)

The major shareholders of the parent company have undertaken to provide the financial supports to the group to secure its functioning as a going concern and within its normal capacity for a period of at least 12 months from the date of signing the financial statements for the year ended 31 December 2023.

The Directors are therefore, satisfied that the group has sufficient resource available along with support from major shareholders who have sufficient liquid resource to provide financial support to the group. Given this the Directors have a reasonable expectation that the group will continue in operational existence in the foreseeable future, and for a period of at least 12 months from the date of signing these financial statements. Therefore, financial statements have been prepared on a going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence.

f) Functional and presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Euros, which is the Parent Company's presentational currency. The functional currency of each entity within the Group is a key judgement of management and the Directors. This judgement prioritises primary factors, such as the source of competitive forces and the denomination of sales prices and input costs, over secondary considerations such as the source of financing, in accordance with IAS21. These considerations indicate that the functional currency of the Bulgarian entities is Bulgarian Lev and the functional currency of the parent company and other subsidiaries are the Euro. Amounts are rounded to the nearest Euro unless otherwise stated.

(ii) 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 the Consolidated Statement of Comprehensive Income. Non-monetary items carried at fair value, which are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined, and the gain or loss is recognised in the Consolidated Statement of Comprehensive Income.

(iii) Foreign operations

The results and financial position of all the foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated to Euro at exchange rates at the reporting date;
- income and expenses 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
- all resulting exchange differences are recognised as a separate component of Other Comprehensive Income.

When a foreign operation is sold, such exchange differences are recognised in the Consolidated Statement of Comprehensive Income as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

g) Fair value measurement principles

The Group measures its investments in properties at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their mid quoted price or binding dealer price quotations, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

The valuations of investment properties are performed by an external accredited independent valuer with recognised and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. The valuations are prepared in accordance with the RICS Valuation - Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK Valuation standards (the "RICS Red Book"), as set out by the International Valuation Standards Council ("IVSC"), taking into consideration the relevant IFRS 13 requirements. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables. Properties are valued annually.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

h) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate.

i) Interest and other income

Interest and other income are recognised on a receivable basis.

j) Revenue

Revenue comprises of camping reservations fees, rentals, and other property income.

Revenue is measured by reference to the fair value of consideration received or receivable payment, taking, taking into account the amount of any trade discounts and volume rebates made by the group.

The main services provided by the group include tourist service for accommodation in bungalows and caravans at Camping Gradina and rental of objects located on the territory of the Camping.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

j) Revenue (Continued)

Revenue is recognised as the group satisfies performance obligation by transferring the services to its customers, as such the group recognise the revenue at over the period of time when the group has satisfied its performance obligation of providing services of renting the camp site.

Revenue related to a service transaction is recognized depending on the stage of completion of the transaction at the balance sheet date and when the outcome of the transaction can be reliably assessed. Revenue from rental (tourist service and rental of objects) is recognized on the basis of the straight-line method over the period of time. Where the reservation fees are billed to the customers in advance, the unearned element of the fees billed during the year is reported and carried forward as deferred income, in the Consolidated Statement of Financial Position.

k) Expenses

The Group's property operating expenses, administration fees, finance costs and all other expenses are charged to the Consolidated Statement of Comprehensive Income and are accounted for on an accrual basis. Transaction costs directly attributable to the purchase of investment property are included within the cost of the property.

l) Loans payable at amortised cost

Loans payable are recognised when cash is received from lenders and are derecognised when the cash, and related interest, has been repaid. Loans payable are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash held at the bank, demand deposits and bank overdrafts. Bank overdrafts are shown within borrowings / loans in current liabilities.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Blocked cash and cash equivalents are funds on which the company can operate under certain conditions. Such assets are used by the Company as collateral for its obligations.

n) Trade and other receivables

Trade receivables are non-derivative financial assets and amounts due from customers for goods and services sold, with fixed or determinable payment terms that are not quoted in an active market. The carrying value of trade receivables approximates their fair values. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

o) Investment properties

Property that is held for rental yields or for capital appreciation or both is classified as investment property. Investment property comprises freehold land, freehold buildings, and land held under long term operating leases. Investment property is measured initially at its cost, including related transaction costs and subsequently revalued annually to fair value. Any gain / loss from change in the fair value or from sale of investment property is recognised immediately in the Consolidated Statement of Comprehensive Income within 'gain / loss from revaluation of investment properties.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Investment properties are accounted for on completion of contract when ownership is recorded in the trade registry.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

p) Fixed assets investments

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. Investment in associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Consolidated Statement of Comprehensive Income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

q) Property, plant and equipment

Property, plant and equipment and land and buildings are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Property, plant and equipment and land and buildings are depreciated when available for use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment 4% - 50% per annum on a straight line basis.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to Consolidated Statement of Comprehensive Income. Depreciation is included within 'Administration and other expenses' within the Consolidated Statement of Comprehensive Income.

r) Assets under construction

Assets under construction are initially measured at cost and comprises actual cost relating to the construction. Assets under construction is not depreciated.

s) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax is payable on taxable profits for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income 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.

Current taxes include irrecoverable withholding tax on the interest receivable on loans from the Company to its Bulgarian subsidiaries.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be sufficient profits from which the future reversal of the temporary differences can be deducted.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

t) Trade and other payables

Trade and other payables are recognised at amortised cost and relate to amounts accrued in the normal course of business.

u) Share capital and reserves

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are deducted from the proceeds of issue and shown as a deduction to reserves.

Founder shares

Founder shares are classified as equity.

Foreign currency translation reserves

Comprise foreign currency translation differences arising from translation of financial statements of the Group's foreign entities' activities into Euro. The Bulgarian lev is pegged to the Euro in the ratio of 1 EUR = 1.95583 BGN.

