



1923  
INVESTMENTS

## COMPANY ANNOUNCEMENT

**The following is a Company Announcement issued by 1923 Investments p.l.c. (the “Company”) in terms of Listing Rule 5.16.20**

### QUOTE

The Company hereby announces that the Board of Directors has approved the Company’s half yearly financial report and unaudited Interim Financial Statements for the period ending 30<sup>th</sup> June 2022.

The Financial Statements are attached herewith and are also available for viewing on the Company’s website:

<https://www.1923investments.com/financial-statements/>

### UNQUOTE

By order of the Board

A handwritten signature in black ink, appearing to read 'Adrian Mercieca', with a horizontal line underneath.

**Mr. Adrian Mercieca**  
Company Secretary

31 August 2022



1923  
INVESTMENTS

**1923 Investments p.l.c.**

Interim Financial Report (Unaudited)

For the period 1 January 2022 to 30 June 2022

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The directors present their interim report, together with the unaudited interim condensed financial statements (the “condensed interim financial statements”) of the company and its subsidiaries (the “group”) for the period from 1 January 2022 to 30 June 2022.

### **Principal activities**

The Company acts as an investment company and service provider to its subsidiary undertakings.

The group is engaged in (i) the sale and distribution of Apple Products and third party electronic products as an Apple Premium Reseller, (ii) the sale, maintenance and servicing of information technology solutions, security systems and provides electronic payment solutions, (iii) providing road, sea and air logistics services including the provision of ship-to-ship transfer services and LNG terminal management and (iv) repair of electronic devices, sale of accessories and sale of used electronic devices under the iRiparo and UZED brands.

### **Business review**

#### **The group**

During the period under review, the group registered an operating profit of Eur5,083,504 (June 2021: *Eur4,302,750*) on revenues of Eur105,700,591 (June 2021: *Eur70,881,704*).

After accounting for the investment income and finance costs, the group registered a profit before tax of Eur 3,656,827 (June 2021: *Eur2,940,409*).

The overall improvement of these results was due to better performance by iSpot Sp. z.o.o. (‘iSpot’) which has achieved a profit before tax of Eur2,609,176 (June 2021: *Eur1,106,399*), which is 136% over the results of iSpot of last year. Turnover for the period reached € 79,647,817 in the first half of 2022 (2021 results: *€47,727,000*) which is an increase of 67% over the same period last year. This is mainly due to an increase in demand for Apple products that enabled strong performance throughout all the months in 2022. This was achieved through stability in supply of Apple products, better inventory management and focussed marketing campaigns on Apple hero products, Apple Accessories and third party products. We also acknowledge the positive impact that training and customer care had on increasing demand and maintaining customer loyalty.

Hili Logistics Limited has also performed better when compared to the first half of 2021, with a profit before tax amounting to Eur2,255,615 (June 2021: *Eur1,212,029*) increasing by 86% over last year. Consolidated revenue for the logistics business amounted to Eur17,761,703 (June 2021: *Eur15,274,243*) representing an increase of 16% over the previous year. The logistics business reported an improvement in performance in particular STS Marine Solutions Limited which has secured new business relationships in the LNG STS market through which the company should continue to benefit in the coming years. During 2022, management is focusing on oil and LNG ship to ship operations in existing and new bases, including launching in North America.

ALLcom Sp. Zoo saw an increase in its performance in 2022 by 167% as a result of higher volume and higher prices as well as a healthy mix of existing and new clients in sectors such as food and steel in which ALLcom has a strong reputation.

The management of Carmelo Caruana Co. Limited has continued to focus on warehousing, agency and STS operations as its main core business. Warehousing business continued to do well and it is management’s intention to continue to invest in this business in the future. From an STS

operations perspective in Malta, the number of operations have been slower than last year partly due to the non-handling of Russian cargo. However, new clients were secured which are expected to deliver improved performance at Carmelo Caruana Co. Limited in the second half of 2022.

By virtue of the results published by Harvest Technology p.l.c. on 5 August 2022, Harvest Technology and its subsidiaries have registered a consolidated profit before tax of Eur1,105,383 (June 2021: *Eur1,933,284*).

In its Payment Processing Services segment, both revenue and profitability are lower than the previous year. This is particularly due to the increased scrutiny from a regulatory perspective and additional licensing requirements mandated on the operators in online gaming which is impacting the partnering bank commissions receivable.

In line with expectations, the Retail and IT Services segment generated higher sale of hardware revenues due to new contract wins. Profitability is lower due to less services revenue recognised during the first half of the year when compared to the same period last year.

The group is investing in the organic growth of the different businesses, notably in the expansion of the payment processing business in Greece and internationalization of its IT Services business. In this regard, on 22<sup>nd</sup> June a new subsidiary APCOPAY Greece S.A. was incorporated which is a fully owned subsidiary of APCO Systems Limited.

The group's net assets for the period under review amounted to Eur56,485,520 compared to Eur52,831,260 as at 31 December 2021.

### **The company**

During the period under review, the company registered an operating loss of Eur664,608 (June 2021: *Eur153,118*). After accounting for investment income and finance costs, the company registered a pre-tax loss of Eur1,004,921 (June 2021 – *Eur263,208*). During the period under review, unrealised exchange loss amounts to €189,436 (June 2021 – *unrealised exchange gain Eur84,491*). There has also been an increase in administrative costs particularly due to the increase in the size of the team and professional fees for evaluating new business ventures.

The net assets of the company as at 30 June 2022 amounted to Eur50,503,918 compared to *Eur51,437,979* as at 31 December 2021.

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2022 and its comparative period in 2021.

### **The global economic outlook**

In view of the developments pertaining to the Covid-19 pandemic, the directors have continued to prepare budgets and projections to assess the impact that the pandemic is, and might have on the profitability, liquidity and going concern of the company in the future. The directors will continue to do so for the coming financial year so as to be in a position to take any necessary action in order to compensate for adverse effects on its business.

The company is also vigilant on other events that have occurred. Towards the end of February 2022, the war between the Russian Federation and Ukraine set in motion a chain of diplomatic efforts and other major geopolitical events which led a number of western nations, including the EU institution and the United States government, to impose a number of sanctions on Russia and Belarus. While the war in Ukraine is still ongoing and sanctions still in place or increasing, the

wide expectation that costs would increase as a result of this new event quickly became reality as the conflict continued to exacerbate problems in the global supply chain that were deeply affected by the pandemic.

Both the International Monetary Fund and the World Bank had predicted such impacts to the global economy, which are expected to be long-lasting. The combined impacts of the above events on inflation and slower growth have now prompted governments to tighten their monetary policies and increase interest rates. To what extent this will help to control the rising costs is still also uncertain since the war in Ukraine in particular, has the potential to cause severe disruptions in the availability and distribution of energy products in Europe with a spill-over effect on global markets and other products, including food supplies and transportation of other goods required by various industries.

The European economy is not immune to such occurrences, and as seen with the pandemic, events of a global nature impact many industries directly. Some sectors might be impacted more than others and it is difficult at this stage to assess the long-term effects of the changes brought by these events. It is currently management's remit to keep a very close eye on its business and future operations to mitigate negative impacts that are reasonably expected to affect operations.

### **Likely future business developments**

The directors consider that the performance and period-end financial position of the Group was satisfactory. As previously mentioned, management is continuously monitoring the business environment in all its business sectors and in the countries it operates in particular Poland, UK, Malta and Hungary. The key challenges, particularly the impact of Russia-Ukraine war on the logistics sector, the rising inflation across Europe, the regulatory changes in the payment services sector and supply chain issues across all business are expected to continue impacting the current year's performance. The Group continues to strengthen its processes and procedures to make them more efficient and gain cost optimisation.

