1923 Investments p.l.c.

Report & Consolidated Financial Statements

31 December 2023

Company Registration Number: C 63261

Contents

Directors' report

The directors present their report together with the audited financial statements of 1923 Investments p.l.c. (the Company) and the consolidated financial statements of the Group of which it is the parent, for the year ended 31 December 2023.

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 Partner and reseller, (ii) the sale, maintenance and servicing of information technology solutions, security systems (iii) electronic payment solutions and (iv) mobile device repair and the sale of refurbished phones and accessories under the iRiparo and UZED brands.

On 28 April 2023, 1923 Investments sold its holdings in Hili Logistics Limited to HV Marine Limited (renamed to Breakwater Investments Limited) a subsidiary of Hili Ventures Limited and therefore no longer provides road, sea and air logistics services.

Performance review – The Group

During the year under review, the consolidated revenue excluding discontinued operations increased by 42.6% to € 281,765,007 (2022: € 197,547,492). The increase in revenue was mainly driven by (i) the acquisition of Cortland on 31 March 2023 covering the period April to December 2023 and (ii) an increase in organic revenue of 10.6% at iSpot.

In 2023, the Group registered an operating profit of € 9,687,794 (2022: € 8,556,774) and an operating margin of 3.4% (2022: 4.3%). The Group registered a profit before tax from continuing operations of € 7,264,172 (2022: € 4,273,138). The profit from discontinued operations attributed to Hili Logistics Ltd amounted to €1,157,788 covering the period from 1 January to 28 April 2023 (2022: € 4,337,585).

The Group's net assets at the end of 2023 amounted to € 68,591,581 (2022: € 59,536,589). In 2023, the increase in Net Asset Value amounting to € 9,054,992 (2022: € 6,705,329) reflects: (i) a profit for the year of € 5,100,517 (ii) an increase in translation and other reserves amounting to €3,474,042 due to a stronger Polish Zloty (PLN) versus the Euro (which closed at PLN 4.3395 at 31 December 2023 (2022: PLN 4.6808)). Non-controlling interest in Harvest increased from € 5,039,034 to € 5,214,985.

The Group measures the achievement of its objectives through the following other key performance indicators.

Financial

The Group's current ratio ("current assets divided by current liabilities") as at 31 December 2023 was 0.82 (2022: 1.02). The ratio is below 1 due to the inclusion of listed debt securities maturing in December 2024 and included within current liabilities at 31 December 2023. The Group uses this indicator as a measure of liquidity. Additional information is provided in note 3.

The Group also measures its performance based on EBITDA. During the year under review, EBITDA from continuing operations increased by € 4,031,654 to € 17,936,821 from € 13,905,167 in 2022 whilst the Group's EBITDA margin amounted to 6.4% (2022: 7.0%).

The normalised return on average capital employed increased from 7.7% to 9.45% during the year under review, which is attributed to an increase in profitability from continuing operations.The return on average capital employed represents the profit on ordinary activities before finance costs and exceptional items but including share of results of joint ventures, divided by the average of opening and closing tangible net worth. For current year calculation purposes, debt securities classified as current have been excluded.

The Group's gearing ratio has slightly increased to 45% (2022: 42%). Interest cover amounted to 3.8 times compared to 3.0 times in 2022.

Performance review – The Company as a stand-alone entity

The Company earned revenue and investment income of € 873,256 and € 3,940,460 respectively (2022: revenue of € 1,110,000 and investment income of € 6,368,299). The Company registered a loss before tax of € 1,967,613 (2022: profit before tax € 2,729,784). The net assets of the Company at the end of 2023 amounted to € 51,260,726 (2022: € 53,172,550).

Group performance review – non-financial

Apple Retail Business

On 31 March 2023, iSpot Poland acquired 100% of the shares in Cortland Sp. Z.o.o. ("Cortland"). Cortland, the second largest Apple Premium Reseller in Poland, operate d 16 retail outlets across the country. Through this acquisition, iSpot also gained a strong business-to-business segment and a leading education platform. The r etail b usiness in Poland now consists of iSpot and Cortland.

iSpot reported a strong year across all sales channels and a significant improvement in its customer loyalty and engagement programs. During 2023, iSpot reported a 10.6% (2022: 45%) increase in organic revenue and a 36.3% increase overall, when including the acquisition of Cortland. The c onsolidated profit before tax , amounted to €11,670,771 compared to €6,907,310 in 2022 , a year on year increase of 69%.

Footfall in stores increased by 6 % over 2023, driven by strong marketing campaigns, a larger retail store network and increase in service locations . Furthermore, iSpot generated (i) increased e-commerce sales, and (ii) higher basket spend paired with positive conversion rates. The physical conversion rate, which measures the percentage of actual purchases compared to customers entering the store, amounted to 11% in 2023. The average basket spend also rose by 6.9% to €320 compared to €299 in 2022. Revenue from e-commerce increased by 15.2% when compared to 2022.

Increased traffic and orders contributed to a high Net Promoter Score of 83% achieved in 2023.

The strong performance of brick-and-mortar stores in Poland encourages iSpot's management to continue to grow this channel. In 2023, it opened two new stores, in Galeria MM Poznań and Forum Koszalin. iSpot also inaugurated three Apple Premium Partner concept stores, two in Warsaw and one in Wroclaw. The new concept store features a sleek minimalist interior, a dedicated space for Small and Medium Business, and a n Apple Authorized Service Point. In 2024, iSpot will continue to convert a number of select existing stores into Apple Premium Partner.

Harvest Technology plc

During the year under review, Harvest Technology registered an operating profit of € 837,947 (2022: € 2,089,978) on revenue of € 14,646,656 (2022: € 16,275,659). After accounting for net finance costs and taxation, the Group registered a profit for the year of € 819,910 (2022: € 1,341,370). The profit for the year includes a provision of € 0.5 million for an unsuccessful project at Apco Limited.

One of the key milestones for Apcopay in 2023 was the completion of the payment orchestration platform, Synthesis. The new cloud-enabled platform was launched in September 2023 and offers significant additional features for global merchants and scalability for future growth. During 2023, Apcopay reported a significant increase in transaction value which surpassed €1 billion, representing a 51% increase over 2022.

The management team at Apco Limited has focused on diversifying the business, engaging with new suppliers to expand its product and service portfolio. During the year, Apco Limited entered into a new collaboration with Cashmatic, a leader in self-pay and automated cash machines and is successfully rolling out these machines across retail and hospitality outlets.

IT Services provider, PTL Limited is committed to expanding its service offering, locally and internationally. In 2023, the management team has focused on developing new relationships with prospective partners in Europe and Africa, where PTL's expertise in Health, Border Security and Financial Services is attracting interest from various stakeholders. PTL also continued to grow new industry verticals, including its ERP offering and a new cybersecurity product for both domestic and international clients.

E-Lifecycle Holdings GmbH - iRiparo

Following the incorporation of the company in June 2022, E-Lifecycle opened 12 outlets in Germany in the period under review. In 2023, E-Lifecycle generated revenues of €676,004 (2022: €28,121), however it suffered an operating loss of € 3,180,546 (2022: € 722,376). This resulted in a loss before tax of € 3,342,097 (2022: € 733,637). On 31 January 2024, the Group sold the business.

Discontinued Operations

On 28 April 2023, the Company sold Hili Logistics Limited and its subsidiaries to a sister company which forms part of Hili Ventures, with an aim to streamline the group and focus on the technology industry, in particular its retail operation in Poland.

Principal risks and uncertainties

The Board of Directors together with the Audit Committee members, consider the nature and extent of the Group's risk management framework and risk profile that is acceptable to the Board. The Audit Committee regularly reviews the work carried out by Internal Audit and ensures any weaknesses identified, are remedied so as not to pose a risk to the Group.

1923 Investments has established strategic relationships with its key partners and suppliers. These relationships support 1923 Investments' product and service offerings and sales activities generally. There is no guarantee that 1923 Investments will be able to maintain these alliances, enter into further alliances or that existing suppliers will not enter into relationships with 1923 Investments' competitors. The loss of any of these relationships, in particular, the agreement with Apple which authorises iSpot Poland Sp z.o.o and Cortland Sp z.o.o to engage in the sale and distribution of Apple products as an Apple Premium Partner and Reseller in Poland, could have a material adverse effect on 1923 Investments' business, results of operations and financial condition.

Financial risk management

Note 45 to the financial statements provides details in connection with the Group's use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

Non-financial statement

In line with the Directive 2014/95/EU and pursuant to Article 177 of the Companies Act (CAP. 386), and in terms of the Sixth Schedule of the Act, the Directors of 1923 Investments plc. are hereby reporting the impact of its activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

1. The Business Model

The Group operates the following three main business activities: (i) the sale of retail and distribution of Apple products and third-party electronic products as an Apple Premium Partner; (ii) the sale, maintenance and servicing of information technology solutions, security systems, and provision of electronic payment solutions; and (iii) mobile device repair and the sale of refurbished phones and accessories. These activities are undertaken by separate subsidiaries, as explained in the annual financial statements.

The Group's iSpot's and Cortland businesses offer an extensive range of Apple products, dedicated accessories, technical services and other software in Poland.

Under a Master Franchise Agreement with iRiparo, E-Lifecycle Holdings GmbH opened 12 stores dedicated to mobile device repair and the sale of refurbished phones and accessories in Germany.

Harvest Technology plc is a technology focused holding company and currently has three key subsidiaries: (i) PTL Limited is a multi-brand information technology solutions provider for businesses and the public sector; (ii) Apcopay Limitedoperates a payments solutions platform offering e-commerce processing services for retailers and internet-based merchants; (iii) Apco Limited provides a wide range of automation and security solutions catering to the banking, retail, fuel and other sectors.

Following the sale of Hili Logistics Limited in 2023, the Group no longer provides road, sea and air logistics services.

2. Environmental Matters

The Group is mindful of its environmental responsibility and that its operations have both a direct and indirect impact on the surrounding environment.

Efforts are being made across the Group to manage its impact on critical environmental issues, including climate change, natural resource conservation and waste management. The Group is investing in innovations that can improve its environmental footprint, besides collaborating with other organizations to raise environmental awareness, working with key suppliers to promote environmentally responsible practices in its operations.

2.1 Carbon emissions and other pollutants

1923 Investments management understand that environmental responsibility transcends direct operations; so as the Group ensures it partners with suppliers who place great focus on minimising their carbon footprint and consequentially its environmental impact. iSpot as an Apple authorized reseller follows standards set out by the brand in all its outlets, including but not limited to the use of energy efficient lighting, controlled heating and cooling systems, as well as high levels of recycled product packaging to reduce in reducing waste and contributing to a circular economy.

In 2021, iSpot set off to source around a fifth of its energy requirements from utility companies which generate electricity from renewable energy (not fossil fuel), which effort has continued over 2022 and 2023. iSpot also offers its employees a cycle-to-work benefit (introduced in 2022), incentivizing employees to use bikes over cars on their daily commute to work.

2.2 Natural resource conservation

iSpot has continued its tree-seeding actions for employees, the “przygarnij złomka” initiative (refurbishment of computers for schools), and trade-in in stores to reduce circulating machines (both iphones, ipads and macs). Traded-in products are then serviced, repaired and reused, extending the life of the products, reducing waste and giving the materials a second life. In 2021 iSpot planted trees on a footprint of 1400 m^2 as part of the “forest forever” project. In 2023, 1522 m^2 were added and more trees were planted expanding the project’s impact.

2.3 Resource use and circular economy

iSpot has also embarked on an exercise to redesign the packaging of its B-brand to eliminate foil and reduce plastic in its packaging. iSpot is planning to recycle used marketing materials such as demo products and accessories to be used by its employees after the marketing campaigns.

The introduction of a totally paper-free Leasing Process started in 2021 (with no paper documentation as well as an agreement with the supplier to re-forest area for each agreement signed by the customer), continued throughout 2023.

In order to reduce packaging waste, iSpot also optimized its bulk packaging process last year, sending one package rather than multiples, when shipping products to one location, decreasing its packaging waste. It also introduced reusable cartons to the online store, enabling customers to return their goods (if and when necessary) in the same packaging as that acquired.

2.4 Waste management

1923 Investments and all its subsidiaries use recycling measures and are now separating organic material, paper, plastic, metal and glass. Committed to waste management in the communities in which it operates, subsidiaries are enrolled in local programmes for waste collection.

2.5 Energy efficiency

In terms of energy efficiency, the Group implements efficient and modern infrasrtucture throughout its business divisions, with the installation of energy management systems, automatic light switches and movement detectors together with the use of energy efficient equipment and LED lighting in its buildings.

Harvest Technology are reporting consumption of energy usage with a commitment to improve this metric going forward.

3. Social and Employee Rights

3.1 Employee wellbeing

The Group strongly believes that its employees deserve to be treated with fairness, respect and dignity, providing equal opportunity for all. Employees have the right to work in a place that is free from harassment, acts or threats of physical violence, intimidation or abuse, sexual or otherwise.

Employees are also encouraged to have a healthy work-life balance, which will not only make them happier and more productive but would also help in leading healthier and more fulfilling lives.

At 1923 Investments and its subsidiaries, employees make use of recreational areas within office buildings, including gym facilities in some offices and and can benefit from working on a hybrid basis (working from office versus working from home).

iSpot continues to offer psychological emergency support (regardless of cause) and allocates funds for social or medical emergencies. iSpot is planning to extend the benefit of psychological support to psychotherapeutic support throughout Poland and subsidise psychiatric consultations.

3.2 Health and Safety of Employees

The Group remains committed to providing a safe and healthy working environment for its employees, requiring them to abide by safety rules and practices and to take the necessary precautions to protect themselves and their fellow employees. It continues to integrate Health and Safety in its policies and premises, ensuring that employees and clients health is safeguarded, above all else. Moreover, employees must immediately report accidents and unsafe practices or conditions to their immediate supervisors.

A safe environment, free of workplace hazards, violence, threats of violence, intimidation and inebriation is prioritized. Any verbal abuse, threatening behavior, or conduct that may endanger persons or property, including possession of any unauthorized firearm or other weapon, is prohibited. Policies on Health and Safety and Alcohol and Drug Abuse are also in place.

At iSpot, Health and Safety audits are undertaken for its stores, warehouses, service centre and head office throughout the year to ensure 100% compliance with government regulations and it also provides employees with regular courses on first aid in life-threatening emergencies. A n ergonomics audit was also conducted in 2023, the findings of which, guided the provision of additional monitors, mice and laptop stands for employees.

3.3 Employee long-term development

The Group provides various opportunities, nurtures talent, provides support to develop leaders and rewards achievement. Performance evaluation systems are employed across the Group by applying career progression mechanisms and by rewarding achievements.

All subsidiaries within 1923 Investments promote continuous development programmes through sponsorship, conduct talent assessments following the performance review process, and ensures appropriate succession planning and career growth.

Training and succession planning took centre stage at iSpot in 2023. The company offered several workshops and training for the advancement of careers (for example iSpot Heroes, iLeader+ (for Retail staff) and iSpot Managers Masterclass (for HQ, Service and Warehouse). Comprehensive and clear succession plans were also introduced.

3.4 Equality, diversity and inclusion at the workplace

The Group believes that a team of individuals with diverse backgrounds and experiences, working together in an environment that fosters respect and drives high levels of engagement, is essential to its continuing business success. We are committed to diversity and equal opportunities for everyone, respecting the unique attributes and perspectives of every employee, and we rely on these diverse perspectives to help the Group build and improve the relationships with customers and business partners. The Group embraces the diversity of its employees, customers and business partners, and we work hard to make sure everyone within the Group feels welcome. The Group provides equal treatment and equal employment opportunity without regard to race, colour, religion, sex, age, national origin, disability, sexual orientation, gender identity or any other basis protected by law.

As per our policy on Equal Opportunities and Sexual Harassment, employees respect the rights of fellow colleagues to fair treatment and equal opportunity, free from discrimination and unlawful harassment or retaliation. We avoid any comments or behaviour toward others that may reasonably be regarded as harassment, or as reflecting bias on the basis of any protected category including, but not limited to, race, religion, national origin, age, sex, sexual orientation or disability.

3.5 Support to the Community

In 2023 iSpot supported the "Santa Claus for Seniors" campaign. As part of the campaign, employees organized a fundraiser and sent gifts for seniors and people with disabilities who reside in nursing homes and assisted living facilities. The company also took part in the "Wielka Orkiestra Świątecznej Pomocy" charity drive. The campaign began in 2023 and had its finale in January 2024, which included a monetary donation and a run, with the funds allocated to the purchase of insulin pumps for diabetic pregnant women. In addition, the company put several products with special WOŚP logos up for auction. The company will continue to engage in similar activities following employees' recommendations.

The 1923 Investments team dedicated 250 hours of volunteerism, working with organisations which assist the homeless and children needing special attention.

1. Respect for Human Rights

The Group conducts its activities in a manner that respects human rights, taking the responsibility seriously to act with due diligence to avoid infringing on the human rights of others and addressing any impact on human rights if they occur. The Group's commitment to respect human rights is defined in the code of business conduct, which applies to all employees of the Group. Group employees are trained annually on the standard of business conduct.

Employees conduct all aspects of our business in an ethical manner that reflects our dedication to integrity, honesty and fairness. At all times, they are to obey the laws of the jurisdictions where we conduct business. Our Code of Business Conduct and ethics provide more information and guidance and is available in English and Polish so that it is communicated and understood by everyone in different countries.

2. Anti-corruption and bribery matters

The Group's employees must comply with the Group Code of Conduct and Whistle-blower Policy to ensure that all employees are discouraged from any corrupt practices or bribery as well as are incentivized to report any such activities in a direct line with the responsible Group supervisor, without fearing reprisals. Every employee is introduced to these policies upon employment and are mandatory to be adhered to it.

The Group prohibits all forms of bribery or kickbacks as detailed in the Code of Conduct. All employees, representatives and business partners must fully comply with anti-bribery legislation. To comply with the Group policy and anti-bribery laws, no employee should ever offer, directly or indirectly, any form of gift, entertainment or anything of value to any government official or his or her representatives.

The Group is committed to complying with the applicable laws in all countries where it does business. It adopts an anti-corruption policy which sets forth its commitment to ensuring that it carries out business in an ethical manner and abides by all applicable anti-bribery and anti-corruption laws in the countries in which it operates by, among other things, prohibiting the giving or receiving of improper payments in the conduct of its business, and by discouraging such behaviour by its business partners.

All employees must also comply with the Anti-Corruption Policy to ensure that corrupt practices are deterred, allowing the company and its people to operate with integrity. Employees and Directors should also not accept gifts or other things of value from suppliers or others that we do business with that are unlawful, improper or outside the bounds of company guidelines.