Retained earnings

Retained earnings includes all the current and prior year retained profit / loss net of any dividends paid.

v) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. The bargain purchase is the amount by which the fair value of assets acquired and liabilities assumed exceeds purchase consideration and is recognised in Consolidated Statement of Comprehensive Income.

w) Disposal of businesses

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in Consolidated Statement of Comprehensive Income.

x) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

(i) Financial assets

Financial assets are classified at initial recognition. The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Short term investments are classified at financial assets at fair value through profit and loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are solely payments of principal and

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

(i) Financial assets (continued)

interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at fair value through profit and loss are subsequent measured at fair value. Net gains and losses, including interest and dividend income, are recognized in profit or loss, except for derivatives designated as hedging instruments for which hedge accounting applies.

Financial assets at amortised cost are subsequently valued at amortized cost using the effective interest method.

Classification and measurement are based on both whether contractual cash flows are solely payments of principal and interest; and whether the debt instrument is held to collect those cash flows. In the case of the Company or Group, all financial assets meet these criteria and so are held at amortised cost.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses ("ECLs") – the ECL model.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate ("EIR").

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a '12-month ECL'). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a 'lifetime ECL').

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement
Loans and borrowings and trade and other payables.

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss and OCI when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Comprehensive Income and other comprehensive income. This category generally applies to trade and other payables.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

(ii) Financial liabilities

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Comprehensive Income and other comprehensive income.

y) Intangible assets

Intangible assets include the rights under a concession agreement of 20 and 5 years and also software.

Concession agreements are accounted for using the cost model. The cost comprises discounted cash flows of the future payment according to the concession agreements.

Software and other intangibles have a useful life of 5 years and are amortised at 20% per annum. Amortisation is included within 'Property operating cost' within the Consolidated Statement of Comprehensive Income.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

z) Loan receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are no quoted in an active market and are recognised in the balance sheet at amortised cost.

aa) Interest and borrowing costs

Interest expenses are reported on an accrual basis using the effective interest rate method.

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction of production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in the Consolidated Statement of comprehensive income within 'interest payable and similar charges.

3) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

3) Significant accounting judgements, estimates and assumptions (Continued)

A key judgement area for the Group is the valuation of investment properties. External independent valuers assessed the fair value of investment properties. The valuations are performed by a recognised valuer with a relevant professional qualification and recent experience in the location and category of the investment properties as described in note 2g. Details of investment properties held at fair value can be found in note 8.

The investment properties are valued annually. The Directors consider any relevant movements in property markets that may impact the carrying values of the property held between the date of the last valuation and the date of financial statements.

Expected Credit Losses (ECL) represents an estimate of potential losses that may arise from defaults over the expected life of a financial instrument. The calculation of ECL involves considerable uncertainty and requires management to make complex judgments about future economic conditions and credit behavior, such as the likelihood of borrowers defaulting and the resulting losses. As such, actual results could differ from these estimates.

4) Net operating income

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Camping reservations	**1,308,384**	1,159,445
Rental and other property income	**320,995**	-
Property operating expenses	**(1,260,397)**	(1,409,106)
	368,982	(249,661)

Income during the year is primarily due to camping reservations from CSB, rental and other property income earned by other subsidiaries of the group. All the revenue is recognised over time when the services is transferred and generated from subsidiaries in Bulgaria.

5) Administration and other expenses

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Directors' remuneration	**117,568**	54,208
Administration fees – Isle of Man	**103,295**	64,579
Administration fees – Bulgaria	**76,325**	28,279
Legal and professional fees	**627,941**	301,063
Auditors' remuneration	**55,937**	53,477
Foreign currency expenses	**9,136**	3,262
Other administration and professional fees	**170,850**	229,041
Depreciation expense and amortization	**9,293**	66,431
	1,170,345	800,340

In 2023, key management personnel comprise the Board (2022: The Board). The Board's compensation comprised Directors' fees only during the year, the amount of which is summarized within the Directors' Report.

The average monthly number of persons (including directors) employed by the company during the year was: 4 (2022: 4). The average monthly number of persons (including directors) employed by the group during the year was 74.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

6) Finance income/(expense)

The following amounts have been included in the Consolidated Statement of Comprehensive Income line for the reporting periods presented:

Interest receivable and other income	**Year ended 31 Dec 2023 €**	Year ended 31 Dec 2022 €
Interest income – cash and deposit instruments	**119,237**	303,952
Bad debts recovered	**1,957,176**	2,550,578
Others	**178,710**	594,737
	2,255,123	3,449,267

Interest payable and similar charges	**Year ended 31 Dec 2023 €**	Year ended 31 Dec 2022 €
Interest expense on borrowings*	**698,160**	634,583
Other	**472,283**	227,968
	1,170,443	862,551

*The interest on borrowings relates mainly to the secured debt funding (note 15).

7) Taxation

Isle of Man

There is no taxation payable on the Parent Company's or its Jersey subsidiaries' results as they are based in the Isle of Man and in Jersey respectively where the tax rates are 0% (2022: 0%).

Bulgaria

Subsidiaries of the Company incorporated in Bulgaria are taxed in accordance with the applicable tax laws of Bulgaria. The Bulgarian corporate tax rate for the year was 10% (2022: 10%).

Tax losses can be carried forward and set off against future taxable profits. The company cannot reliably determine the amounts and realisation periods of future taxable profits due to uncertainty in the environment in which it operates. As a result, no deferred tax asset has been recognised on tax losses carried forward as at 31 December 2023 and as at 31 December 2022.

Losses for which no tax assets have been recognised total € 2,960,380 (2022: € 2,126,974).