On 23<sup>rd</sup> June, 1923 Investments announced that it had entered into a Master Franchise Agreement with iRiparo S.r.l. Under the terms of the agreement, the Company has the right to launch the brand across 31 countries in Europe. iRiparo is already present in four European markets, with 380 stores across Italy, France, Spain, and the UK. 1923 Investments plc through its recently incorporated Germany subsidiary, E-Lifecycle Holdings GmbH, is expected to open its first store in Germany in September 2022.

The Group is also actively pursuing acquisition targets to broaden its retail, payments services and warehousing sectors.

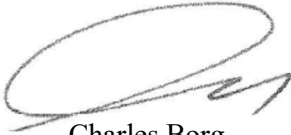
### **Post balance sheet events**

There were no significant events after the end of the reporting period.

### Preparation of the Condensed Consolidated Interim Financial Statements

This report is being published in terms of the Capital Market Rule 5.75 issued by the Malta Financial Services Authority, and has been prepared in accordance with the applicable Capital Market Rules and International Accounting Standard 34 - Interim Financial Reporting. The financial statements published in this half-yearly report have been condensed in accordance with the requirements of IAS 34. The comparative statements have been extracted from the audited financial statements for the year ended 31 December 2021 and the management accounts for the period ending 30 June 2021. In terms of the Capital Market Rule 5.75.5, the Directors are stating that these condensed interim financial statements have not been audited or reviewed by the company's independent auditors.

Approved by the Board of Directors on 31<sup>st</sup> August 2022 and signed on its behalf by:



Charles Borg  
**Chairman**



Dorian Desira  
**Non Executive Director**

# 1923 Investments p.l.c.



## Condensed Statements of Profit or Loss and Other Comprehensive Income

Period ended 30 June 2022

	Group		Company	
	1 January to 30 June 2022	1 January to 30 June 2021	1 January to 30 June 2022	1 January to 30 June 2021
	Eur	Eur	Eur	Eur
Revenue (note 4)	105,700,591	70,881,704	505,000	505,000
Cost of sales	(90,688,525)	(57,660,193)	-	-
<b>Gross profit</b>	<b>15,012,066</b>	13,221,511	<b>505,000</b>	505,000
Administrative expenses	(9,928,562)	(8,918,761)	(1,169,608)	(658,118)
<b>Operating profit</b>	<b>5,083,504</b>	4,302,750	<b>(664,608)</b>	(153,118)
Investment income	-	-	441,461	499,172
Finance costs	(1,919,538)	(1,700,753)	(781,774)	(609,262)
Share of profits in associates	492,861	338,412	-	-
Share of loss in joint ventures	-	-	-	-
<b>Profit before tax</b>	<b>3,656,827</b>	2,940,409	<b>(1,004,921)</b>	(263,208)
Income tax (expense)/credit	(1,117,836)	(1,082,876)	70,860	49,959
<b>Profit/Loss for the period</b>	<b>2,538,991</b>	1,857,533	<b>(934,061)</b>	(213,249)
<b>Other comprehensive income items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations	1,284,075	1,082,027	-	-
<b>Total comprehensive loss for the period</b>	<b>3,823,066</b>	2,939,560	<b>(934,061)</b>	(213,249)
<b>Profit attributable to :</b>				
Owners of the company	2,271,655	1,566,337		
Non-controlling interests	267,336	291,196		
	<b>2,538,991</b>	1,857,533		
<b>Total comprehensive loss attributable to :</b>				
Owners of the company	3,555,730	2,648,364		
Non-controlling interests	267,336	291,196		
	<b>3,823,066</b>	2,939,560		



	Notes	Group		Company	
		30 June 2022 Unaudited	31 December 2021 Audited	30 June 2022 Unaudited	31 December 2021 Audited
		Eur	Eur	Eur	Eur
<b>Assets and liabilities</b>					
<b>Non-current assets</b>					
Goodwill	5	63,635,826	62,888,958	-	-
Intangible assets	6	11,774,666	12,062,520	-	-
Property, plant and equipment		12,072,259	11,370,166	15,129	3,721
Right-of-use assets	7	9,968,782	11,499,407	-	-
Investments in subsidiaries		-	-	66,861,275	66,832,577
Investments in associates		866,135	715,015	-	-
Investment in joint venture		1,150,384	1,053,642	682,375	682,375
Other investments		1,155,645	1,149,977	-	-
Loans and receivables		1,610,763	1,744,946	23,649,904	23,828,586
Deferred tax assets		1,378,446	1,560,180	305,941	305,939
		<u>103,612,906</u>	<u>104,044,811</u>	<u>91,514,624</u>	<u>91,653,198</u>
<b>Current assets</b>					
Inventories		13,062,157	11,094,070	-	-
Loans and receivables		106,210	3,027,735	6,491,525	9,801,147
Contract assets		664,988	662,843	-	-
Other assets		2,646,108	2,288,380	13,549	160,779
Trade and other receivables	8	15,506,736	17,097,854	290,393	86,609
Cash and cash equivalents		11,819,757	9,666,172	987,151	1,297,371
Current tax assets		1,620,522	1,805,232	834,190	1,056,908
		<u>45,426,478</u>	<u>45,642,286</u>	<u>8,619,408</u>	<u>12,402,814</u>
<b>Total assets</b>		<u>149,039,384</u>	<u>149,687,097</u>	<u>100,134,032</u>	<u>104,056,012</u>
<b>Current liabilities</b>					
Trade and other payables	9	28,535,910	30,572,267	1,883,461	701,377
Contract liabilities		2,895,512	4,110,716	-	-
Other financial liabilities	10	4,173	3,572,545	4,173	5,650,930
Bank overdraft	11	-	-	-	-
Bank loans	11	2,218,054	1,476,571	1,476,571	1,476,571
Lease liability	7	3,161,882	3,034,583	-	-
Current tax liabilities		1,712,877	986,477	-	-
		<u>38,528,408</u>	<u>43,753,159</u>	<u>3,364,205</u>	<u>7,828,878</u>
<b>Non-current liabilities</b>					
Debt securities in issue	12	35,798,724	35,758,272	35,798,724	35,758,272
Trade and other payables	9	598,414	239,197	-	-
Other financial liabilities	10	3,000,000	211,779	4,458,339	2,282,655
Bank loans	11	6,008,846	6,748,228	6,008,846	6,748,228
Lease liability	7	7,389,965	8,882,191	-	-
Deferred tax liabilities		1,229,507	1,263,011	-	-
		<u>54,025,456</u>	<u>53,102,678</u>	<u>46,265,909</u>	<u>44,789,155</u>
<b>Total liabilities</b>		<u>92,553,864</u>	<u>96,855,837</u>	<u>49,630,114</u>	<u>52,618,033</u>
<b>Net assets</b>		<u>56,485,520</u>	<u>52,831,260</u>	<u>50,503,918</u>	<u>51,437,979</u>

