Atrium Finance Plc

Consolidated financial statements
31 December 2023

Atrium Finance Plc

Consolidated financial statements
Year ended 31 December 2023

Contents

Atrium Finance Plc

Board of Directors and other officers

Board of Directors:	Or Ackerman (appointed on 28 August 2023) Ryan Alexander Lee (resigned on 17 August 2023) Loucas Louca Lyubov Musova
Company Secretary:	Stamatia Ananiades (appointed on 15 May 2023) Andreas Xenofontos (resigned on 15 May 2023)
Independent Auditors:	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors 27-29 Spyrou Kyprianou Avenue Mesa Yitonia 4003 Limassol, Cyprus
Audit Committee:	Christos Klokkaris (appointed on 12 March 2024) Tatiana Zorina (appointed on 12 March 2024) Mary Trimithiotou (appointed on 12 March 2024) Andreas Georgiou (appointed on 22 December 2022, resigned on 3 April 2023) Kostas Klokkaris (appointed on 22 December 2022, resigned on 12 March 2024) Bartosz Kolacinski (appointed on 22 December 2022, resigned on 12 March 2024) Liran Shechter (appointed on 3 April 2023, resigned on 12 March 2024)
Registered office:	MGO Protopapas Building Spyrou Kyprianou 79 3076, Limassol, Cyprus
Bankers:	Citibank N.A. London Bank of Cyprus Public Company Ltd
Registration number:	HE394678

CONSOLIDATED Consolidated Management Report

The Board of Directors presents its report and audited consolidated financial statements of Atrium Finance Plc ("the Company") and its subsidiary (together with the Company, the "Group") for the year ended 31 December 2023.

Incorporation
Atrium Finance Plc was incorporated in Cyprus on 19 February 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Subsequently, the Company was converted into public entity on 10 November 2022. Its registered office is at MGO Protopapas Building, Spyrou Kyprianou 79, 3076, Limassol, Cyprus.

Principal activities and nature of operations of the Group
The principal activity of Atrium Finance Plc and its subsidiary, is the provision of financing to the Atrium Group, (which is G City Europe Limited, formerly known as Atrium European Real Estate - a Jersey, Channel Islands domiciled company, together with its subsidiaries, collectively known as Atrium Group), and external borrowers as well as financial management activities. The Group mainly provides loans to fellow subsidiaries, therefore it operates as one segment and does not analyse its results by segments. The financial data presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position are presenting the whole activities of the Group as one segment.

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

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

Future developments of the Group
The Group's borrowers base is expected to diversify and expand. Atrium Group, to which the Group acts as the financing centre, announced, as part of its five year strategic plan, to diversify its portfolio by investing in and managing residential for rent real estate, with a focus on major cities in Poland. As at the year end, the Group owns 1.788 rental appartments and 441 units are under development.

Existence of branches
The Group does not maintain any branches.

Use of financial instruments by the Group
The Group's activities expose it to a variety of financial risks as disclosed in note 6. The risk management policies employed by the Group are disclosed in note 6.

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

Dividends
The Board of Directors does not recommend the payment of a dividend.

Share capital
On 5 September 2022, the directors of the Company increased the authorised share capital of the Company from 3.500 ordinary shares of nominal value EUR 1 each to EUR 100.000 divided into 100.000 ordinary shares of nominal value EUR 1 each. On the same day, the directors of the Company authorised the issue and allotment of 25.436 ordinary share of nominal value of EUR 1 in the share capital of the Company for a total subscription price of EUR 25.436.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. Mr. Ryan Alexander Lee resigned on 17 August 2023 and Mr. Or Ackerman was appointed on 28 August 2023.

Pursuant to the regulation 92 of the Articles of Association of the Company the Directors have the power at any time, and from time to time, to appoint any person to be Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the following Annual General Meeting and shall then be eligible for re-election.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Audit Committee
On 3 April 2023, Mr. Andreas Georgiou resigned. On 12 March 2024, Messrs Kostas Klokkaris, Bartosz Kolacinski, Liran Shecter were resigned. On the same day, Mr. Christos Klokkaris, Mrs Tatiana Zorina and Mrs Mary Trimithiotou were appointed. These appointments were approved by an Extraordinary General Meeting on 12 March 2024.

Events after the reporting period
The material post balance sheet events which have a bearing on the understanding of the consolidated financial statements are disclosed in note 20 of the consolidated financial statements.

Independent Auditors
The Independent Auditors, Ernst & Young Cyprus Limited, were appointed in replacement of the previous auditors, PricewaterhouseCoopers Limited and have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

StamatiaA

Stamatia Ananiades
Secretary

Limassol, 28 June 2024

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Independent Auditor's Report

To the Members of Atrium Finance Plc

Report on the Audit of the Consolidated Financial Statements of Atrium Finance Plc

Opinion

We have audited the accompanying consolidated financial statements of Atrium Finance Plc (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Measurement of expected credit losses for loans receivable from related parties (Notes 6.2 (ii), 7 and 13 to the consolidated financial statements)

The key audit matter

We considered the expected credit loss ("ECL") assessment of the loans receivable from related parties, whose carrying amount totaled €928.875 thousands as at 31 December 2023, to be a key audit matter. This is due to the magnitude of these loan balances on the consolidated statement of financial position as well as the uncertainty and significant exercise of judgement required in the ECL assessment. The ECL recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 in relation to the loans receivable from related parties amounted to €1.239 thousands.

Refer to Notes 6.2, 7 and 13 of the consolidated financial statements for further information.