3. EU Taxonomy Disclosure

The EU Taxonomy establishes an EU classification system for ecologically sustainable economic activities (EU Taxonomy). It is the European Union's core tool to channel capital flows towards sustainable investments and to create market transparency. It encourages an increased flow of investments to where they are most needed for sustainable development. The regulation defines the following six environment objectives, i.e. Climate Change Mitigation, Climate Change Adaptation, Sustainable use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control and Protection and Restoration of Biodiversity and Ecosystems.

In accordance with Article 8 of the European Regulation 2020/852 (EU Taxonomy Regulation) and Article 10(2) of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178), 1923 Investments plc (or "the Group") is subject to the obligation to disclose the part of its 2023 revenue, its capital expenditures, and operating expenses which is considered "eligible" as well as "aligned" under the EU Taxonomy of sustainable activities. Furthermore, the Group will disclose qualitative information (according to Section 1.2 of Annex I of the Disclosures Delegated Ac t as of January 2022) .

A Taxonomy-eligible economic activity means an economic activity that is included in the delegated acts supplementing the Taxonomy Regulation . Taxonomy-aligned activity, are eligible activities, which in addition meet the technical screening criteria (significant contribution), do not significant harm and comply with minimum social standards. T he EU regulation is in force for all the six environmental objectives , that are, ***climate mitigation*** , ***climate adaptation*** , ***sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems*** .

Identifying eligible activities

In order to identify business activities that may be in scope of the European Taxonomy Regulation, the Group relied on the EU Taxonomy sources, including the:

- Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178),
- Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139),
- Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214),
- Amended Climate Delegated Act (Commission Delegated Regulation 2023/2485),
- Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and;
- EU Taxonomy Compass.

In a first step, the eligible and non-eligible activities were identified based on the officially-assigned NACE codes of the Group's subsidiaries in a top-down approach. [1] In case the NACE code was reflected in the EU Taxonomy on sustainable activities, the activity descriptions were assessed against the actual activities carried out by the entities to further verify and confirm eligibility. EU taxonomy activities, which have not been assigned a NACE code in the EU Taxonomy Compass/delegated acts (e.g. Storage of Hydrogen or restoration of wetlands) were assessed based on the activity description only.

Identified relevant activities within the EU Taxonomy, based on NACE code basis, are the following:

NACE	Activity stated in Taxonomy Climate Delegated Act	Dimension
65.1.2	**10. Financial and Insurance Activities**	Climate adaptation
62.0.1	**8.4 Software enabling physical climate risk management and adaptation**	Climate adaptation
47	**4.1 Provision of IT/OT data-driven solutions** **5.2 Sale of spare parts**	

	5.4 Sale of second-hand goods **5.5 Product as-a-service and other circular use- and result-oriented service models**	Circular Economy
46	**5.2 Sale of spare parts** **5.4 Sale of second-hand goods** **5.5 Product as-a-service and other circular use- and result-oriented service models**	Circular Economy
6 1	**8.2. Data-driven solutions for GHG emissions reductions** **5.6 Market for the trade of second-hand goods for reuse**	Climate mitigation Circular Economy
62	**5.6 Market for the trade of second-hand goods for reuse** **4.1 Provision of IT/OT data-driven solutions** **8.2 Computer programming, consultancy and related activities**	Circular Economy Circular Economy / Water Climate adaptation/ Climate mitigation

After reviewing the actual activities carried out by the respective entities, and assessing them in line with the more detailed EU Taxonomy descriptions, it was decided that the activities under NACE 62, 61, 65.1.2, 62.0.1 as well as 46 should not be considered eligible . This assessment has also been based on the Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets (2022/C 385/01), in particular Question 5 on eligibility of climate adaptation-related economic activities.

Thus, NACE 47 for E-lifecycle Holdings GmbH only is considered and as presented below the final list of eligible activities is shown below:

NACE	Activity stated in Taxonomy Climate Delegated Act	Dimension
47	**5.4 Sale of second-hand goods**	Circular Economy

The Group's qualifying economic activities do not fall under the category of either 'transitional' or 'enabling', according to the EU Taxonomy. The Disclosures Delegated Act's amended Article 8 dictates that the amount and proportion of Taxonomy-aligned economic activities, eligible and non-eligible activities, referred in Sections 4.26-4.31, Annexes I and II of the Climate Delegated Act, must be disclosed. Since the Group's economic activities do not fall under these specified sections, the KPIs recorded do not take into consideration the economic activities listed in Sections 4.26-4.31.

However, in addition to the core economic activities, also certain OpEx and CapEx that is channeled into Taxonomy-eligible or aligned activities, can be included in the calculations, as referenced in Annex I of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178) . However, as at 31 December 2023, no additional OpEX and CapEx was recorded.

Calculation of eligibility KPIs

In a second step, the three eligibility KPIs (turnover, Op E x, Cap E x) were calculated based on the EU Taxonomy regulation and Disclosures Delegated Act (Section 1.1 of Annex I – KPIs of non-financial undertakings) and its definition of the denominator and numerator of the required KPIs.

This step consisted of:

(a) Extracting the denominators for the 3 KPIs for the Group from the financial reporting system

(b) Calculating the numerators for all identified eligible sub-activities within the Group and its subsidiaries based on Turnover, CapEx and OpEx

These non-financial statement disclosures are based on the same consolidation principles that have been applied in the Group's financial reporting under the applicable accounting principles, in order to ensure comparability of this reporting with the Group's financial information.

The following definitions were applied:

	Turnover	Capex	Opex
Numerator	Revenues derived from products and/or services associated with EU taxonomy eligible activities.	Capital expenditures that: • relates to assets or processes associated with the EU taxonomy eligible activities; • are part of a plan to expand taxonomy-eligible economic activities, or; • that enable taxonomy-eligible activities to become taxonomy-aligned.	Operating expenses that are related to assets or processes associated with the EU taxonomy-eligible activities.
Denominator	Total consolidated r evenues accounted for in the Consolidated Income Statement under IFRS (included in Note 6 in the Financial Statements)	Total Capex consisting of a dditions to tangible and intangible assets accounted for in the Consolidated Financial Statements under IFRS during the financial year, considered before depreciation, amortisation and any re-measurements, excluding Goodwill (included in Notes 16 and 17 in the Financial Statements , Balance Sheet).	Total OPEX consists of the total cost of sales and operating costs, but excluding the cost of Sales for iSpot since it is a material amount related to the purchase of electronic goods for resale.

Based on the above criteria the following KPIs were derived:

Table 1:

	Turnover	CAPEX	OPEX
Nominator (€)	676,004	n.a.	n.a.
Denominator (€)	281,765,007	8,302,673	29,708,035
Taxonomy-Eligible Activities (%)	**0.24%**	**0%**	**0%**

Calculation of alignment KPIs

In a next step alignment for the identified eligible activities was assessed. Given that the eligible activity identified falls under the recently published Environmental Delegated Act (EU 2023/2486), for financial year 2023, only the eligibility assessment is required to be disclosed. Hence, the alignment assessment was not performed.

The presented KPIs can also be found in Annex 1, where Turnover, CapEx and OpEx KPIs for 1923 are presented in the templates provided in Annex II of regulation EU 2023/2486.

Additional Qualitative Disclosures

According to Art. 10.2 of EU 2021/2178 companies shall be disclosing the qualitive information referred to in Section 1.2 of Annex I in addition to the quantitative information above (KPIs of non-financial undertakings). No changes to the accounting policy (1.2.1) have taken place compared to the previous reporting year double counting has been avoided as for example eligible spend was only counted towards one environmental dimension (in case several were applicable). With regard to the required contextual information (1.2.3) changes of eligible KPIs during the reporting period have taken place, given that 1923 Investments sold its holdings in Hili Logistics Limited and therefore no longer provides road, sea and air logistics services. As the activities of this entity were eligible but not aligned, this change impacted the overall KPIs.

Summary and Outlook

For the 2023 reporting year, the complete reporting requirements of the EU Taxonomy with respect to climate change mitigation and climate change adaptation w ere applicable , whilst for sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems, only eligibility was required.

Irrespective of the above Taxonomy disclosures with regard to the Group's direct economic activity, the Group remains committed to its priority sustainability issues.

4. Concluding remarks

The Directors are of the firm belief that having good social, environmental and governance structures support the Group's strategy and its reputation and enables the business. Therefore, the company will be putting these matters high on its agenda, in order to bring tangible positive change to the environment, employees and society as a whole. The Group is also understanding and engaging with key stakeholders in honouring its upcoming commitments related to the Corporate Sustainability Reporting Directive (CSRD).

The Company will be launching and implementing initiatives during 2024 which include:

- To give the opportunity to employees to make voluntary monthly donations of any amount to a charitable of their choice out of five identified charities. This initiative was already in place during 2023 however for 2024, charities recommended by employees have been included as part of the identified charities;
- All staff to continue to perform 2 days each year as voluntary work at voluntary organisations as part of our corporate social responsibility targets;
- To establish a leave fund whereby employees are given the opportunity to donate leave for employees who need additional leave due to illness, accidents or any similar unfortunate circumstances;
- In 2024, the social committee plans to continue to organise additional CSR activities such as clean-ups and blood donations; and
- To promote flexibility at the workplace by introducing a policy where employees can work up to one day from home every week (2 days in HQ of iSpot), depending on the type of work (unless it is client facing such as at iSpot).

Annex 1

Proportion of **turnover** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023.

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		Currency / €	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
Of which transitional		€ -	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Sale of second-hand goods	*CE 5.4*	€ 676,004	0.24%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 676,004	0.24%	0%	0%	0%	0.24%	0%	0%								0.24%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		€ 676,004	0.24%	0%	0%	0%	0.24%	0%	0%										
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		€ 281,089,003	99.76%																
Total (A+B)		€ 281,765,007	100.00%																

Proportion of **CapEx** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023.

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*Currency / €*	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
Of which transitional		€ -	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		€ 8,302,673	100.00%																
Total (A+B)		€ 8,302,673	100.00%																

Proportion of **OpEx** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023.

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*Currency / €*	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
Of which transitional		€ -	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		€ -	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		€ 29,708,035	100.00%																
Total (A+B)		€ 29,708,035	100.00%																

Significant judgements and estimates

Note 4 to the financial statements provides details in connection with the inherent uncertainties that surround the preparation of the financial statements which require significant estimates and judgements.

Results and dividends

The results for the year ended 31 December 2023 are shown in the statements of profit or loss and other comprehensive income. The Group's profit after tax was € 5,100,517 (2022: € 7,246,014), whilst the Company's loss after tax was € 1,911,824 (2022 profit after tax € 2,519,578). During 2023, a management fee amounting to € 600,000 was charged by the parent company (2022: € 600,000).

In December 2023, no dividend was declared and paid to the parent company (2022: €785,007).

Likely future business developments

The directors of 1923 Investments regularly consider investment opportunities in the retail and technology sectors.

In March 2023, iSpot acquired 100% of Cortland and its business will be fully integrated into iSpot over the course of 2024. iSpot will continue to pursue an organic growth strategy, with management planning several new store openings in 2024.

Through Harvest Technology p.l.c., the Company will continue to explore investment and partnership opportunities in the technology sector.

The directors consider the year-end financial position of the Group to be satisfactory but continue to monitor the macroeconomic and geopolitical environment as a change in circumstances may negatively affect future performance. Management is continuously monitoring developments in Ukraine and the Middle East. Whilst the Group does not carry out business in those countries, it does not exclude indirect effects of the wars which can result in disruption in the global supply chain and negatively affect pricing.

Post balance sheet events

On 25 th January 2024, 1923 Investments plc entered into a share purchase agreement (the "SPA") and sold 100% of the shares owned in E-Lifecycle Holdings GmbH.

The consideration paid upon execution of the SPA amounted to €1.

E-Lifecycle generated less than 1% of revenue for the group in 2023.

There were no other adjusting or significant non-adjusting events that have occurred between the end of the reporting period and the date of authorisation by the board.

Directors

The following have served as directors of the Company during the period under review:

Mr David Bonett – Chairman (appointed on 29 May 2023)
Mr Charles Borg – Chairman (resigned on 29 May 2023)
Mr Carmelo sive Melo Hili
Mr Dorian Desira
Mr Karl Fritz
Dr Annabel Hili
Dr Ann Fenech (resigned on 21 November 2023)

In accordance with the Company's Articles of Association, the present directors remain in office.

Going concern

After making due enquiry and using the best judgment available at the time of approving these financial statements, an impact assessment has been carried out by the Board, including a review of different service level and cash flow scenarios. Based on this review and the measures taken as indicated above, the Board expects that the Group will be able to sustain its operations over the next twelve months, and to meet its obligations as and when they fall due.

Accordingly, for these reasons the Board is of the opinion that it remains appropriate to adopt the going concern basis in the preparation of these financial statements.

Disclosure of information to the auditor

At the date of making this report the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the report and to establish that the independent auditor is aware of that information.

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors to prepare financial statements for each financial period which give a true and fair view of their state of affairs of the Group and the Company as at the end of the reporting period and of the profit or loss of their operations for that period. In preparing those financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis; and
- value separately the components of asset and liability items.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Grant Thornton have intimated their willingness to continue in office.

A resolution to reappoint Grant Thornton as auditor of the Company will be proposed at the forthcoming annual general meeting.

Signed on behalf of the Board of Directors on 22 April 2024 by Mr. David Bonett (Chairman and Director) and Mr. Dorian Desira (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Registered address:
Nineteen Twenty-Three
Valletta Road
Marsa MRS 3000

Malta

22 April 2024

Statement of responsibility pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority

We confirm that to the best of our knowledge:

a. In accordance with the Capital Markets Rule 5.68, the financial statements give a true and fair view of the financial position of the Company and its Group as at 31 December 2023 and of their financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU; and

b. In accordance with the Capital Markets Rules, the Directors' report includes a fair review of the performance of the business and the position of the Issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 22 April 2024 by Mr. David Bonett (Chairman and Director) and Mr. Dorian Desira (Director).

Corporate governance – Statement of compliance

Introduction

Pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority, 1923 Investments p.l.c. (the 'company') is hereby reporting on the extent of its adoption of the Code of Principles of Good Corporate Governance (the 'Principles') contained in Appendix 5.1 of the Capital Markets Rules.

The Board acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. Nonetheless, the Board strongly believes that the Principles are in the best interest of the shareholders and other stakeholders since they ensure that the Directors, Management and employees of the Group adhere to internationally recognised high standards of Corporate Governance.

The Group currently has a corporate decision-making and supervisory structure that is tailored to suit the Group's requirements and designed to ensure the existence of adequate checks and balances within the Group, whilst retaining an element of flexibility, particularly in view of the size of the Group and the nature of its business. The Group adheres to the Principles, except for those instances where there exist particular circumstances that warrant non-adherence thereto, or at least postponement for the time being.

Additionally, the Board recognises that, by virtue of Capital Markets Rule 5.101, the Company is exempt from making available the information required in terms of Capital Markets Rules 5.97.1 to 5.97.3; 5.97.6 and 5.97.8.

The Board of Directors

The Board of Directors of the Company is responsible for the overall long-term direction of the Group, in particular in being actively involved in overseeing the systems of control and financial reporting and that the Group communicates effectively with the market.

The Board of Directors meets regularly, with a minimum of four times annually, and is currently composed of five Members, two of which are completely independent from the Company or any other related companies.

For the purpose of the Capital Markets rules, Mr David Bonnett (appointed on 29 th May 2023) and Mr Karl Fritz are independent non-executive directors of the Company. Furthermore, Mr Charles Borg resigned from his position of Director and Chairman of the board with effect from 29 th May 2023 and Dr Ann Fenech resigned from her position as director on 21 st November 2023.

Non-Executive Directors

Mr Carmelo sive Melo Hili
Mr Dorian Desira
Dr Annabel Hili

Independent Non-Executive Directors
Mr Karl Fritz
Mr David Bonett (Chairman)

The Board Meetings are attended by the Chief Executive Officer of the group in order for the Board to understand the operations of the group. The Chief Executive Officer is joined by the Chief Financial Officer of the Group in order for the Board to have direct access to the financial operation of the Group. This is intended to, inter alia, ensure that the policies and strategies adopted by the Board are effectively implemented.

The remuneration of the board is reviewed periodically by the shareholders of the Company.

The Company ensures that it provides directors with relevant information to enable them to effectively contribute to board decisions.

The directors are fully aware of their duties and obligations, and whenever a conflict of interest in decision making arises, they refrain from participating in such decisions.

Audit Committee

The Terms of Reference of the Audit Committee are modelled on the principles set out in the Capital Markets Rules. The Audit Committee assists the Board in fulfilling its supervisory and monitoring responsibility by reviewing the Group financial statements and disclosures, monitoring the system of internal control established by management as well as the audit processes.

The Board of Directors established the Audit Committee, which meets regularly, with a minimum of four times annually, and is currently composed of the following individuals:

Mr Karl Fritz (Chairman)
Mr David Bonett (appointed 21 st November 2023)
Mr Dorian Desira

Dr Ann Fenech (resigned 21 st November 2023)

To satisfy the requirement established by the Capital Markets Rules, the Audit Committee is composed of non-executive directors, the majority of which being independent. Mr Dorian Desira is a non-executive director and holds the position of Chief Financial Officer of the parent company.

The Board considers Mr Karl Fritz to be competent in accounting and/or auditing in terms of the Capital Markets Rules. Furthermore, the Board considers that the Audit Committee, as a whole, to have relevant competence in the sector the Company is operating.

The Audit Committee met seven times during 2022 and five times during 2023. Communication with and between the Secretary, top level management and the Committee is ongoing and considerations that required the Committee's attention were acted upon between meetings and decided by the Members (where necessary) through electronic circulation and correspondence.

Internal Control

While the Board is ultimately responsible for the Group's internal controls as well as their effectiveness, authority to operate the Group is delegated to the Chief Executive Officer.

The Group's system of internal controls is designed to manage all the risks in the most appropriate manner. However, such controls cannot provide an absolute elimination of all business risks or losses. Therefore, the Board, inter alia, reviews the effectiveness of the Group's system of internal controls in the following manner:

1. Reviewing the Group's strategy on an on-going basis as well as setting the appropriate business objectives in order to enhance value for all stakeholders;
2. Implementing an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives;
3. Appointing and monitoring the Chief Executive Officer whose function is to manage the operations of the Group;
4. Identifying and ensuring that significant risks are managed satisfactorily; and
5. Company policies are being observed.

Corporate Social Responsibility

The Board is mindful of and seeks to adhere to sound principles of Corporate Social Responsibility in their daily management practices, which is also extended throughout the Company's subsidiary companies. There is continuing commitment to operate the business ethically at all times, at the same time as contributing to economic development whilst improving the quality of life of its employees and their families together with the local community and society at large.

In carrying on its business, the Group is fully aware of its obligation to preserving the environment and has, in fact, put in place a number of policies aimed at respecting the environment and reducing waste.

Relations with the market

The market is kept up to date with all relevant information, and the Company regularly publishes such information on its website to ensure consistent relations with the market.