# 1923 Investments p.l.c.



## Condensed Statements of Financial Position (Continued) at 30 June 2022

	Group		Company	
	30 June 2022 Unaudited	31 December 2021 Audited	30 June 2022 Unaudited	31 December 2021 Audited
	Eur	Eur	Eur	Eur
<b>Equity</b>				
Share capital	<b>52,135,000</b>	52,135,000	<b>52,135,000</b>	52,135,000
Other equity	<b>(4,741,736)</b>	(4,741,736)	<b>154,629</b>	154,629
Exchange reserve	<b>(2,798,156)</b>	(4,082,231)	-	-
Retained Earnings /Accumulated losses	<b>6,827,810</b>	4,556,155	<b>(1,785,711)</b>	(851,650)
Equity attributable to owners of the company	<b>51,422,918</b>	47,867,188	<b>50,503,918</b>	51,437,979
Non-controlling interests	<b>5,062,602</b>	4,964,072	-	-
Total equity	<b>56,485,520</b>	52,831,260	<b>50,503,918</b>	51,437,979

# 1923 Investments p.l.c.

## Condensed Statements of Changes in Equity

for the period ended 30 June 2022



### Group

	Share capital	Other equity	Retained Earnings / (Accumulated losses)	Translation reserve	Attributable to equity holders of the parent	Non-controlling interests	Total equity
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
<b>Balance as at 1 January 2021</b>	49,575,000	(2,181,736)	(568,366)	(5,723,565)	41,101,333	4,472,723	45,574,056
<b>Transactions with owners:</b>							
Dividend paid to minority interest	-	-	-	-	-	(506,455)	(506,455)
	-	-	-	-	-	<b>(506,455)</b>	<b>(506,455)</b>
Profit for the year	-	-	4,840,636	-	4,840,636	997,804	5,838,440
Other comprehensive loss for the year	-	-	-	1,641,334	1,641,334	-	1,641,334
<b>Total comprehensive income</b>	-	-	<b>4,840,636</b>	<b>1,641,334</b>	<b>6,481,970</b>	<b>997,804</b>	<b>7,479,774</b>
<b>Other movements</b>	-	-	<b>283,885</b>	-	<b>283,885</b>	-	<b>283,885</b>
<b>Capitalisation of loan</b>	<b>2,560,000</b>	<b>(2,560,000)</b>	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>52,135,000</b>	<b>(4,741,736)</b>	<b>4,556,155</b>	<b>(4,082,231)</b>	<b>47,867,188</b>	<b>4,964,072</b>	<b>52,831,260</b>
<b>Transactions with owners:</b>							
Dividend paid to minority interest	-	-	-	-	-	(168,806)	(168,806)
	-	-	-	-	-	<b>(168,806)</b>	<b>(168,806)</b>
Profit for the period	-	-	2,271,655	-	2,271,655	267,336	2,538,991
Other comprehensive loss for the period	-	-	-	1,284,075	1,284,075	-	1,284,075
<b>Total comprehensive income for the period</b>	-	-	<b>2,271,655</b>	<b>1,284,075</b>	<b>3,555,730</b>	<b>267,336</b>	<b>3,823,066</b>
<b>Balance as at 30 June 2022</b>	<b>52,135,000</b>	<b>(4,741,736)</b>	<b>6,827,810</b>	<b>(2,798,156)</b>	<b>51,422,918</b>	<b>5,062,602</b>	<b>56,485,520</b>

## Condensed Statements of Changes in Equity (Continued) for the period ended 30 June 2022

### Holding company

	Share capital	Other equity	Retained earnings / (accumulated losses)	Total
	Eur	Eur	Eur	Eur
At 1 January 2021	49,575,000	2,714,629	(2,571,037)	49,718,592
Profit for the year	-	-	1,719,387	1,719,387
<b>Total comprehensive loss</b>	-	-	<b>1,719,387</b>	<b>1,719,387</b>
<b>Capitalisation of loan</b>	<b>2,560,000</b>	<b>(2,560,000)</b>	-	-
<b>At 31 December 2021</b>	<b>52,135,000</b>	<b>154,629</b>	<b>(851,650)</b>	<b>51,437,979</b>
Loss for the period	-	-	(934,061)	(934,061)
Total comprehensive income	-	-	(934,061)	(934,061)
<b>At 30 June 2022</b>	<b>52,135,000</b>	<b>154,629</b>	<b>(1,785,711)</b>	<b>50,503,918</b>

# 1923 Investments p.l.c.



## Condensed Statements of Cash Flows for the period ended 30 June 2022

	The group 1 January to 30 June 2022 Eur	The group 1 January to 30 June 2021 Eur	The company 1 January to 30 June 2022 Eur	The company 1 January to 30 June 2021 Eur
<b>Operating activities</b>				
Profit /(loss) before tax	3,656,827	2,940,409	(1,004,921)	(263,208)
Adjustments	4,044,847	2,817,582	306,690	601,035
Net changes in working capital	(4,747,434)	(1,644,138)	65,098	378,686
Interest paid	(232,868)	(244,335)	(198,707)	(235,068)
Net tax (paid)/refunded	(235,536)	(51,022)	448,090	509,680
<b>Net cash generated from/(used in) operating activities</b>	<b>2,485,836</b>	<b>3,818,496</b>	<b>(383,750)</b>	<b>991,125</b>
<b>Investing activities</b>				
Payments to acquire plant and equipment	(1,498,744)	(1,971,238)	(13,233)	-
Payments to acquire intangible assets	(187,919)	(312,063)	-	-
Payments to acquire other investments	(5,668)	-	-	-
Payments for the incorporation of a subsidiary	-	-	(25,000)	-
Proceeds from disposal of plant and equipment	-	3,841	-	-
Payments (to)/from parent company	6,000,000	-	6,000,000	(30,650)
Payments (to)/from subsidiaries	-	-	(2,000,000)	-
Proceeds from related companies	131,132	2,562,832	14,385	296,256
Payments to related companies	-	(611,480)	-	-
Dividends received from subsidiaries	-	-	286,950	287,090
Dividends received from associates	245,000	-	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>4,683,801</b>	<b>(328,108)</b>	<b>4,263,102</b>	<b>552,696</b>

## Condensed Statements of Cash Flows for the period ended 30 June 2022

	The group 1 January to 30 June 2022 Eur	The group 1 January to 30 June 2021 Eur	The company 1 January to 30 June 2022 Eur	The company 1 January to 30 June 2021 Eur
<b>Financing activities</b>				
Proceeds from bank loan	-	430,000	-	430,000
Proceeds from bank borrowings	741,483	-	-	-
Repayments of bank loans	(757,584)	(565,335)	(757,584)	(273,138)
Payments to related companies	(3,545,322)	-	(3,545,322)	-
Interest received	52,356	-	113,334	
Payments for lease obligations	(1,322,704)	(811,829)	-	-
Interest paid on leasing arrangements	(184,281)	(98,879)	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,016,052)</b>	<b>(1,046,043)</b>	<b>(4,189,572)</b>	<b>156,862</b>
Net change in cash and cash equivalents	<b>2,153,585</b>	<b>2,444,345</b>	<b>(310,220)</b>	<b>1,700,683</b>
Cash and cash equivalents, beginning of year	9,666,172	6,661,023	1,297,371	416,990
<b>Cash and cash equivalents, end of period</b>	<b>11,819,757</b>	<b>9,105,368</b>	<b>987,151</b>	<b>2,117,673</b>

### 1. Basis of preparation

The condensed consolidated interim financial statements as at end of 30 June 2022 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, “Interim Financial Reporting”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS as adopted by the EU.

### 2. Significant accounting policies

#### 2.1 Statement of compliance with IFRS

The condensed interim financial statements have been prepared under the historic cost convention, except for financial instruments at fair value through profit or loss and available-for-sale financial assets, which are stated at their fair values. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the group’s and company’s annual financial statements for the year ended 31 December 2021.