A reconciliation of the tax charge for the year to the standard rate tax for the Isle of Man of 0% (2022: 0%) is shown below.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

7) Taxation (continued)

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Profit before tax	**10,910,475**	3,849,241
Profit on ordinary activities multiplied by the standard rate in the Isle of Man of 0% (2022: 0%)	-	-
Effect of different tax rates in different countries	**30,935**	74,236
Deferred tax liability on fair value uplift of investment property	**466,093**	463,163
Current charge for the year	**497,028**	537,399
Bulgarian tax losses brought-forward at 10%	**(183,943)**	(183,943)
Tax losses added, utilised and lost in the year	**(163,897)**	-
Bulgarian tax losses carried-forward at 10%	**(347,840)**	(183,943)
Deferred tax liability		
Opening deferred tax liability balance	**2,407,965**	1,944,802
Deferred tax liability on fair value uplift of investment property on Acquisition/(disposal) of a subsidiary	-	-
Bulgarian deferred tax liability charge	**(4,726)**	-
Deferred tax movement on fair value uplift of investment property	**466,093**	463,163
Closing deferred tax liability balance	**2,869,332**	2,407,965

An analysis of the temporary differences is shown below.

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Receivables	**55,152**	15,250
Depreciation of fixed assets	**8,682**	-
Investments fair value movements	**2,000**	-
Other timing differences	**41,686**	11,787
Property fair value movements	**(2,976,852)**	(1,435,002)
Deferred tax liability	**(2,869,332)**	(1,407,965)

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

8) Investment properties

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Beginning of year (Level 3)	**47,517,500**	**38,144,730**
Additions – (note 10)	**5,318,900**	**7,177,500**
Additions	**5,484,400**	**1,470,562**
Transfers	**488,333**	-
Fair value adjustment	**79,399**	**724,708**
Total investment property (Level 3)	**58,888,532**	**47,517,500**
Ivan Vazov 1 Building	**12,710,332**	**11,550,000**
CSB	**16,820,000**	**16,430,000**
CSB - additional plots	**5,725,000**	**1,500,000**
Byala Land	**11,040,000**	**10,860,000**
Star Mill	**7,274,300**	**7,177,500**
Lazuren Bryag – Acquisition (note 10)	**5,318,900**	-
Total investment property	**58,888,532**	**47,517,500**

The valuations of the other Group properties at 31 December 2023 and 31 December 2022 were based on the most recent independent valuation received for each property. The valuations were performed by external accredited independent valuers with recognised professional qualifications and with recent experience in the location and category of the investment properties being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with the RICS "Red Book". In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement, historical transactional comparable and discounted cash flow forecasts. The highest and best use of the investment properties is not considered to be different from its current use.

The Ivan Vazov 1 Building, Byala Land properties, and CSB properties along with additional plots were all evaluated by Cushman & Wakefield Forton, an independent professional valuation specialist.

The valuation for the Ivan Vazov 1 Building was made as at 30 September 2023, and additional costs of €310,332 were incurred post-valuation. The subsidiary of the company has received the necessary permits from the relevant state bodies and institutions to carry out the reconstruction. This property is pledged as security to UniCredit Bulbank AD against the company's bank loans (note 15).

The Byala Land properties and the CSB properties with additional plots were valued as at 31 December 2023. The CSB properties are also pledged as security to Central Cooperative Bank against the company's investment loans and overdraft positions (note 15).

All valuations were based on expected rental income or cash flows, net of operating expenses, and capitalised using a discount rate reflecting the market yield from recent transactions of similar properties.

The valuations were primarily driven by two key unobservable inputs: the estimated rental value, cashflows and the discount rate.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

8) Investment properties (Continued)

As of 31 December 2023, the Directors' valuation determined the carrying value of both the Star Mill and Lazuren Bryag properties. Star Mill is secured against the company's bank loans with UniCredit Bulbank AD, while Lazuren Bryag is collateral for the company's investment loans and overdrafts with Central Cooperative Bank (note 15).

9) Intangible assets

At the end of 2020, after participating in an open concession award procedure, the Group through Camping South Beach received the concession rights over the sea beach "Camping Gradina". During the active summer season of 2021, the beach was managed by CSB under the terms of a lease agreement. The concession agreement entered into force on 17 October 2020, and at the beginning of 2021 the handover of the sea beach by the grantor Ministry of Tourism to the concessionaire was carried out. The term of the contract is 20 years.

The concession contract of CSB grants the right to operate the sea beach, performing alone or through subcontractors providing visitors to the sea beach of the following services: beach services, including the provision of umbrellas and sunbeds, services in fast food restaurants, sports and entertainment services, water attraction services, health and rehabilitation services and other events, after prior agreement with the grantor. A condition for operation of the concession site is the implementation of mandatory activities, which include provision of water rescue activities, security of the adjacent water area, health and medical services for beach users, sanitary and hygienic maintenance of the beach, maintenance for use of the elements of the technical infrastructure, the temporary connections, the movable objects, the facilities and their safe functioning.

In 2020 the Group paid the first due concession fee, which provides the period from the date of entry into force of the concession agreement until the end of the same calendar year and the period from January 1 of the last calendar year in which the concession agreement is valid until the date upon expiration of the contract.

According to the financial model presented by the Company, which is accepted by the grantor and is an integral part of the concession agreement, for the concession period the Group will make additional investments related to the implementation of mandatory activities and investments to improve access to the beach. After the expiration of the concession contract, all constructed sites remain the property of the grantor. The activities related to the operation of the concession site are performed by the concessionaire at his risk and at his expense. The cost of the acquired intangible assets was €655,876 and no amortization expenses were recognised in 2020. The acquired intangible asset was amortized by €34,528 (2022: €62,987).

Lazuren Bryag holds two concession contracts, with a carrying value of €1,324,551 as at the year end.

The first concession contract was granted by the Ministry of Tourism in 2020 and grants the right to operate the sea beach "Varna – central" in the city of Varna. The concession contract is valid for a period of twenty years.

The second concession contract in addition, Lazuren Bryag was signed in 2022 and permits the company to rent the sea beach "Ribarski – West" and sea beach "Fisherman – East". The contract is valid for a period of five years.

