

**MCM
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**1923
INVESTMENTS**

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by 1923 Investments p.l.c. (the “Company”) pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority.

QUOTE

The Company announces that the Board of Directors has approved the Company’s half yearly financial report and unaudited interim financial statements for the period ending June 30, 2024.

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

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

Furthermore, reference is made to the announcement published by the Company “Approval of Audited Financial Statements and AGM Held” on April 22, 2024, wherein the Company published its results for the year ended December 31, 2023.

The Company wishes to inform that the EBITDA quoted in the Directors’ Report should have read €21,909,021 instead of €17,936,821 and the EBITDA margin should have read 7.8% instead of 6.4% as reported. All the other figures in the audited Financial Statements remain unchanged.

UNQUOTE

By order of the Board



Mr. Adrian Mercieca
Company Secretary

August 29, 2024

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1923 Investments p.l.c.

Interim Financial Report (Unaudited)

For the period 1 January 2024 to 30 June 2024

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The directors present their interim report, together with the unaudited interim condensed financial statements (the “condensed interim financial statements”) of the Company (the “Company”) and its subsidiaries (the “Group”) for the period from 1 January 2024 to 30 June 2024.

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 and (ii) the sale, maintenance and servicing of information technology solutions, security systems and provision of electronic payment solutions.

On 31st January 2024, 1923 Investments sold its holdings in E-Lifecycle Holdings GmbH and therefore no longer provides mobile device repair and the sale of refurbished phones and accessories under the iRiparo and UZED brands.

Business review

The Group

During the period under review, the Group registered an operating profit from continuing operations of Eur3,202,470 (June 2023: *Eur3,355,455*) on revenues of Eur133,188,436 (June 2023: *Eur106,823,249*).

After accounting for investment income and finance costs and the loss from the sale of E-Lifecycle, the Group registered a loss before tax from continuing operations of Eur701,776 (June 2023: *profit of Eur4,273,778*).

The (loss)/profit from discontinued operations amounts to (Eur477,552) (June 2023: *Eur276,022*). The loss for the period including the results from discontinued operations amounts to Eur1,046,887 (June 2023: *profit of Eur3,873,767*).

The movement in financial performance mainly results from the following:

- The decrease in profitability at **iSpot Poland Sp. Z o.o.** which was due to a weaker economic environment which negatively impacted consumer confidence as well as one-off expenses incurred as part of the merger process with Cortland. On 30th

June, 2024, iSpot successfully completed the merger with Cortland Sp. Z o.o. and the comparative figures for 2023 include Cortland's results from 1st April to 30th June 2023 whereas the 2024 results include Cortland's results for the full interim period.

- An improvement in financial performance at **Harvest Technology p.l.c.** was driven by an increase in processing volumes in the Payment Processing Services segment and the Retail and IT Solutions segment also registered a positive result on the back of the completion of a number of significant projects, some of which were delayed from the prior year.
- The loss on the sale of shares in **E-Lifecycle Holdings GmbH**.

The Group's net assets at the end of June 2024 amounted to Eur68,317,260 compared to Eur68,591,581 as at 31 December 2023. Further segment analysis is presented in note 4 of the interim financial statements.

The Company

During the period under review, the Company registered an operating loss of Eur780,794 (June 2023: *Loss of Eur711,698*). After accounting for investment income, finance costs and the loss on sale of investment, the Company registered a pre-tax loss of Eur2,747,247 (June 2023: *a pre-tax profit of Eur3,595,766*). During the period under review, finance costs include unrealised exchange gain amounting to Eur75,439 (June 2023: *unrealised exchange gain of Eur529,414*). The decrease in profit before tax when compared to the same period in 2023 is mainly due to the movement in gains/losses on disposal of subsidiaries. In 2023 the Company recorded a gain of Eur3,425,000 whilst in the period under review the Company recorded a loss of Eur1,660,267 on disposals of subsidiaries.

The net assets of the Company as at 30 June 2024 amounted to Eur49,279,326 compared to Eur51,260,726 as at 31 December 2023.

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2024 and its comparative period in 2023.

