Minoan Group Plc

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

28 April 2022

Minoan Group Plc
("Minoan", the "Group" or the "Company")
Preliminary Results Announcement

Minoan Group Plc announces its Preliminary Results for the year ended 31 October 2021

Project highlights

- George Mergos appointed Chairman of Loyalward Limited, the Project owner.
- A revised Masterplan has been produced by the Company's professional team.
- Management and Deloitte have re-examined the key assumptions and numbers in the Business Plans, which show stabilised Project turnover, once the resort becomes fully operational, in excess of €100m.
- In the last few months the Company has presented the new Masterplan and Business Plans to the Foundation.
- Next stage discussion now underway with the Foundation.

Financial highlights

- Reduced loss before taxation of £749,000 (2019/20: £876,000) despite large non-cash credit last year.
- Operating costs fell by over 69% to £511,000 (2019/20: £864,000) due to reductions in UK salary costs and legal and professional fees.
- Net assets increased to £42,406,000 (2019/20: £41,942,000).

"My team and I are very satisfied with the progress made and the potential returns of the Project. We are now engaged in the process of discussing the next stages of the Project with the Foundation."

George Mergos, Chairman, Loyalward Limited

Minoan Group Plc's Report and Financial Statements for the year ended 31 October 2021 can be viewed on the Company's website with effect from 28 April 2022.

For further information visit www.minoangroup.com or contact:

Minoan Group Plc
Christopher Egleton christopher.egleton@minoangroup.com
George Mergos georgios.mergos@minoangroup.com
Bill Cole william.cole@minoangroup.com

W H Ireland Limited
James Joyce/Megan Liddell 020 7220 1666

Peterhouse Capital Limited
Duncan Vasey 020 7469 0930

Sapience Communications Limited 020 3195 3240
Richard Morgan Evans

Minoan Group Plc
Statement of the Chairman of Loyalward Limited, the Project Owner

I was very pleased to accept the invitation to join the Boards of both Minoan Group Plc ("Minoan") and Loyalward Limited ("Loyalward"). Further, I was delighted to take on the role of Chairman of Loyalward at this time of major progress and as it approaches the culmination of the long and sometimes difficult journey to the start of the development of what, undoubtedly, will be one of the best luxury projects in the Mediterranean.

The past few months have, amongst other things, enabled me to oversee the completion of the new business plans as we move forward with the Foundation regarding adjustments to the existing Contract and associated legal documentation. I am looking forward to the next period as the one which will enable me and my team to complete the steps necessary to see the Project's partners contracted and start to see real progress on site.

Masterplan
As shareholders will be aware, the main planning legislation for the Project is the Presidential Decree ("PD") which was issued in 2016 and became unappealable in the following year.

The PD sets out detailed guidelines which govern the Project and include, inter alia, its size (108,000 square metres of built space) and the environmental terms and conditions to be followed at all times. More detail is given on Minoan's website at www.minoangroup.com.

After taking into account recent trends in the tourism and hospitality market including, most recently, the effects of the pandemic, our architects, land planners, designers and engineers have produced a revised Masterplan for what I believe will become the best resort in Greece and the Eastern Mediterranean.

The key points of the design are that all buildings will be low rise and consist largely of independent units with this combination leading to a level of privacy not usually available in such resorts. Allied to the planned level of luxury, with an emphasis on wellbeing as well as wellness and the multitude of activities which will be available, Itanos Gaia at Cavo Sidero will create new standards for modern tourism as well as appeal to new types of demand now becoming evident, particularly in relation to the working from home trend. It will be a unique place for all visitors, whether for a few days, weeks, months, or even years.

As we move forward it is my intention to ensure that the Company's website reflects as much of our thinking as possible, both in terms of the Project design and the commercial arrangements being discussed and completed.

The Business Plans
With the revised Masterplan now complete, we and Deloitte have re-examined all the key assumptions and numbers included in the Business Plans for the Project.