The amortisation expense has been included with in property operating expenses in the Consolidated Statement of Comprehensive Income.

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Beginning of year	**450,390**	513,377
Reclassification	**142,499**	-
Lazuren Bryag – Acquisition (note 10)	**1,338,024**	-
Disposals	-	-
Amortisation	**(48,001)**	(62,987)
Total Intangible assets at year end	**1,882,912**	450,390

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

10) Acquisition of a subsidiary

On 2 November 2023, the Company acquired 99.4% of the share capital of Littoral Invest EAD including all its assets and liabilities. The consideration for this acquisition was €4,501,000. Littoral Invest EAD own 100% of the share capital of Lazuren Bryag 91 EOOD.

The fair value of the net identifiable assets acquired totaled €7,993,925 (net of NCI € 95,864)

Since the acquisition Littoral Invest EAD and Lazuren Bryag EOOD have contributed €261,293 to group revenue and loss of €189,988 to group profit. If the acquisition had occurred on 1 January 2023, the contribution to group revenue would have been €3,523,130 and the contribution to group profit for the year would have been €575,758.

On 6 November 2023, the Company through its owned subsidiary, BSPF (Property 2) Limited, acquired 82.04% of the share capital of Grand Hotel Varna AD, including all its assets and liabilities. As part of the same agreement, the Company through its owned subsidiary Littoral Invest EAD acquired a further 16.23% of the share capital of Grand Hotel Varna AD, bringing the total share capital held to 98.17%. Grand Hotel Varna AD owns 100% of the share capital of GHV Dolphins EAD, a company incorporated in Bulgaria. The consideration for this acquisition was €22,790,684.

The fair value of the net identifiable assets acquired totaled €29,511,642 (net of NCI €903,090)

Since the acquisition Grand Hotel Varna AD and GHV Dolphins EAD have contributed €15,409 to group revenue and profit of €300,674 to group profit. If the acquisition had occurred on 1 January 2023, the contribution to group revenue would have been €151,638 and the contribution to group profit for the year would have been €8,265,481.

The fair value of the identifiable assets and liabilities acquired were:

	Pre- acquisition carrying value €	Fair value adjustments €	Recognised value on acquisition €
Investment property (note 8)	2,204,051	3,114,849	5,318,900
Plant and equipment	4,033,799	15,982,931	20,016,730
NCI at acquisition	(998,954)	-	(998,954)
Intangible assets	1,615,787	(277,763)	1,338,024
Loan receivable	2,831,513	-	2,831,513
Short term investment	12,330,603	-	12,330,603
Trade and other receivables	1,253,231	-	1,253,231
Deferred tax asset	86,369	-	86,369
Cash and cash equivalents	733,937	-	733,937
Trade and other payables	(3,783,324)	-	(3,783,324)
Bank loans	(1,621,463)	-	(1,621,463)
Total net identifiable assets	**18,685,550**	**18,820,017**	**37,505,567**
Purchase consideration transferred – cash			**27,291,684**
Bargain purchase on acquisition			**(10,213,883)**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

11) Property, plant and equipment

Year ended 31 Dec 2023	**Plant and other equipment €**	**Land and Buildings €**	**Assets under construction €**	**Total €**
Cost				
Cost at the beginning of the year	47,519	-	488,333	**535,852**
Additions from acquisition (note 10)	147,658	19,862,879	6,194	**20,016,731**
Transfers out	-	-	(488,333)	**(488,333)**
Cost at the end of the year	**195,177**	**19,862,879**	**6,194**	**20,064,250**
Accumulated depreciation				
Accumulated depreciation at the beginning of the year	17,900	-	-	**17,900**
Depreciation	27,520	-	-	**27,520**
Accumulated depreciation at the end of year	**45,420**	**-**	**-**	**45,420**
Net book value at the end of year 31 December 2023	**149,757**	**19,862,879**	**6,194**	**20,018,830**
Net book value at the end of year 31 December 2022	29,619	-	488,333	517,952

Year ended 31 Dec 2022	**Plant and other equipment €**	**Land and Buildings €**	**Assets under construction €**	**Total €**
Cost				
Cost at the beginning of the year	28,990	-	-	28,990
Additions during the year	8,180	-	-	8,180
Additions from acquisition	10,349	-	-	10,349
Additions – assets under construction	-	-	488,333	488,333
Cost at the end of the year	47,519	-	488,333	535,852
Accumulated depreciation				
Accumulated depreciation at the beginning of the year	4,107	-	-	17,900
Additions from acquisition	10,349			10,349
Depreciation	3,444	-	-	3,444
Accumulated depreciation at the end of year	17,900	-	-	17,900
Net book value at the end of year 31 December 2022	29,619	-	488,333	517,952
Net book value at the end of year 31 December 2021	24,883	-	-	24,883

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

12) Trade and other receivables

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Trade and other receivables	**2,421,954**	1,798,839
Amount receivable from the sale of the ECDC group	-	4,500,000
Prepayments	**231,130**	32,333
	2,653,084	6,331,172

Trade and other receivables are presented net of expected credit loss of €1,749,178 (2022: €2,819,213). There is reversal of expected credit loss amounting to €1,957,176 during the year recorded within other income.

13) Cash and cash equivalents

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Cash in hand	-	8,399
Cash at bank	**2,559,356**	231,010
	2,559,356	239,409

Cash and cash equivalents comprise cash on hand, cash held at the bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. € 46,016 (€2022: €120,665) cash are restricted according to the bank loan agreement with UniCredit.