Future Outlook

The Directors are continuously monitoring the macro-economic environment in all its business sectors and territories including Poland, Malta and Hungary. The key challenges

are the persistent high levels of inflation and weak consumer and business confidence which is impacting the Company's performance in 2024.

The Group continues to have confidence in the opportunities available in all the countries in which it operates.

Post balance sheet events

On 3rd June 2024, Hili Finance Company plc issued a prospectus in relation to the issue of an Eur80,000,000 bond at 5% interest p.a., maturing in 2029. Existing bond holders of 1923 Investments plc were given the option to convert their current holdings in the 1923 Investment bond at 5.1% interest p.a. and maturing in December 2024, into the new bond issue. This option was exercised for a total of Eur24,219,600 bonds out of the Eur36,000,000 bonds of 1923 Investments. In line with this, on 5th August 2024, 1923 Investments paid the accrued bond interest of 5.1% for the period 5th December 2023 to 7th July 2024 as well as 0.1% interest for the period 8th July to 4th December 2024, to the bond holders who transferred their holdings to Hili Finance Company plc.

On 9th July 2024, 1923 Investments settled in full its loan facilities with HSBC Bank Malta plc. These were financed through a back-to-back loan agreement with Hili Ventures, the parent company. Following the repayment of these bank loans, corporate guarantees given by iSpot Sp. Z.o.o. will be cancelled.

There were no other significant events that have occurred after the end of the reporting period.

1923 Investments p.l.c.

Interim Directors' Report Pursuant to Capital Market Rules 5.75.2 Period ended 30 June 2024



Preparation of the Condensed Consolidated Interim Financial Statements

This report is being published in terms of the Capital Market Rule 5.75 issued by the Malta Financial Services Authority and has been prepared in accordance with the applicable Capital Market Rules and International Accounting Standard 34 - Interim Financial Reporting. The financial statements published in this half-yearly report have been condensed in accordance with the requirements of IAS 34. The comparative statements have been extracted from the audited financial statements for the year ended 31 December 2023 and the management accounts for the period ending 30 June 2023. In terms of the Capital Market Rule 5.75.5, the Directors are stating that these condensed interim financial statements have not been audited or reviewed by the Company's independent auditors.

Approved by the Board of Directors on 29th August 2024 and signed on its behalf by:

A blue ink signature of David Bonett.

David Bonett
Chairman

A blue ink signature of Dorian Desira.

Dorian Desira
Non-Executive Director

1923 Investments p.l.c.



Condensed Statements of Profit or Loss and Other Comprehensive Income Period ended 30 June 2024

	Group		Company	
	1 January to 30 June 2024	1 January to 30 June 2023	1 January to 30 June 2024	1 January to 30 June 2023
	Eur	Eur	Eur	Eur
Revenue (note 5)	133,188,436	106,823,249	250,000	455,484
Cost of sales	(119,539,036)	(94,085,021)	-	-
Gross profit	13,649,400	12,738,228	250,000	455,484
Administrative expenses	(10,446,930)	(9,382,773)	(1,030,794)	(1,167,182)
Operating profit/(loss)	3,202,470	3,355,455	(780,794)	(711,698)
Investment income	-	-	110,436	1,014,491
Net finance costs	(2,129,447)	(1,296,489)	(416,622)	(132,027)
Share of loss in joint ventures	(50,872)	(72,681)	-	-
Gain/(loss) from sale of subsidiary	(1,723,927)	2,287,493	(1,660,267)	3,425,000
(Loss)/profit before tax from continuing operations	(701,776)	4,273,778	(2,747,247)	3,595,766
Income tax (expense)/credit	132,441	(676,033)	765,847	52,067
(Loss)/profit for the period from continuing operations	(569,335)	3,597,745	(1,981,400)	3,647,833
Profit/(loss) from discontinued operations (note 11)	(477,552)	276,022	-	-
(Loss)/profit for the period	(1,046,887)	3,873,767	(1,981,400)	3,647,833
Other comprehensive income items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	814,766	2,611,150	-	-
Total comprehensive (loss)/profit for the period	(232,121)	6,484,917	(1,981,400)	3,647,833