I refer to Plans rather than Plan in order to make it clear that we have examined the Project and the flexibility which the architects have incorporated into the design to allow for changes in the composition of the hotel and tourist residence elements. The purpose of these exercises has been to ensure that we can adjust to market forces as we move forward in the post pandemic and 'working from home' world.

In December 2021 the Company submitted the new Masterplan and detailed designs to the Foundation. This was followed in March 2022 by the presentation of proposals for adjustments to the Contract for the lease of the Cavo Sidero site together with a full presentation of the Business Plans prepared by Deloitte.

The proposals included one which was based on an acceptance by Loyalward of a set of principles and documentation set out by the Foundation as being their preferred basis of cooperation.

All of the models chosen produce good returns even though we have used a conservative approach and a Gross Operating Profit which is below the industry standard, particularly in the early years. The following should be taken in context as a guide only and will depend on the final choice of hotel partners and the normal risks associated with long term forecasts. In order to give some idea of the scale of the Project, the current business plans forecast, once the resort becomes fully operational, a stabilised turnover for hotel and villa rental rooms in excess of €100m.

My team and I are very satisfied with the progress made and the potential returns of the Project. We are now engaged in the process of discussing the next stages of the Project with the Foundation.

George Mergos
Chairman, Loyalward Limited
28 April 2022

Minoan Group Plc
Chairman's Statement

Introduction
For the year ended 31 October 2021, against the backdrop of the ongoing global pandemic, the Group continued to progress significantly its Crete project (the "Project") whilst reducing its overall cost base. Since the year end, the progress on the Project has accelerated and includes, inter alia, senior executive management changes, completion of a new Project Masterplan, revised Business Plans, constructive negotiations with our Foundation partners and a welcome return of site visits with potential commercial partners.

The Board recognises the need to demonstrate unequivocal progress in terms of the Project's development in the immediate future. We fully acknowledge that such progress has been slower than expected and we are grateful to shareholders and stakeholders for their patience. The Board now believes that this patience will be rewarded; with a new Chairman of our wholly owned subsidiary now in place, our business plans updated to reflect the current market potential, a resilient investment environment, encapsulated in the new Development law and with Covid restrictions receding, Minoan is now exceptionally well placed to finally progress the Project towards activation.

Financial Review
The loss before taxation for the year of £749,000 was improved compared to the £876,000 recorded for the year to 31 October 2020 despite a large credit last year relating to the non-cash fair value adjustment for warrants.

Operating costs fell by over 69% to £511,000 from £864,000 as a result of reductions in UK salary costs and in legal and professional fees. The Company's net assets at 31 October 2021 increased to £42,406,000 from £41,942,000.

The Company is continuing discussions with its major lender and reports that both parties are working towards a mutually acceptable solution to help to ensure the Company has sufficient working capital for the next year. The Board fully expects, subject to detailed agreement, that the repayment date of the borrowing will be further extended.

The Project and Greece
During the year, new studies for the detailed environmental assessment of the Project and the Project Site were commissioned which, in part, enabled the preparation of the Masterplan for the new and more luxurious development as envisaged when the Project was successful in being granted its coveted 'Strategic Investment' status. The Company worked extensively with Deloitte in Greece, with both the financial advisory and specialist hospitality divisions, on the financial modelling and business case to inform its discussions with the Public Welfare Ecclesiastical Foundation Panagia Akrotiriani (the "Foundation") concerning the Contract and the lease agreement as well as with different types of commercial partners for the Project.

Further details of the new Masterplan, the accompanying Business Plans and the Project generally are set out in the statement by George Mergos as Chairman of the Project Company, Loyalward Limited.

Boards and Management
In February this year the Board was pleased to welcome George Mergos to the boards of both Minoan Group Plc and Loyalward Limited, the Group's wholly owned subsidiary and owner of the Project. In March we announced that George had also been appointed Chairman of Loyalward Limited. With his extensive management experience at the highest levels in the public and the private sector within Greece in both complex projects and finance, George is ideally qualified to lead the Project as it moves towards its development stage.