#### 2.2 New standards, amendments and interpretations adopted as at 1 January 2022

Some accounting amendments which have become effective from 1 January 2022 and have been adopted by the Group and the company do not have a significant impact on the Group and Company’s financial results or position. Accordingly, the Group and the Company have made no changes to its accounting policies in 2022.

#### 2.3 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group.

Several new, but not yet effective, standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or Interpretations have been adopted early by the Group and the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations neither adopted nor listed by the Group and the Company have not been disclosed as they are not expected to have a material impact on the Group and Company’s financial statements.

### 3. Segmental reporting

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

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the period. The group’s reportable segments under IFRS 8 are direct sales attributable to each country where the group operates.

## Notes to the Condensed Interim Financial Statements for the period ended 30 June 2022

Throughout the period, the group operated in three principal geographical areas – Malta (country of domicile), Poland and UK.

### *Measurement of operating segment profit or loss, assets and liabilities*

Segment profit represents the profit earned by each segment after the allocation of central administration costs and finance costs based on services and finance provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:

### **Profit or loss before tax**

	<b>1 January to 30 June 2022 Unaudited</b>	1 January to 30 June 2021 Unaudited
	Eur	Eur
Total profit for reportable segments	5,547,772	4,028,445
Other unallocated amounts	<b>(1,890,945)</b>	(1,088,036)
<b>Profit before tax</b>	<b>3,656,827</b>	2,940,409

### **Assets**

	<b>30 June 2022 Unaudited</b>	31 December 2021 Audited
	Eur	Eur
Total assets for reportable segments	71,924,091	102,050,640
Elimination of receivables	<b>(37,332,282)</b>	(69,873,110)
Unallocated amounts		
Property, plant and equipment	1,979,687	1,966,991
Right-of-use assets	549,236	686,089
Goodwill	63,635,826	62,888,956
Intangible assets	10,015,921	10,218,294
Loans and receivables	30,500,226	33,771,206
Deferred tax assets	423,306	420,692
Trade and other receivables	2,091,777	1,882,031
Cash and cash equivalents	2,701,016	2,406,555
Current tax assets	1,300,636	1,560,607
Other unallocated amounts	1,249,944	1,708,146
	<b>149,039,384</b>	149,687,097



### 3. Segmental reporting (continued)

#### Liabilities

	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>Eur</b>	Eur
Total liabilities for reportable segments	<b>75,371,354</b>	78,444,200
Elimination of liabilities	<b>(37,161,713)</b>	(39,030,763)
Unallocated amounts		
Bank loans	<b>7,485,417</b>	8,224,799
Other financial liabilities	<b>9,371,129</b>	10,916,585
Lease liabilities	<b>560,032</b>	688,760
Current tax liabilities		2,374
Deferred tax liabilities	<b>371,910</b>	371,910
Debt securities in issue	<b>35,798,724</b>	35,758,272
Trade and other payables	<b>757,011</b>	1,383,232
Other unallocated amounts	-	96,468
	<b>92,553,864</b>	96,855,837

## 1923 Investments p.l.c.

### Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2022



#### 3. Segmental reporting (continued)

The group's revenue and results from continuing operations from external customers and information about its net assets by reportable segment are detailed below:

	Retail and IT Solutions (Poland) 2022	Payment processing services 2022	IT solutions and security systems 2022	Logistics 2022 (Malta, UK and Poland)	Total 2022	Unallocated 2022	Eliminations and adjustments 2022	Consolidated 2022
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	79,647,817	2,641,488	6,118,143	17,688,202	106,095,650	719,050	(1,114,109)	105,700,591
Profit/(loss) before tax	2,609,176	1,022,313	469,323	1,446,960	5,547,772	491,493	(2,382,438)	3,656,827
Depreciation and amortisation	1,894,647	201,861	76,993	677,742	2,851,243	143,443	(13,498)	2,981,188
Segment assets	39,819,087	4,189,479	7,951,143	19,964,382	71,924,091	152,311,886	(75,196,578)	149,039,384
Capital expenditure	905,176	176,188	18,946	569,095	1,669,405	17,258	-	1,686,663
Segment liabilities	45,782,322	2,307,406	5,519,924	21,761,702	75,371,354	54,355,693	(37,173,183)	92,553,864
Income tax expense/(credit)	573,163	359,560	164,143	381,911	1,478,777	302,341	(663,282)	1,117,836

## 1923 Investments p.l.c.

### Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2022



#### 3. Segmental reporting (continued)

	Retail and IT Solutions (Poland) 2021	Payment processing services 2021	IT solutions and security systems 2021	Logistics 2021 (Malta and Poland)	Total 2021	Unallocated 2021	Eliminations and adjustments 2021	Consolidated 2021
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	50,113,280	3,483,799	5,024,090	15,200,743	73,821,912	834,161	(3,774,369)	70,881,704
Profit/(loss) before tax	1,123,183	1,756,240	635,036	513,986	4,028,445	2,560,889	(3,648,925)	2,940,409
Depreciation and amortisation	1,973,410	206,584	170,579	585,864	2,936,437	35,650	(13,546)	2,958,541
Segment assets	70,967,272	4,029,437	9,891,162	17,162,769	102,050,640	144,076,943	(96,440,486)	149,687,097
Capital expenditure	2,176,551	285,553	18,557	1,887,801	4,368,462	7,516	(24,523)	4,351,455
Segment liabilities	48,528,449	2,054,220	7,765,122	20,096,413	78,444,204	56,974,022	(38,562,389)	96,855,837
Income tax expense/(credit)	247,100	620,017	224,528	355,897	1,447,542	954,998	(1,319,664)	1,082,876

## Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2022

### 4. Revenue

Revenue represents the amount receivable for goods sold and services rendered during the period from continuing operations, net of any indirect taxes as follows:

	The group June 2022 €	The group June 2021 €	The company June 2022 €	The company June 2021 €
Sale and distribution of Apple products	78,930,227	47,311,843	-	-
Logistics and transport services	17,688,203	15,274,243	-	-
Sale of IT related products	3,106,030	1,683,084	-	-
Rendering of services and development	1,686,411	2,067,488	-	-
Maintenance, support and servicing	2,198,124	1,688,745	-	-
Payment gateway services	2,018,096	2,856,301	-	-
Management fees	73,500	-	505,000	505,000
	<b>105,700,591</b>	<b>70,881,704</b>	<b>505,000</b>	<b>505,000</b>

### 5. Goodwill

#### Group

	Eur
At 01.01.2021	61,690,558
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	1,198,400
<b>At 31.12.2021</b>	<b>62,888,958</b>
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	746,868
<b>At 30.06.2022</b>	<b>63,635,826</b>

### 5. Goodwill (continued)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Determining whether the carrying amounts of these assets can be realised requires an estimation of the recoverable amount of the cash generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Goodwill arising on a business combination is allocated, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

At 30 June 2022, goodwill was allocated as follows:

- 1 €21,135,697 (31 December 2021: €21,529,049) to the polish subsidiary iSpot Poland Sp. z.o.o. which operates the Apple Premium Reseller Business;
- 2 €3,860,898 (31 December 2021: €3,860,898) to APCO Systems Limited which operates the electronic payment gateway.
- 3 €2,168,112 (31 December 2021: €2,168,112) to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- 4 €1,464,476 (31 December 2021: €1,464,476) to PTL Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- 5 €35,006,643 (31 December 2021: €33,866,423) to Hili Logistics group which operates in the business of providing road, sea and air logistics services, as well as to STS Marine Solutions Limited which operates in oil STS and LNG STS business.