Non-compliance with the code

Principle 7: Evaluation of the board's performance
Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role as the Board's performance is always under scrutiny of the shareholders of the Company.

Principle 8: Committees
Under the present circumstances the Board does not consider it necessary to appoint a remuneration committee and a nomination committee as decisions on these matters are taken at shareholder level.

Principle 10: Institutional shareholders
This principle is not applicable since the Company has no institutional shareholders.

Signed on behalf of the Board of Directors on 22 April 2024 by Mr. David Bonett (Chairman and Director) and Mr. Dorian Desira (Director).

Other disclosures in terms of Capital Markets Rules

Statement by the directors pursuant to Capital Markets Rule 5.70.1

Contracts of significance

Loan agreements with subsidiaries and related parties

The Company has loans payable and receivable to/from subsidiaries and related parties, which are disclosed in the financial statements.

Rental agreements with related parties

The subsidiaries of 1923 Investments p.l.c. have entered into rental agreements with a related party. The agreed rates have been set on an arms' length basis.

Pursuant to Capital Markets Rule 5.70.2

Company secretary and registered office

Adrian Mercieca
Nineteen Twenty-Three
Valletta Road
Marsa MRS 3000
Malta

Signed on behalf of the Board of Directors on 22 April 2024 by Mr. David Bonett (Chairman and Director) and Mr. Dorian Desira (Director).

Statements of profit or loss and other comprehensive income

	Notes	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Revenue	7	**281,765,007**	**197,547,492**	**873,256**	**1,110,000**
Cost of sales		(250,903,836)	(175,123,980)	-	-
Gross profit		**30,861,171**	**22,423,512**	**873,256**	**1,110,000**
Other operating income/ (expenses)	8	72,440	(113,694)	-	-
Administrative expenses		(21,245,817)	(13,753,044)	(2,482,022)	(2,206,601)
Operating profit (loss)		**9,687,794**	**8,556,774**	**(1,608,766)**	**(1,096,601)**
Investment income	9	901,846	36,945	3,940,460	6,368,299
Finance costs	10	(5,672,263)	(4,648,598)	(3,977,481)	(2,541,914)
Finance income	9	341,665	-	761,918	-
Share of results in joint ventures	22	(54,124)	328,017	-	-
Impairment of assets in subsidiaries	21	(128,659)	-	(4,508,744)	-
Gain from sale of subsidiary		2,187,913	-	3,425,000	-
Profit/ (loss) before tax from continuing operations	11	**7,264,172**	**4,273,138**	**(1,967,613)**	**2,729,784**
Tax (expense) credit	14	(3,321,443)	(1,364,709)	55,789	(210,206)
Profit/ (loss) for the year from continuing operations		**3,942,729**	**2,908,429**	**(1,911,824)**	**2,519,578**
Profit from discontinued operations	25	**1,157,788**	**4,337,585**	**-**	-
Profit/ (loss) for the period		**5,100,517**	**7,246,014**	**(1,911,824)**	**2,519,578**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Fair value movement		(207,408)	-	-	-
Exchange differences on translating foreign operations		3,681,450	666,338	-	-
Total comprehensive income		**8,574,559**	**7,912,352**	**(1,911,824)**	**2,519,578**
Profit/(loss) attributable to:					
Owners of the company		4,882,365	6,749,036	**(1,911,824)**	2,519,578
Non-controlling interest		218,152	496,978	-	-
		5,100,517	**7,246,014**	**(1,911,824)**	**2,519,578**
Total comprehensive income attributable to:					
Owners of the company		8,356,407	7,415,374	**(1,911,824)**	2,519,578
Non-controlling interest		218,152	496,978	-	-
		8,574,559	**7,912,352**	**(1,911,824)**	**2,519,578**

Statements of financial position

	Notes	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Assets					
Non-current					
Goodwill	16	66,265,971	63,283,683	-	-
Intangible assets	17	21,220,545	12,077,990	21,452	10,082
Plant and equipment	18	5,749,482	13,663,641	9,311	12,329
Right-of-use assets	19	13,724,716	11,020,282	84,622	-
Investment in subsidiaries	21	-	-	55,640,585	68,041,520
Investment in associates	22	-	830,726	-	-
Investment in joint ventures	22	1,192,711	1,381,659	682,375	682,375
Other investment	23	1,142,569	1,149,977	-	-
Loans and receivables	24	8,719,347	9,418,878	26,472,711	26,750,380
Deferred tax assets	38	1,139,038	1,945,153	341,602	285,806
		119,154,379	**114,771,989**	**83,252,658**	**95,782,492**
Current					
Inventories	26	23,602,868	19,061,454	-	-
Loans and receivables	24	22,506,273	5,294	28,844,756	5,051,486
Contract assets	7	1,114,392	483,471	-	-
Other assets	27	6,132,107	2,670,065	179,905	179,840
Trade and other receivables	28	13,823,744	13,965,459	100,737	95,750
Cash and cash equivalents	29	11,162,493	10,312,277	139,590	727,660
Current tax assets		1,722,335	2,368,401	1,053,656	1,353,991
		80,064,212	**48,866,421**	**30,318,644**	**7,408,727**
Total assets		**199,218,591**	**163,638,410**	**113,571,302**	**103,191,219**
Equity					
Share capital	30	52,135,000	52,135,000	52,135,000	52,135,000
Other equity	31	(2,874,144)	(4,741,736)	154,629	154,629
Retained earnings		12,942,008	10,520,184	(1,028,903)	882,921
Translation reserve	32	1,173,732	(3,415,893)	-	-
Attributable to equity holders of the parent		63,376,596	54,497,555	51,260,726	53,172,550
Non-controlling interest		5,214,985	5,039,034	-	-
Total equity		**68,591,581**	**59,536,589**	**51,260,726**	**53,172,550**
Liabilities					
Non-current					
Debt securities in issue	33	-	35,839,176	-	35,839,176
Borrowings	34	19,045,082	6,319,288	19,045,082	5,227,616
Lease liabilities	20	9,885,736	7,913,227	71,433	-
Trade and other payables	35	2,575,874	730,282	-	-
Other financial liabilities	37	-	4,114,275	290,589	4,863,789

Deferred tax liabilities	38	1,454,832	1,236,674	-	-
		32,961,524	**56,152,922**	**19,407,104**	**45,930,581**
Current					
Debt securities in issue	33	35,920,080	-	35,920,080	-
Borrowings	34	11,560,292	6,980,055	4,499,120	1,524,683
Lease liabilities	20	3,741,721	3,651,700	14,343	-
Trade and other payables	35	44,592,684	32,836,912	778,672	1,017,035
Contract liabilities	36	1,813,447	3,716,777	-	-
Other financial liabilities	37	32,405	-	1,691,257	1,546,370
Current tax liability		4,857	763,455	-	-
		97,665,486	**47,948,899**	**42,903,472**	**4,088,088**
Total liabilities		**130,627,010**	**104,101,821**	**62,310,576**	**50,018,669**
Total equity and liabilities		**199,218,591**	**163,638,410**	**113,571,302**	**103,191,219**

The financial statements were approved and authorised for issue by the Board of Directors on 22 April 2024. The financial statements were signed on behalf of the Board of Directors by Mr. David Bonett (Chairman and Director) and Mr. Dorian Desira (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Statement of changes in equity – the group

	Share capital	Other equity	Retained earnings	Translation reserve	Attributable to equity holders of the parent	Non-controlling interest	Total equity
	€	€	€	€	€	€	€
At 1 January 2022	52,135,000	(4,741,736)	4,556,155	(4,082,231)	47,867,188	4,964,072	52,831,260
Transactions with owners:							
Dividend paid	-	-	(785,007)	-	(785,007)	(422,016)	(1,207,023)
	-	**-**	**(785,007)**	**-**	**(785,007)**	**(422,016)**	**(1,207,023)**
Profit for the year	-	-	6,749,036	-	6,749,036	496,978	7,246,014
Other comprehensive income for the year	-	-	-	666,338	666,338	-	666,338
Total comprehensive income	**-**	**-**	**6,749,036**	**666,338**	**7,415,374**	**496,978**	**7,912,352**
At 31 December 2022	**52,135,000**	**(4,741,736)**	**10,520,184**	**(3,415,893)**	**54,497,555**	**5,039,034**	**59,536,589**
At 1 January 2023	52,135,000	(4,741,736)	10,520,184	(3,415,893)	54,497,555	5,039,034	59,536,589

Transactions with owners:							
Dividend paid	-	-	-	-	-	(42,202)	(42,202)
	-	**-**	**-**	**-**	**-**	**(42,202)**	**(42,202)**
Profit for the year	-	-	4,882,365	-	4,882,365	218,152	5,100,517
Other comprehensive income for the year	-	-	-	3,681,450	3,681,450	-	3,681,450
Fair value movement	-	(207,408)	-	-	(207,408)	-	(207,408)
Total comprehensive income	**-**	**(207,408)**	**4,882,365**	**3,681,450**	**8,356,407**	**218,152**	**8,574,559**
Other movements	-	-	522,635	-	522,635	-	522,635
Transfer between reserves on disposal of subsidiary	-	2,075,000	(2,983,175)	908,175	-	-	-
	-	**2,075,000**	**(2,460,540)**	**908,175**	**522,635**	**-**	**522,635**
At 31 December 2023	**52,135,000**	**(2,874,144)**	**12,942,008**	**1,173,732**	**63,376,596**	**5,214,985**	**68,591,581**

Retained earnings include current and prior period results as disclosed in the statements of profit or loss and other comprehensive income.

Retained earnings include an amount of € 1,139,038 (2022: € 1,945,153) relating to deferred tax assets which are undistributable in terms of the Companies Act, Cap 386.

Statement of changes in equity – the company

	Share capital	Other equity	Retained earnings (accumulated losses)	Total
	€	€	€	€
At 1 January 2022	52,135,000	154,629	(851,650)	51,437,979
Profit for the year	-	-	2,519,578	2,519,578
Total comprehensive Income	**-**	**-**	**2,519,578**	**2,519,578**
Dividend	**-**	**-**	**(785,007)**	**(785,007)**

At 31 December 2022	**52,135,000**	**154,629**	**882,921**	**53,172,550**
At 1 January 2023	52,135,000	154,629	882,921	53,172,550
Loss for the year	-	-	(1,911,824)	(1,911,824)
Total comprehensive Income	**-**	**-**	**(1,911,824)**	**(1,911,824)**
At 31 December 2023	**52,135,000**	**154,629**	**(1,028,903)**	**51,260,726**

Retained earnings include current and prior period results as disclosed in the statements of profit or loss and other comprehensive income.

Statements of cash flows

	Notes	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Operating activities					
Profit before tax		7,264,172	4,273,138	(1,967,613)	2,729,784
Adjustments	39	16,025,682	9,039,366	446,914	(3,821,788)
Net changes in working capital	39	(6,135,667)	(10,382,831)	(542,373)	311,106
Interest paid		(3,874,711)	(2,919,367)	(3,407,940)	(2,297,670)
Tax paid		(2,716,702)	(3,830,196)	(7)	-
Tax refunded		1,338,754	448,085	608,267	448,085
Net cash generated from (used in) continuing operations		**11,901,528**	**(3,371,805)**	**(4,862,752)**	**(2,630,483)**
Net cash generated from discontinued operations		**1,646,089**	**5,397,754**	**-**	**-**
Net cash generated from (used in) operating activities		**13,547,617**	**2,025,949**	**(4,862,752)**	**(2,630,483)**
Investing activities					
Payments to acquire plant and equipment	18	(6,463,615)	(2,447,731)	(2,543)	(12,769)

Payments to acquire intangible assets	17	(1,709,925)	(757,855)	(16,000)	(10,520)
Proceeds from disposal of plant and equipment		541,433	113,542	-	-
Interest received		-	-	380,537	178,360
Payments to acquire other investments		(200,000)	-	-	-
Investment in subsidiary undertakings		-	-	(22,382,810)	(1,208,943)
Advances to subsidiaries		-	-	(3,300,000)	(2,000,000)
Repayment to joint venture		-	-	-	-
Advances from parent company		27,300,000	3,000,000	27,300,000	3,000,000
Repayment to parent company		-	-	(83,551)	-
Cash paid upon full acquisition of subsidiary		(43,036,389)	-	-	-
Cash disposed upon sale of subsidiary		(1,518,439)	-	-	-
Dividends received from subsidiaries		-	-	706,698	4,142,225
Dividends received from associates		-	686,000	-	-
Dividend received from joint ventures		134,824	-	-	-
Net cash (used in) generated from continuing operations		**(24,952,111)**	**593,956**	**2,602,331**	**4,088,353**
Net cash used in discontinued operations		**(129,133)**	**(2,290,903)**	**-**	**-**
Net cash (used in) generated from investing activities		**(25,081,244)**	**(1,696,947)**	**2,602,331**	**4,088,353**
Financing activities					
Dividends paid		(42,202)	(1,207,023)	-	(785,007)
Repayment of loan to related parties		-	(3,500,000)	(1,121,929)	(3,500,000)
Advances from/(repayments to) parent company		-	4,000,000	(412,135)	4,000,000
Net loans/advances to subsidiary		-	-	6,176,018	2,429,926
Advances to subsidiary		-	-	(19,753,289)	(2,700,000)
Proceeds from bank loans and other facilities	34	21,400,000	1,845,950	21,400,000	-
Repayments of bank loans		(5,023,971)	(1,472,500)	(4,608,097)	(1,472,500)
Payments for lease obligations to third parties		(4,727,649)	(3,100,863)	-	-
Payments for lease obligations to related companies		(193,277)	(258,715)	(6,269)	-
Interest paid on leasing arrangements with third parties		(855,142)	(426,661)	-	-
Interest paid on leasing arrangements related company		(26,552)	(23,811)	(1,948)	-

Net cash generated from (used in) continuing operations		**10,531,207**	**(4,143,623)**	**1,672,351**	**(2,027,581)**
Net cash used in discontinued operations		**(507,442)**	**(240,368)**	**-**	**-**
Net cash generated from (used in) financing activities		**10,023,765**	**(4,383,991)**	**1,672,351**	**(2,027,581)**
Net change in cash and cash equivalents		**(1,509,862)**	**(4,054,989)**	**(588,070)**	**(569,711)**
Cash and cash equivalents, beginning of year		5,611,183	9,666,172	727,660	1,297,371
Cash and cash equivalents, end of year	29	**4,101,321**	**5,611,183**	**139,590**	**727,660**

Notes to the financial statements

1 Nature of operations

The principal activities of the group are the sale and distribution of Apple Products as an Apple Premium Partner, as well as the sale, maintenance and servicing of information technology solutions, security systems and provides electronic payment solutions. As from 1 January 2018, the group was also engaged in providing road, sea and air logistics services in Malta and in Poland. On 30 April 2020, the company purchased a Ship to Ship business from Teekay Tankers Limited to strengthen its presence in the logistics sector. In June 2022, E-Lifecycle Holdings GmbH was incorporated in Germany to operate under the iRiparo and Uzed brands, offering high quality mobile device repair and the sale of refurbished phones and of accessories.

On 28 April 2023, 1923 Investments sold its holdings in Hili Logistics Limited and therefore no longer provides road, sea and air logistics services

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

2 General information, statement of compliance with IFRS and going concern assumption

The company was incorporated on 23 December 2013 as a holding company. The registered address and principal place of business of the company is Nineteen Twenty-Three, Valletta Road, Marsa MRS 3000, Malta.

The company is a public company whose bonds are publicly listed and traded on the Malta Stock Exchange.

The financial statements of the company and the consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap 386.

3 Going Concern

The going concern basis underlying the preparation of these financial statements assumes that the group's and the Company's lenders and creditors will continue to provide the financial support necessary to enable the Group and the Company to meet their debts as and when they fall due.

At the reporting date, the Group and the Company had a net current liability position of €17.6 million and €12.6 million respectively (2022 net current assets of: €0.9 million and €3.3 million respectively).

The net current liability is related primarily to the €36 million bond which matures in December 2024 and is therefore classified as a current liability. The Group is expected to generate significant cash from the operations of iSpot and Cortland which are performing in line with the Group's expectations. The Company is also in the process of seeking funding from credit financial institutions and group related companies to be in a position to meet its obligations. The directors feel confident that the Company will secure the necessary funding in the coming months.

The directors have taken and are evaluating various measures to ensure that the Group and the Company will continue to have adequate levels of cash to sustain its operations.

4 New or revised Standards or Interpretations

4.1 New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the group's financial results or position.

Other Standards and amendments that are effective for the first time in 2023 and could be applicable to the group are:

• Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendmentsto IAS 12)
• Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
• Definition of Accounting Estimates (Amendments to IAS 8)
• International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

4.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the company and no Interpretations have been issued that are applicable and need to be taken into consideration by the company.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
• Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
• Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
• Non-current Liabilities with Covenants (Amendments to IAS 1)
• Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

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 not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

5 Summary of accounting policies

5.1 Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the group's material accounting policies below are appropriate.

The consolidated financial statements have been prepared from the financial statements of the companies comprising the group as detailed in notes to the consolidated financial statements.

5.2 Presentation of financial statements

The consolidated financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements* (IAS 1).

5.3 Basis of consolidation

The group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2023. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiaries have a reporting date of 31 December .

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

5.4 Business combinations

The group applies the acquisition method in accounting for business combinations. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

5.5 Investment in subsidiaries

Investment in subsidiaries is included in the company's statement of financial position at cost less any impairment loss that may have arisen. Income from investment is recognised only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At the end of each reporting period, the company reviews the carrying amount of its investment in subsidiaries to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in profit or loss.

5.6 Investment in joint ventures

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates/joint ventures are initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of net assets of the associates/joint ventures, less any impairment in the value of individual investments.

When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

5.7 Acquisition of entities and businesses under common control

The acquisition of subsidiaries under common control is accounted for under the principles of predecessor accounting as from the date these subsidiaries are acquired by the holding company's parent at their previous carrying amounts of assets and liabilities included in the consolidated financial statements of the company's parent. Differences on acquisition between the consideration given in exchange for the acquired entities and the amounts at which the assets and liabilities of the acquired are initially recognised are included within equity.

5.8 Acquisition of subsidiaries

The acquisition of subsidiaries that are not under common control is accounted for by applying the acquisition method. The consideration is measured as the aggregate of the fair values, at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred, except for costs to issue debt or equity securities.

The acquiree's identifiable assets and liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except as specifically required by other IFRS as adopted by the EU. A contingent liability assumed in a business combination is recognised at the acquisition date if there is a present obligation that arises from past events and its fair value can be measured reliably.

The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, in preparing these consolidated financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by group entities. Intra-group balances, transactions, income and expenses are eliminated on consolidation.

5.9 Goodwill

Goodwill arising in a business combination that is accounted for using the acquisition method is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of (a) the aggregate of: (i) the consideration transferred; (ii) the amount of any non-controlling interests in the acquiree; and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

The goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Any gain on a bargain purchase, after reassessment, is recognised immediately in profit or loss.