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Measurement of expected credit losses for loans receivable from related parties (Notes 6.2 (ii), 7 and 13 to the consolidated financial statements) (continued)

How the matter was addressed in our audit

Our audit procedures applied for the examination of this matter included, amongst others, the following:

- We understood the process followed by the Board of Directors.
- We determined that the repayment terms of the loans were in line with the respective loan agreements.
- With respect to the ECL calculation performed by the Board of Directors, we:
  - tested a sample of loans to verify their proper classification into Stages 1, 2 or 3 (three-stage impairment model) based on the criteria set out in IFRS 9 and in line with Group's accounting policy.
  - assessed the scenarios, key assumptions and the PD, LGD and EAD assessment made by the Board of Directors, which were based on the net asset value of the counterparties of the loans estimated using latest available financial information, including, as applicable, the fair values of the underlying real estate properties securing the loans as adjusted by the relevant haircuts.
  - reviewed the methodology for incorporating forward-looking information and assessed the reasonableness of macroeconomic information applied.
  - assessed whether the methodology and model applied by the Group in respect of the ECL calculation were in accordance with the requirements of IFRS.
- We have assessed the adequacy of the disclosures included in Notes 6.2, 7 and 13 of the consolidated financial statements in respect of expected credit losses.

Reporting on Other Information

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

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

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

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Requirements of Article 10(2) of the EU Regulation 537/2014:

1. Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Group on 30 April 2024 by the Board of Directors. Our appointment is renewed annually by a resolution of the shareholders and represents a total period of uninterrupted appointment of one year. Our appointment for the year ended 31 December 2023, was made as part of the Company's public tender process in accordance with Article 16 of the European Union (EU) Regulation no. 537/2014.

2. Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 27 June 2024 in accordance with Article 11 of the EU Regulation 537/2014.

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Report on Other Legal and Regulatory Requirements (continued)

Requirements of Article 10(2) of the EU Regulation 537/2014:

3. Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements or the consolidated management report.

Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have nothing to report in this respect.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Comparative figures

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 30 June 2023.

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

Andreas Avraam
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 28 June 2024

Consolidated statement of profit or loss and other comprehensive income

Year ended 31 December 2023

	Note	**2023 EUR' 000**	2022 EUR' 000
Interest Income	13	**71.592**	75.826
Gain on extinguishment of borrowings	16	**15.471**	-
Other income		**380**	85
Interest expense	16	**(65.670)**	(69.040)
Net foreign exchange profit		**757.727**	1.923
Net foreign exchange loss		**(755.266)**	-
Loss from the termination of derivative financial instrument	12	**-**	(10.162)
Swap fee expense		**-**	(845)
Staff costs and other operating expenses	8	**(1.079)**	(989)
Movement on expected credit loss on loans receivable	13	**(1.239)**	(1.868)
Net profit/(loss) for the year		**21.916**	(5.070)
Tax	10	**(7)**	-
Net profit/(loss) for the year		**21.909**	(5.070)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**21.909**	(5.070)

The notes on pages 12 to 33 form an integral part of these consolidated financial statements.

Atrium Finance Plc

Consolidated statement of financial position
31 December 2023

	Note	**2023 EUR' 000**	2022 EUR' 000
ASSETS			
Non-current assets			
Loans receivable from third parties	13	**165.524**	30.790
Loans receivable from related parties	13, 17	**879.623**	1.166.283
		1.045.147	1.197.073
Current assets			
Other receivables		**744**	988
Loans receivable from third parties	13	**1.292**	27.265
Loans receivable from related parties	13, 17	**50.994**	41.888
Cash and cash equivalents	14	**317.425**	446.885
		370.455	517.026
Total assets		**1.415.602**	1.714.099
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**26**	26
Share premium	15	**123.943**	123.943
Capital reserve		**177**	177
Retained earnings		**34.837**	12.928
Total equity		**158.983**	137.074
Non-current liabilities			
Borrowings	16	**907.437**	1.224.970
		907.437	1.224.970
Current liabilities			
Other payables		**219**	191
Borrowings	16	**348.963**	351.864
		349.182	352.055
Total liabilities		**1.256.619**	1.577.025
Total equity and liabilities		**1.415.602**	1.714.099

On 28 June 2024 the Board of Directors of Atrium Finance Plc authorised these consolidated financial statements for issue.

Or Ackerman
Director

Loucas Louca
Director

The notes on pages 12 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2023

	Note	Share capital EUR' 000	Share premium EUR' 000	Capital reserve EUR' 000	Retained earnings EUR' 000	Total EUR' 000
Balance at 1 January 2022		**1**	**123.943**	**177**	**17.998**	**142.119**
Comprehensive loss						
Net loss for the year		-	-	-	(5.070)	(5.070)
Total comprehensive loss for the year		-	-	-	(5.070)	(5.070)
Transactions with owners						
Issue of shares	15	25	-	-	-	25
Total transactions with owners		25	-	-	-	25
Balance at 31 December 2022		**26**	**123.943**	**177**	**12.928**	**137.074**
Balance at 31 December 2022/ 1 January 2023		**26**	**123.943**	**177**	**12.928**	**137.074**
Comprehensive income						
Net profit for the year		-	-	-	21.909	21.909
Total comprehensive income for the year		-	-	-	21.909	21.909
Balance at 31 December 2023		**26**	**123.943**	**177**	**34.837**	**158.983**

The only reserve which is available for distribution is the retained earnings in the separate financial statements of the Company. The share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Atrium Finance Plc