1923 Investments p.l.c.

Condensed Statements of Profit or Loss and Other Comprehensive Income (continued) Period ended 30 June 2024



	Group		Company	
	1 January to 30 June 2024 Eur	1 January to 30 June 2023 Eur	1 January to 30 June 2024 Eur	1 January to 30 June 2023 Eur
(Loss)/profit attributable to:				
Owners of the company	(1,272,520)	3,805,880	(1,981,400)	3,647,833
Non-controlling interests	225,633	67,887	-	-
	<u>(1,046,887)</u>	<u>3,873,767</u>	<u>(1,981,400)</u>	<u>3,647,833</u>
Total comprehensive (loss)/profit attributable to:				
Owners of the company	(457,754)	6,417,030	(1,981,400)	3,647,833
Non-controlling interests	225,633	67,887	-	-
	<u>(232,121)</u>	<u>6,484,917</u>	<u>(1,981,400)</u>	<u>3,647,833</u>

1923 Investments p.l.c.



Condensed Statement of Financial Position Period ended 30 June 2024

	Notes	Group		Company	
		30 June 2024	31 December	30 June 2024	31 December
		Unaudited	2023 Audited	Unaudited	2023 Audited
		Eur	Eur	Eur	Eur
Assets and liabilities					
Non-current assets					
Goodwill	6	66,678,152	66,265,971	-	-
Intangible assets	7	21,896,202	21,220,545	18,137	21,452
Property, plant and equipment		5,071,750	5,749,482	10,800	9,311
Right-of-use assets	8	13,219,350	13,724,716	75,715	84,622
Investments in subsidiaries	9	-	-	55,640,585	55,640,585
Investments in associates		-	-	-	-
Investment in joint venture		1,141,839	1,192,711	682,375	682,375
Other investments		920,347	1,142,569	-	-
Other receivables		-	-	-	-
Loans and receivables	10	8,266,071	8,719,347	26,085,575	26,472,711
Deferred tax assets		1,925,022	1,139,038	1,146,104	341,602
		119,118,733	119,154,379	83,659,291	83,252,658
Current assets					
Inventories		21,508,695	23,602,868	-	-
Loans and receivables	10	19,275,666	22,506,273	24,411,974	28,844,756
Contract assets		773,063	1,114,392	-	-
Other assets		7,456,296	6,132,107	196,146	179,905
Trade and other receivables	12	12,308,886	13,823,744	70,126	100,737
Cash and cash equivalents		3,799,632	11,162,493	436,289	139,590
Current tax assets		2,825,976	1,722,335	1,053,656	1,053,656
		67,948,214	80,064,212	26,168,191	30,318,644
Total assets		187,066,947	199,218,591	109,827,482	113,571,302
Current liabilities					
Debt securities in issue	16	35,960,532	35,920,080	35,960,532	35,920,080
Trade and other payables	13	35,362,951	44,592,684	1,614,076	778,672
Contract liabilities		1,568,565	1,813,447	-	-
Other financial liabilities	14	199,028	32,405	311,580	1,691,257
Bank overdraft	15	9,122,059	7,061,172	-	-
Bank loans	15	5,992,681	4,499,120	5,992,681	4,499,120
Lease liability	8	3,631,947	3,741,721	14,343	14,343
Current tax liabilities		40,346	4,857	-	-
		91,878,109	97,665,486	43,893,212	42,903,472
Non-current liabilities					
Trade and other payables	13	882,883	2,575,874	-	-
Other financial liabilities	14	-	-	1,882,344	290,589
Bank loans	15	14,708,498	19,045,082	14,708,498	19,045,082
Lease liability	8	9,747,458	9,885,736	64,102	71,433
Deferred tax liabilities		1,532,739	1,454,832	-	-
		26,871,578	32,961,524	16,654,944	19,407,104
Total liabilities		118,749,687	130,627,010	60,548,156	62,310,576
Net assets		68,317,260	68,591,581	49,279,326	51,260,726