5.10 Non-controlling interest

Non-controlling interests in the acquiree that are present ownership interests and entitle their shareholders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at the present ownership interests proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis. After initial recognition, non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the holding company's owners' equity therein. Non-controlling interests in the profit or loss and other comprehensive income of consolidated subsidiaries are also disclosed separately. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

5.11 Revenue recognition

Revenue for the group arises mainly from the sale and distribution of Apple Products as an Apple Premium Partner, as well as from the sale, maintenance and servicing of information technology solutions, security systems and providing electronic payment solutions. The group is also engaged in selling and repairing used electronic devices and accessories in Germany.

To determine whether to recognise revenue, the group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The group often enters into transactions involving a range of products and services, as described above. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the group satisfies performance obligations by transferring the promised goods or services to its customers.

The group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position (see note 36). Similarly, if the group satisfies a performance obligation before it receives the consideration, the group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale and distribution of Apple products

Revenue from the sale of Apple products for a fixed fee is recognised when or as the group transfers control of the assets to the customer. Amounts receivable for products transferred are due upon receipt by the customer, which is usually immediately upon the sale of the product to the customer. Control for these products is transferred at the point in time and occurs when the customer takes undisputed delivery of the goods.

The group provides a basic one year product warranty on its Apple products sold to customers. Under the terms of this warranty, customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. The standard warranty does not provide a service which enhances, or is in any way or manner an addition to the standard assurance to the product performance. These warranties are accounted for under IAS 37.

Repairs and Maintenance of used electronic devices

Revenue from the repair of any type of smartphone and tablet is recognised when our technicians provide such service to the customer, which is usually provided within 24 hours.

Sale and repair of Uzed electronic devices

Revenue from the sale of used electronic products within our Uzed brand for a fixed fee is recognised when or as the group transfers control of the assets to the customer. Amounts receivable for products transferred are due upon receipt by the customer, which is usually immediately upon the sale of the product to the customer. Control for these products is transferred at the point in time and occurs when the customer takes undisputed delivery of the goods.

Sale of information technology solutions, security systems and other machinery

Revenue from the sale of information technology solutions, security systems and other machinery for a fixed fee is recognised when or as the group transfers control of the assets to the customer. Invoices for products and services transferred are due upon receipt by the customer, which is usually upon the sale of the product to the customer and installation of the items or products sold. Control for these products is usually transferred at the point in time and occurs when the customer takes undisputed delivery of the goods.

When such items are either customised or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the group has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognised over time as the customisation or integration work is performed, using the cost-to-cost method to estimate progress towards completion. As costs are generally incurred uniformly as the work progresses and are considered to be proportionate to the entity's performance, the cost-to-cost method provides a faithful depiction of the transfer of goods and services to the customer.

Each major contract is nevertheless evaluated for revenue recognition on its own and the group determines when control is effectively transferred depending on the specific circumstances.

For sales of software that are neither customised by the group nor subject to significant integration services, the licence period commences upon delivery. For sales of software subject to significant customisation or integration services, the licence period begins upon commencement of the related services.

Maintenance and servicing

The group enters into fixed price maintenance contracts with its customers for terms between one and three years in length. Customers are required to pay either quarterly or yearly in advance for each respective service period and the relevant payment due dates are specified in each contract.

The group enters into agreements with its customers to perform regularly scheduled maintenance services on the various goods purchased from the group. Revenue is recognised over time based on the ratio between the number of hours of maintenance services provided in the current period and the total number of such hours expected to be provided under each contract. This method best depicts the transfer of services to the customer because: (a) details of the services to be provided are specified as part of the agreed maintenance program relative to the maintenance requirements of the items sold, and (b) the group has a long history of providing these services to its customers, allowing it to make reliable estimates of the total number of hours involved in providing the service.

Consulting and development of IT systems

The group enters into contracts for the design, development and installation of IT systems in exchange for a fixed fee and recognises the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. When a contract also includes promises to perform after-sales services, the total transaction price is allocated to each of the distinct performance obligations identifiable under the contract on the basis of its relative stand-alone selling price.

To depict the progress by which the group transfers control of the systems to the customer, and to establish when and to what extent revenue can be recognised, the group measures its progress towards complete satisfaction of the performance obligation by comparing actual hours spent to date with the total estimated hours required to design, develop, and install each system. The hours-to-hours basis provides the most faithful depiction of the transfer of goods and services to each customer due to the group's ability to make reliable estimates of the total number of hours required to perform, arising from its significant historical experience constructing similar systems.

Most such arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position (see note 36).

The construction of IT systems normally takes 10 – 12 months from commencement of design through to completion of installation. As the period of time between customer payment and performance will always be one year or less, the group applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

In obtaining these contracts, the group incurs some incremental costs. As the amortisation period of these costs, if capitalised, would be less than one year, the group makes use of the practical expedient in IFRS 15.94 and expenses them as they incur. Such incremental costs are not considered to be material.

Payment gateway

The group enters into transactions with parties for the access to a payment gateway. The group's revenue is mainly derived from the actual volume of traffic on the payment gateway and on other fixed charges. The price is agreed and established with the customer in written contracts and is allocated to the performance obligation accordingly. Prices are based on established amounts for such services. The transaction price for a contract excludes any amounts collected on behalf of third parties.

5.12 Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. These are reported within 'investment income' and 'finance costs'.

Dividends are recognised at the time the right to receive payment is established.

5.13 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service as incurred .

5.14 Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

5.15 Employee benefits

The group contributes towards the state pension in accordance with local legislation. The only obligation of the group is to make the required contributions. Costs are expensed in the period in which they are incurred.

5.16 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective group entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the profit or loss.

Non-monetary items are not retranslated at the year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the group's financial statements, all assets, liabilities and transactions of group entities with a functional currency other than the Euro are translated into Euro upon consolidation. The functional currency of the entities in the group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Euro at the closing rate at the reporting date. Income and expenses have been translated into Euro at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5.17 Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost, being the fair value at the acquisition date for intangible assets acquired in a business combination. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria or the item is acquired in a business combination and cannot be recognised as an intangible asset, in which case it forms part of goodwill at the acquisition date.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Patents and trademarks

Patents and trademarks are classified as intangible assets. After initial recognition, patents and trademarks are carried at cost less any accumulated amortisation and any accumulated impairment losses. Patents and trademarks are amortised on a straight-line basis over ten years.

Internally developed software and acquired licences

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

• the development costs can be measured reliably
• the project is technically and commercially feasible
• the group intends to and has sufficient resources to complete the project
• the group has the ability to use or sell the software
• the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 5.21. The following useful lives are applied:

	Years
Internally developed software and acquired licences	3 – 10

Patents and trademarks	7 – 10

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing as described in note 5.21.

Amortisation is included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

5.18 Plant and equipment

The group's plant and equipment are classified into the following classes – improvements to premises, equipment, motor vehicles and furniture, fixtures and fittings.

Plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of plant and equipment is recognised as an expense when incurred.

Plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over its estimated useful lives, using the straight-line method, on the following bases:

	Years
Improvements to premises	2.5 – 5
Equipment	10 – 33
Motor vehicles	10 – 25
Furniture, fixtures and fittings	10 – 25

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

5.19 Right-of-use assets

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually. For leases on buildings, the right-of-use assets are being amortised over the lease term.

5.20 Leases

Measurement and recognition of leases

At lease commencement date, the group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, the group has opted to disclose right-of-use assets and lease liabilities as separate financial statement line items.

5.21 Impairment testing of intangible assets and plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Estimating value in use when determining the recoverable amount will require entities to assess whether climate-related issues have an impact on the business plans and financial and operational assumptions used (ie discount rate, long-term growth rate). Climate-related issues may also impact the methodology used to perform impairment tests (eg forecasting cash flow beyond business plans to consider effects of commitments taken by the company). The impact on impairment tests may come from the Group's climate-related commitments, expected changes in environmental regulations, future changes in customer demand, any adaptation of production models or process, any effect of the price increase of certain products or raw materials due to production processes being more environmentally friendly, the increase in insurance premiums due to the increased probability of natural disasters, etc.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, the group's 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. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the group's management.

Impairment losses are recognised immediately in profit or loss. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.22 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the group and the company become a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

In the periods presented, the group and the company do not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or investment income, except for impairment of trade receivables which is presented within administrative expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, loans and receivables, contract assets and trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI (the group had no debt-type financial assets at FVOCI), trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss (the group had no financial guarantee contracts).

The group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 45.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The group's financial liabilities include debt securities in issue, borrowings, lease liabilities and trade and other payables and other financial liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The group does not hold derivatives and financial liabilities designated at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or investment income.

5.23 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method for the retail and IT solutions in Poland and the first in first out method for the technology division in Malta, and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

5.24 Income taxes

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carry forward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries/associates/interests in joint arrangements where the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries/associates/interests in joint arrangements where it is probable that taxable profit will be available against which the temporary difference can be utilised and it is probable that the temporary difference will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the group entities have a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5.25 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented as borrowings in current liabilities in the statement of financial position.

5.26 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings (accumulated losses) include all current and prior period results as disclosed in the consolidated statement of profit or loss and other comprehensive income less dividend distributions.

Translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the group's entities denominated in foreign currencies.

Dividend distributions payable to equity shareholders are included with short-term financial liabilities when the dividends are approved in general meeting prior to the end of the reporting period.

5.27 Provisions and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the group and the company have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the group and the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

5.28 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the group that have the most significant effect on the financial statements.

Recognition of service and contract revenues

As revenue from after-sales maintenance agreements and consulting and development of systems contracts is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied. For after-sales maintenance agreements this requires an estimate of the quantity of the services to be provided, based on historical experience with similar contracts. In a similar way, recognising revenue for consulting and development of systems contracts also requires significant judgment in determining the estimated number of hours required to complete the promised work when applying the hours-to-hours method described in note 5.11. Management however considers that any variance in estimates on ongoing contracts would be insignificant to the group.

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired (see note 5.17).

Climate related matters

The potential impact of climate-related matters has been considered in the preparation of financial statements, including environmental legislations and commitments made by the Group which may affect the value of financial assets and liabilities. In many cases, the judgements applied refer to the recoverable amount of assets and useful life of tangible assets (see Note 5.18).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see note 5.24).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Climate-related matters

The long-term consequences of climate changes on financial statements are difficult to predict and require entities to make significant assumptions and develop estimates.

Impairment of intangible assets including goodwill and tangible assets

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 (see note 5.21). 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.

The group tests goodwill and intangible assets with an indefinite useful life annually for impairment or more frequently if there are indications that goodwill or 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.

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

Furthermore, following an in-depth review of the projections, management opted to include an execution risk premium (based on their professional judgement) to mitigate the current forecasting uncertainty and to obtain added comfort that the carrying value of the intangible assets is indeed recoverable.

At 31 December 2023, goodwill of the group was allocated as follows:

- € 20,902,812 (2022: € 18,014,053) to the polish subsidiary iSpot Poland Sp. Z.o.o. which operates the Apple Premium Partner Business.
- € 37,869,672 (2022: NIL) to the polish subsidiary Cortland Sp. Z.o.o. (acquired on 31 March 2023) which operates the Apple Premium Partner Business.
- € 3,860,898 (2022: € 3,860,898) to APCOPAY Limited (formerly APCO Systems Limited) which operates the electronic payment gateway.
- € 2,168,112 (2022: € 2,168,112) to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- € 1,464,477 (2022: € 1,464,477) to PTL Limited which operates in the business of selling and maintenance of IT solutions.
- NIL (2022: € 37,776,143) to Hili Logistics Limited (Disposed on 28 April 2023).

For further analysis of the movement within goodwill, refer to note 16 of these financial statements.

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.

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 five years and projection of terminal value using the perpetuity method;
- terminal growth rate of 2.1%; and
- use of 15.9% (pre-tax) (2022: 13.1%) 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 – 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 projection of terminal value using the perpetuity method;
- Terminal growth rate of 2% (2022: 2%); and
- use of 23.3% (pre-tax) (2022: 26.8%) 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.

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 projection of terminal value using the perpetuity method;
- Terminal growth rate of 2% (2022: 2%); and
- use of 21.4% – 24.4% (pre-tax) (2022: 18.6% - 20.5%) to discount the projected cash flows to net present values

6 Segment reporting

Throughout the period the group operated three (2022: four) business activities which are the sale of retail and IT solutions in Poland predominately as an Apple Premium Partner, the sale of payment processing services, the provision of IT solutions and security systems and the repair and sale of electronic devices in Germany.

Each of these operating segments is managed separately as each of these lines requires local resources. All inter segment transfers for management services are carried out on a cost basis.

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the year. The group's reportable segments under IFRS 8 are direct sales attributable to each line of business.

The group operated in three principal geographical areas – Malta (country of domicile), UK, Germany and Poland. The sale of payment processing services and the provision of IT solutions and security systems are derived mainly from Malta whilst the sale of Apple products is derived from Poland and the sale and repair of used electronic deivices is derived from Germany.

In 2023 and 2022, the group did not have any clients which individually represented 10% or more of the total revenue of the group.

As at the end of the reporting period the total amount of intangible assets and plant and equipment amounted to € 21,220,545 (2022: € 12,077,990) and € 5,749,482 (2022: € 13,663,641), respectively.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after 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 described in note 5.

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

Profit and loss before tax

	2023	**2022**
	€	**€**
Total profit for reportable segments	13,914,737	8,899,301
Unallocated amounts:		
Interest expense	(1,598,128)	(1,863,231)
Other unallocated amounts	(5,052,437)	(2,762,932)
	7,264,172	**4,273,138**

Assets

	2023	**2022**
	€	**€**
Total assets for reportable segments	189,407,623	124,376,750
Elimination of receivables	(128,024,585)	(73,824,490)
Unallocated amounts:		
Goodwill	66,265,971	63,283,683
Intangible assets	10,780,201	10,044,178
Plant and equipment	114,187	1,977,500
Right-of-use assets	565,487	412,383
Loans and receivables	55,317,467	31,342,146
Deferred tax assets	469,491	402,499
Trade and other receivables	1,445,662	421,496
Cash and cash equivalents	454,228	1,468,576
Current tax assets	1,210,602	1,890,775
Other unallocated amounts	1,212,257	1,842,914
	199,218,591	**163,638,410**

Liabilities

	2023 €	2022 €
Total liabilities for reportable segments	118,536,623	92,826,290
Elimination of liabilities	(50,823,839)	(40,872,776)
Unallocated amounts:		
Debt securities in issue	35,920,080	35,839,176
Other financial liabilities	2,012,313	8,843,159
Bank Loans	23,544,202	4,906,349
Lease liabilities	577,994	430,043
Deferred tax liabilities	-	371,910
Current tax liabilities	-	6,957
Trade and other payables	859,637	1,654,244
Other unallocated amounts	-	96,469
	130,627,010	**104,101,821**

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

The group's revenue and results from continuing operations from external customers and information about it assets and l
below:

	Retail and IT solutions (Poland and Germany) €	Payment processing services €	IT Solutions and security systems €	Discontinued Operations €	Total €
2023					
Revenue	281,774,085	4,772,328	10,714,164	-	297,260,577
Profit before tax	12,618,254	1,191,457	105,025	-	13,914,736
Depreciation and amortisation	10,924,493	465,265	162,620	-	11,552,378
Segment assets	176,864,616	3,525,789	9,017,218	-	189,407,623
Capital expenditure	7,458,274	577,246	156,402	-	8,191,923
Segment liabilities	110,293,276	1,625,413	6,617,933	-	118,536,622
Income tax expense	(2,435,125)	(408,574)	6,781	-	(2,836,918)
2022					
Revenue	193,403,333	4,604,475	12,491,266	-	210,499,074
Profit before tax	6,231,404	1,527,941	1,139,956	-	8,899,301
Depreciation and amortisation	4,220,576	430,667	362,534	1,441,818	6,455,595
Segment assets	90,049,392	3,580,621	9,584,110	21,162,627	124,376,750
Capital expenditure	2,589,304	349,698	61,677	2,467,649	5,468,328
Segment liabilities	61,123,358	1,638,130	6,996,634	23,068,168	92,826,290
Income tax expense	(1,367,946)	(560,865)	(378,517)	-	(2,307,328)

7 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	The group	The company	The company

	2023 €	2022 €	2023 €	2022 €
Sale and distribution of Apple products	263,337,046	178,286,710	-	-
Sale of IT related products	5,388,366	6,433,480	-	-
Rendering of services and development	5,245,598	4,964,894	-	-
Maintenance, support and servicing	3,862,306	4,081,716	-	-
Payment gateway services	3,931,691	3,780,692	-	-
Management fees	-	-	873,256	1,110,000
	281,765,007	**197,547,492**	**873,256**	**1,110,000**

Assets related to contracts with customers include amounts that the group expects to receive from performance obligations that have been satisfied before it receives the consideration and has not invoiced such amounts by the end of the year.

The sale and distribution of Apple products occurs in Poland. IT related products comprises the sale of information technology systems, security systems and other sale of products related to the technology business and is generated mainly from the Maltese operations of the group, with some projects being executed internationally. Revenue generated by E-Lifecycle in Germany is also included as part of the sale of IT related products, amounting to 13% of total sales in this category. All other revenue included in the above analysis is generated from the Maltese operations. All revenues relating to the logistics business have been included separately with discontinued operations in note 25.

Other information concerning the types of contracts and contract durations, as relevant, are provided in notes 5.11 and 36.

Revenue from sales under the above activities are direct sales to customers with only a very insignificant amount being generated through intermediaries.

The following are the amounts recognised as contract assets at the end of the reporting periods presented:

	The group 2023 €	The group 2022 €
Contract assets relating to rendering of services and development	851,420	363,758
Contract assets relating to commission income accrued on gateway	262,972	119,713
Total contract asset value	**1,114,392**	**483,471**

No single contract asset at 31 December 2022 exceeded 10% of the total contract asset at that date. At 31 December 2023, three projects exceeded 10% of total contract assets in one of the subsidiaries of Harvest Technology plc. These amounted to €507,413 which represent 46% of total contract asset value as shown above.

The assessment of credit losses on balances of contract assets at 31 December 2023 and 2022 did not result in any material amount and considered by management to be insignificant.