Consolidated cash flow statement
Year ended 31 December 2023

	Note	2023 EUR' 000	2022 EUR' 000
Cash generated from operations			
Cash paid to employees		**(681)**	(402)
Cash paid to expenses		**(371)**	(638)
Payments for loans granted		**(258.001)**	(74.050)
Interest received		**56.857**	79.419
Interest paid		**(54.368)**	(68.740)
Tax paid		**(7)**	-
Other receivables received		**(174)**	2.098
Loans repayments received		**488.332**	513.446
Swap fees paid		**-**	(845)
Payment for other payables		**(429)**	(2.582)
Net cash generated from operating activities		**231.158**	447.706
Cash flows from investing activities		**-**	-
Cash flows from financing activities			
Proceeds from issue of share capital		**-**	25
Repayments of borrowings to related parties		**(557.434)**	(480.032)
Proceeds from borrowings and advances from related parties		**260.061**	115.093
Repurchase of bonds		**(60.539)**	-
Proceeds from deposits		**-**	817
Net cash used in financing activities		**(357.912)**	(364.097)
Net (decrease)/increase in cash and cash equivalents		**(126.754)**	83.609
Cash and cash equivalents at beginning of the year		**446.885**	361.359
Effect of exchange rate fluctuations on cash held		**(2.706)**	1.917
Cash and cash equivalents at end of the year	**14**	**317.425**	446.885

The notes on pages 12 to 33 form an integral part of these consolidated financial statements.

1. Incorporation and principal activities

Country of incorporation

Atrium Finance Plc (the "Company") was incorporated in Cyprus on 19 February 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Subsequently, the Company was converted into public entity on 10 November 2022. Its registered office is at MGO Protopapas Building, Spyrou Kyprianou 79, 3076, Limassol, Cyprus.

Principal activities

The principal activity of Atrium Finance Plc and its subsidiary, is the provision of financing to the Atrium Group, (which is G City Europe Limited, formerly known as Atrium European Real Estate - a Jersey, Channel Islands domiciled company, together with its subsidiaries, collectively known as Atrium Group), and external borrowers as well as financial management activities. The Group mainly provides loans to fellow subsidiaries, therefore it operates as one segment and does not analyse its results by segments. The financial data presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position are presenting the whole activities of the Group as one segment.

As at 31 December 2023 and 2022, the Parent Company's subsidiary is Atrium Finance Issuer B.V., which is 100% owned by the Parent Company. Atrium Finance Issuer B.V. was dormant during the year and proceeded to liquidation on 29 May 2024.

Operating Environment of the Group

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

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

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

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

In 2023, EURIBOR has been significantly influenced by the confluence of geopolitical events, economic conditions, and central bank policies. The Russia-Ukraine conflict, rising inflation, varied economic growth rates, and the ECB's monetary policy stance have all played pivotal roles in shaping EURIBOR and other interest rate trends within the year.

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

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

2. Basis of preparation

These consolidated financial statements of the Company and its subsidiary (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. These consolidated financial statements have been prepared under the historical cost convention.

As of the date of the authorisation of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 and are relevant to the Group's operations have been adopted by the European Union (EU) through the endorsement procedure established by the European Commission.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. These are involving a higher degree of judgement or complexity, and where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 7.

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRSs) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

The adoption of the following standards did not have a material effect on the accounting policies of the Group's:
- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12
- IFRS 19 Subsidiaries without Public Accountability

4. Material accounting policies

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

Going concern basis

The financial statements of the Group have been prepared on a going concern basis.

4. Material accounting policies (continued)

Basis of consolidation

The Company prepares the consolidated financial statements as required by IFRS 10. The Group's consolidated financial statements comprise the financial statements of the parent Company Atrium Finance Plc and the financial statements of its subsidiary Atrium Finance Issuer B.V., which was incorporated in 2020.

A subsidiary is an entity controlled by the Parent Company. Control exists where the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Segmental reporting

The Group has a single operating segment and for this reason its operations are not analysed by operating segments. The Group has loan portfolio in various countries.

Revenue

Recognition and measurement

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised on the face of the consolidated financial statement of profit or loss and other comprehensive income as "Interest income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets - Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Employee benefits

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

Borrowing costs

Borrowing costs consist of loan interest expense and interest on bonds issued by the Group. Interest expense and other borrowing costs are recognised on a time-proportion basis using the effective interest method. Interest expense represents the main cost to the Group and is presented separetely in the consolidated statement of profit or loss in the same way as other main Group revenue or cost.

Foreign currency translation

(1) 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 Euro (EUR' 000), which is the Group's presentation currency and the functional currency of each of the Group's entities.

4. Material accounting policies (continued)

Foreign currency translation (continued)

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation, when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

The tax expense for the period comprised current tax and is recognised in profit or loss.

The current income tax charge (or tax loss) is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Group operates and generates taxable income. There is a policy to transfer tax losses, where needed, among companies of the same tax group. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Financial assets - Classification

The classification depends on the Group's business model for managing the financial assets contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

The Group classifies its financial assets at amortised cost. Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest (This assessment is referred to as the SPPI test and it is performed at an instrument level). They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Group's financial assets at amortised cost comprise of loans and other receivables and cash and cash equivalents on the consolidated statement of financial position. Cash flows associated with granting of loans are presented under cash generated from operations in the cash flow statement.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Financial assets - Recognition and derecognition

Purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

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

4. Material accounting policies (continued)

Financial assets - Measurement

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

Financial assets - impairment - credit loss allowance for Expected Credit Loss (ECL)

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

Debt instruments measured at amortised cost (AC) are presented in the consolidated statement of financial position net of the allowance for ECL.