Although my thanks to Barry Bartman were set out in the announcement at the time, I would like to repeat them here. Barry, who retired as a director in February, has been a stalwart of the Company for many years providing invaluable advice and support to the Group during what have sometimes been difficult times as we have overcome numerous obstacles including, most recently, the delays caused by the Covid pandemic.

The skills, competence and balance of the Boards and the management teams are regularly under review to ensure they serve the companies appropriately. As we move to the next phase of the Project, I expect to be announcing further changes to ensure that the right balance is achieved both within Minoan and Loyalward.

Outlook

The Group continues to discuss and work with the Foundation to bring the Contract and the lease of the site more into line with modern practice and the new Project. As this work progresses, the Company will pursue and then complete discussions with hotel and other commercial partners.

George Mergos and I are looking forward to updating shareholders on what we believe will be substantive progress over the coming weeks and months.

Christopher W Egleton
Chairman
28 April 2022

Minoan Group Plc

Consolidated Statement of Comprehensive Income
Year ended 31 October 2021

	2021 £'000	2020 £'000
Revenue	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
	-	-
Operating expenses	**(511)**	(864)
Other operating expenses:		
Corporate development costs	**-**	-
Operating loss	**(511)**	(864)
Finance costs	**(238)**	(12)
Loss before taxation	**(749)**	(876)
Taxation	**-**	-
Loss after taxation	**(749)**	(876)
Other Comprehensive income for the year	**-**	-
Total Comprehensive income for the year	**(749)**	(876)
Loss for year attributable to equity holders of the Company	**(749)**	(876)
Loss per share attributable to equity holders of the Company: Basic and diluted	**(0.14)p**	(0.20)p

Minoan Group Plc

Consolidated Statement of Changes in Equity
Year ended 31 October 2021

Year ended 31 October 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2020	**17,959**	**36,476**	**9,349**	**2,527**	**(24,369)**	**41,942**
Loss for the year	-	-	-	-	**(749)**	**(749)**
Issue of ordinary shares at a premium	**1,062**	**107**	-	-	-	**1,169**
Increase in Warrant Reserve (note 17)	-	-	-	**44**	-	**44**
Balance at 31 October 2021	**19,021**	**36,583**	**9,349**	**2,571**	**(25,118)**	**42,406**

Year ended 31 October 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2019	17,188	36,119	9,349	3,094	(23,493)	42,257
Loss for the year	-	-	-	-	(876)	(876)
Issue of ordinary shares at a premium	771	357	-	-	-	1,128
Reduction in Warrant Reserve (note 17)	-	-	-	(567)	-	(567)
Balance at 31 October 2020	17,959	36,476	9,349	2,527	(24,369)	41,942

Minoan Group Plc

Consolidated Statement of Financial Position as at 31 October 2021

	2021 **£'000**	2020 £'000
Assets		
Non-current assets		
Intangible assets	**3,583**	3,583
Property, plant and equipment	**157**	157
Total non-current assets	**3,740**	3,740
Current assets		
Inventories	**46,758**	46,431
Receivables	**162**	225
Cash and cash equivalents	**20**	6
Total current assets	**46,940**	46,662
Total assets	**50,680**	50,402
Equity		
Share capital	**19,021**	17,959
Share premium account	**36,583**	36,476
Merger reserve account	**9,349**	9,349
Warrant reserve	**2,571**	2,527
Retained earnings	**(25,118)**	(24,369)
Total equity	**42,406**	41,942
Liabilities		
Current liabilities	**8,274**	8,460
Total equity and liabilities	**50,680**	50,402