14) Trade and other payables

Non-current trade and other payables can be presented as follows:

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Concession payable	**1,999,494**	539,929
Other payables	**1,358**	
	2,000,852	539,929

The current trade and other payables can be presented as follows:

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Trade creditors	**675,464**	**188,499**
Concession payable	**23,822**	**23,823**
Other payables	**898,296**	**514,004**
Deferred income	**253,399**	-
	1,850,981	**726,326**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

15) Bank loans

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Loan from UniCredit (a)	**8,324,781**	7,795,499
Loan from BACB (b)	**3,648,013**	3,968,384
Central Cooperative Bank (c)	**8,595,630**	8,192,594
	20,568,424	19,956,478
Long term bank loans	**16,869,504**	18,185,200
Current bank loans	**3,698,920**	1,771,278
Reconciliation of bank loans		
Beginning of year (gross loan)	**19,956,478**	16,289,811
Bank loan arrangement fees	**(38,718)**	-
Loan received / acquired	**3,183,243**	5,099,630
Interest charged	**698,160**	472,617
Principal repayments	**(2,484,052)**	(1,366,680)
Interest payments	**(746,687)**	(538,900)
Total bank loans	**20,568,424**	19,956,478

(a) In October 2017, BSPF Bulgaria EAD, a subsidiary of parent company entered into a secured debt funding of €7 million from UniCredit Bulbank AD ("UniCredit"), a leading Bulgarian commercial bank which was used to complete the acquisition of the Ivan Vazov 1 Building. The debt funding from UniCredit is secured by a commercial mortgage on the property valued at €12,710,332 (see note 8). The debt funding is also secured by a first rank pledge of all the receivables, claims, rights and interests, both current and future, of the company along with a first ranking registered pledge of the commercial enterprise of the company and a first ranking pledge of 100% of the shares of the capital of the company. The initial term of the debt funding was thirty-six months from date of execution of the loan documentation and the repayment shall be made as a one-off payment on the repayment deadline.

The company renegotiated the terms of the loan in November 2021, extending the repayment period until 30 November 2033 and changed the margin to the interest rate to 2%. The principal should be repaid in equal installments, with the first installment set from 23 December 2023. The interest on the loan is now the internal interest percentage by the bank plus 2.00% (2022: 2%).

The liabilities under this loan amount to €7,013 thousand, of which €468 thousand are short-term.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

15) Bank loans (continued)

In November 2021, BSPF Bulgaria EAD entered into an agreement with Unicredit Bulbank AD ("UniCredit"), a leading Bulgarian commercial bank, which involved revised and extended lending terms for the construction of the Ivan Vazov 1 Building. The Company entered into a secured debt funding of up to BGN 4,498,409 (approximately €2.3 million) from UniCredit Bulbank AD ("UniCredit"), a leading Bulgarian commercial bank which was used to partly finance the construction costs for the planned renovation of the roof and overhaul of the administrative building known as the Ivan Vazov 1 Building. The secured debt funding is made up of an investment limit of up to €1.8 million and a revolving limit of up to €0.5 million. The debt funding from UniCredit is secured by a commercial mortgage on the property valued at €12,710,332 (see note 8). The debt funding is also secured by a second rank pledge of all the receivables, claims, rights and interests, both current and future, of the company along with a second ranking registered pledge of the commercial enterprise of the company and a second ranking pledge of 100% of the shares of the capital of the company. The utilization deadline of €1.5 million of the investment limit is no later than 30 November 2023 while the utilization deadline of the remaining €0.3 million is no later than 30 November 2024. There is a grace period on the repayment of the principal amount due until 30 November 2023. After this date the principal will be repaid in equal monthly instalments. Interest is also repayable monthly with no grace period agreed. The repayment period is up until 30 November 2033. The utilization deadline of €0.5 million of the revolving limit is no later than 30 November 2023.The repayment of the revolving limit is made within 6 months of each utilized amount and the repayment period is up until 30 May 2024.

The liabilities under this loan amount to €1,312 thousand, of which €187 thousand are short-term.

(b) In 2022, the BSPF Project 1, a subsidiary of the parent company, received financing from a commercial bank in the amount of BGN 8,150,000 (approximately €4,167,028). The financing was granted in connection with the acquisition of an investment in Star Mill EOOD. The loan is repayable by 20 October 2030 in instalments according to a repayment plan. The loan is charged a floating interest sum of LEONIA Plus and a risk allowance. The loan is secured by the following assets:

- Receivables of the BSPF Project 1 from Star Mill EOOD;
- Bank deposit of the BSPF Project 1 of €102,258, which will be released after full payment to the creditor;
- Mortgage of the real estate of Star Mill EOOD;
- Current and future funds of the BSPF Project 1 and Star Mill EOOD on current accounts opened with the creditor bank.

(c) Central Cooperative bank loan and overdraft

	As at 31 Dec 2023	As at 31 Dec 2022
	€	€
Central Cooperative Bank overdraft (i)	**662,768**	664,234
Central Cooperative Bank overdraft (ii)	**5,278,752**	6,178,112
Central Cooperative Bank investment loan (iii)	**1,155,108**	1,350,248
Central Cooperative Bank loans (iv)	**1,499,002**	-
	8,595,630	8,912,594

(i) On 24 June 2016, the company entered an overdraft credit agreement with the Central Cooperative Bank AD with a limit of €818,067. On 29 June 2018, the parties agreed that the Company will pay annual interest at 4% variable interest rate. On 12 March 2020, the agreed interest rate was renegotiated and reduced to 2.8%. In 2020, the terms of the contract were extended to 12 March 2020. As at 31 December 2023, the carrying amount was €662,768.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

15) Bank loans (continued)

(ii) On 28 December 2017, the company entered an overdraft credit agreement with the Central Coorporative Bank AD with a limit of €8,569,252. On 12 March 2020, the agreed interest rate was 2.8%. The overdraft usage period has a maturity date of 21 January 2028. As at 31 December 2023 the carrying amount was €5,278,752.

(iii) On 28 December 2017, the company entered an investment loan agreement with the Central Cooperative Bank AD. The loan was for an amount of €2,024,205 and is due for repayment by 21 January 2028. On 12 March 2020, the agreed interest rate was renegotiated and reduced to 2.8%. As at 31 December 2023, the carrying amount was €1,155,108.