For financial assets at amortised cost that are subject to impairment under IFRS 9, the Group applies the general approach - three stage model for impairment. The Group's definition of this model and credit impaired assets is explained in note 6, Credit risk section.

Financial assets - write-off

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

Financial assets - modification

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

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

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

4. Material accounting policies (continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and deposits for which withdrawal in full or in part is allowed at any point.

Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Borrowings

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

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated statement of financial position.

Other payables

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

Share capital and Share Premium

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

Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

5. New accounting pronouncements

At the date of approval of these consolidated financial statements the following accounting standards were issued by the Internatioanl Accounting Standards Board that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

(i) Adopted by the European Union

Amendments

- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for annual periods beginning on or after 1 January 2024).*

(ii) Not adopted by the European Union

Amendments

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (effective for annual periods beginning on or after 1 January 2024).*
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025).*

5. New accounting pronouncements (continued)

(ii) Not adopted by the European Union (continued)

- *IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)*

The Board of Directors expects that the adoption of these standards in future periods will not have a material effect on the consolidated financial statements of the Group, except IFRS 18 for which the Board will analyse the requirements of the new standard and assess its impact upon becoming effective.

6. Financial risk management

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

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk in relation to its current and non-current financial instruments. Financial instruments issued at variable rates expose the Group to cash flow interest rate risk. Financial instruments issued at fixed rates expose the Group to fair value interest rate risk. The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

	2023	2022
	EUR' 000	EUR' 000
Fixed rate instruments		
Financial assets	**1.058.166**	1.215.371
Financial liabilities	**(982.309)**	(1.230.014)
Variable rate instruments		
Financial assets	**308.106**	377.101
Financial liabilities	**(264.474)**	(338.667)
	119.489	23.791

6.2 Credit risk
Credit risk arises from contractual cash flows of debt investments carried at amortised cost and cash and cash equivalents.

(i) Risk management

For banks and financial institutions, the Group has established policies whereby substantially all of the bank balances are held with institutions with credit ratings of an investment grade or better.

The deposit placed in the group treasury function is readily convertible to cash and is available for the purpose of short-term liquidity needs and is subject to an insignificant risk of changes in value.

Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group is exposed to a credit risk from its operating activities. The credit exposure is primarily comprised of loan transactions conducted with Group companies within the normal course of business.

(ii) Impairment of financial assets

The Group has financial assets at amortised cost that are subject to the expected credit loss model. These are subject to impairment under IFRS 9 and the Group applies the three-stage model for impairment.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

For the Group to determine when a significant increase in credit risk occurs, it considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations, including change of the Net asset position of the counterparty to Net liability position.
- actual or expected significant changes in the operating results of the counterparty
- significant increases in credit risk on other financial instruments of the same counterparty
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the counterparty.

Macroeconomic information (such as GDP prospects and inflation) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

When the above criteria for significant increase in credit risk occurs the Group recategorize the loan receivable from stage 1 to following stages. If the triggering event is change of the Net asset position of the counterparty to Net liability position then the financial assets are recategorized to stage 3.

The Group also considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and that a financial asset is in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group calculates ECL based on a three probability-weighted scenarios to measure the expected cash shortfalls (base, optimistic and pessimistic). A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD):
The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period. if the facility has not been previously derecognised and is still in the portfolio. The Group's probability of default over its financial assets ranges from 0,1% to 14,81% based on the credit assessment performed for each counter party.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- Loss Given Default (LDG):
The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD. The majority of the Group's financial assets are secured by collateral and therefore, LDG percentages are below 13,17% with the exception of three cases with no collateral, estimating the LDG percentage to be 100%.

- Exposure at Default (EAD):
The exposure at default (EAD) represents the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD of a financial asset represents its gross carrying amount at the time of default subject to the impairment calculation, addressing both the counterparty's ability to increase its exposure while approaching default and potential early repayments too.

The majority of the Group's loans receivable are from the fellow subsidiaries in Poland; Czech Republic and Netherlands. The majority of the Company's loans receivable are from Atrium Group subsidiaries: Atrium Group Services B.V. (21%), Atrium Targowek Sp. Z.o.o (5%) and parent company, G City Europe Limited (17%). On an overall basis the management's assessment is that ultimately there is no significant concentration of credit risk because the concentration of the customers of Group's borrowers is spread over a large number of counterparties.

Loans receivable

The loss allowance for financial assets at amortised cost as at 31 December reconciles to the opening loss allowance as follows:

	Loans Receivable from fellow subsidiaries EUR' 000	Receivables from other related parties EUR' 000	**Total EUR' 000**
Opening loss allowance as at 1 January 2022	1.380	-	**1.380**
Increase in loan loss allowance recognised in profit or loss during the year	1.868	-	**1.868**
Closing loss allowance as at 31 December 2022	3.248	-	**3.248**
Increase in loan loss allowance recognised in profit or loss during the year	-	4.487	**4.487**
Decrease in loss allowance from derecognition of financial assets in the year	(3.248)	-	**(3.248)**
Closing loss allowance as at 31 December 2023	-	4.487	**4.487**

The loss allowance for the ultimate parent company is immaterial.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Group internal credit rating	**2023**	2022
	EUR' 000	EUR' 000
Performing (Stage 1)	**712.538**	911.326
Not performing (Stage 3)	**27.082**	3.248
Total	**739.620**	914.574

The loans from ultimate parent company, fellow subsidiaries and third parties are performing (Stage 1).