Unsatisfied long-term performance obligations

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2023:

	2024 €	2025 €	2026 €	Later €
Sale of goods	4,380,192	776,478	86,107	-
Consulting services and development	739,170	-	-	-
Maintenance and servicing	2,784,524	2,296,860	1,431,905	28,351
Total revenue expected to be recognised	**7,903,886**	**3,073,338**	**1,518,012**	**28,351**

The comparative information as at the end of the previous reporting period ending 31 December 2022 was as follows:

	2023 €	2024 €	2025 €	Later €
Sale of goods	2,748,438	1,055,459	1,057,638	-
Consulting services and development	589,521	120,000	-	-
Maintenance and servicing	2,330,053	2,167,819	2,197,320	343,357
Total revenue expected to be recognised	**5,668,012**	**3,343,278**	**3,254,958**	**343,357**

One of the subsidiaries experienced a decrease in unsatisfied long term contracts for 2024 as a result of a major contract which was not delivered in 2023, after the main subcontractor failed to deliver in accordance with the specifications laid down in the contract. The impact of this unsatisfied project is however not deemed to be material to the group and the management of the subsidiary company have taken all the necessary steps to recover any losses incurred. The unsatisfied long term contracts from 2024 onwards has been compensated by two major contracts won by another subsidiary at the end of 2023, where revenue will be recognized in the subsequent years.

Aggregated amounts of transaction prices relating to performance obligations arising from existing contracts that are unsatisfied or partially unsatisfied in relation to the discontinued operations as at 31 December 2022 amounted to € 2,859,880.

8 Other operating income/ (expenses)

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Other operating income/ (expenses)	72,440	(113,694)	-	-

9 Investment and finance income

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Interest income from ultimate parent	731,813	35,794	731,813	35,795
Interest income from other related parties	73,641	-	2,194,017	1,255,038
Dividends from subsidiaries	38,782	-	1,014,630	5,077,466
Bank interest	51,518	-	-	-
Other income	6,092	1,151	-	-
Finance income	341,665	-	761,918	-
	1,243,511	**36,945**	**4,702,378**	**6,368,299**

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Comprising:				
Investment income	901,846	36,945	3,940,460	6,368,299
Finance income	341,665	-	761,918	-
Investment and other income	**1,243,511**	**36,945**	**4,702,378**	**6,368,299**

10 Finance costs

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €

Interest on bank borrowings	1,914,436	469,658	1,448,351	297,992
Interest on bonds	1,836,000	1,836,000	1,836,000	1,836,000
Interest expense for leasing arrangements	881,694	428,877	1,948	-
Other interest	686	541,233	-	-
Intra-group interest payable	367,882	900,404	410,024	229,952
Other finance costs	590,661	391,522	200,254	97,066
Amortisation of bond issue costs	80,904	80,904	80,904	80,904
	5,672,263	**4,648,598**	**3,977,481**	**2,541,914**

11 Profit before tax

The profit before tax is stated after charging/(crediting):

	The group	The group	The company	The company
	2023	2022	2023	2022
	€	€	€	€
Depreciation and amortisation (notes 17 and 18)	5,507,796	3,168,959	9,165	4,599
Depreciation on right-of-use assets (note 19)	6,713,433	3,278,985	7,423	-
Bad debts written off	270,606	72,307	-	-
Increase in provision for bad debts	144,306	64,039	-	-
Increase in provision for inventories	87,176	63,559	-	-
Net exchange differences	(733,468)	77,946	(761,918)	170,633

The analysis of the amounts that are payable to the auditors and that are required to be disclosed, are as follows:

Group

Total remuneration payable to the parent company's auditors in respect of the audit of the financial statements and the undertakings included in the consolidated financial statements amounted to € 122,262 (2022: € 100,414) and the remuneration payable to the other auditors in respect of the audits of the undertakings included in the consolidated financial statements amounted to € 83,949 (2022: € 63,884). Other fees payable to the parent company's auditors for non-audit services, namely the review of interim financial information performed at one of the subsidiaries within the group, tax services and other fees, amounted to € 12,144 (2022: € 24,450).

Holding company

Total remuneration payable to the parent company's auditors for the audit of the company's financial statements amounted to € 9,200 (2022: € 8,950). There are no other fees payable to the parent company's auditors for non-audit services other than other assurance services and tax advisory services.

12 Key management personnel compensation

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Directors' compensations				
Short term benefits:				
Fees	90,086	154,687	90,086	98,000
Management remuneration	897,612	1,376,784	-	-
	987,698	**1,531,471**	**90,086**	**98,000**
Directors' compensations				
Short term benefits:				
Salaries and social security contributions	**197,239**	**217,149**	**-**	**-**
Total key management personnel compensation				
Short term benefits	**1,184,937**	**1,748,620**	**90,086**	**98,000**

13 Employee remuneration

Expenses recognised for staff costs are analysed below:

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Wages and salaries	17,717,036	14,684,908	1,157,530	1,090,922
Social security costs	3,080,651	1,147,270	24,006	14,925
Maternity fund contributions	10,365	9,806	721	743
	20,808,052	**15,841,984**	**1,182,257**	**1,106,590**
Capitalised wages	(473,582)	(529,855)	-	-
	20,334,470	**15,312,129**	**1,182,257**	**1,106,590**

The average number of persons employed during the year by the group excluding executive directors, was made up of:

	2023	The group 2022
Operations	556	394
Administration	181	120
	737	**514**

14 Tax expense

The major components of tax expense and the reconciliation of the expected tax expense (income) based on the effective tax rate of the group and the company at 35% (2022: 35%) and the reported tax expense (income) in the statements of profit or loss and other comprehensive income are as follows:

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Profit before tax	7,264,172	4,273,138	(1,967,613)	2,729,784
Tax rate	35%	35%	35%	35%

Expected tax expense/ (income)	**2,542,460**	**1,495,598**	**(688,665)**	**955,424**
Tax effect of:				
Different tax rates of subsidiaries operating in other jurisdictions	(1,595,161)	(1,061,721)	-	-
Over provision of tax in prior year	(77,610)	-	-	-
Non-taxable income	(472,704)	1,071,028	-	-
Disallowed expenses	2,926,966	(189,249)	632,876	(745,218)
Exchange differences	35	-	-	-
Unabsorbed tax losses	-	(5,366)	-	-
Permanent differences	(2,543)	54,419	-	-
Actual tax expense (income), net	**3,321,443**	**1,364,709**	**(55,789)**	**210,206**

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Comprising:				
Current tax expense	1,932,890	1,728,296	7	190,073
Foreign tax expense	88,625	24,230	-	-
Deferred tax (income) expense	1,299,928	(387,817)	(55,796)	20,133
	3,321,443	**1,364,709**	**(55,789)**	**210,206**

Refer to note 38 for information on the deferred tax movements of the group and the company.

15 Dividends

No dividends were declared and paid during 2023 (2022: € 785,007).

16 Goodwill

	The group €
At 1 January 2022	62,888,958
Effect of exchange differences on retranslation of goodwill on foreign subsidiaries	394,725
At 31 December 2022	**63,283,683**
At 1 January 2023	63,283,683
Effect of exchange differences on retranslation of goodwill on foreign subsidiaries	4,039,748
Acquisition of subsidiary	35,041,259
Disposal on sale of subsidiary	(36,098,719)
At 31 December 2023	**66,265,971**

Carrying amount	
At 31 December 2022	**63,283,683**
At 31 December 2023	**66,265,971**

On 31 March 2023, 1923 Investments through its subsidiary iSpot has fully acquired the shares of Cortland S.p. Z.o.o. The goodwill recognised on the acquisition of this subsidiary amounted to € 35,041,259. For more information in relation to this acquisition refer to note 41.

On 28 April 2023, 1923 Investments sold its shareholding in Hili Logistics Limited to HV Marine Limited. The goodwill transferred by way of sale of this subsidiary amounted to € 36,098,719. For more information in relation to this sale refer to note 25.

17 Intangible assets – The group

	€
Gross carrying amount	
At 1 January 2022	13,840,308
Additions	757,855
Disposals	(644)
Effect of foreign exchange differences	(199,880)
At 31 December 2022	**14,397,639**
At 1 January 2023	14,397,639
Additions	1,709,925
Additions recognised on acquisition of subsidiary	8,036,544
Impairment	(44,150)
Disposals	(288,353)
Disposal on disposal of subsidiary	(97,016)
Effect of foreign exchange differences	793,241
At 31 December 2023	**24,507,830**

	€
Amortisation	
At 1 January 2022	1,777,788
Provision for the year	550,207
Released on disposal	(644)
Effect of foreign exchange differences	(7,702)
At 31 December 2022	**2,319,649**
At 1 January 2023	2,319,649
Provision for the year	1,133,344
Recognised on acquisition of subsidiary	72,617
Released on disposal	(249,187)
Elimination on disposal of subsidiary	(107)
Effect of foreign exchange differences	10,969
At 31 December 2023	**3,287,285**
Carrying amount	

At 31 December 2022	**12,077,990**
At 31 December 2023	**21,220,545**

Intangible Assets – The company

At 1 January 2022	-
Additions	10,520
At 31 December 2022	**10,520**
At 1 January 2023	**10,520**
Additions	16,000
At 31 December 2023	**26,520**

	€
Amortisation	
At 1 January 2022	-
Provision for the year	438
At 31 December 2022	**438**
At 1 January 2023	**438**
Provision for the year	4,630
At 31 December 2023	**5,068**
Carrying amount	
At 31 December 2022	**10,082**
At 31 December 2023	**21,452**

18 Plant and equipment – The group

	Improvements to premises €	**Equipment €**	**Motor vehicles €**	**Furniture, fixtures and fittings €**	**Total €**
Cost					
At 1 January 2022	6,121,179	12,255,959	275,199	5,021,943	23,674,280
Additions	616,244	4,057,306	14,406	50,778	4,738,734
Disposals for the year	(124,368)	(583,310)	-	(2,862)	(710,540)
Effect of foreign currency exchange differences	(44,251)	572,737	(2,550)	(1,043)	524,893
At 31 December 2022	**6,568,804**	**16,302,692**	**287,055**	**5,068,816**	**28,227,367**
At 1 January 2023	6,568,804	16,302,692	287,055	5,068,816	28,227,367
Additions	4,036,135	1,398,100	-	1,158,513	6,592,748
Additions recognised on acquisition of subsidiary	464,912	842,480	33,830	1,284,014	2,625,236

Disposals for the year	(475,584)	(725,966)	-	(551,594)	(1,753,144)
Disposals upon sale of subsidiary	(2,353,961)	(11,759,712)	(154,990)	(85,278)	(14,353,941)
Impairment	(126,281)	(35,634)	-	(36,153)	(198,068)
Effect of foreign currency exchange differences	309,453	157,015	1,572	198,397	666,437
At 31 December 2023	**8,423,478**	**6,178,975**	**167,467**	**7,036,715**	**21,806,635**
Depreciation					
At 1 January 2022	3,525,026	4,514,103	242,288	4,022,697	12,304,114
Charge for the year	249,340	2,298,732	25,671	45,009	2,618,752
Released on disposal	(124,368)	(470,668)	-	(2,088)	(597,124)
Effect of foreign currency exchange differences	(35,386)	276,220	(1,802)	(1,048)	237,984
At 31 December 2022	**3,614,612**	**6,618,387**	**266,157**	**4,064,570**	**14,563,726**
At 1 January 2023	3,614,612	6,618,387	266,157	4,064,570	14,563,726
Charge for the year	3,034,767	835,151	1,936	502,598	4,374,452
Recognised on acquisition of subsidiary	217,866	782,410	16,191	1,100,407	2,116,874
Released on disposal	(335,712)	(527,319)	-	(524,779)	(1,387,810)
Disposals upon sale of subsidiary	(308,143)	(3,567,667)	(115,911)	(85,046)	(4,076,767)
Impairment	(4,226)	(2,633)	-	-	(6,859)
Effect of foreign currency exchange differences	264,183	89,585	(906)	120,675	473,537
At 31 December 2023	**6,483,347**	**4,227,914**	**167,467**	**5,178,425**	**16,057,153**
Carrying amount					
At 31 December 2022	**2,954,192**	**9,684,305**	**20,898**	**1,004,246**	**13,663,641**
At 31 December 2023	**1,940,131**	**1,951,061**	**-**	**1,858,290**	**5,749,482**

€

Gross carrying amount

At 1 January 2022	11,374
Additions	12,769
At 31 December 2022	**24,143**
At 1 January 2023	24,143
Additions	2,543
Disposals	(1,933)
At 31 December 2023	**24,753**
Depreciation	
At 1 January 2022	7,653
Provision for the year	4,161
At 31 December 2022	**11,814**
At 1 January 2023	11,814
Provision for the year	4,535
Disposals	(907)
At 31 December 2023	**15,442**
Carrying amount	
At 31 December 2022	**12,329**
At 31 December 2023	**9,311**

19 Right-of-use assets – The group

The following assets have been recognised as right-of-use assets of the group:

	Buildings	**Motor vehicles**	**IT equipment**	**Total**
	€	**€**	**€**	**€**
Gross carrying amount				
At 1 January 2022	17,164,623	841,466	-	18,006,089
Additions	2,881,856	125,875	-	3,007,731
Termination and expiry of leases	(6,908)	(61,533)	-	(68,441)
Foreign currency exchange differences	(268,669)	-	-	(268,669)
At 31 December 2022	**19,770,902**	**905,808**	**-**	**20,676,710**
At 1 January 2023	19,770,902	905,808	-	20,676,710
Additions	9,340,966	185,009	144,165	9,670,140
Recognised upon acquisition of subsidiary	3,926,568	-	-	3,926,568
Termination and expiry of leases	(2,642,114)	(110,874)	(5,064)	(2,758,052)
Disposed upon sale of subsidiary	(759,179)	(54,797)	-	(813,976)
Impairment	(2,914,674)	(11,862)	-	(2,926,536)
Foreign currency exchange differences	1,483,294	15,852	11,073	1,510,219
At 31 December 2023	**28,205,763**	**929,136**	**150,174**	**29,285,073**
Depreciation				
At 1 January 2022	6,169,666	337,016	-	6,506,682
Provision for the year	3,183,527	95,458	-	3,278,985
Termination and expiry of leases	(3,337)	(45,509)	-	(48,846)

Foreign currency exchange differences	(80,393)	-	-	(80,393)
At 31 December 2022	**9,269,463**	**386,965**	**-**	**9,656,428**
At 1 January 2023	9,269,463	386,965	-	9,656,428
Provision for the year	6,433,792	140,892	138,749	6,713,433
Recognised upon acquisition of subsidiary	1,057,786	-	-	1,057,786
Termination and expiry of leases	(1,730,539)	(113,652)	(4,904)	(1,849,095)
Disposed upon sale of subsidiary	(357,768)	(17,199)	-	(374,967)
Impairment	(455,306)	(3,675)	-	(458,981)
Foreign currency exchange differences	804,544	408	10,801	815,753
At 31 December 2023	**15,021,972**	**393,739**	**144,646**	**15,560,357**
Carrying amount				
At 31 December 2022	**10,501,439**	**518,843**	**-**	**11,020,282**
At 31 December 2023	**13,183,791**	**535,397**	**5,528**	**13,724,716**

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 year and other movements in right-of-use assets is included in the above table. Information pertaining to lease liabilities and their corresponding maturities are disclosed separately in note 20. Information about the accounting policy for the measurement and recognition of leases is disclosed in note 5.20.

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 up to 31 December 2022. During 2023, additions of buildings in Malta amounted to € 669,082 (2022: NIL). Additions of buildings amounting to € 6,835,209 (2022: € 1,803,857) made during the year comprise of additions in the Apple retail business in Poland at a rate of 5.39%. These additions include the signing of new contracts for the lease of outlets at iSpot. Additions of buildings also include € 3,926,568 (2022: NIL) recognised on acquisition of Cortland in Poland. Additions of buildings amounting to € 1,836,675 made during 2023 comprise of additions in E-Lifecycle Holdings GmbH in Germany at a rate of 3.93%. All of the additions in E-Lifecycle were impaired at the end of 2023. 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.

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.

Right-of-use assets – The Company

The following assets have been recognised as right-of-use assets of the Company:

	Buildings
Gross carrying amount	**€**
At 1 January 2023	-
Additions	92,045
At 31 December 2023	**92,045**

Depreciation	
At 1 January 2023	-
Provision for the year	7,423
At 31 December 2023	**7,423**
Carrying amount	
At 31 December 2022	**-**
At 31 December 2023	**84,622**

20 Leases – The group

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

	2023 €	2022 €
Current:		
Lease liability	3,741,721	3,651,700
Non-current:		
Lease liability	9,885,736	7,913,227
	13,627,457	**11,564,927**

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.

The range of the remaining lease term of the group's buildings is 1 – 8 years (2022: 1 – 9 years), whilst the range of the remaining lease term of both motor vehicles and IT equipment is 1 – 5 years (2022: 1 - 6 years).

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2023 were as follows:

	Minimum lease payments			
	Not later than one year €	Later than one year but not later than five years €	Later than five years €	Total €
31 December 2023				

Lease payments	5,304,515	10,897,479	241,788	16,443,782
Finance charges	(1,562,794)	(1,237,233)	(16,298)	(2,816,325)
Net present values (note 40)	**3,741,721**	**9,660,246**	**225,490**	**13,627,457**

Further to the above, note 40 details changes in the company's and the group's liabilities arising from financing activities including both cash and non-cash changes.

Future minimum lease payments at 31 December 2022 were as follows:

	Minimum lease payments			
	Not later than one year €	**Later than one year but not later than five years €**	**Later than five years €**	**Total €**
31 December 2022				
Lease payments	4,355,115	8,458,214	210,690	13,024,019
Finance charges	(703,415)	(745,004)	(10,673)	(1,459,092)
Net present values (note 40)	**3,651,700**	**7,713,210**	**200,017**	**11,564,927**

Lease payments not recognised as liabilities

The group leases certain properties in Poland whereby it is committed to pay monthly payments to lessors based on the sales of each particular shop. This is considered as variable lease payments and therefore not permitted to be recognised a lease liability and is expensed as incurred.

The lease expense recognised in the consolidated statement of profit or loss and other comprehensive income of the group for the year is as follows:

	2023 €	**2022 €**
Variable lease payments	819,273	763,591
	819,273	**763,591**

Leases – The Company

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

	2023 €	**2022 €**
Current:		
Lease liability	14,343	-
Non-current:		
Lease liability	71,433	-
	85,776	**-**

The company has leases for its buildings, garage and car spaces. Each lease is included in the statement of financial position as a right-of-use asset and a lease liability. The company does not have any other short-term leases (leases with an effected term of 12 months or less), leases of low-value underlying assets and variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of company sales).

The range of the remaining lease term of the company's buildings is 5 years (2022: NIL).

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2023 were as follows:

	Minimum lease payments			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
	€	€	€	€
31 December 2023				
Lease payments	20,117	80,470	-	100,587
Finance charges	(5,774)	(9,037)	-	(14,811)
Net present values (note 40)	**14,343**	**71,433**	**-**	**85,776**

Further to the above, note 40 details changes in the company's and the group's liabilities arising from financing activities including both cash and non-cash changes.