#### ***CGU – Retail and IT solutions (Poland)***

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

### 5. Goodwill (continued)

Following the assessment that the directors carried out on this CGU's goodwill as at 31 December 2021 and after registering significantly better than expected performance in the first six months of 2022 against the same period last year, the directors are comfortable with the current headroom and thus decided not to carry out a thorough assessment for these interim unaudited financial statements. In fact the directors note that profit before tax at iSpot increased from €1,106,399 in January to June 2021 to €2,609,176 during the period being reported. This positive momentum continues to date.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

#### *CGU – Payment Processing Services*

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- Forecasted cash flow projections for the next three years and the projection of terminal value using the perpetuity method;
- Growth rates to perpetuity of 2% - 30 June 2022 (31 December 2021: 2%); and
- Use of 21.7-25% (pre-tax) – 30 June 2022 (31 December 2021: 13.1% – 15.0% - pre-tax) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

#### *CGU – IT Solutions and Security Systems*

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

### 5. Goodwill (continued)

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- Forecasted cash flow projections for the next three years and the projection of terminal value using the perpetuity method;
- Growth rates to perpetuity of 2% - 30 June 2022 (31 December 2021: 2%); and
- Use of 16.5% - 22% (pre-tax) – 30 June 2022 (31 December 2021: 14.4% - 19.3% - pre-tax) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

#### *CGU – Logistics*

The directors of Hili Logistics Limited consider that the logistics business represents one single, consistent, and homogenous operating segment. In defining this assumption for the purpose of testing goodwill for impairment, the directors consider that although the entity has essentially three operating interests, each component on its own is not representative of a separate component of the group's operations. Moreover, decisions about resource allocation are made for the logistics operations of Malta, UK, Jersey and Poland as a whole. We note that the STS business recently acquired is closely aligned to the Maltese operations which Carmelo Caruana Co. Limited considers as its core function. The STS business which is carried out in Malta is dependent on the shared expertise, business development and on going collaboration between the unit at Carmelo Caruana Co. Limited and STS Marine Solutions Limited. Without this collaboration, the carrying out of operations at Malta level as well in other parts of the Mediterranean as determined from time to time may not be viable, competitive or even possible given the fact that the costs which both entities incur would be higher. In view of this the directors consider the logistics business to be one cash-generating unit (CGU).

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

### 5. Goodwill (continued)

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- Forecasted cash flow projections for the next three years and the projection of terminal value using the perpetuity method;
- Growth rates to perpetuity of 2.1% - 30 June 2022 (31 December 2021: 2.1%); and
- Use of 10.9% - 12.9% (pre-tax) – 30 June 2022 (31 December 2021: 11.4% - 15.5% - pre-tax) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.



Notes to the Condensed Interim Financial Statements (Continued)  
for the period ended 30 June 2022

## 6. Intangible assets

<b>Group</b>	<b>Eur</b>
<b>Cost</b>	
<b>At 01.01.2021</b>	12,994,494
Additions	772,951
Disposals	(545)
Effect of foreign exchange differences	73,408
<b>At 31.12.2021</b>	13,840,308
Additions	187,919
Disposals	(559)
Effect of foreign exchange differences	(222,406)
<b>At 30.06.2022</b>	13,805,262
<b>Amortisation</b>	
<b>At 01.01.2021</b>	1,305,021
Provision for the period	470,094
Released on disposal	(545)
Effect of foreign exchange differences	3,218
<b>At 31.12.2021</b>	1,777,788
Provision for the period	262,603
Released on disposal	(559)
Effect of foreign exchange differences	(9,236)
<b>At 30.06.2022</b>	2,030,596
<b>Carrying amount</b>	
<b>At 31.12.2021</b>	<b>12,062,520</b>
<b>At 30.06.2022</b>	<b>11,774,666</b>

There were no significant change in the key assumptions during the interim period. Intangible assets include Apple Premium Reseller operations operating under the brand iSpot together with related contracts and the payment gateway together with development costs, software, licences etc.

Management tests intangible assets with an indefinite useful life annually for impairment or more frequently if there are indications that intangibles might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the recoverable amount of the cash generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Based on the assessments carried out as disclosed in note 5, the directors expect the carrying amount of intangible assets with an indefinite useful life to be recoverable.

Notes to the Condensed Interim Financial Statements (Continued)  
for the period ended 30 June 2022

7. Right of use asset

	Buildings	Motor vehicles	IT equipment	Total
	Eur	Eur	Eur	Eur
<b>Gross carrying amount</b>				
<b>At 1 January 2021</b>	13,925,654	540,032	48,110	14,513,796
Additions	6,832,959	494,171	-	7,327,130
Disposals	-	(8,968)	-	(8,968)
Termination of leases	(3,592,688)	(183,696)	(48,110)	(3,824,494)
Foreign currency exchange differences	(1,302)	(73)	-	(1,375)
<b>At 31 December 2021</b>	17,164,623	841,466	-	18,006,089
At 1 January 2022	17,164,623	841,466	-	18,006,089
Additions	253,664	32,248	-	285,912
Disposals	(6,959)	-	-	(6,959)
Effect of foreign exchange differences	(284,655)	(6,010)	-	(290,665)
<b>At 30 June 2022</b>	17,126,673	867,704	-	17,994,377
<b>Depreciation</b>				
<b>At 1 January 2021</b>	5,680,951	234,979	43,089	5,959,019
Provision for the year	2,828,650	252,634	-	3,081,284
Termination of leases	(2,339,173)	(150,538)	(43,089)	(2,532,800)
Foreign currency exchange differences	(762)	(59)	-	(821)
<b>At 31 December 2021</b>	6,169,666	337,016	-	6,506,682
At 1 January 2022	6,169,666	337,016	-	6,506,682
Provision for the period	1,549,031	69,841	-	1,618,872
Disposals	(3,353)	-	-	(3,353)
Effect of foreign exchange differences	(95,612)	(994)	-	(96,606)
<b>At 30 June 2022</b>	7,619,732	405,863	-	8,025,595
<b>Carrying amount</b>				
<b>At 31 December 2021</b>	10,994,957	504,450	-	11,499,407
<b>At 30 June 2022</b>	9,506,941	461,841	-	9,968,782

**7. Right of use asset (continued)**

The depreciation charge on right-of use assets was included in administrative expenses.

The group has elected to disclose right-of-use assets separately in these financial statements. The information pertaining to the gross carrying amount, depreciation recognised during the period and other movements in right-of-use assets is included in the above table.

The weighted average incremental borrowing rates applied to lease liabilities recognised under IFRS 16 was 3% on leases in Poland for the retail and IT solutions and 3.93% on leases in Malta and Poland for all other operations. Addition of buildings to right-of-use assets during 2021 amounting to Eur 683,014 have been recognised using the rate of 3.93% as these were additions for leases in Malta and there were no changes in such rate on the date when the new leases came into effect. Addition of buildings amounting to Eur 6,149,945 made during 2021 comprise of additions in the Apple retail business in Poland at a rate of 3.93%. Addition of buildings amounting to Eur 253,664 made during 2022 comprise of additions in the Apple retail business in Poland at a rate of 3.93%.

The incremental borrowing rate will be re-assessed every time a new lease is entered into by the group and the corresponding right-of-use asset recognised. New leases are assessed on a case-by-case basis.