The above overdraft and loans positions are secured by the commercial property of South Beach (Gradina) Camp which includes all the tangible fixed assets of the property along with the mortgage on the land.

(iv) This relates to two loans held by Lazuren Bryag 91 EOOD and provided by the Central Cooperative Bank. The loans are subject to a rate of 1-month Euribor plus 1.3%, however not less than 3.5% and no more than 3.85%. The second loan is subject to a rate of 2.8%. The loans will mature on 16 September 2024 and 12 September 2025 and the real estate owned by Lazuren Bryag 91 EOOD has been charged as security for the total loan amount.

16) Details of Group undertakings

The Group holds 20% or more of the nominal value of any class of share capital in the following investments:

Held directly:	**Share-holding**	**Nature of Business**	**Country of Incorporation**
BSPF (Property 2) Limited	100%	Investment Holding	Jersey
BSPF (Property 3) Limited	100%	Dormant	Jersey
BSPF (Property 4) Limited	100%	Dormant	Jersey
BSPF (Property 5) Limited	100%	Dormant	Jersey
BSPF (Property 6) Limited	100%	Dormant	Jersey
BSPF Project 1 EAD	100%	Tourism Services	Bulgaria
BSPF Super Borovetz EAD	100%	Property Investment	Bulgaria
BSPF Bulgaria EAD	100%	Property Investment	Bulgaria
ECDC Plc	29.85%	Investment Holding	Isle of Man
Littoral Invest AD	99.40%	Financial Services	Bulgaria
Held indirectly:			
Camping South Beach EOOD	100%	Tourism Services	Bulgaria
Star Mill EOOD	100%	Tourism Services	Bulgaria
Grand Hotel Varna AD	98.17%	Hospitality and various	Bulgaria
GHV Dolphins EAD	98.17%	Tourism Services	Bulgaria
Lazuren Bryag 91 EOOD	99.40%	Property Investment	Bulgaria

In 2022, the Group stopped recognising its share of losses in ECDC plc because it has no further obligations arising from incurring these losses.

As at 31 December 2023, ECDC is at net liability position of €47,252 (2022: €451). In 2022, the Group stopped recognising its share of losses in ECDC plc because it has no further obligations arising from incurring these losses. In 2023, the group's proportionate share in the losses of ECDC amounting to €13,970 (2022: €13,786) cumulatively €25,208 (2022: €11,238).

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

16) Details of Group undertakings (continued)

The group includes two subsidiaries, Grand Hotel Varna AD and GHV Dolphins EAD with material non-controlling interests (NCI) of 1.83%.

As at 31 December 2023, Grand Hotel Varna AD had, before intergroup eliminations, Revenue of €11,319, Net profit for the year of €304,176, Total assets of €15,819,479 and Net assets of €15,028,819. Total comprehensive income for the year attributable to non-controlling interest is 5,558 whereas amount of net assets attributable to non-controlling interest is €561,351.

As at 31 December 2023, GHV Dolphins EAD had, before intergroup eliminations, Revenue of €4,090, Net loss for the year of €3,502, Total assets of €3,320,531 and Net assets of €3,249,869. Total comprehensive income for the year attributable to non-controlling interest is €64 whereas amount of net assets attributable to non-controlling interest is €347,298.

17) Issued share capital

Authorised	**As at 31 Dec 2023**	As at 31 Dec 2022
Founder shares of no par value	10	10
Ordinary shares of no par value	Unlimited	Unlimited
Issued and fully paid		
	€	**€**
2 Founders shares of no par value (2022: 2)	-	-
2,458,323,603 ordinary shares of no par value (2022: 1,813,323,603)	**81,019,442**	70,699,442

The Founders shares do not carry any rights to dividends or profits and on liquidation they will rank behind Shares for the return of the amount paid up on each of them. The shares carry the right to receive notice of and attend general meetings, but carry no right to vote thereat unless there are no Participating Shares in issue.

Capital management

The Directors consider capital to be the net assets of the Group. The capital of the group will be managed in accordance with the Investment Strategy documented on the Parent Company's website. The group manages its capital to ensure its functioning as a going concern, while at the same time seeking to maximize returns for shareholders through optimization of the debt-to-equity ratio (return on invested capital). The purpose of the Management is to maintain the confidence of investors, creditors and the market and to guarantee the future development of the group.

18) Reserves

The following describes the nature and purpose of each reserve within equity:

Retained earnings - The retained earnings represent cumulative net profits and losses recognised in the Group's statement of comprehensive income.

Foreign currency translation reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units). The Bulgarian subsidiaries' functional currency is the Bulgarian Lev which is pegged to the Euro at 1 EUR = 1.95583 BGN, hence there is no movement of foreign currency translation reserve during the year.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

19) Profit and Net Asset Value per share

Profit per share

The basic profit per ordinary share is calculated by dividing the net profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Profit attributable to owners of parent (€)	**10,409,093**	3,849,241
Weighted average number of ordinary shares in issue	**1,922,885,247**	1,783,601,434
Basic profit per share (cents)	**0.54**	0.22

The Company has no dilutive potential ordinary shares; the diluted earnings per share is the same as the basic earnings per share.

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Net assets attributable to owners of the parent (€)	49,508,584	28,779,491
Number of ordinary shares issued	2,458,323,603	1,813,323,603
Net Asset Value per share (cents)	**2.01**	1.59

20) Segmental analysis

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into one main operating and reporting segment focusing on investment in the Bulgarian property market.

No additional disclosure is included in relation to segmental reporting as the Group's activities are limited to one operating and reporting segment.