Minoan Group Plc

Consolidated Cash Flow Statement
Year ended 31 October 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Loss before taxation	**(749)**	(876)
Finance costs	**238**	12
Depreciation	**-**	-
Increase in inventories	**(327)**	(583)
Decrease / (Increase) in receivables	**63**	(14)
(Decrease) / Increase in current liabilities	**(514)**	894
Net cash (outflow) from operations	**(1,289)**	(567)
Finance costs	**(194)**	(12)
Net cash used in operating activities	**(1,483)**	(579)
Cash flows from investing activities		
Purchase of property, plant and equipment	**-**	-
Net cash used in investing activities	**-**	-
Cash flows from financing activities		
Net proceeds from the issue of ordinary shares	**1,169**	1,128
Loans received / (repaid)	**328**	(567)
Net cash generated from financing activities	**1,497**	561
Net increase / (decrease) in cash	**14**	(18)
	14	(18)
Cash at beginning of year	**6**	24
Cash at end of year	**20**	6

Minoan Group Plc

Notes to the Financial Statements
Year ended 31 October 2021

1 General information

The financial information set out in this announcement does not constitute statutory financial statements for the year ended 31 October 2021 or 31 October 2020. The report of the auditors on the statutory financial statements for the year ended 31 October 2021 and 31 October 2020 was not qualified.

The report of the auditors on the statutory financial statements for each of the years ended 31 October 2021 and 31 October 2020 did not contain statements under section 498(2) or (3) of the Companies Act 2006. The statutory financial statements for the year ended 31 October 2020 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 October 2021 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The Company is a public limited company incorporated in England and Wales. The Company's principal activity in the year under review was that of a holding and management company of a Group involved in the design, creation, development and management of environmentally friendly luxury hotels and resorts plus the provision of general management services.

2 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention except for where financial instruments are stated at fair value.

Adoption of new and revised Standards

The International Accounting Standards Board and IFRIC have issued the following new and revised standards and interpretations with an effective date after the date of these financial statements, which have been endorsed and issued by the European Union at 31 October 2021.

Standard		Details of amendment	Effective date
IFRS 3	Business Combinations	Amendments updating a reference to the Conceptual Framework	1 January 2022
IAS 1	Presentation of Financial statements	Amendments regarding the classification of liabilities	1 January 2023
IAS 1	Presentation of Financial statements	IASB defers effective date of *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* to 1 January 2022	1 January 2023
IAS 12	Income Taxes	Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
IAS 16	Property, Plant and Equipment	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022

Minoan Group Plc

Notes to the Financial Statements (continued)
Year ended 31 October 2021

2 Accounting policies (continued)

Going concern
The directors have considered the financial and commercial position of the Group in relation to its project in Crete (the "Project"). In particular, the directors have reviewed the matters referred to below.

Following the unanimous approval of a Plenum of the Greek Council of State, the highest court in Greece, the Presidential Decree granting land use approval for the Project was issued on 11 March 2016 and was published in the Government Gazette. The planning rules for the Project are now enshrined in law. The appeals lodged against the Presidential Decree have been rejected by the Greek Supreme Court. Accordingly, the directors consider that they will conclude further Project joint venture agreements in the near term.

In addition to specific Project related matters as noted above, and as has been the case in the past, the Group continues to need to raise capital in order to meet its existing finance and working capital requirements. While the directors consider that any necessary funds will be raised as required, the ability of the Company to raise these funds is, by its nature, uncertain.

Having taken these matters into account, the directors consider that the going concern basis of preparation of the financial statements is appropriate.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries as at 31 October 2021 using uniform accounting policies. The Group's policy is to consolidate the result of subsidiaries acquired in the year from the date of acquisition to the Group's next accounting reference date. Intra-group balances are eliminated on consolidation.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of the assets given, liabilities incurred and equity instruments issued by the Group in exchange for control of the acquired business. Acquisition related costs are recognised in the consolidated statement of comprehensive income as incurred.

Critical accounting estimates and judgements
The preparation of the financial statements in accordance with generally accepted financial accounting principles requires the directors to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are discussed below:

- in capitalising the costs directly attributable to the Project (see inventories below), and continuing to recognise goodwill relating to the Project, the directors are of the opinion that the Project will be brought to fruition and that the carrying value of inventories and goodwill is recoverable; and
- as set out above, the directors have exercised judgement in concluding that the Company and Group is a going concern.