21 Investment in subsidiaries

21.1 The company

	2023	2022
	€	€
At 1 January	68,041,520	66,832,577
Additions through the setting up of a new company	-	1,208,743
Additions as a result of increase in share capital of subsidiary	3,300,000	200
Additions through the acquisition of subsidiary	22,382,810	-
Disposal of subsidiary	(33,575,000)	-
Impairment of investment in subsidiary	(4,508,745)	-
At 31 December	**55,640,585**	**68,041,520**

On 28 June 2022, the company incorporated a new subsidiary, E-Lifecycle Holdings GmbH, with an initial investment of € 1,178,500 and capitalised costs amounting to € 30,243. The transfer of € 1,178,500 as disclosed above, was effected through a cash consideration. An increase in the investment in this subsidiary took place during 2023 whereby the company injected a further € 3,300,000. The total investment in E-Lifecycle of € 4,508,744 was impaired at the end of 2023. The group's impairment of the net asset value as at end of year of this subsidiary amounted to € 128,659.

On 31 March 2023, the company through its subsidiary iSpot Poland Sp Z.o.o. entered into a share purchase agreement in terms of which it wholly acquired the shares issued in Cortland Sp Z.o.o.. The company invested an amount of € 22,382,810 directly in iSpot to enable it to complete the acquisition.

On 28 April 2023, the company entered into a share sale and transfer agreement with HV Marine Limited whereby it sold its entire holding in Hili Logistics Limited. The investment in this subsidiary originally amounted to € 33,575,000, whereas sale price amounted to € 37,000,000.

21.2 The group

1923 Investments p.l.c. has investments in the following subsidiaries:

Name of subsidiary	Place of incorporation	Proportion ownership interest 2023 %	Proportion ownership interest 2022 %	Holding	Portion voting power held 2023 %	Portion voting power held 2022 %	Principal activity
Harvest Technology p.l.c	Malta	62.95	62.95	Direct	62.95	62.95	Holding company
iSpot Poland Sp. z o.o	Poland	100	100	Direct	100	100	Sale of retail and IT solutions
Hili Logistics Limited	Malta	-	100	Direct	-	100	Holding company
E-Lifecycle Holdings GmbH	Germany	100	100	Direct	100	100	Sale of retail and IT solutions
PTL Limited	Malta	100	100	Indirect	100	100	Sale of IT solutions and security systems
APCO Limited	Malta	100	100	Indirect	100	100	Sale of IT solutions and security systems
APCOPAY Limited (Formerly APCO Systems Limited)	Malta	100	100	Indirect	100	100	Payment processing services
APCOPAY Ireland Limited (Liquidated)	Ireland	100	100	Indirect	100	100	Payment processing services
APCOPAY Greece S.A.	Greece	100	100	Indirect	100	100	The sale of a payment gateway service
PTLtech (Mauritius) Limited	Mauritius	100	100	Indirect	100	100	The sale of IT solutions and security systems
SAD Sp. z o.o	Poland	100	100	Indirect	100	100	Sale of retail and IT solutions
iSpot Premium Romania	Romania	100	100	Indirect	100	100	Sale of retail and IT solutions
Ipsyon Ltd	Malta	100	100	Indirect	100	100	Holding of intellectual property
Carmelo Caruana Company Limited	Malta	-	100	Indirect	-	100	Warehousing and ship-to-ship operations

STS Marine Solutions Limited	Jersey	-	100	Indirect	-	100	Holding company
STS Marine Solutions (UK) Limited	UK	-	100	Indirect	-	100	Backoffice services
STS Marine Solutions (Bermuda) Limited	Bermuda	-	100	Indirect	-	100	Ship-to ship operations
SPT Marine Transfer Services Limited	Bermuda	-	100	Indirect	-	100	Terminal management
Guardian L.L.C.	Marshall Islands	-	100	Indirect	-	100	Operation of vessel
Allcom Sp. z.o.o.	Poland	-	100	Indirect	-	100	Shipping and freight forwarding
Cortland Sp. Z.o.o.	Poland	100	N/A	Indirect	100	N/A	Sale of retail and IT solutions

Information about direct subsidiaries of the company is as follows:

Name of company	Registered office	Capital and reserves at 31 December		Profit/(loss) for the year ended 31 December	
		2023 €	2022 €	2023 €	2022 €
Harvest Technology p.l.c	Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000 Malta	13,417,499	12,747,416	783,989	893,616
iSpot Poland Sp. z o.o	UL. Pulawska 2, 02-566 Warsaw, Poland	53,252,059	23,734,229	6,711,941	4,894,088
iSpot Premium Romania	1st District, 246 B Floreasca street, Shopping Centre Promenada, first floor Unit no. 1F-055, Bucharest, Romania	(338,163)	(335,663)	(2,500)	(2,533)
Hili Logistics Limited	Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000 Malta	-	34,042,856	-	1,676,023
E-Lifecycle Holdings GmbH	Spedition str. 21 40221 Dusseldorf Germany	399,265	824,772	(3,342,097)	(550,228)

The company also has indirect investments in subsidiaries as follows:

Name of company	Registered office
PTL Limited	Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000 Malta
APCO Limited	Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000 Malta
APCOPAY Limited (formerly APCO Systems Limited)	Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000 Malta
APCO Greece S.A.	Municipality of Marousi of Attica, Prefecture, Greece

22 Investments accounted for using the equity method

The group's investments accounted for using the equity method comprise:

	The group 2023 €	The group 2022 €
Investment in associates	-	830,726
Investment in joint ventures	1,192,711	1,381,659
	1,192,711	**2,212,385**

22.1 Investment in associates

The group's investment in associate undertakings is analysed below:

	The group 2023 €	The group 2022 €
At 1 January	830,726	715,015
Share of profits and losses	-	801,711
Dividends from associate	-	(686,000)
Sale of investment	(830,726)	-
At 31 December	**-**	**830,726**

The group disposed of the associate through the sale of the Hili Logistics Limited division to another entity within the Hili Ventures Limited group.

The group was not entitled to further share of profits from this associate during 2023.

22.2 Investment in joint ventures

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
At 1 January	1,381,659	1,053,642	682,375	682,375
Share of profits and losses	(54,124)	328,017	-	-
Dividends from joint ventures	(134,824)	-	-	-
At 31 December	**1,192,711**	**1,381,659**	**682,375**	**682,375**

The group has joint venture investments in iCentre Hungary Kft as follows:

Name of company	Proportion of ownership interest		Capital and reserves at 31 December		Profit/(loss) for the year ended 31 December	
	2023 %	2022 %	2023 €	2022 €	2023 €	2022 €
iCentre Hungary Kft	50	50	983,853	1,623,594	(108,247)	656,034

The company holds 50% directly in iCentre Hungary Kft. The registered office of iCentre Hungary Kft is Bécsi út 77-79, 1036 Budapest, Hungary.

Summarised financial information in respect of joint ventures is set out below:

	The group 2023 €	The group 2022 €
Carrying asset amount	1,192,711	1,381,659
Group's share of total profit / total comprehensive income/(loss)	(54,124)	328,017

The investment in joint ventures of € 1,192,711 (2022: € 1,381,659) pertains entirely to the investment in iCentre Hungary Kft. A summary of the financial information of this joint venture is set out below:

	The group 2023 €	The group 2022 €
Current assets	3,441,175	3,563,883
Non-current assets	463,866	570,006
Current liabilities	(2,598,500)	(2,494,233)
Net assets	**1,306,541**	**1,639,656**
Revenue	15,384,197	21,445,990
Expenses	(15,489,367)	(20,722,265)
(Loss)/profit before tax	(105,170)	723,725

Tax	(3,077)	(67,691)
(Loss)/profit for the year (net of tax)	(108,247)	656,034
Group's share of total profit / total comprehensive income	(54,124)	328,017

23 Other investment

	The group 2023 €	The group 2022 €
As at 1 January	1,149,977	1,149,977
Additions	200,000	-
Fair value movement	(207,408)	-
Ast at 31 December	**1,142,569**	**1,149,977**

During 2021, one of the subsidiaries of 1923 Investments Plc has invested an amount of € 1,000,000 in shares issued by Hili Properties p.l.c., a public listed company on the Malta Stock Exchange and a related company within the Hili Ventures Limited group. These were revalued during 2023, in line with the Malta Stock Exchange valuation as at 31 December 2023.

During 2023, Harvest Technology p.l.c. invested €200,000 in Treasure bills issued by the Government of Malta.

24 Loans and receivables

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Loans receivable from ultimate parent	22,490,474	3,734	22,490,474	-
Loans receivable from subsidiaries	-	-	32,820,366	31,800,306
Loans receivable from other related parties	15,799	1,506,982	6,627	1,560
Other receivables	8,719,347	7,913,456	-	-
	31,225,620	**9,424,172**	**55,317,467**	**31,801,866**
Comprising:				
Non-current				
Loans receivable from subsidiaries	-	-	26,472,711	26,750,380
Loans receivable from other related parties	-	1,505,422	-	-
Other receivables	8,719,347	7,913,456	-	-
	8,719,347	**9,418,878**	**26,472,711**	**26,750,380**
Current				
Loans receivable from ultimate parent	22,490,474	3,734	22,490,474	-
Loans receivable from subsidiaries	-	-	6,347,655	5,049,926
Loans receivable from other related parties	15,799	1,560	6,627	1,560
	22,506,273	**5,294**	**28,844,756**	**5,051,486**

Following the sale of the Hili Logistics Limited and its subsidiaries, 1923 Investments entered into loan assignment agreements with Hili Ventures Limited as the assignee whereby the loan payable by Hili Logistics Limited and its subsidiaries to 1923 Investments amounting to € 16,706,927 are now payable by Hili Ventures Limited. The remaining balance of €5,783,547 relates to a part of the purchase consideration still to be received from the ultimate parent.

Loans issued to ultimate parent, subsidiaries, other related parties and associates bear an interest rate ranging from a fixed rate of 4.5% to a base rate of 4.25% plus three-month Euribor (2022: 4.5%) per annum. Though these loans have no fixed date for repayment, they are not expected to be realised within 12 months of the end of the reporting year.

The non-current other receivables amounting to € 8,719,347 includes an amount receivable from the Polish Tax Office in relation to VAT paid on account of tax proceedings for February and March to July 2015 periods amounting to € 7,608,977 . If the case resolution is favourable for SAD, this amount of VAT paid will be returned along with the interest.

25 Disposal of subsidiaries classified as discontinued operations

On 28 April 2023, the Company announced that it had concluded a share transfer agreement with another subsidiary of the Hili Ventures Limited group, HV Marine Limited, for the sale of the Company's entire shareholding in Hili Logistics Limited on the same date, for a consideration price of € 37,000,000.

Revenue and expenses, gains and losses relating to the discontinuation of the operations have been eliminated from the results of the Group's continuing operations and are shown as a single line item on the face of the statement of comprehensive income.

The results from the discontinued operations in this disposal group are summarised as follows:

	1 January to 28 April 2023	1 January to 31 December 2022
	€	€
Revenue	10,579,340	35,166,902
Direct operating costs	(5,973,564)	(21,911,197)
Gross profit	**4,605,776**	**13,255,705**
Administrative expenses	(966,345)	(2,923,863)
Depreciation and amortisation	(441,360)	(1,299,110)
Employee remuneration	(2,194,366	(5,733,282)
Share of profits in associates	-	801,711
Investment Income	-	30,297
Other income	435,370	289,300
Finance costs	(80,548)	736,728

Profit before tax	**1,358,527**	**5,157,486**
Current tax	(182,322)	(843,394)
Deferred expense	(18,417)	23,493
Profit from discontinued operations	**1,157,788**	**4,337,585**

The cash flows generated by / (used in) subsidiaries classified as discontinued operations are summarised as follows:

	The Group January – April 2023 Eur	**The Group January – December 2022 Eur**
Operating activities	1,646,089	5,397,754
Investing activities	(129,133)	(2,290,903)
Financing activities	(507,442)	(240,368)
Net Cash Flow	**1,009,514**	**2,866,483**

26 Inventories

	The group 2023 €	**The group 2022 €**	**The company 2023 €**	**The company 2022 €**
Contracts in progress	886,115	1,836,181	-	-
Finished goods and goods held for resale	22,716,753	17,013,585	-	-
Fuel	-	211,688	-	-
	23,602,868	**19,061,454**	**-**	**-**

The amount of inventories recognised as an expense during the year amounted to € 230,858,656 (2022: € 159,235,434).

Write-downs of inventories recognised in the consolidated statement of profit or loss and other comprehensive income during the year amounted to € 3,335 (2022: € 6,643) and are included with cost of sales.

27 Other assets

	The group 2023 €	**The group 2022 €**	**The company 2023 €**	**The company 2022 €**
Prepayments	5,507,107	2,670,065	179,905	179,840
Other assets held for sale	625,000	-	-	-
	6,132,107	**2,670,065**	**179,905**	**179,840**

Prepayments saw an increase of € 2,837,042 when compared to 2022. This includes € 1,400,000 in prepayments from an increase in the group's activities in Poland and higher prepayments of € 1,437,042 in relation to IT obligations arising also in Poland.

Other assets amounting to € 625,000 comprise equipment purchased as part of a contract which was terminated during the year. Other assets are being shown at the estimated market value and reflect the amount the company expects to receive upon sale of such equipment

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28 Trade and other receivables

Trade and other receivables consist of the following:

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Trade receivables – gross	9,669,265	11,364,804	-	-
Allowance for expected losses	(462,936)	(318,630)	-	-
Trade receivables – net	9,206,329	11,046,174	-	-
Amount owed by ultimate parent	7,068	8,691	-	-
Amounts owed by other related parties	84,091	850,121	-	-
Other receivables	58,141	82,968	-	-
Accrued income	770,959	78,975	-	-
Financial assets	**10,126,588**	**12,066,929**	**-**	**-**
Other receivables	3,697,156	1,898,530	100,737	95,750
Trade and other receivables – current	**13,823,744**	**13,965,459**	**100,737**	**95,750**

The carrying value of financial assets is considered a reasonable approximation of fair value.
No interest is charged on trade and other receivables.

Amounts owed by ultimate parent, associates and other related parties are unsecured, interest free and repayable on demand.

Note 45.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

29 Cash and cash equivalents

Cash and cash equivalents include the following component:

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Cash and bank balances	11,162,493	10,312,277	139,590	727,660
Cash and cash equivalents in the statements of financial position	**11,162,493**	**10,312,277**	**139,590**	**727,660**
Bank overdrafts	(7,061,172)	(4,701,094)	-	-
Cash and cash equivalents in the statements of cash flows	**4,101,321**	**5,611,183**	**139,590**	**727,660**

The group and the company did not have any restrictions on its cash at bank as at the end of the reporting period. Any interest earned on cash at bank is based on market rates.

30 Share capital

The share capital of 1923 Investments p.l.c. consists only of ordinary shares with a par value of € 1. All shares are equally eligible to receive dividends and repayment of capital and represent one vote at the shareholders' meeting of the company.

	2023 €	2022 €
Shares issued and fully paid at 31 December		
52,135,000 ordinary shares of € 1 each	52,135,000	52,135,000
	52,135,000	**52,135,000**

Shares authorised at 31 December		
70,000,000 ordinary shares of € 1 each	**70,000,000**	**70,000,000**

31 Other equity

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Other equity	(2,874,144)	(4,741,736)	154,629	154,629
Total other equity	**(2,874,144)**	**(4,741,736)**	**154,629**	**154,629**

On 30 December 2013, the company, through its direct subsidiary, Harvest Technology p.l.c., acquired 100% interest in PTL Limited, 50% interest in Hili Salomone Company Limited and 33% interest in Smart Technologies Limited from a related party, Hili Company Limited. Both Hili Company Limited and 1923 Investments p.l.c. had the same parent company, Hili Ventures Limited.

The acquisition of the subsidiary, PTL Limited, and its underlying subsidiaries by the company falls outside the scope of International Financial Reporting Standard 3 – Business Combinations ("IFRS 3") because the transaction merely represents a group reorganisation and because in terms of paragraph 2(c) of IFRS 3, the acquisition of these entities by the company is a combination of businesses under common control in which all the combining entities are ultimately controlled by the same party, Hili Ventures Limited, both before and after the business combination and that control is not transitory.

The difference of € 1,367,314 between consideration for the acquired entities of € 3,551,791 and the amounts at which the assets and liabilities of the acquired entities were recognised of € 2,184,477, are included in equity in terms of predecessor accounting.

On 22 December 2016, Harvest Technology p.l.c. eliminated € 1,754,051 of its accumulated losses through a reduction of its share premium account of the same amount. At consolidated level, this is included in equity. During 2017, the € 1,754,051 reduction in share premium took effect and was eliminated against losses.

During 2017, the interest in Smart Technologies Limited was disposed of by the group and an amount of € 300,000 previously recognized in other equity was eliminated.

In 2017, the group and the company also recognised a total amount of € 154,629 with other equity representing the value of services provided by an officer of the group during 2018 and 2017.

An amount of €2,075,000 which was included with other equity at 31 December 2022 and pertaining to Hili Logistics Limited group, was eliminated upon the disposal of such subsidiary on 28 April 2023.

At 31 December 2023, other equity comprise an investment revaluation loss of €207,408.

32 Translation reserve

The group's foreign operations expose the group to exchange movements in other comprehensive income.

The movement for the year was mainly attributable to a stronger Polish Zloty (PLN) against the euro closing at PLN 4.3395 at 31 December 2023 (2022: PLN 4.6808) and a weaker US Dollar (USD) against the euro closing at USD 1.105 at 31 December 2023 (2022: USD 1.0666). This resulted in a positive impact of € 3,681,450 (2022: positive impact of € 666,338).

33 Debt securities in issue

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €

5.1% unsecured bonds redeemable 2024	35,920,080	35,839,176	35,920,080	35,839,176
	35,920,080	**35,839,176**	**35,920,080**	**35,839,176**

In December 2014, the company issued 360,000 5.1% unsecured bonds of a nominal value of € 100 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 € 79,920 (2022: € 160,821) 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 € 36,000,000 (2022: € 36,180,000).

34 Borrowings

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Bank overdrafts	7,061,172	4,701,094	-	-
Bank loans	23,544,202	8,598,249	23,544,202	6,752,299
	30,605,374	**13,299,343**	**23,544,202**	**6,752,299**
Comprising:				
Non-current liabilities				
Bank loans	19,045,082	6,319,288	19,045,082	5,227,616
	19,045,082	**6,319,288**	**19,045,082**	**5,227,616**
Current liabilities				
Bank overdrafts	7,061,172	4,701,094	-	-
Bank loans	4,499,120	2,278,961	4,499,120	1,524,683
	11,560,292	**6,980,055**	**4,499,120**	**1,524,683**

Bank overdrafts and loans are repayable as follows:

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
On demand or within one year	11,560,287	7,028,943	4,499,120	1,573,571
Second to fifth year	19,045,087	6,216,843	19,045,082	5,125,171
More than five years	-	53,557	-	53,557
	30,605,374	**13,299,343**	**23,544,202**	**6,752,299**

Harvest Technology p.l.c. has three overdraft facilities in two of its subsidiaries amounting to €1,070,000 secured by general hyotechs over present and future assets of the Harvest group and bear interest between 4.85% and 5.5% (2022: 3.5% and 5.5%).