21) Contingencies and commitments

In connection with the implementation of the Concession Agreement dated 17.09.2020, Camp South Beach EOOD, an indirect subsidiary of the Parent company has obligations to carry out the following current activities and commitments:

- Securing the concession site;
- Development of the infrastructure of the concession site;
- Organizing the use of the sea beach;
- Beach strip zoning;
- Water rescue activity;
- Medical insurance;
- Sanitary - hygienic maintenance of the sea beach;
- Beach services, sports and entertainment and commercial activities.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

21) Contingencies and commitments (continued)

According to the financial plan to the concession agreement, for the implementation of activities on the use of the sea beach, the Company has a commitment to implement an investment program that is distributed over the individual years of the concession agreement. In the first year of the agreement, the Company is committed to make investments and improvements at the amount of BGN 394,000 (€201,449), which include: construction of rescue posts and stations, construction of a medical and mobile medical station, provision of beach umbrellas, sunbeds, changing rooms, showers with cold water and other tools and facilities for the use of the beach; provision of a beach cleaning machine, construction of additional commercial areas, construction and provision of infrastructure related to improving access to the sea beach. Part of these investments were implemented together with the improvements that the Company made to the property in 2020. The rest of the assets acquired, and the improvements were made by both the Company and the tenants - subcontractors of sites in the camping. This opportunity is provided according to the terms of the agreement.

For 2023, the Company's commitment is to carry out investments and improvements at the amount of BGN 2,000 (€1,023), which were effectively implemented by placing wooden paths along the beach and waste bins.

For the duration of the concession agreement, the Company, its employees, tenants and authorized persons have an obligation to maintain the sea beach and the appurtenances without risk to the health and life of visitors to the site; to ensure the protection of the environment, through information signs and sufficient waste collection bins; not to carry out activities that are not compatible with the terms of the above-mentioned agreement or that are prohibited by law.

Camp South Beach EOOD complies with the provisions of the applicable legislation, including the Black Sea Coast Development Act; The Ordinance on water rescue activities and securing water areas; the Environmental Protection Act; the Biological Diversity Act, etc.

22) Directors' interests

Total compensation paid to the Directors of the parent Company during the year were €56,078 (2022: €54,208). Outstanding Directors' fees were €nil (2022: €47,432).

23) Ultimate controlling party

The Directors consider that there is no controlling or ultimate controlling party of the Group.

24) Financial risk management objectives and policies

The Group's financial instruments comprise long term receivables, loan receivables, cash and cash equivalents, short term investments, trade and other receivables, bank loans, shareholders loan, and payables that arise directly from its operations.

The main risks the Group faces from its financial instruments are (i) market price risk (comprising currency risk, interest rate risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly considers risks applicable to the portfolio.

As a result of the short-term nature of the Group's financial instruments, the carrying values approximate to fair value.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

24) Financial risk management objectives and policies (continued)

i. Foreign Currency risk

The risk that the fair value or future cash flows of a financial instrument will vary due to changes in exchange rates. Most of the Group's transactions are carried out in EUR and Bulgarian LEV. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Bulgarian LEV. The functional and presentational currency of the Group is EUR. The Group does not hedge this risk.

An analysis of the Group's financial assets and liabilities foreign currency exposure is detailed below:

As at 31 December 2023	GBP €	EUR €	Bulgarian LEV €	Total €
Long term deposit	-	-	102,258	102,258
Loan receivable	-	-	2,754,689	2,754,689
Trade and other receivables	-	39,221	1,627,523	1,666,744
Short term investment	-	-	12,330,603	12,330,603
Cash and cash equivalents	57,463	90,178	2,411,175	2,559,356
Trade and other payables	-	(58,290)	(3,540,144)	(3,598,434)
Shareholders loans	-	(23,307,833)	-	(23,307,833)
Bank loans	-	-	(20,568,424)	(20,568,424)
Net exposure	**57,463**	**(23,236,724)**	**(4,881,780)**	**(28,061,041)**

As at 31 December 2022	GBP €	EUR €	Bulgarian LEV €	Total €
Trade and other receivables	-	4,500,000	1,831,172	6,331,172
Cash and cash equivalents	30	142	239,237	239,409
Trade and other payables	-	(347,797)	(998,884)	(1,346,681)
Shareholders loans	-	(2,565,808)	-	(2,565,808)
Bank loans	-	-	(19,956,478)	(19,956,478)
Net exposure	**30**	**1,586,537**	**(18,884,953)**	**(17,298,386)**

Foreign currency sensitivity

The Bulgarian lev has been pegged to the Euro since its launch in 1999 at the rate of 1.95583 leva = 1 euro, hence effectively there is no foreign currency risk as long as the peg is in place.

If the EUR/GBP exchange rate as at 31 December 2023 was to strengthen or weaken by +/-10% it would result in a decrease or increase respectively in the profit for the year and net assets of €5,746 (2022: a decrease or increase in net liabilities of €3).

ii. Other price risk

The risk that the fair value or future cash flows of a financial instrument will vary due to changes in market prices (other than those arising from interest rate risk or currency risk), regardless of whether these changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. The Group is exposed to other price risk in respect of its short-term investments. If the stock price for these securities increased or decreased by that 10%, profit or loss and equity would have changed by €1,233,060.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

iii. Interest rate risk

Interest rate movements may affect: (i) the fair value of the investments in fixed interest rate securities and (ii) the level of income receivable and expense payable on cash deposits and loans and borrowings. There are no fixed interest rate securities as at 31 December 2023 or 31 December 2022.