The loss allowance for the loans receivable from fellow subsidiaries as at 31 December 2022 and 31 December 2023 reconciles to the opening loss allowance for that provision as follows:

	Stage 3 Non-performing	Total
	EUR' 000	EUR' 000
Opening balances as at 1 January 2022	(1.380)	(1.380)
Individual financial assets transferred to non - performing (credit-impaired financial assets)	(1.778)	(1.778)
Change in risk parameters	(90)	(90)
Loss allowance at 31 December 2022	(3.248)	(3.248)
Individual financial assets transferred to non - performing (credit-impaired financial assets)	(4.487)	(4.487)
Write-offs	3.248	3.248
Closing loss allowance at 31 December 2023	(4.487)	(4.487)

Cash and cash equivalents

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

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Name of institution	**External credit rating**	**2023**	2022
		EUR' 000	EUR' 000
Bank of Cyprus	Ba2	**76**	72
Citibank London N.A	Aa3	**483**	69.784
Current accounts/ IC Deposits (Note 17.10)	B1	**316.942**	377.102
Total		**317.501**	446.958

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

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

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

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

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

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

Impairment losses	**2023** **EUR' 000**	2022 EUR' 000
Movement on expected credit loss on loans receivable	**(1.239)**	(1.868)
Net impairment loss on loans receivable	**(1.239)**	(1.868)

(iv) Loan commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Group considers that based on the general impairment method of IFRS 9 expected credit loss as at 31 December 2023 were not material.

The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

An analysis of loan commitments by credit quality based on internal credit risk grades at 31 December 2023 is as follows:

	Stage 1 (12-months ECL) EUR' 000	Stage 2 (lifetime ECL for SICR) EUR' 000	Stage 3 (lifetime ECL for credit impaired) EUR' 000	**Total EUR' 000**
Loan commitments undrawn				
– Performing	154.040	-	-	**154.040**
Unrecognised gross amount	154.040	-	-	**154.040**

As at 31 December 2023, the Group had available approximately EUR 271 million of undrawn commited borrowing facilities.

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. The liquidity requirements arise primarly from the uncalled commitment under credit facility agreements with related parties and the need to service the Group's debt and operating expenses. These can be funded from annual net (operational) cash flow of the Group.

The Group's liquidity is managed by appropriate liquidity planning and through an adequate financing structure, which is linked to its capital management objectives.

6. Financial risk management (continued)

6.3 Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities. The loans payable are presented at the earliest date that they can be recalled but the inter-company loans asset can also be called which allows to manage the liquidity. The table includes both interest and principal cash flows.

31 December 2023	Carrying amounts EUR' 000	Contractual cash flows EUR' 000	1-12 months EUR' 000	2-5 years EUR' 000	More than 5 years EUR' 000
Deposits payable to fellow subsidiary company	264.474	265.427	265.427	-	-
Short term loans payable to related parties	28.250	28.250	28.250	-	-
Bonds	237.747	265.960	6.625	259.335	-
Loans from fellow subsidiaries	45.157	46.130	46.130	-	-
Loan from parent company	675.185	836.669	3.487	833.182	-
Accruals	219	219	219	-	-
	1.251.032	**1.442.655**	**350.138**	**1.092.517**	**-**

31 December 2022	Carrying amounts EUR' 000	Contractual cash flows EUR' 000	1-12 months EUR' 000	2-5 years EUR' 000	More than 5 years EUR' 000
Deposits payable to fellow subsidiary company	338.667	341.299	341.299	-	-
Listed bonds issued and aquired by parent company	93.611	104.300	3.662	100.638	-
Bonds	296.846	339.375	7.875	331.500	-
Loans from parent company	842.627	886.755	-	886.755	-
Loans from fellow subsidiaries	5.082	17.094	5.236	5.852	6.006
Accruals	191	191	191	-	-
	1.577.024	**1.689.014**	**358.263**	**1.324.745**	**6.006**

6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Czech Koruna, Polish Zloty and Russian Rouble.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2023	2022	**2023**	2022
	EUR' 000	EUR' 000	**EUR' 000**	EUR' 000
Czech Koruna	**(103.691)**	(165.633)	**89.922**	183.165
Polish Zloty	**(411.385)**	(494.616)	**483.321**	508.832
Russian Ruble	**-**	(93.667)	**-**	74.576
	(515.076)	(753.916)	**573.243**	766.573

6. Financial risk management (continued)

6.4 Currency risk (continued)

Sensitivity analysis
A 10% strengthening of the Euro against the following currencies at 31 December 2023 and 31 December 2022 would have increased/ (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Profit or loss	
	2023	2022
	EUR' 000	EUR' 000
Czech Koruna	**1.252**	(1.594)
Polish Zloty	**(6.540)**	(1.292)
Russian Ruble	**-**	1.736
	(5.288)	(1.150)

6.5 Capital risk management

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt. The Group's goal is to maintain this gearing ratio at a level customary to its line of business.

The gearing ratios at 31 December were as follows:

	2023	2022
	EUR' 000	EUR' 000
Total borrowings (Note 16)	**1.256.400**	1.576.834
Less: Cash and cash equivalents (Note 14)	**(317.425)**	(446.885)
Net debt	**938.975**	1.129.949
Total equity	**158.983**	137.074
Total capital	**1.097.958**	1.267.023
Gearing ratio	**85,52%**	89,18%

7. Critical accounting estimates and judgments

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

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

7. Critical accounting estimates and judgments (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section. If there are facts and circumstances suggesting that the receivable loans might be impaired, the adjusted net asset value of the borrower that holds investment properties at fair value, is determined by applying a liquidation haircut. This adjusted value is then used in the calculation of the loss allowance.