Most of the buildings leased by the group in Malta and the logistics business in Poland had similar remaining lease terms and utilised in a similar economic and commercial environment. For leases of the outlets pertaining to the retail and IT solutions in Poland, the group has applied the discount rate of 3.93% applicable for each lease agreement and according to the lease duration due to the number of outlets occupied by this division in that country.

In addition, the group has financed all of its obligations internally and has therefore not been subject to market fluctuations in the interest rate from its borrowings with third-parties. The group does not expect these rates to vary significantly in the foreseeable future. Motor vehicles and IT equipment classified under right-of-use assets, are not considered by the group to be significant and therefore their initial measurement was not subject to a high degree of uncertainty.

Lease liabilities are presented in the statement of financial position as follows:

	<b>30 June 2022</b>	<b>31 December</b>
	<b>Unaudited</b>	<b>2021 Audited</b>
	<b>Eur</b>	<b>Eur</b>
<b>Current:</b>		
Lease liability	<b>3,161,882</b>	3,034,583
<b>Non-current:</b>		
Lease liability	<b>7,389,965</b>	8,882,191
	<b>10,551,847</b>	11,916,774

**7. Right of use asset (continued)**

The group has leases for its buildings, motor vehicles and IT equipment. With the exception of short-term leases and variable lease payments, each lease is included in the statement of financial position as a right-of-use asset and a lease liability. The group does not have any leases of low-value underlying assets which do not depend on an index or a rate (such as lease payments based on a percentage of group sales). The company classifies its right-of-use assets in a consistent manner to its plant and equipment as applicable.

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The group is prohibited from selling or pledging the underlying leased assets as security. For leases over buildings, the group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the group must insure items under lease and incur maintenance fees on such items in accordance with the lease contracts.

**8. Trade and other receivables**

The balance of trade and other receivables is made up as follows:

	Group		Company	
	30 June 2022 Unaudited Eur	31 December 2021 Audited Eur	30 June 2022 Unaudited Eur	31 December 2021 Audited Eur
Trade receivables	12,284,046	13,349,294	-	-
Amounts owed by ultimate parent	1,075	53,764	-	-
Amounts owed by associates	336,683	306,716	-	-
Amounts owed by related parties	1,620,330	1,431,424	-	-
Other receivables	346,273	259,352	-	-
Prepayment and accrued income	156,623	365,974	150,000	-
Financial assets	14,745,030	15,766,524	150,000	-
Other receivables	761,706	1,331,330	140,393	86,609
Trade and other receivables – current	15,506,736	17,097,854	290,393	86,609

No interest is charged on trade and other receivables.

Notes to the Condensed Interim Financial Statements (Continued)  
for the period ended 30 June 2022

**8. Trade and other receivables (continued)**

*Allowance for estimated irrecoverable amounts*

Trade receivables are stated net of an allowance for expected credit loss from trade receivables. Trade receivables before the allowance for expected credit loss from trade receivables amounts to Eur12,454,663 (31 December 2021 – Eur13,603,885).

**9. Trade and other payables**

The balance of trade and other payables is made up as follows:

	Group		Company	
	30 June 2022 Unaudited	31 December 2021 Audited	30 June 2022 Unaudited	31 December 2021 Audited
	Eur	Eur	Eur	Eur
Trade payables	17,766,917	18,404,342	14,220	42,039
Amounts payable to related parties	37,954	1,329	87,637	-
Other payables	38,967	1,429,754	22,474	184,503
Accruals and deferred income	7,117,914	5,645,103	1,759,130	474,835
	<b>24,961,752</b>	<b>25,480,528</b>	<b>1,883,461</b>	<b>701,377</b>
Other creditors	3,627,869	4,308,377	-	-
Deferred income	544,703	1,022,559	-	-
Trade and other payables	<b>29,134,324</b>	<b>30,811,464</b>	<b>1,883,461</b>	<b>701,377</b>
<b>Comprising:</b>				
<b>Long term payables</b>				
Trade and other payables	598,414	239,197	-	-
	<b>598,414</b>	<b>239,197</b>	<b>-</b>	<b>-</b>
<b>Current payables</b>				
Trade and other payables	28,535,910	30,572,267	1,883,461	701,377
	<b>28,535,910</b>	<b>30,572,267</b>	<b>1,883,461</b>	<b>701,377</b>

## Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2022

### 10. Other financial liabilities

	The Group June 2022 Eur	The Group 2021 Eur	The Company June 2022 Eur	The Company 2021 Eur
Amounts owed to ultimate parent	3,004,173	239,026	3,004,173	27,213
Amounts owed to joint venture	-	-	-	-
Amounts owed to other related parties	-	3,545,298	-	3,545,322
Amounts owed to subsidiaries	-	-	1,458,339	4,361,050
	<b>3,004,173</b>	<b>3,784,324</b>	<b>4,462,512</b>	<b>7,933,585</b>
<b>Comprising:</b>				
<b>Non-current liabilities</b>				
Other financial liabilities	3,000,000	211,779	4,458,339	2,282,655
<b>Current liabilities</b>				
Other financial liabilities	4,173	3,572,545	4,173	5,650,930

### 11. Bank overdrafts and loans

#### Group

The bank overdraft facilities within the group were not utilised as at 30 June 2022 and as at 31 December 2021.

Bank loans as at 30 June 2022 amounted to Eur8,226,900 as follows:

	Eur
iSpot Poland Sp. Z.o.o.	741,483
1923 Investments p.l.c.	7,485,417
	<u>8,226,900</u>

During 2020, 1923 Investments p.l.c. obtained a loan with a local bank for Eur2,250,000 which was increased by Eur430,000 in June 2021. The loan bears interests at a variable interest rate that amounted to 3.75% (2021: 3.75%) at 30 June 2022. As at 30 June 2022 the balance of this loan amounts to Eur2,044,852 (2021: Eur2,224,799). This loan is unsecured and ranks with priority to all other general creditors of the company.

In December 2021, 1923 Investments plc obtained a loan from another local bank for Eur6,000,000. The loan is payable by quarterly instalments of Eur330,860 and bears interest at 3.75% per annum plus 3 month Euribor per annum and repayable in full within 5 years from drawdown. As at 30 June 2022 the balance of this loan amounts to Eur5,440,565 (31 December 2021: Eur6,000,000). This loan was granted under a first General Hypotech of Eur6,000,000 over all assets present and future, whilst ranking with priority to all other general creditors of the company.

### 11. Bank overdrafts and loans (continued)

Harvest Technology p.l.c. has three overdraft facilities in two of its subsidiaries amounting to Eur1,070,000 secured by General Hypotech over present and future assets of the Harvest group and bear interest between 3.5% and 5.5%.

The group's other overdraft facilities in Malta bear effective interest at a floating rate of 5.09% (2021: 5.09%) per annum. These are secured by first and second general and special hypothecary guarantees over the assets of Carmelo Caruana Company Limited.

The group's overdraft facility in Poland for Allcom Sp. z.o.o. bears variable interest rate, Warsaw Interbank Offer Rate 1 Month (WIBOR 1M) plus a margin of 1.2%. As at 30 June 2022 the variable interest stood at 7.79% (2021: 1.4%) per annum. It is secured on the bank guarantee issued by Bank Gospodarstwa Krajowego from deminimis support.

The group's banking facilities for iSpot Poland Sp. z.o.o. includes an overdraft facility of PLN 8,000,000 (Eur1,705,611) and Import Loan facilities of PLN 25,000,000 (Eur5,330,036) and a receivable financing of PLN 3,000,000 (Eur639,604). The Import Loan as at 30 June 2022 had a utilisation of Eur741,483 (2021: *NIL*).