During 2020, 1923 Investments p.l.c. obtained a loan with a local bank for € 2,250,000. Another loan was obtained with this same bank during 2021 for € 430,000. At 31 December 2023, the balance of the loans amounted to € 1,189,716 (2022: € 1,499,025) and € 292,664 (2022: € 362,754) respectively, included with the balance of bank loans above. The loans are payable by quarterly installments of € 92,321 and € 18,051 respectively, bear interest at 4.5% per annum and repayable in full within 7 years of drawdown. These loans are unsecured and rank with priority to all other general creditors of the company.

In December 2021, 1923 Investments plc obtained a loan from another local bank for € 6,000,000. The loan is payable by quarterly instalments of € 330,860 and bears interest at 3.75% per annum plus 3 month Euribor and repayable in full within 5 years from drawdown. At 31 December 2023, the balance of the loan amounted to € 3,871,822 (2022: € 4,890,520). This loan was granted under a first General Hypotech of **€** 6,000,000 over all assets present and future, whilst ranking with priority to all other general creditors of the company.

In March 2023, 1923 Investments obtained a loan from a local bank for € 21,400,000. The loan is payable in quarterly instalments of € 1,070,000 and bears interest at 4.1% per annum plus 3- month Euribor and repayable in full within 5 years from drawdown. This loan was granted under a first General Hypotech of **€** 21,400,000 over all assets present and future, and a corporate guarantee for €21,400,000 to secure all liabilities of 1923 Investments to be given by iSpot, whilst ranking with priority to all other general creditors of the company. As at 31 December 2023 the balance of this loan amounts to € 18,190,000.

Harvest had no borrowings or overdrawn bank facilities at 31 December 2023 (2022: €Nil).

The group's banking facilities for iSpot Poland Sp. z.o.o. includes an overdraft facility of PLN 8,000,000 (€1,843,530) and Import Loan facilities of PLN 35,000,000 (€8,065,445) and a receivable financing of PLN 3,000,000 (€691,324).

Furthermore mBank is providing facilities of PLN150,000,000 consisting of:

- Multi-product umbrella facility of PLN 45,000,000
- SBDC of PLN 25,000,000 issued for Apple Distribution International;
- Guarantee line for payment guarantees of PLN 80,000,000

The above facilities are secured by:

- Registered pledge on iSpot and Cortland's assets, inlcuidng inventories and assignment of rights from insurance policy worth at least PLN 30,000,000;
- Corporate guarantee issued by 1923 Investments plc;
- Corporate guarantee issued by iSpot;
- Corporate guarantee issued by Cortland;
- BGK guarantees up to 80% of the SBDC facility

35 Trade and other payables

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Trade payables	34,410,028	20,400,676	20,157	58,797
Amounts payable to parent company	-	8,759	-	-

Amounts payable to related parties	-	24,162	-	-
Other payables	1,724,187	259,575	173,625	182,241
Accrued expenses	3,173,125	6,160,599	584,890	775,997
Financial liabilities	**39,307,340**	**26,853,771**	**778,672**	**1,017,035**
Other creditors	5,850,830	5,716,937	-	-
Deferred income	2,010,388	996,486	-	-
Trade and other payables	**47,168,558**	**33,567,194**	**778,672**	**1,017,035**
Comprising:				
Non-current payables				
Trade and other payables	2,575,874	730,282	-	-
Current payables				
Trade and other payables	44,592,684	32,836,912	778,672	1,017,035

The carrying values of financial liabilities are considered to be a reasonable approximation of fair value. No interest is charged on trade and other payables.

36 Contract liabilities

	The group 2023 €	The group 2022 €
Deferred service income on rendering of services and development	195,903	627,978
Deferred service income on maintenance, support and servicing	1,537,031	1,471,418
Deferred service income on other gateway income and access fees	69,879	74,746
Deferred service income on licences	-	-
Deferred income on sale of information technology solutions	10,634	1,542,635
	1,813,447	**3,716,777**

Deferred service income represents customer payments received or due in advance of performance (contract liabilities) that are expected to be recognised as revenue in the future. As described in note 5.11, maintenance, servicing and support contracts are entered into for periods between 1 and 5 years. On the other hand, consultancy and development of IT systems are usually completed within 12 months. Nevertheless, the Group may occasionally have projects for consultancy and development of IT systems that span over more than 12 months.

Deferred income on sale of information technology solutions at end of 2022 amounting to € 705,146 have been reversed following the decision of the board of one of the subsidiaries to terminate a major contract as explained in note 7.

37 Other financial liabilities

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Amounts owed to ultimate parent	9,611	4,114,275	-	4,037,480
Amounts owed to other related parties	22,794	-	1,939	2,372,679
Amounts owed to subsidiaries	-	-	1,979,907	-
	32,405	**4,114,275**	**1,981,846**	**6,410,159**
Comprising:				
Non-current liabilities				
Other financial liabilities	-	4,114,275	290,589	4,863,789
Current liabilities				
Other financial liabilities	32,405	-	1,691,257	1,546,370

The terms and conditions of amounts owed to the parent and other related parties are disclosed in note 43.

38 Deferred tax assets and liabilities

Deferred tax arising from temporary differences are summarised as follows:

The group	1 Jan 2023 €	Recognised in profit or loss €	De-recognised upon disposal of subsidiary €	31 Dec 2023 €
Deferred tax assets arising on:				
Plant and equipment	182,853	9,048	(4,812)	187,089
Unabsorbed capital allowances	117,870	11,302	(5,915)	123,257
Unabsorbed tax losses	183,408	40,731	-	224,139
Provisions	1,007,536	96,126	(78,778)	1,024,884
Other temporary differences	453,486	(883,094)	9,277	(420,331)
Total	**1,945,153**	**(725,887)**	**(80,228)**	**1,139,038**
Deferred tax liabilities arising on:				
Intangible assets	(301,960)	-		(301,960)
Plant and equipment	(389,825)	(172,049)	370,597	(191,277)
Provisions	(170,368)	(302,661)	-	(473,029)
Other temporary differences	(374,521)	(117,749)	3,704	(488,566)
Total	**(1,236,674)**	**(592,459)**	**374,301**	**(1,454,832)**

The amounts recognised in profit or loss above include the charge on discontinued operations.

At 31 December 2023, the deferred tax asset recognised amounting to € 1.1 million (2022: € 1.9 million), comprises of an amount of € 0.8 million (2022: € 0.4 million) arising in the Harvest Technology division, € 0.04 million (2022: € 0.9 million) in the iSpot division, € 0.3 million (2022: € 0.3 million) in 1923 Investments Plc and € NIL in E-Lifecycle Holdings GmbH (2022: € 0.2 million). The 2022 comparative also includes a deferred tax asset of € 0.1 million arising from discontinued operations.

With respect to the deferred tax asset balance arising in all divisions, the group has sufficient information to conclude that all of the deferred tax assets will be recovering in the future.

With respect to the iSpot division, the results continue to show significant growth in profitability which re-assures the directors of the company that the deferred tax asset balance will be recovered in the foreseeable future. The directors also believe that the growth trajectory at iSpot will continue in the foreseeable future.

Deferred taxes for the period 2022 can be summarised as follows:

The group	**1 Jan 2022**	**Recognised in profit or loss**	**31 Dec 2022**
	€	**€**	**€**
Deferred tax assets arising on:			
Plant and equipment	219,560	(36,707)	182,853
Unabsorbed capital allowances	118,474	(604)	117,870
Unabsorbed tax losses	87,022	96,386	183,408
Provisions	762,107	245,429	1,007,536
Other temporary differences	373,017	80,469	453,486
Total	**1,560,180**	**384,973**	**1,945,153**
Deferred tax liabilities arising on:			
Intangible assets	(281,594)	(20,366)	(301,960)
Plant and equipment	(424,988)	35,163	(389,825)
Provisions	(168,745)	(1,623)	(170,368)
Other temporary differences	(387,684)	13,163	(374,521)
Total	**(1,263,011)**	**26,337**	**(1,236,674)**

The amounts recognised in profit or loss above include the charge on discontinued operations.

The company	**1 Jan 2023**	**Recognised in profit or loss**	**31 Dec 2023**
	€	**€**	**€**
Deferred tax assets arising on:			
Unabsorbed capital allowances	5,448	3,909	9,357
Provisions	281,428	(171,963)	109,465
Plant and equipment	(1,068)	(289)	(1,357)
Unabsorbed tax losses	(2)	224,139	224,137
Total	**285,806**	**55,796**	**341,602**

Deferred taxes for the comparative period 2022 can be summarised as follows:

	1 Jan 2022	**Recognised in profit or loss**	**31 Dec 2022**
	€	**€**	**€**
Deferred tax assets arising on:			
Unabsorbed capital allowances	2,417	3,031	5,448

Provisions	221,705	59,723	281,428
Plant and equipment	261	(1,329)	(1,068)
Unabsorbed tax losses	81,556	(81,558)	(2)
Total	**305,939**	**(20,133)**	**285,806**

See note 14 for information on the group's and company's tax expense.

39 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Adjustments:				
Depreciation and amortisation	5,507,795	3,168,959	9,165	4,599
Depreciation on right-of-use assets	6,713,433	3,278,985	7,423	-
Exchange differences	-	-	-	-
Bad debts written off	-	67,939	-	-
Bond amortisation costs	80,904	80,904	80,904	80,904
Movement in provision for doubtful debts	144,306	64,039	-	-
Impairment on loans and receivables	270,606	-	270,606	-
Related party interest income	-	(66,091)	-	-
Share of profit of associated undertakings	-	(801,711)	-	-
(Gain) loss on termination of leases	(52,375)	19,595	-	-
(Profit) loss on disposal of intangibles and property, plant and equipment	303,199	(126)	1,026	-
Share of profits in joint ventures	54,124	(328,017)	-	-
Inventory writeoffs and provision movements	62,246	70,202	-	-
Interest on leasing arrangements	881,694	450,472	-	-
Interest payable	4,119,004	3,034,216	3,696,323	2,363,944
Lease payments waived by lessors	-	-	-	-
Profit on sale of subsidiary	(2,187,913)	-	(3,425,000)	-
Impairment of investment in subsidiary	128,659	-	4,508,775	-
Unrealised difference on exchange	-	-	(761,818)	-
Other finance costs	-	-	-	97,064
Dividends receivable	-	-	(1,014,630)	(5,077,466)
Interest income	-	-	(2,925,830)	(1,290,833)
	16,025,682	**9,039,366**	**446,914**	**(3,821,788)**
Working capital:				
Change in inventories	(1,956,843)	(8,037,586)	-	-
Change in trade and other receivables	(6,720,439)	(5,260,964)	(5,052)	(13,200)
Change in trade and other payables	5,075,866	3,130,286	(537,321)	324,306
Change in contract assets	(630,921)	179,372	-	-
Changes in contract liabilities	(1,903,330)	(393,939)	-	-
	(6,135,667)	**(10,382,831)**	**(542,373)**	**311,106**

40 Reconciliation of liabilities arising from financing activities

The table below details changes in the company's and the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated Statement of Cash Flows as cash from financing activities.

The group	Notes	Balance at 31 December 2022 €	Cash flows €	Other non-cash changes €	Balance at 31 December 2023 €

Leases	20	11,564,927	(5,802,620)	7,865,150	13,627,457
Bank loans	34	8,598,249	16,376,029	(1,430,076)	23,544,202
Amounts owed to other related parties	37	4,000,000	-	(3,967,595)	32,405
		24,163,176	**10,573,409**	**2,467,479**	**37,204,064**

During 2023, the group recognised additional lease liabilities amounting to € 9,670,140. Total cash payments made on leases during the year amounted to € 5,802,620 (inclusive of interest). The interest expense during the year amounted to € 881,694. In addition, the group had other non-cash movements amounting to € 2,934,325 in new lease liabilities recognised during the year following the acquisition of a new subsidiary, the de-recognition of € 411,729 in lease liabilities upon the sale of a subsidiary as disclosed in note 42, a further de-recognition of lease liabilities upon termination of leases within an existing Maltese subsidiary of the group amounting to € 228,422, other leases de-recognised following an impairment within a subsidiary amounting to € 2,538,025, other terminations of leases in a foreign subsidiary amounting to € 732,910 as well as other non-cash changes pertaining to exchange, translation and other movements of € 1,709,923. The interest together with the additions less the terminations and impairment of leases made during the year represent the non-cash movements of € 7,865,150 presented above for leases.

The non-cash movement on bank loans pertains to loans disposed upon sale of subsidiary as disclosed in note 42.

The non-cash movement on amounts owed to other related company pertains mainly to an amount of € 4,000,000 set-off with receivables from the ultimate parent.

The table below details changes in the group's liabilities arising from financing activities for the preceding accounting period:

The group	**Notes**	**Balance at 31 December 2021**	**Cash flows**	**Other non-cash changes**	**Balance at 31 December 2022**
		€	**€**	**€**	**€**
Leases	20	11,916,774	(3,810,050)	3,458,203	11,564,927
Bank loans	34	8,224,799	373,450	-	8,598,249
Amounts owed to other related parties	37	3,500,000	500,000	-	4,000,000
		23,641,573	**(2,936,600)**	**3,458,203**	**24,163,176**

During 2022, the group recognised additional lease liabilities amounting to € 3,007,731. Total cash payments made on leases during the year amounted to € 3,810,050 (inclusive of interest). The interest expense during the year amounted to € 450,472. In addition, the group had other non-cash movements amounting to € 19,595 relating to the termination of leases as disclosed in note 19. The interest, together with the additions and termination of leases recognised during the year, represent the non-cash movements of € 3,458,203 presented above for leases.

The company	**Notes**	**Balance at 31 December 2022**	**Cash flows**	**Other non-cash changes**	**Balance at 31 December 2023**
		€	**€**	**€**	**€**
Leases	20	-	(8,217)	93,993	85,776
Bank loans	34	6,752,299	16,791,903	-	23,544,202
Amounts owed to other related parties	37	4,000,000	-	(3,998,061)	1,939
		10,752,299	**16,783,686**	**(3,904,068)**	**23,631,917**

The non-cash movement on amounts owed to other related company pertains mainly to an amount of € 4,000,000 set-off with receivables from the ultimate parent.

The table below details changes in the company's liabilities arising from financing activities for the preceeding accounting period.

The company	Notes	Balance at 31 December 2021 €	Cash flows €	Other non-cash changes €	Balance at 31 December 2022 €
Bank loans	34	8,224,799	(1,472,500)	-	6,752,299
Amounts owed to other related parties	37	3,500,000	500,000	-	4,000,000
		11,724,799	**(972,500)**	**-**	**10,752,299**

41 Acquisition of subsidiaries

On 31 st March 2023, the group acquired 100% interest in Cortland Sp. Z.o.o. through iSpot Sp. Z.o.o. The 2023 consolidated financial statements include the combined results of the group included Cortland from the date of acquisition.

The fair value of identifiable assets acquired and liabilities assumed at the date of acquisition of Cortland Sp. Z.o.o. was:

	€
Intangible assets	7,963,927
Property, plant and equipment	486,226
Trade and other receivables	6,252,345
Other non-current assets	556,076
Inventories	4,305,776
Trade and other liabilities	(11,569,220)
Fair value of assets and liabilities acquired	7,995,130
Goodwill arising on acquisition	
Fair value of identifiable assets and liabilities acquired	7,995,130
Consideration transferred	43,036,389
	35,041,259

42 Disposal of subsidiaries

On 28 April 2023 the 1923 Investments disposed of 100% interest in Hili Logistics Limited. An analysis of assets and liabilities over which control was lost is as follows:

	€
Cash and cash equivalents	1,518,439
Goodwill	37,501,070
Intangible assets	96,909
Investment in associate	833,543

Property, plant and equipment	9,837,042
Right-of-use assets	395,183
Lease liabilities	(411,729)
Borrowings	(1,430,076)
Inventory	158,959
Trade and other receivables	7,646,580
Other non-current assets	273,846
Other financial liabilities	(16,743,992)
Loans and receivables	2,903,866
Trade and other payables	(4,844,208)
Deferred tax assets	80,228
Deferred tax liabilities	(374,301)
Current tax liabilities	(718,046)
Current tax assets	163,774
Other reserves	(2,075,000)
Net assets disposed of	34,812,087
Consideration received	37,000,000
Gain on disposal of subsidiary	**2,187,913**

43 Related party transactions

1923 Investments p.l.c. is the parent company of the subsidiary undertakings highlighted in note 21. The parent company of 1923 Investments p.l.c. is Hili Ventures Limited which is incorporated in Malta. The registered office of Hili Ventures Limited, being the undertaking which draws up the consolidated financial statements of the smallest body of undertakings of which 1923 Investments p.l.c. forms part as a subsidiary undertaking, is Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000, Malta, from where the above consolidated financial statements may be obtained.

During the year under review, the group entered into transactions with related parties as set out below:

	2023			2022		
The group	**Related party activity**	**Total activity**		**Related party activity**	**Total activity**	
	€	**€**	**%**	**€**	**€**	**%**
Revenue:						
Related party transactions with:						
Ultimate parent company	150,476			162,441		
Group Companies	22,208			1,480		
Other related parties	300,276			294,432		
	472,960	281,765,007	1	458,353	197,547,492	1
Cost of sales:						
Related party transactions with:						
Ultimate parent company	-			15,898		
Other related parties	-			3,402		
	-	250,903,836	0	19,298	175,123,980	1
Administrative expenses:						
Related party transactions with:						
Ultimate parent company	600,000			600,490		
Group Companies	-			-		
Other related parties	49,789			45,841		
	649,789	20,056,209	3	646,331	13,753,044	5
Investment income:						
Related party transactions with:						
Ultimate parent company	731,812					
Parent company	-			35,795		

Other related parties	112,423			-		
	844,235	901,846	94	35,795	36,945	97
Finance cost:						
Related party transactions with:						
Ultimate parent company	334,093					
Parent company	1,768,844			100,972		
Other related party	65,143			90,783		
	2,168,080	5,672,263	38	191,755	4,648,598	4

The company

Revenue:						
Related party transactions with:						
Other related parties	873,256			1,110,000		
	873,256	873,256	100	1,110,000	1,110,000	100
Investment income:						
Related party transactions with:						
Ultimate parent	731,813			35,795		
Subsidiaries	2,120,375			1,255,038		
Other related parties	73,642			-		
Subsidiaries (dividends)	879,805			5,077,466		
Joint Venture (dividend)	134,825			-		
	3,940,460	3,940,460	100	6,368,299	6,368,299	100
Administrative expenses:						
Related party transactions with:						
Ultimate parent company	600,000			600,000		
	600,000	2,482,022	24	600,000	2,206,601	27
Finance cost:						
Related party transactions with:						
Ultimate parent company	334,093			100,972		
Subsidiaries	35,392			61,042		
Other related parties	40,539			67,938		
	410,024	3,977,481	10	229,952	2,541,914	9

44 Contingent liabilities

During the year, two subsidiaries within Harvest Technology plc group had issued guarantees amounting to € 1,088,584 (2022: € 572,570) to third parties in Malta as collateral for liabilities. During 2024, € 822,670 of the guarantees existing at 31 December 2023 have been released.