8. Staff costs and other operating expenses

	2023	2022
	EUR' 000	EUR' 000
Staff costs (Note 9)	**756**	548
Auditors' remuneration	**68**	60
Other expenses	**255**	381
Total expenses	**1.079**	989

The total fees charged by the statutory auditor in relation to the provision of statutory audit services totalled EUR 47 thousand (2022: EUR 60 thousand) and tax compliance services totalled EUR 8 thousand (2022: EUR 9 thousand).

9. Staff costs

	2023	2022
	EUR' 000	EUR' 000
Salaries	**681**	493
Social security costs	**75**	55
	756	548
Average number of employees	**12**	10

10. Tax

	2023	2022
	EUR' 000	EUR' 000
Corporation tax - current year	**4**	-
Corporation tax - prior years	**3**	-
Charge for the year	**7**	-

10. Tax (continued)

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

	2023 EUR' 000	2022 EUR' 000
Net profit/(loss) for the year	**21.916**	(5.070)
Tax calculated at the applicable tax rates	**2.740**	4.382
Tax effect of expenses not deductible for tax purposes	**1.891**	2.487
Tax effect of allowances and income not subject to tax	**(2.840)**	(5.866)
Tax effect of tax losses brought forward	-	(2)
Tax effect of group tax relief	**(1.794)**	(935)
Prior year tax	**3**	-
Foreign tax credit	-	(66)
Tax charge	**7**	-

The corporation tax rate is 12,5% and 25% of it's subsidiary. The subsidiary was loss making during 2023 and was subsequently liquidated on 29 May 2024. Brought forward losses of only five years may be utilised.

11. Investments in subsidiaries

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2023 Holding %	2022 Holding %
Atrium Finance Issuer B.V.	Netherlands	Financing	100	100

As from 1 December 2022, the subsidiary transferred its listed bond to the Company and had no activity thereafter. The subsidiary company was liquidated on 29 May 2024.

12. Derivatives swap

Forward foreign currency contract

The Company entered into a foreign currency swap agreement with its ultimate parent company. The derivative was used for economic hedging purposes and not as speculative investment. However, it did not meet the hedge accounting criteria. It was accounted for at fair value through profit or loss. Depending on the valuation result, the derivative was presented as non-current liability or asset as it was reviewed on a biannual basis.

The Company has terminated the currency swap agreement on 22 June 2022. Loss from the termination of the derivative financial instrument amounted to EUR 10.162.000 and was recognised in the statement of profit or loss.

Notes to the consolidated financial statements
Year ended 31 December 2023

13. Loans receivable

	2023 EUR' 000	2022 EUR' 000
Gross Balance at 1 January	**1.269.474**	1.713.669
Impairment at 1 January	**(3.248)**	(1.380)
New loans	**287.416**	122.171
Interest charged	**62.891**	74.993
Repayments	**(545.189)**	(641.432)
Exchange difference	**27.328**	73
Movement on expected credit loss	**(1.239)**	(1.868)
Balance at 31 December	**1.097.434**	1.266.226

	2023 EUR' 000	2022 EUR' 000
Loans receivable from third parties	**119.556**	58.055
Loans receivable from fellow subsidiaries (Note 17.7)	**739.618**	914.574
Loan receivable from ultimate parent company (Note 17.7)	**239.499**	296.845
Loss allowance on loans receivable	**(1.239)**	(3.248)
	1.097.434	1.266.226
Less current portion	**(50.544)**	(69.153)
Non-current portion	**1.046.890**	1.197.073

The loans are repayable as follows:

	2023 EUR' 000	2022 EUR' 000
Within one year	**50.544**	69.153
Between one and five years	**998.806**	448.163
After five years	**48.084**	748.910
	1.097.434	1.266.226

The Group's loans receivable are denominated in the following currencies:

	2023 EUR' 000	2022 EUR' 000
Poland zloty	**483.004**	496.090
Euro	**526.820**	512.506
Chech Koruna	**87.610**	183.110
Russian Rouble	**-**	74.520
	1.097.434	1.266.226

The exposure of the Group to credit risk in relation to loans receivable is reported in note 6 of the consolidated financial statements.

As at 31 December 2023, the fair value of the non-current receivables is lower by EUR 15.949 thousand. The fair value of the non-current receivables was determined by discounting the expected future cash flows at the market rates prevalent at the balance sheet date. The average interest rate on fellow subsidiary loans receivable is 4.9% (2022: 5.4%) and the average maturity date is on 31 December 2028. The loan receivable from ultimate parent company bears a nominal fixed interest rate of 2.625% per annum payable in arrears on 1 September in each year and maturing in September 2027. Other loans receivable to third parties bear interest from 3% to 5% p.a and are repayable by 31 July 2028.

13. Loans receivable (continued)

For loans receivable from related party loans, the borrower upon request by the Company, shall grant security by way of title of the borrowers's assets. No such requests have been made to date. For the loans receivable from third parties the Company obtained a mortgage as collateral and a pledge over ownership in exchange of the borrower's rights as a security for the performance of the obligations under the loan agreement. The value of collateral is estimated at EUR 253.318 thousand and exceeds the outstanding amount of the loan.

As at 31 December 2023, loan receivables from a fellow subsidiary of the Company have been impaired in the amount of EUR 1.239 thousand (2022: EUR 1.868 thousand).