Goodwill
Goodwill arising on acquisitions represents the difference between the fair value of the net assets acquired and the consideration paid and is recognised as an asset.

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided in order to write off the cost of each asset, less its estimated residual value, over its estimated useful life on a straight line basis as follows:

Plant and equipment:	3 to 5 years
Fixtures and fittings:	3 years

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

2 Accounting policies (continued)

Investments
Investments in subsidiaries are stated at cost less any impairment deemed necessary.

Inventories
Inventories represent the actual costs of goods and services directly attributable to the acquisition and development of the Project and are stated at the lower of cost and net realisable value.

Foreign currency
A foreign currency transaction is recorded, on initial recognition in Euros, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Euros by applying to the foreign currency amount the exchange rate between the Euros and the foreign currency at the date of the cash flow.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and short-term deposits, with a maturity of less than three months, held with banks.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and shown less any provision for amounts considered irrecoverable. They are subsequently measured at an amortised cost using the effective interest rate method, less irrecoverable provision for receivables.

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

Loans
Loan borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a borrowing cost over the period of the borrowings using the effective interest method.

Share-based payments
The Company has granted options and warrants to purchase Ordinary Shares. The fair values of the options and warrants are calculated using the Black-Scholes and Binomial option pricing models as appropriate at the grant date. The fair value of the options is charged to profit or loss with a corresponding entry recognised in equity. This charge does not involve any cash payment by the Group.

Where warrants are issued in conjunction with a loan instrument, the fair value of the warrants forms part of the total finance cost associated with that instrument and is released to profit or loss through finance costs over the term of that instrument using the effective interest method.

2 Accounting policies (continued)

Taxation

Current taxes, where applicable, are based on the results shown in the financial statements and are calculated according to local tax rules using tax rates enacted, or substantially enacted, by the statement of financial position date and taking into account deferred taxation. Deferred tax is computed using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted rates and laws that will be in effect when the differences are expected to reverse. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will arise against which the temporary differences will be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities arising in the same tax jurisdiction are offset.

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options. As explained under "Share-based payments" above, a compensation expense is recorded in the Group's statement of comprehensive income over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the statement of financial position date) with the cumulative amount of the compensation expense recorded in the statement of comprehensive income. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

3 Information regarding directors and employees

Directors' and key management remuneration

	Costs taken to inventories	Costs taken to profit or loss	Total
	£'000	£'000	£'000
Year ended 31 October 2021			
Fees	**35**	**155**	**190**
Sums charged by third parties for directors' and key management services	**2**	**70**	**72**
Share-based payments (note 17)	**-**	**-**	**-**
	37	**225**	**262**
Year ended 31 October 2020			
Fees	35	144	179
Sums charged by third parties for directors' and key management services	134	70	204
Share-based payments (note 17)	-	-	-
	169	214	383

The total directors' and key management remuneration shown above includes the following amounts in respect of the directors of the Company. No director has a service agreement with a notice period that exceeds twelve months.

3 Information regarding directors and employees (continued)

	2021		2020	
	Fees/Sums charged by third parties	**Share-based payments**	Fees/Sums charged by third parties	Share-based payments
	£'000	**£'000**	£'000	£'000
C W Egleton (Chairman)	**40**	**-**	134	**-**
B D Bartman	**35**	**-**	35	**-**
G D Cook	**35**	**-**	35	**-**
T R C Hill	**35**	**-**	35	**-**
	145	**-**	239	**-**

	2021	2020
	No.	No.
Group monthly average number of persons employed		
Directors	**7**	7
Management, administration and sales	**-**	-

4 Loss before taxation

The loss before taxation is stated after charging:

	2021	2020
	£'000	£'000
Depreciation	**-**	-
Auditor's remuneration	**17**	20
Foreign exchange variances	**-**	-