1923 Investments p.l.c.



Condensed Statements of Financial Position (continued) at 30 June 2024

	Group		Company	
	30 June 2024 Unaudited	31 December 2023 Audited	30 June 2024 Unaudited	31 December 2023 Audited
	Eur	Eur	Eur	Eur
Equity				
Share capital	52,135,000	52,135,000	52,135,000	52,135,000
Other equity	(2,874,144)	(2,874,144)	154,629	154,629
Exchange reserve	1,988,498	1,173,732	-	-
Retained earnings	11,669,488	12,942,008	(3,010,303)	(1,028,903)
Equity attributable to owners of the company	62,918,842	63,376,596	49,279,326	51,260,726
Non-controlling interests	5,398,418	5,214,985	-	-
Total equity	68,317,260	68,591,581	49,279,326	51,260,726

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Condensed Statements of Changes in Equity

for the period ended 30 June 2024

Group	Share capital	Other equity	Retained earnings / (Accumulated losses)	Translation reserve	Attributable to equity holders of the parent	Non-controlling interests	Total equity
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Balance as 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)
Profit for the year	-	-	4,882,365	-	4,882,365	218,152	5,100,517
Other comprehensive profit for the year	-	-	-	3,681,450	3,681,450	-	3,681,450
Fair value movement	-	(207,408)	-	-	(207,408)	-	(207,408)
Other movements	-	-	522,635	-	522,635	-	522,635
Transfer between reserves on disposal of subsidiaries	-	2,075,000	(2,983,175)	908,175	-	-	-
Balance as 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
Transactions with owners:							
Dividend paid to minority interest	-	-	-	-	-	(42,200)	(42,200)
Profit/(loss) for the period	-	-	(1,272,520)	-	(1,272,520)	225,633	(1,046,887)
Other comprehensive profit for the period	-	-	-	814,766	814,766	-	814,766
Balance as at 30 June 2024	52,135,000	(2,874,144)	11,669,488	1,988,498	62,918,842	5,398,418	68,317,260

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Condensed Statements of Changes in Equity (continued) for the period ended 30 June 2024

Holding company

	Share capital	Other equity	Retained earnings / (accumulated losses)	Total
	Eur	Eur	Eur	Eur
At 1 January 2023	52,135,000	154,629	882,921	53,172,550
Profit 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
Loss for the period	-	-	(1,981,400)	(1,981,400)
Total comprehensive income	-	-	(1,981,400)	(1,981,400)
At 30 June 2024	52,135,000	154,629	(3,010,303)	49,279,326

1923 Investments p.l.c.



Condensed Statements of Cash Flows for the period ended 30 June 2024

	The Group 1 January to 30 June 2024	The Group 1 January to 30 June 2023	The company 1 January to 30 June 2024	The company 1 January to 30 June 2023
	Eur	Eur	Eur	Eur
Operating activities				
(Loss)/profit before tax from continuing operations	(701,776)	4,273,778	(2,747,247)	3,595,765
Adjustments	7,342,792	4,373,668	261,142	(2,117,366)
Net changes in working capital	(8,721,037)	(8,940,663)	(49,533)	(2,083,645)
Interest paid	(893,611)	(706,002)	(893,611)	(528,576)
Net tax (paid)/refunded	(1,643,788)	(1,044,877)	-	300,384
Net cash used in continuing operations	(4,617,420)	(2,044,096)	(3,429,249)	(833,438)
Net cash generated from discontinued operations	(1,188,537)	577,273	-	-
Net cash used in operating activities	(5,805,957)	(1,466,823)	(3,429,249)	(833,438)
Investing activities				
Payments to acquire plant and equipment	(73,921)	(2,195,073)	(3,922)	(1,165)
Payments to acquire intangible assets	(738,079)	(347,714)	-	-
Proceeds from disposal of other investments	200,000	-	-	-
Payments for the incorporation of a subsidiary	-	-	-	-
Proceeds from sale of subsidiary	-	23,200,000	-	23,200,000
Investment in subsidiary	-	(42,861,214)	-	(22,382,810)
Loan to subsidiary	-	-	-	(1,700,000)
Payments from parent company	-	4,100,000	75,242	4,100,000
Cash taken over upon acquisition of subsidiary	-	2,760,573	-	-
Cash released upon sale of subsidiary	(504,013)	(1,518,439)	-	-
Payments by parent on disposal of subsidiary	(494,902)	-	-	-
Dividends received from subsidiaries	-	-	110,436	71,782
Net cash (used in)/generated from continuing operations	(1,610,915)	(16,861,867)	181,756	3,287,807