The interest rate profile of the Group's financial instruments is as follows:

As at 31 December 2023	Variable rate €	Fixed rate €	Non-interest bearing €	Total €
Long term deposit	-	-	102,258	102,258
Loan Receivable	-	2,754,689	-	2,754,689
Trade and other receivables	-	-	1,666,744	1,666,744
Short term investment	-	-	12,330,603	12,330,603
Cash and cash equivalents	-	-	2,559,356	2,559,356
Trade and other payables	-	-	(3,851,833)	(3,851,833)
Shareholder loan	-	(23,307,833)	-	(23,307,833)
Bank loans	(20,568,424)	-	-	(20,568,424)
	(20,568,424)	**(20,553,144)**	**13,060,527**	**(28,061,041)**
As at 31 December 2022				
Trade and other receivables	-	-	6,331,172	6,331,172
Cash and cash equivalents	-	-	239,409	239,409
Trade and other payables	-	(563,751)	(782,930)	(1,346,681)
Shareholder loan	-	(2,565,808)	-	(2,565,808)
Bank loans	(19,956,478)	-	-	(19,956,478)
	(19,956,478)	**(3,129,559)**	**5,787,651**	**(17,298,386)**

Interest rate sensitivity

An increase or decrease of 100 basis points in interest rates during the year would have decreased or increased the net assets attributable to shareholders and changes in net assets attributable to shareholders by €411,216 (2022: €230,860).

iii. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables, short term investments, loan receivables and long-term deposits. The amount of credit risk is equal to the amounts stated in the statement of financial position for each of these assets. Cash balances are limited to high-credit-quality financial institutions.

The allowance for expected credit losses (ECLs) are as disclosed within note 12.

iv. Liquidity risk

'Liquidity risk' is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's policy and the Boards approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions. The Group's main assets include investment properties, which are generally illiquid. As a result, the Group may not be able to liquidate some of its investments in due time to meet its liquidity requirements. The Group's liquidity is managed on a daily basis by the administrators of the Company and its subsidiaries in accordance with policies and procedures in place. The Group's overall liquidity risk is managed on a monthly basis by the board of the directors.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

iv. Liquidity risk (continued)

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to liquidity risk:

As at 31 December 2023	**<1 Year**	**1-5 Years**	**>5 Years**	**Total**
	€	**€**	**€**	**€**
Trade and other payables	(1,850,981)	(2,000,852)	-	(3,851,833)
Shareholders loan	(23,307,833)	-	-	(23,307,833)
Bank loans and interest	(3,698,920)	(2,110,293)	(14,759,211)	(20,568,424)
	(28,857,734)	**(4,111,145)**	**(14,759,211)**	**(47,728,090)**

As at 31 December 2022	**<1 Year**	**1-5 Years**	**>5 Years**	**Total**
	€	**€**	**€**	**€**
Trade and other payables	(1,346,681)	-	-	(1,346,681)
Shareholders loan	(2,565,808)	-	-	(2,565,808)
Bank loans and interest	(1,771,278)	(10,098,661)	(8,086,539)	(19,956,478)
	(5,683,767)	**(10,098,661)**	**(8,086,539)**	**(23,868,967)**

25) Related party transactions

In July 2017, the Company appointed Phoenix Capital Management JSC as its investment adviser with responsibility for advising on the investment of the Company's property portfolio. Phoenix Capital Holding JSC owns 79.99% of the Phoenix Capital Management JSC shares. Phoenix Capital Holding JSC, through its wholly owned subsidiary Mamferay, holds 18.30% (2022: 24.81%) of the issued share capital of the Company. Phoenix Capital Management JSC received fees of €214,272 (2022: €268,062). The amount outstanding as at year-end is €nil (2022: €268,062).

Yordan Naydenov was a Director of the Company during the financial year and until April 2024 (note 29). Yordan Naydenov is also a partner with Boyanov & Co, a legal adviser to the Company. During the year, Boyanov & Co received fees of €78,284 (2022: €104,284). The amount outstanding as at year end was €nil (2022: €28,298).

The total amount outstanding at year end to the shareholders totaled €23,307,833 (2022: €2,565,808).

26) Long term deposit

	Year ended 31 Dec 2023	Year ended 31 Dec 2022
	€	€
Long term deposit	**102,258**	-
	102,258	-

In connection with the bank loan (note 15) the company placed a deposit with the lending bank. The fixed term deposit serves as collateral for the loan and will be released after full payment of the bank loan, which is expected to be on 20 October 2033.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2023

27) Loan receivable

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Loan receivable	**2,754,689**	-
	2,754,689	-

The loan receivable is unsecured and interest is receivable at a fixed rate. There are no restrictions imposed on the company's claims to the loan receivable.

28) Short term investment

During the year, the Company acquired shares of collective investment schemes, with the fair value of the investments in funds being determined based on their redemption prices at the reporting date. The movement in short term investments during the year was as shown below.

	Year ended 31 Dec 2023 €	Year ended 31 Dec 2022 €
Balance at the beginning of the year	**-**	-
Acquired during the year	**12,005,933**	-
Fair value gain during the year	**335,901**	-
Fair value expense on financial assets	**(11,231)**	-
	12,330,603	-

29) Subsequent events

In April 2024 two of the Company's subsidiaries in Bulgaria (BSPF Bulgaria and GHV-Dolphins EAD) each signed a license and management agreement with Nobu Hospitality to transform two of the Company's existing properties into a Nobu Hotel and Restaurant in the heart of Sofia and on the Black Sea Coast.
Also, in April 2024 the Company announced Board Changes where the previous Directors – Ventsislava Altanova, Miroslav Georgiev and Yordan Naydenov have resigned. The Company welcomed Todor Ivanov and Valentino Georgiev as new Directors.

Mr. Ivanov has over 20 years of administrative experience, and, in 2022, was the deputy regional governor of Burgas Region. Mr Ivanov is currently a municipal councilor in the Municipality of Burgas. Previously, he was successively an administrative director and manager of an architectural company and has considerable experience of the entire construction and investment process.

Mr. Georgiev has over ten years of experience in real estate in the UK and Bulgaria. Mr. Georgiev spent five years working in a legal firm in London, specialising in conveyancing, transfers of equity and lease extensions. In addition to this, Mr. Georgiev also has UK experience as an estate agent working in sales and leases of commercial and residential properties in Central London. In Bulgaria, Mr. Georgiev has experience of real estate development and sales in exclusive holiday resorts on the Black Sea Coast.