The above facilities are secured by corporate guarantees provided in favour of the suppliers of Apple products for an amount of PLN 72,000,000 (€15,350,503). Included within the PLN 72,000,000 there is PLN 6,000,000 guarantee line for rental payment of store outlets up to one year.

### 12. Debt securities in issue

In December 2014, the company issued 360,000 5.1% unsecured bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value on 4 December 2024. Interest on the bonds is due and payable annually on 4 December of each year. The bonds are listed on the Official List of the Malta Stock Exchange.

The carrying amount of the bonds is net of direct issue costs of *Eur201,276* (December 2021 – *Eur241,725*) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was at *Eur102.50* resulting in a market value of *Eur36,900,000* (December 2021 – *Eur36,720,000*).

### 13. Related party transactions

During the course of the year, the group and the company entered into transactions with related parties, as set out below.

#### Group

	2022			2021		
	Related party activity Unaudited	Total activity Unaudited	%	Related party activity Unaudited	Total activity Unaudited	%
	Eur	Eur				
Revenue						
Related party transactions with:						
Ultimate parent	25,455			35,944		
Other related parties	335,154			261,627		
	<u>360,609</u>	<u>105,700,591</u>	0.34%	<u>297,571</u>	<u>70,881,704</u>	0.42%
Cost of sales						
Related party transactions with:						
Ultimate parent	837			306,027		
Other related parties	6,471			4,683		
	<u>7,308</u>	<u>90,688,525</u>	0.01%	<u>310,710</u>	<u>57,660,193</u>	0.54%
Administrative expenses						
Related party transactions with:						
Ultimate parent	301,505			7,283		
Other related parties	157,899			183,819		
	<u>459,404</u>	<u>9,928,562</u>	4.63%	<u>191,102</u>	<u>8,918,761</u>	2.14%



**13. Related party transactions (continued)**
**Holding company**

	2022		%	2021		%
	Related party activity Unaudited	Total activity Unaudited		Related party activity Unaudited	Total activity Unaudited	
	Eur	Eur				
Revenue						
Related party transactions with:						
Other related parties	505,000	505,000	100%	505,000	505,000	100%
Administrative expenses:						
Related party transactions with:						
Parent company	300,000			314,032		
Other related parties	31,074					
	<u>331,074</u>	<u>1,169,608</u>	28.3%	<u>314,032</u>	<u>658,118</u>	47.7%
Investment income						
Related party transactions with:						
Subsidiaries	441,461	441,461	100%	499,172	499,172	100%

**14. Fair value of financial assets and financial liabilities**

At 30 June 2022 and 31 December 2021, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than the shares in subsidiary companies that are carried at cost, and the debt securities in issue (where fair value is disclosed in note 12), are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end.

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of the derivative financial instruments is established by using a valuation technique. Valuation techniques comprise discounted cash flow analysis. The valuation technique is consistent with generally accepted economic methodologies for pricing financial instruments. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the rates at end of the reporting period and the credit risk inherent in the contract.

### 14. Fair value of financial assets and financial liabilities (continued)

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than those with carrying amounts that are reasonable approximations of fair value and other than shares in subsidiary companies, grouped into Levels 1 to 3.

#### Group

	Fair value measurement at end of reporting period using				
	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
<b>Financial assets</b>					
<b>Loans and receivables</b>					
Receivables from related parties	-	4,772,681	-	4,772,681	4,772,681
As at 31.12.2021	-	4,772,681	-	4,772,681	4,772,681
Receivables from related parties	-	1,716,973	-	1,716,973	1,716,973
As at 30.06.2022	-	1,716,973	-	1,716,973	1,716,973
<b>Financial liabilities at amortised cost</b>					
Related party loans	-	3,784,324	-	3,784,324	3,784,324
Bank overdrafts and loans	-	8,224,799	-	8,224,799	8,224,799
Debt securities	36,720,000	-	-	36,720,000	35,758,272
As at 31.12.2021	36,720,000	12,009,123	-	48,729,123	47,767,395
Related party loans	-	3,004,173	-	3,004,173	3,004,173
Bank overdraft and loans	-	8,226,900	-	8,226,900	8,226,900
Debt securities	36,900,000	-	-	36,900,000	35,798,724
As at 30.06.2022	36,900,000	11,231,073	-	48,131,073	47,029,797

## 14. Fair value of financial assets and financial liabilities (continued)

### Holding company

	Fair value measurement at end of reporting period using				Carrying amount Eur
	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	
<b>Financial assets</b>					
Loans and receivables	-	33,629,733	-	33,629,733	33,629,733
As at 31.12.2021	-	33,629,733	-	33,629,733	33,629,733
Loans and Receivables	-	30,141,429	-	30,141,429	30,141,429
As at 30.06.2022	-	30,141,429	-	30,141,429	30,141,429
<b>Financial liabilities at amortised cost</b>					
Related party loans	-	7,933,585	-	7,933,585	7,933,585
Debt securities	36,720,000	-	-	36,720,000	35,758,272
As at 31.12.2021	36,720,000	7,933,585	-	44,653,585	43,691,857
Related party loans	-	4,462,512	-	4,462,512	4,462,512
Debt securities	36,900,000	-	-	36,900,000	35,798,724
As at 30.06.2022	36,900,000	4,462,512	-	41,362,512	40,261,236

## 15. Financial instrument risk

### Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments.

The Group's risk management is coordinated by the directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial risks.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development. Where applicable, any significant changes in the Group's exposure to financial risks or the manner in which the Group manages and measures these risks are disclosed below. Any re-assessment of risk considered by management to be of significance has been disclosed in the appropriate risk analysis below.

## 15. Financial instrument risk (continued)

### 15.1 Market risk analysis

#### Foreign currency risk

Foreign currency transactions arise when the Group buys or sells goods or services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in PLN, USD and GBP.

The Group is not expected to have significant movements on exchange as it continues to monitor and manage its risks closely to minimise any impact from currency movements. As a result, management does not expect to have significant currency movements on such transactions.

#### Interest rate risk

The Group has loans and receivables, debt securities in issue and other financial liabilities with a fixed coupon. The Group also had cash at bank which is not subject to significant fluctuations in interest rates. During 2021, the Group has taken an additional interest bearing facility as disclosed in note 11. The interest rates on all of the Group's bank borrowings and the terms of such borrowings are disclosed accordingly within such note.

As a result, the Group is not exposed to significant interest rate risk as most of its interest bearing receivables and payables are either subject to a fixed interest rate or to a rate which is not considered by management to be subject to significant fluctuations until full settlement of the borrowings, which comprise mainly borrowings from bank.

### 15.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, loans and receivables, trade and other receivables.

#### Credit risk management

The credit risk is managed both at the level of each individual subsidiary as well as on a Group basis, based on the Group's credit risk management policies and procedures.

Loans and receivables and certain trade receivables comprise amounts due from related parties. The Group and company's concentration to credit risk arising from these receivables are considered limited as there were no indications that these counterparties are unable to meet their obligations. Management considers these to be of good credit quality.