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.

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 €1,389,936) and determined an additional amount of VAT liability of PLN 2,604,732 (equivalent to €600,238).

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 16,891,886 (equivalent to €3,892,588).

On 23 December 2022, SAD paid an amount of PLN 4,003,973 (equivalent to €922,680) to the tax authorities, which consisted of the VAT liability for the February assessment. SAD also paid the March-July 2015 assessment in the amount of PLN 23,474,203 (equivalent to € 5,409,426). Both payments are inclusive of interest, in addition to amounts already paid.

The total value of assets subject to both proceedings for February 2015 and March to July 2015 in SAD's books is PLN 35,616,100 (equivalent to € 8,207,420) as at the balance sheet date is shown in note 24 to these financial statements.

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.

On 30 January 2023, the PAC in Warsaw upheld the Company's complaint and revoked the challenged Director of the Tax Administration Chamber's (DTAC) decision. Subsequently the DTAC filed a cassation appeal against the above-mentioned judgment of the Provincial Administrative Court (PAC). The hearing before the Supreme Administrative Court (SAC) was set for 9 November 2023, however the SAC decided to postpone it. At this time, a new date for hearing the case before the SAC is not set.

In the opinion of SAD management and its tax advisers, it is more likely than not that the tax disputes will be settled in favour of SAD, as in the case of previous audits covering such transactions; provided no new evidence from fiscal penal proceedings (suggesting the SAD's participation in VAT fraud) is included in the case file. If the case resolution is favourable for SAD, the amount of the suspended VAT refund will be returned along with the interest.

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 PLN 150,000,000 equivalent to € 34,566,194 (2022: PLN 72,000,000 equivalent to € 16,591,773).

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

45 Financial instrument risk

Risk management objectives and policies

The group is exposed to various risks in relation to financial instruments. The group's financial assets and financial liabilities by category are summarised in note 45.4. The main types of risks are market risk, credit risk and liquidity risk.

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.

Where possible, the group aims to reduce and control risk concentrations. Concentration of financial risk areas when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the consolidated financial statements.

The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below.

45.1 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, GBP and RON .

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

Interest rate risk

The group and the company have debt securities in issue with a fixed coupon as disclosed in note 33, loans and receivables with a fixed coupon as disclosed in note 24, and cash at bank with a floating coupon as disclosed in note 29. The group has taken out interest bearing loans as disclosed in notes 34 and 37. The interest rates thereon and the terms of such borrowings and loans are disclosed accordingly.

The company and the group are exposed to cash flow interest rate risk on borrowings and debt instruments carrying a floating interest.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by adjusting its selling prices or by restructuring its financing structure.

The carrying amounts of the group's and company's financial instruments carrying a rate of interest at the end of the reporting period are disclosed in the notes to the financial statements.

45.2 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, trade and other receivables and loans and receivables. The group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Notes	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Classes of financial assets - carrying amounts:					
Financial assets measured at amortised cost:					
Loans and receivables	24	31,225,620	9,424,172	55,317,467	31,801,866
Trade and other receivables	28	10,126,588	12,066,929	-	-
Cash and cash equivalents	29	11,162,493	10,312,277	139,590	727,660
		52,514,701	**31,803,378**	**55,457,057**	**32,529,526**

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. Management does not consider loans and receivables to have deteriorated in credit quality and the effect of management's estimate of the 12-month credit loss has been determined to be insignificant to the results of the group and the company.

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 31 December 2023 and 2022 are callable on demand. The banks with whom cash and cash equivalents are held form part of two international groups 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. 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 board. 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 and mainly in two geographical areas, namely in Malta and Poland.

The Expected Credit Loss (ECL) at 31 December 2023 and 2022 was estimated based on a range of forecast economic scenarios as at that date.

Security

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's and the company's maximum exposure to credit risk, without taking account of the value of the collateral obtained. Guarantees are disclosed in notes 34 and contingent liabilities are disclosed in note 42.

In addition, the group does not hold collateral relating to other financial assets (eg derivative assets, cash and cash equivalents held with banks).

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 31 December 2023 and 2022 respectively as well as the corresponding historical credit losses during that period.

The historical rates are adjusted to reflect current and forwarding 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.

Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the group on alternative payment arrangement amongst others is considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 31 December 2023 and 31 December 2022 was determined as follows:

	Current	More than 30 days	More than 60 days	More than 90 days	Total
31 December 2023					
Expected credit loss rate (%)	1.58%	1.19%	2.39%	34.01%	-
Gross carrying amount (€)	6,929,274	1,603,133	165,109	971,749	9,669,265
Lifetime expected credit loss (€)	109,350	19,123	3,939	330,524	462,936
31 December 2022					
Expected credit loss rate (%)	0.15%	0.72%	6.96%	8.80%	-
Gross carrying amount (€)	5,028,034	2,856,507	845,613	2,634,650	11,364,804
Lifetime expected credit loss (€)	7,380	20,443	58,857	231,950	318,630

Changes in expected credit loss rates between reporting periods is attributable to change in circumstances, past ageing information, revised history of loss occurrences and actual losses recognised in the current year. The group however experiences very low levels of actual impairments arising from non-performing trade receivables and consequently management considers the lifetime expected credit losses to be adequate to the business of the group.

The closing balance of the trade receivables loss allowance as at 31 December 2023 and 2022 reconciles with the trade receivables loss allowance opening balance as follows:

	The group 2023 €	The group 2022 €
Opening loss allowance as at 1 January	318,630	254,591
Loss allowance recognised during the year	518,544	200,386
Reversal of loss allowance on impaired receivables written off	(270,606)	(72,307)
Reversal of allowance for credit losses no longer required	(103,632)	(64,040)
Loss allowance as at 31 December	**462,936**	**318,630**

45.3 Liquidity risk

The group and company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise debt securities in issue, borrowings, trade and other payables and other financial liabilities (see notes 33, 34, 35 and 37). 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.

Liquidity risk is that the group and the company might be unable to meet its obligations. The group and the company manage their liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The group's and company's objective is to maintain cash to meet their liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting period. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the group and the company can be required to pay. The analysis includes both interest and principal cash flows:

The group

31 December 2023	**On demand or within 1 year**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Non-derivative financial liabilities					
Non-interest bearing	36,731,466	2,575,874	-	-	39,307,340
Fixed rate instruments	48,008,815	7,059,188	11,985,894	-	67,053,897
Variable-rate instruments	1,419,882	-	-	-	1,419,882
	86,160,163	**9,635,062**	**11,985,894**	**-**	**107,781,119**
31 December 2022					
Non-derivative financial liabilities					
Non-interest bearing	26,123,489	-	-	-	26,123,489
Fixed rate instruments	4,114,961	44,662,612	3,504,505	53,559	52,335,637
Variable-rate instruments	4,701,094	-	-	-	4,701,094
	34,939,544	**44,662,612**	**3,504,505**	**53,559**	**83,160,220**

The company

31 December 2023					
Non-derivative financial liabilities					
Non-interest bearing	778,672	-	-	-	778,672
Fixed rate instruments	44,026,377	7,349,777	11,985,894	-	63,362,048
	44,805,049	**7,349,777**	**11,985,894**	**-**	**64,140,720**

31 December 2022

Non-derivative financial liabilities					
Non-interest bearing	1,017,035	-	-	-	1,017,035
Fixed rate instruments	4,907,053	43,494,145	4,330,814	53,557	52,785,569
	5,924,088	**43,494,145**	**4,330,814**	**53,557**	**53,802,604**

45.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the group's financial assets and financial liabilities as recognised at the end of the reporting period may also be categorised as follows. See note 5.22 for explanations about how the category of financial instruments affects their subsequent measurement.

	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Non-current assets				
Other investment	1,000,000	1,000,000	-	-
Loans and receivables	8,719,347	9,418,878	26,472,711	26,750,380
	9,719,347	**10,418,878**	**26,472,711**	**26,750,380**
Current assets				
Loans and receivables	22,506,273	5,294	28,844,756	5,051,486
Trade and other receivables	10,126,588	12,066,929	-	-
Cash and cash equivalents	11,162,493	10,312,277	139,590	727,660
	43,795,354	**22,384,500**	**28,984,346**	**5,779,146**
Non-current liabilities				
Debt securities in issue	-	35,839,176	-	35,839,176
Borrowings	19,045,082	6,319,288	19,045,082	5,227,616
Trade and other payables	2,575,874	730,282	-	-
Other financial liabilities	-	4,114,275	290,589	4,863,789
	21,620,956	**47,003,021**	**19,335,671**	**45,930,581**
Current liabilities				
Debt securities in issue	35,920,080	-	35,920,080	-
Borrowings	11,560,292	6,980,055	4,499,120	1,524,683
Trade and other payables	39,307,340	26,853,771	778,672	1,017,035
Other financial liabilities	32,405	-	1,691,257	1,546,370
	86,820,117	**33,833,826**	**42,889,129**	**4,088,088**

45.5 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 31 December 2023 and 2022, except for debt securities in issue as disclosed in note 33, 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 the debt securities in issue is as disclosed in note 33. The fair values of other 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 determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

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 investments in subsidiaries, associates and joint ventures, grouped into Levels 1 to 3.

The group

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying amount**
	€	**€**	**€**	**€**	**€**
Financial assets					
Loans and receivables					
Receivables from related parties	-	31,225,620	-	31,225,620	31,225,620
	-	**31,225,620**	**-**	**31,225,620**	**31,225,620**
Financial liabilities at amortised cost					
Related party loans	-	32,405	-	32,405	32,405
Bank overdrafts and loans	-	30,605,374	-	30,605,374	30,605,374
Debt securities in issue	36,000,000	-	-	36,000,000	35,920,080
	36,000,000	**30,637,779**	**-**	**66,637,779**	**66,557,859**
31 December 2022					
Financial assets					
Loans and receivables					
Receivables from related parties	-	9,424,172	-	9,424,172	9,424,172
	-	**9,424,172**	**-**	**9,424,172**	**9,424,172**
Financial liabilities at amortised cost					
Related party loans	-	4,114,275	-	4,114,275	4,114,275
Bank overdrafts and loans	-	13,299,343	-	13,299,343	13,299,343
Debt securities in issue	36,180,000	-	-	36,180,000	35,839,176
	36,180,000	**17,413,618**	**-**	**53,593,618**	**53,252,794**

The company

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying amount**
	€	**€**	**€**	**€**	**€**

Financial assets					
Loans and receivables					
Receivables from related parties	-	55,317,467	-	55,317,467	55,317,467
	-	**55,317,467**	**-**	**55,317,467**	**55,317,467**
Financial liabilities at amortised cost					
Related party loans	-	1,981,846	-	1,981,846	1,981,846
Bank Loans	-	23,544,202	-	23,544,202	23,544,202
Debt securities in issue	36,000,000	-	-	36,000,000	35,920,080
	36,000,000	**25,526,048**	**-**	**61,526,048**	**61,446,128**
31 December 2022					
Financial assets					
Loans and receivables					
Receivables from related parties	-	31,801,866	-	31,801,866	31,801,866
	-	**31,801,866**	**-**	**31,801,866**	**31,801,866**
Financial liabilities at amortised cost					
Related party loans	-	6,410,159	-	6,410,159	6,410,159
Bank Loans	-	6,752,299	-	6,752,299	6,752,299
Debt securities in issue	36,180,000	-	-	36,180,000	35,839,176
	36,180,000	**13,162,458**	**-**	**49,342,458**	**49,001,634**

46 Capital risk management

The group's and the company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group and the company consists of debt, which includes the debt securities in issue, borrowings and other financial liabilities disclosed in notes 33, 34 and 37, cash and cash equivalents as disclosed in note 29 and of items presented within equity in the statement of financial position.

The group's directors manage the capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the group balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

47 Post reporting date events

On 31st January 2024, the company sold all of its shares in E-Lifecycle Holdings GmbH to the management of the company. The consideration paid to the company upon execution of the Share Purchase Agreement ('SPA') amounted to one euro (€1.00) and the overall terms of the SPA are considered customary for a transaction of this nature. E-Lifecycle was expected to generate less than 1% of revenue for the company in 2023 and actual performance fell short of this target, despite significant efforts to gain market presence and develop the business. While the sustained losses were expected, they led the Board to reconsider the viability of this non-core investment during 2024. Due to the increasingly challenging market conditions and trade outlook for Germany, the company has decided to exit this line of business.

48 Immediate and ultimate parent company and controlling party

The immediate and ultimate parent company of 1923 Investments p.l.c. is Hili Ventures Limited. The registered office of Hili Ventures Limited is Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000, Malta.

The directors consider the ultimate controlling party to be Mr Carmelo (sive Melo) Hili, who, through his interest in Hili Ventures Limited, as of 31 December 2023 holds 100% (2022: 100%) of the voting rights in 1923 Investments p.l.c.

Independent auditor's report

To the shareholders of 1923 Investments p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of 1923 Investments p .l.c. (the "Company") and of the Group of which it is the parent, which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including the material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) , and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit we have remained independent of the Company and the Group and have not provided any of the non-audit services prohibited by article 18A of the Accountancy Profession Act, Cap. 281. The non-audit services that we have provided to the Company and the Group during the year ended 31 December 2023 are disclosed in note 11 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill and intangible assets in the consolidated financial statements

Key audit matter

Goodwill with a carrying amount of € 66.27 million and intangible assets having a carrying amount of € 21.2 million as at 31 December 2023 are included on the Group's Statement of Financial Position as at that date.

Management is required to perform an assessment at least annually to establish whether goodwill and intangible assets that have an indefinite useful life should continue to be recognised, or if any impairment is required. The assessment was performed at the lowest level at which the Group could allocate and assess goodwill, which is referred to as a cash generating unit ('CGU').

The impairment assessment was based on the calculation of a value-in-use for each of the CGUs. This calculation was based on estimated future cash flows for each CGU, including assumptions concerning revenue growth, profit margins, weighted average cost of capital and effective tax rates.

Estimating future profitability requires the directors to apply significant judgements which include estimating future taxable profits, long term growth and discount rates. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement.

We focussed on this area because of the significance of the amounts of goodwill and intangible assets with indefinite useful life acquired in business combinations made by the Group up to 31 December 2023 which are recognised at balance sheet date. Moreover, the directors' assessment process is complex and highly judgmental and is based on assumptions which are affected by expected future market or economic conditions.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the impairment methodology applied by management and engaged our internal valuation specialist resources to assess the reliability of the directors' forecasts and to challenge the methodology used and the underlying assumptions. We concluded that the parameters utilised were reasonable.

We communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions. We also assessed the adequacy of the disclosures made in notes 5.28 of the financial statements relating to goodwill including those regarding the key assumptions used in assessing its carrying amount. Those disclosures specifically explain that the directors have assessed the carrying amount of goodwill and intangible assets with an indefinite useful life as at 31 December 2023 and concluded that no impairment charge in the value of the goodwill was required. The directors concluded that the carrying amount of intangible assets with an indefinite useful life is recoverable and consequently no impairment charge is required.

Assessment of carrying amount of investments in subsidiaries and other investments in the Company's financial statements

Key audit matter

During the year ended 31 December 2023 management carried out an assessment to establish whether the carrying amount of investments in subsidiaries and other investments in the financial statements of the Company at 31 December 2023 should continue to be recognised, or if any impairment is required.

We focussed on this area because of the significance of the investments in subsidiaries which at 31 December 2023, amounted € 55.6 million. Moreover, the directors' assessment process is complex and highly judgmental and is based on assumptions, such as forecast growth rates, profit margins, weighted average cost of capital and effective tax rate, which are affected by expected future market or economic conditions.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the impairment methodology applied by management and engaged our internal valuation specialist resources to assess the reliability of the directors' forecasts and to challenge the methodology used and the underlying assumptions. We concluded that the parameters utilised were reasonable.

We communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions. We also assessed the adequacy of the disclosures made in note 5.28 of the financial statements relating to investments including those regarding the key assumptions used in assessing its carrying amount. Those disclosures specifically explain that the directors have assessed the carrying amount of investments as at 31 December 2023 and concluded that no impairment charge in the company's investments in subsidiaries was required.

Other information

The directors are responsible for the other information. The other information comprises (i) the Directors' report, (ii) the Statement of responsibility pursuant to the Capital Market Rules issued by the Malta Financial Services Authority, (iii) the Corporate Governance statement and (iv) the Other Disclosures in terms of the Capital Market Rules which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- Non-financial statement in the Directors' report:
  - The Directors' report includes non-financial information in line with the requirements of paragraphs 8 and 11 of the Sixth Schedule to the Act. The proviso to sub-article 179(3) of the Act requires us to check whether such information is provided, but not to express any comment thereon.
- Information in the Directors' report other than the non-financial statement:
  - The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' report has been prepared in accordance with the Act.

    In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the directors those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or the Group's ability to continue as a going concern. In particular, it is difficult to evaluate all the potential implications that the current conflict in Ukraine may have on the Group's business.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Reports on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Report and Consolidated Financial Statements of 1923 Investments p.l.c. for the year ended 31 December 2023, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Report and Consolidated Financial Statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Report and Consolidated Financial Statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Report and Consolidated Financial Statements, in accordance with the requirements of the ESEF RTS.
- Obtaining the Report and Consolidated Financial Statements and performing validations to determine whether the Report and Consolidated Financial Statements have been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Report and Consolidated Financial Statements to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

- We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Report and Consolidated Financial Statements for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Capital Market Rules require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Capital Market Rules also require us, as the auditor of the Company, to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance with the Code of Principles of Good Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance with the Code of Principles of Good Corporate Governance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate governance statement has been properly prepared in accordance with the requirements of the Capital Market Rules.

Other matters on which we are required to report by exception

We also have responsibilities

- under the Companies Act, Cap 386 to report to you if, in our opinion:
    - adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us
    - the financial statements are not in agreement with the accounting records and returns
    - we have not received all the information and explanations we require for our audit
    - certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- in terms of Capital Market Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure

We were first appointed as auditors of the Company and the Group on 14 November 2017. Our appointment has been renewed annually by a shareholders' resolution representing a total period of uninterrupted engagement appointment of seven years.

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

GRANT THORNTON
Fort Business Centre

Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Mark Bugeja
Partner

22 April 2024

[1] Note: At the time of reporting, the official NACE codes for E-Lifecycle Holding GmbH had not yet been officially assigned, thus relevant NACE codes based on the general economic activities performed were utilized for the purpose of taxonomy reporting.