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Condensed Statements of Cash Flows (continued) for the period ended 30 June 2024

	The Group 1 January to 30 June 2024 Eur	The Group 1 January to 30 June 2023 Eur	The Company 1 January to 30 June 2024 Eur	The Company 1 January to 30 June 2023 Eur
Net cash used in discontinued operations	(12,657)	(440,769)	-	-
Net cash (used in) / generated from investing activities	(1,623,572)	(17,302,636)	181,756	3,287,807
Financing activities				
Proceeds from bank loan	-	21,400,000	-	21,400,000
Repayments of bank loans	(2,843,051)	(1,782,212)	(2,843,051)	(1,782,212)
Loan to subsidiary	-	-	(2,000,000)	(25,550,688)
Repayment of loan by subsidiary	-	-	4,700,000	1,750,000
Loan advances by related parties	-	-	-	1,333,498
Loan repayments by parent	3,300,000	-	3,300,000	-
Interest received from parent	397,301	-	397,301	-
Payments for lease obligations	(2,356,503)	(1,798,925)	(10,058)	-
Dividends paid	(42,200)	-	-	-
Interest paid on leasing arrangements	(448,396)	(253,825)	-	-
Net cash (used in)/generated from continuing operations	(1,992,849)	17,565,038	3,544,192	(2,849,402)
Net cash used in discontinued operations	(1,370)	(1,254,282)	-	-
Net cash (used in)/generated from financing activities	(1,994,219)	16,310,756	3,544,192	(2,849,402)
Net change in cash and cash equivalents	(9,423,748)	(2,458,703)	296,699	(395,033)
Cash and cash equivalents, beginning of year	4,101,321	5,611,183	139,590	727,660
Cash and cash equivalents, end of period	(5,322,427)	3,152,480	436,289	332,627

1. Basis of preparation

The condensed consolidated interim financial statements as at end of 30 June 2024 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, “Interim Financial Reporting”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS as adopted by the EU.

2. Significant accounting policies

2.1 Statement of compliance with IFRS

The condensed interim financial statements have been prepared under the historic cost convention, except for financial instruments at fair value through profit or loss and available-for-sale financial assets, which are stated at their fair values. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group’s and Company’s annual financial statements for the year ended 31 December 2023.

2.2 New standards, amendments and interpretations adopted as at 1 January 2024

Some accounting amendments which have become effective from 1 January 2024 and have been adopted by the Group and the Company do not have a significant impact on the Group and Company’s financial results or position. Accordingly, the Group and the Company have made no changes to its accounting policies in 2024.

Other Standards and amendments that are effective for the first time in 2024 and could be applicable to the Group are:

- 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.

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

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

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

3. 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 Eur23.9 million and Eur17.7 million respectively (2023: Eur17.6 million and Eur12.6 million respectively).

The net current liability is related primarily to the Eur36 million 5.1% bond issue which matures in December 2024 and is therefore classified as a current liability. As stated in the post balance sheet events note, after the end of the current reporting period, Eur24,219,600 of the bonds have been exchanged into the newly issued Hili Finance Company plc bond on 8th July 2024. The remaining balance on the debt securities following the exchange amounts to Eur11,780,400, which will be repaid on 4th December 2024.

The Group is expected to generate cash from the operations from its subsidiaries until the end of the year. The directors also feel confident that the Company will secure the required funding to repay the outstanding bonds in issue.

4. Segmental reporting

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

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

Throughout the period, the Group operated in four principal geographical areas – Malta (country of domicile), Poland, Hungary and Germany.

**Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024**

Measurement of operating segment profit or loss, assets and liabilities

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

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

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

Profit or loss before tax

	1 January to 30 June 2024 Unaudited	1 January to 30 June 2023 Unaudited
	Eur	Eur
Total profit for reportable segments	2,250,747	4,525,375
Other unallocated amounts	(2,952,523)	(251,597)
Profit before tax	(701,776)	4,273,778

Assets

	30 June 2024 Unaudited	31 December 2023 Audited
	Eur	Eur
Total assets for reportable segments	172,724,517	189,407,623
Elimination of receivables	(108,751,324)	(128,024,585)
Unallocated amounts		
Property, plant and equipment	105,132	114,187
Right-of-use assets	460,407	565,487
Goodwill	66,678,152	66,265,971
Intangible assets	20,653	10,780,201
Loans and receivables	50,497,549	55,317,467
Deferred tax assets	1,279,677	469,491
Trade and other receivables	2,058,855	1,445,662
Cash and cash equivalents	560,463	454,228
Current tax assets	1,282,857	1,210,602
Other unallocated amounts	150,009	1,212,257
	187,066,947	199,218,591

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Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

4. Segmental reporting (continued)

Liabilities

	30 June 2024	31 December 2023
	Unaudited	Audited
	Eur	Eur
Total liabilities for reportable segments	102,066,953	118,536,623
Elimination of liabilities	(44,339,892)	(50,823,839)
Unallocated amounts		
Bank loans	20,701,179	23,544,202
Other financial liabilities	2,193,924	2,012,313
Lease liabilities	480,689	577,994
Current tax liabilities	-	-
Deferred tax liabilities	-	-
Debt securities in issue	35,960,532	35,920,080
Trade and other payables	1,686,302	859,637
Other unallocated amounts	-	-
	118,749,687	130,627,010

1923 Investments p.l.c.



Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

4. Segmental reporting (continued)

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

	Retail and IT Solutions (Poland, and Malta) 2024	Payment processing services 2024	IT solutions and 2024	Total 2024	Unallocated 2024	Eliminations and adjustments 2024	Consolidated 2024
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	129,761,246	2,577,385	6,959,908	139,298,539	319,547	(6,429,650)	133,188,436
Profit before tax	1,982,490	730,026	396,651	3,109,167	(2,354,736)	(1,456,207)	(701,776)
Depreciation and amortisation	3,301,474	260,938	83,279	3,645,691	122,361	(68,878)	3,699,174
Segment assets	140,796,183	3,851,225	9,521,727	154,169,135	123,860,165	(90,962,353)	187,066,947
Capital expenditure	324,663	398,889	85,545	809,097	4,871	(1,968)	812,000
Segment liabilities	85,932,098	1,876,565	6,855,912	94,664,575	61,022,626	(36,937,514)	118,749,687
Income tax expense	341,110	255,754	130,119	726,983	(627,953)	(231,471)	(132,441)

Segment note for 2024 does not include results from the discontinued operations for the period. This information is presented in note 11.

1923 Investments p.l.c.



Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

4. Segmental reporting (continued)

	Retail and IT Solutions (Poland and Germany) 2023	Payment processing services 2023	IT solutions and security systems 2023	Discontinued Operations (Germany) 2023	Total 2023	Unallocated 2023	Eliminations and adjustments 2023	Consolidated 2023
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	99,625,390	2,120,168	5,456,281	-	107,201,839	461,295	(839,885)	106,823,249
Profit before tax	4,763,048	497,741	175,831	-	5,436,620	3,813,323	(4,976,165)	4,273,778
Depreciation and amortisation	2,709,074	228,510	70,140	-	3,007,724	130,895	(13,498)	3,125,121
Segment assets	172,008,751	3,525,789	9,017,218	4,855,865	189,407,623	116,472,728	(106,661,760)	199,218,591
Capital expenditure	7,262,746	577,246	156,402	195,529	8,191,923	476,646	(365,896)	8,302,673
Segment liabilities	106,855,608	1,625,413	6,617,933	3,437,668	118,536,622	62,914,227	(50,823,839)	130,627,010
Income tax expense	929,841	176,335	63,683	-	1,169,859	29,398	(523,224)	676,033

Comparative information for 2023 has been restated to exclude discontinued operations which are being included in note 11.