The majority of the loans receivable are repayable on demand. These loans have been classified as non-current assets in the statement of financial position as the Group confirmed that they intend and expect that these balances will remain outstanding for the foreseeable future.

The interest income line item in the statement or profit or loss and other comprehensive income includes interest from the above loans and an amount of EUR 8.701 thousand (2022: EUR 733 thousand) relating to interest on deposits.

14. Cash and cash equivalents

	2023	2022
	EUR' 000	EUR' 000
Cash at bank and in hand	**9.319**	69.784
Bank deposits	**308.106**	377.101
	317.425	446.885

EUR 372 thousand (2022: EUR 56.987 thousand) and EUR 111 thousand (2022: EUR 12.742 thousand) of bank balances are denominated in Euro and Polish zloty respectively and the remaining in various other currencies.

During 2023, the Company had placed deposits of EUR 308.106 (2022: EUR 307.101) thousand with G City Europe Limited, which acts as the group treasury function. The interest of the yearly deposit is equal to 2,17% fixed interest rate. The deposit placed in the group treasury function is readily convertible to cash and is available for the purpose of short-term liquidity needs and is subject to an insignificant risk of changes in value.

The reconciliation of liabilities arising from financing activities is disclosed in Note 16.

For the purposes of the consolidated cash flow statement, the cash and cash equivalents include the following:

	2023	2022
	EUR' 000	EUR' 000
Cash at bank and in hand	**9.319**	69.784
Short term loans (Note 16)	**(28.250)**	-
	(18.931)	69.784

Non-cash transactions

On 1 December 2022, Atrium Finance Plc, was assigned from Atrium Finance Issuer B.V, subsidiary of the Company, a EUR 300 million green bond ("Green Notes") under a Euro Medium Term Note ("EMTN") Programme on the Luxembourg Stock Exchange (Note 16). The Green Notes were issued at a discount price of 98,167% and transaction cost of EUR 2.5 million. On the same date, a loan receivable from parent company was also assigned to the Company (Note 12).

15. Share capital and share premium

	2023 Number of shares	**2023 EUR' 000**	2022 Number of shares	2022 EUR' 000
Authorised				
Ordinary shares of EUR 1 each	100.000	100	100.000	100

Issued and fully paid	**Number of shares**	**Share capital EUR' 000**	**Share premium EUR' 000**	**Total EUR' 000**
Balance at 1 January 2022	204	1	123.943	123.944
	25.436	25	-	25
Balance at 31 December 2022/ 1 January 2023	**25.640**	**26**	**123.943**	**123.969**
Balance at 31 December 2023	**25.640**	**26**	**123.943**	**123.969**

On 5 September 2022, the directors of the Company increased the authorised share capital of the Company from 3.500 ordinary shares of nominal value EUR 1 each to EUR 100.000 divided into 100.000 ordinary shares of nominal value EUR 1 each. On the same day the directors of the Company authorised the issue and allotment of 25.436 ordinary shares of nominal value of EUR 1 in the share capital of the Company for a total subscription price of EUR 25.436.

16. Borrowings

	2023 EUR' 000	2022 EUR' 000
Balance at 1 January	**1.576.834**	1.941.653
Additions	**260.090**	115.093
Repayments	**(671.463)**	(540.897)
Interest expense	**65.670**	63.553
Exchange difference	**25.269**	(2.568)
Balance at 31 December	**1.256.400**	1.576.834

	2023 EUR' 000	2022 EUR' 000
Current borrowings		
Short term loans payable to related parties	**28.250**	-
Listed bond issued and acquired by parent company	**-**	1.831
Listed bonds (Green Notes)	**7.595**	2.524
Deposits payable to fellow subsidiaries (Note 17.9)	**264.474**	338.667
Loans from fellow subsidiaries (Note 17.9)	**45.157**	5.082
Loans payable to parent company (Note 17.9)	**3.487**	3.760
	348.963	351.864
Non-current borrowings		
Listed bond issued and acquired by parent company	**-**	91.780
Listed bonds (Green Notes)	**235.739**	294.322
Loan payable to parent company (Note 17.9)	**671.698**	838.868
	907.437	1.224.970
Total	**1.256.400**	1.576.834

16. Borrowings (continued)

Maturity of non-current borrowings:

	2023	2022
	EUR' 000	EUR' 000
Between two and five years	**907.437**	386.102
After five years	**-**	838.868
	907.437	1.224.970

The Group borrowings are denominated in the following currencies:

	2023	2022
	EUR' 000	EUR' 000
Polish zloty	**411.385**	494.616
Euro	**741.324**	822.974
Czech Koruna	**103.691**	165.633
Russian Rouble	**-**	93.611
	1.256.400	1.576.834

As at 31 December 2023, the fair value of the non-current borrowings amounted to EUR 862.609 thousand. The fair value of the non-current borrowings was determined by discounting the expected future cash flows at the market rates prevalent at the balance sheet date.

Listed bonds (Green Notes):

In February 2021, the Group issued a EUR 300 million inaugural green bond ("Green Notes") under a Euro Medium Term Note ("EMTN") Programme. Its fair value as at 31 December 2023 is equal to EUR 186.013 (2022: EUR 206.322 thousand). The Green Notes were issued at a price of 98,167%, where the note bears a fixed 2.625% coupon interest rate and an effective interest rate at 3.1%. Green notes have a maturity date of 5 September 2027. The Green Notes are guaranteed by the ultimate parent company of the Group, G City Europe Limited. On 1 December 2022, the Company's subsidiary assigned the Note to the Company.