## 15. Financial instrument risk (continued)

The Group and the company hold money exclusively with institutions having high quality external credit ratings. The cash and cash equivalents held with such banks at 30 June 2022 and 31 December 2021 are callable on demand. The banks with whom cash and cash equivalents are mainly held form part of an international group with an A credit rating by Standard and Poor's and similar high ratings by other agencies. The group also holds cash with a local bank having a credit rating of BBB- by Standard and Poor's. Cash held by the group with other local banks for which no credit rating is available are not significant. The group also holds an amount of cash and cash equivalents with an international bank, through the acquisition of a new subsidiary, whose credit rating is BBB+ by Standard and Poor's. Such amount is not however considered to be significant to the group and management considers such bank to be a reputable bank that operates in the international banking industry. Management considers the probability of default from such banks to be close to zero and the amount calculated using the 12-month expected credit loss model to be very insignificant. Therefore, based on the above, no loss allowance has been recognised by the group and the company.

The Group assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors, such as bank references and the customers' financial position.

Management is responsible for the quality of the Group's credit portfolios and has established credit processes involving delegated approval authorities and credit procedures, the objective of which is to build and maintain assets of high quality.

Individual risk limits are set in accordance with limits set by the Group's respective boards. The utilisation of credit limits is regularly monitored. Each new individual customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group's policy is to deal only with credit worthy counterparties. The credit terms is generally between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process as abovementioned. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries.

The Expected Credit Loss (ECL) at 30 June 2022 was estimated based on a range of forecast economic scenarios as at that date.

## 15. Financial instrument risk (continued)

### Trade receivables

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 36 months before 30 June 2022 and 31 December 2021 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In addition to the above assessments on the recoverability and expected credit loss provisions on trade and other financial assets, the Group has considered the effects of Covid-19 on all economies in which its customers are based, especially and more specific in Malta, UK and Poland, where significant business is being conducted. It has also taken into consideration the financial position of, and risk exposure to, large customers in order to determine whether the Group's credit risk has increased as a result of the pandemic. There are no particular indicators that suggest that the assessment of the expected credit risk model adopted by the Group materially varies from expectations of collectability and previous patterns of payments from such customers. Furthermore, subsequent to the end of the reporting period, the Group has received a significant amount of collections from due balances outstanding at 30 June 2022. While the Group continues to closely monitor all of its financial assets at more frequent intervals as a result of such events, management considers that the level of ECL provisions at period end remains adequate.

### 15.3 Liquidity risk

The Group's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise bank borrowings, trade and other payables and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's and company's obligations when they become due.

Management considers that the Group is not exposed to a significant amount of liquidity risk as it continues to efficiently manage its liquidity needs on a timely basis. The Group has not encountered any particular difficulties to collect amounts due from customers and collections remain within expectations as explained above.

## 15. Financial instrument risk (continued)

### 15.4 Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

At 30 June 2022 and 31 December 2021, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial liabilities and the non-current loans and receivables are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year-end or because they are repayable on demand. The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company and the Group determine when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

## 16. Contingent liabilities

As at 30 June 2022, one of the group's subsidiaries under the Harvest Technology division still has a special guarantee totalling € 146,189 (2021: € 146,189) in favour of third parties in relation to the major overseas technology implementation project carried out in collaboration with IBM in Mauritius. The same subsidiary also had guarantees amounting to € 2,242,269 (2021: € 1,216,289) in favour of third parties on two major projects being executed in Malta.

SAD sp. z o.o. ("SAD"), a Polish subsidiary of iSpot sp. z o.o. ("iSpot"), is subject to tax proceedings regarding the correctness of its VAT settlements for February 2015 and for March to July 2015. In the statement of grounds, the Polish tax authorities ("TA") invoked SAD's alleged failure to exercise due diligence in verifying its contractors.

## 16. Contingent liabilities (continued)

Regarding the tax proceedings for February 2015, on 25 April 2019, the TA issued a decision in which it denied SAD the right to deduct VAT in the amount of PLN 6,031,627 (equivalent to €1,312,108) and determined an additional amount of VAT liability of PLN 2,604,732 (equivalent to €566,628). The value of default interest, if any, is estimated to amount to PLN 1,411,836 (equivalent to €307,128) as at the balance sheet date. The value of assets subject to proceedings in the SAD's books is PLN 6,037,392 (equivalent to €1,313,361).

With respect to the tax proceedings for March to July 2015, on 17 November 2021, the TA issued a decision in which it determined SAD's VAT liability of PLN 16,874,871 (equivalent to €3,670,924). The value of default interest, if any, is estimated to amount to PLN 8,975,945 (equivalent to €1,952,608) as at the balance sheet date.

For both proceedings, SAD disagrees with the position of the TA and appealed the decisions. Counterparty verification procedures applied by SAD in 2015 were not less strict than those used in 2012-2013 and it worth noting that, following tax proceedings for Q4 2012 and for May to June 2013, the TA stated that SAD exercised due diligence in verifying its contractors.

In the opinion of SAD and its advisers, and based on the evidence currently included by the TA in the case file, it is more likely than not that the tax disputes will be settled in favour of SAD. Therefore, SAD did not write off the amount included in 'Other Assets' and did not create provisions for any potential additional VAT liability. Consequently, SAD's financial statements have been prepared on the going concern principle and the Board of iSpot decided not to impair the investment in SAD and intercompany loans receivable.

One of the group's subsidiaries under the Apple retail business division in Poland signed an agreement with mBank on line guarantees and letters of credit in the amount of € 15,662,729. This superseded an agreement which iSpot Poland had with HSBC which at the end of 2020 amounted to € 26,646,490.

At the end of the reporting period, one of the group's subsidiaries under the Hili Logistics division, together with other related parties provided guarantees in the amount of € 3,184,666 (2020: € 3,184,666) in relation to bank facilities granted to related undertakings. In the directors' opinion no provision is required against such amounts as the principal borrowers are either not expected to default or such facilities are secured by property, plant and equipment or other guarantors.

At 30 June 2022, the group had an overdraft facility through Allcom, one of its subsidiaries in Poland, which was secured with a statement on the de minimis aid issued by BGK Bank (Bank Gospodarstwa Krajowego) that amounts to 80% of the facility limit amounting to PLN 1,600,000, equivalent to € 348,061 (2020: PLN 1,600,000, equivalent to € 350,900) and a blank promissory note in favour of Santander Bank Polska S.A.



## **1923 Investments p.l.c.**

### **Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2022**

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#### **16. Contingent liabilities (continued)**

Allcom has also provided a guarantee for a total of PLN 1,800,000, equivalent to € 391,568 (2020: PLN 1,800,000, equivalent to € 394,763) to the customs office in Poland, through a financial institution in the same country, to secure customs payments realised on behalf of its clients. The guarantee is secured on the company's property in Bolszewo as contractual mortgage on perpetual usufruct of land and buildings for a total of PLN 2,340,000 (€ 509,039). There was no utilisation of the guarantee as at the end of the reporting periods.

No further material claims are to date known to exist against the company.

#### **17. Events after the end of the reporting period**

There were no significant events after the end of the reporting period.

# 1923 Investments p.l.c.



Statement Pursuant to Capital Market Rules 5.75.3 issued by the Malta  
Financial Services Authority  
for the period ended 30 June 2022

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**We confirm that to the best of our knowledge:**

- (a) the condensed interim financial statements give a true and fair view of the financial position of 1923 Investments p.l.c. (the “company”) and its subsidiaries (the “group”) as at 30 June 2022, and the financial performance and cash flows of the company and the group for the half year then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and
- (b) the interim Directors’ report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.84.

Approved by the Board of Directors on 31<sup>st</sup> August 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Charles Borg'.

Charles Borg  
**Chairman**

A handwritten signature in blue ink, appearing to be 'Dorian Desira'. There is a faint watermark 'Type text here' overlaid on the signature.

Dorian Desira  
**Non Executive Director**