The fair value of the bonds by reference to quoted prices is EUR 186.013 thousand.

During the year, the Company bought back bonds of nominal value EUR 60.718 thousand which resulted in recognition of a gain of EUR 15.471 thousand.

The bond is subject to the following financial covenants: the Group solvency ratio shall not exceed 60%; the Group secured solvency ratio shall not exceed 40%; the Group coverage ratio shall not be less than 1.5. All covenants were met as at 31 December 2023.

Listed bonds issued and acquired by parent company:

On 26 February 2021, the Company, issued a Note on the Luxembourg Stock Exchange with nominal value of RUB 7,2 bilion at par, which was acquired by parent company. The Note beared coupon rate at 7.98% p.a. and maturity date 1 March 2026. The effective interest rate of the Note was equal to 5.10%. The issued Note was settled on 12 May 2023.

Loans payable

The average interest rate on loans payable was 4.9% (2022: 4.8%). The loans are repayable by 31 December 2028.

The interest expense line item in the statement of profit or loss and other comprehensive income for 2022 includes an amount of EUR 2.448 thousand relating to negative interest on bank deposits.

17. Related party transactions

The Company's immediate shareholders are G City Europe Holdings Limited (formerly known as Atrium Holding 1), Atrium Retail Limited (formerly known as Primewind Limited) and G City Europe Resi Limited which own 50%, 25% and 25% of the shares of the Company respectively, all which are wholly owned by G City Europe Limited (formerly known as Atrium European Real Estate Limited,) incorporated in Jersey and to the best of the Directors' knowledge, Norstar Holding Inc. is the ultimate parent company. The ultimate controlling party is Mr. Chaim Katzman, who is the controlling shareholder of Norstar Holding Inc. The company is controlled by G City Europe Holdings Limited, incorporated in Cyprus.

The ultimate parent entity which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is G City Europe Limited, incorporated in Jersey and moved its tax residency to Cyprus, where its business addresss is Spyrou Kyprianou 79, MGO Protopapas Building, 3rd Floor, 3076 Limassol, Cyprus and its consolidated financial statements are available at the website https://g-city.com.

The balances and transactions with related parties are as follows:

17.1 Other Income

	2023	2022
	EUR' 000	EUR' 000
Service fee income	**20**	85
	20	85

The Group entered into an agreement with G City Europe Limited to provide G City Europe Limited with bond administration services ("Services") including bookkeeping, maintaining records of payments and balances, sending payment statements, collecting payments, collecting and paying any taxes and managing any funds, ensuring compliance with the bond terms and remitting any funds pursuant to any loan obligations.

17.2 Directors' remuneration

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

	2023	2022
	EUR' 000	EUR' 000
Directors' fees	**-**	-

17.3 Interest Income

	2023	2022
	EUR' 000	EUR' 000
Interest Income from fellow subsidiaries	**47.123**	64.731
Interest income from ultimate parent company	**16.430**	9.090
	63.553	73.821

17.4 Interest expense

	2023	2022
	EUR' 000	EUR' 000
Interest expense to parent company	**44.650**	59.187
Interest expense to fellow subsidiaries	**7.257**	827
	51.907	60.014

17. Related party transactions (continued)

17.5 Other gain/(loss)

	2023 EUR' 000	2022 EUR' 000
Change in fair value of derivative financial instrument (Note 12)	-	(10.162)
	-	(10.162)

17.6 Receivables from related parties

	2023 EUR' 000	2022 EUR' 000
Receivable from fellow subsidiary	-	431
	-	431

17.7 Loans receivable from related parties (Note 13)

	2023 EUR' 000	2022 EUR' 000
Loans receivable from fellow subsidiaries	738.379	911.325
Loans receivable from ultimate parent company	239.499	296.846
	977.878	1.208.171

The repayment date of loans receivable from ultimate parent company is on 1 September 2027, wehre amount shown above are not off expected credit losses.

17.8 Payables to related parties

	2023 EUR' 000	2022 EUR' 000
Payable to fellow subsidiary	-	30
	-	30

17.9 Loans payable to related parties (Note 16)

	2023 EUR' 000	2022 EUR' 000
Loans payable to parent company	675.185	936.239
Deposits payable to fellow subsidiary companies	264.474	338.667
Loans payable to fellow subsidiary	45.157	5.082
	984.816	1.279.988

The terms of the loans payable to related parties are disclosed in Note 16.

17.10 Cash and cash equivalents

By the end of the year, the Company had placed deposits of EUR 308.106 (2022: EUR 307.101) thousand with G City Europe Limited, which acts as the group treasury function. The interest of the yearly deposit is equal to 2,17% fixed interest rate. The deposit placed in the group treasury function is readily convertible to cash and is available for the purpose of short-term liquidity needs and is subject to an insignificant risk of changes in value.

18. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2023.

19. Commitments

The Group had no capital or other commitments as at 31 December 2023.

20. Events after the reporting period

In May 2024, the directors of the parent companies, Atrium Retail Limited and G City Europe Holdings Limited approved the reduction of the share premium of the parent Companies by Special Resolution. Verification from Court is still pending for the share premium reduction of EUR 132.969 thousand and EUR 133.609 thousand respectively.

In May 2024, the subsidiary of the Company, Atrium Finance Issuer B.V. was liquidated.

The Company purchased back a part of the EUR 300 milion green bond listed on the Luxembourg Stock Exchange. A total of EUR 7.2 million was settled resulting in a gain of EUR 1.3 million on the nominal value of the bond.

Other than the above, there are no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 to 7