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024

5. Revenue

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

	The Group June 2024 Eur	The Group June 2023 Eur	The Company June 2024 Eur	The Company June 2023 Eur
Sale and distribution of Apple products	121,514,424	98,060,605	-	-
Sale of IT related products	4,110,055	2,553,601	-	-
Rendering of services and development	3,524,180	2,528,393	-	-
Maintenance, support and servicing	1,909,707	1,939,072	-	-
Payment gateway services	2,130,070	1,741,578	-	-
Management fees	-	-	250,000	455,484
	133,188,436	106,823,249	250,000	455,484

6. Goodwill

Group

	Eur
At 01.01.2023	63,283,683
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	4,039,748
Acquisition of subsidiary	35,041,259
Disposal on sale of subsidiary	(36,098,719)
At 31.12.2023	66,265,971
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	412,181
At 30.06.2024	66,678,152

Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

6. Goodwill (continued)

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

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

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

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

At 30 June 2024, goodwill was allocated as follows:

- 1 Eur59,184,665 (31 December 2023: Eur58,772,484) to the polish subsidiary iSpot Poland Sp. Z.o.o. which operates the Apple Premium Partner business;
- 2 Eur3,860,898 (31 December 2023: Eur3,860,898) to APCOPAY Limited which operates electronic payment gateways.
- 3 Eur2,168,112 (31 December 2023: Eur2,168,112) to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- 4 Eur1,464,477 (31 December 2023: Eur1,464,477) to PTL Limited which operates in the business of selling and maintenance of IT solutions.

6. Goodwill (continued)

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.

Following the assessment that the directors carried out on this CGU's goodwill as at 31 December 2023, the directors are comfortable with the current headroom and thus decided not to carry out a thorough assessment for these interim unaudited financial statements.

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 rates of 2% (2023: 2%); and
- use of 21.6% (pre-tax) (2023: 23.3%) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill to be recoverable.

6. Goodwill (continued)

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% (2023: 2%); and
- use of 20.6% - 24.3% (pre-tax) (2023: 21.4% - 24.4%) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill to be recoverable.

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024

7. Intangible assets

Group	Eur
Cost	
At 01.01.2023	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 31.12.2023	24,507,830
Additions	738,079
Disposals on sale of subsidiary	(34,383)
Effect of foreign exchange differences	520,970
At 30.06.2024	25,732,496
Amortisation	
At 01.01.2023	2,319,649
Provision for the period	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 31.12.2023	3,287,285
Provision for the period	576,789
Released on disposal on sale of subsidiary	(34,383)
Effect of foreign exchange differences	6,603
At 30.06.2024	3,836,294
Carrying amount	
At 31.12.2023	21,220,545
At 30.06.2024	21,896,202

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

**Notes to the Condensed Interim Financial Statements (continued)
 for the period ended 30 June 2024**

7. Intangible assets (continued)

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

Based on the assessments carried out as disclosed in note 6, the directors expect the carrying amount of intangible assets with an indefinite useful life to be recoverable.

Intangible Assets – The Company

At 1 January 2023	10,520
Additions	16,000
At 31 December 2023	26,520
At 1 January 2024	26,520
Additions	-
At 30 June 2024	26,520
	€
Amortisation	
At 1 January 2023	438
Provision for the year	4,630
At 31 December 2023	5,068
At 1 January 2024	5,068
Provision for the year	3,315
At 30 June 2024	8,383
Carrying amount	
At 31 December 2023	21,452
At 30 June 2024	18,137

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024
8. Right of use asset

	Buildings	Motor vehicles	IT equipment	Total
	Eur	Eur	Eur	Eur
Gross carrying amount				
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
At 1 January 2024	28,205,763	929,136	150,174	29,285,073
Additions	1,768,994	28,872	-	1,797,866
Termination and expiry of leases	(389,175)	(73,534)	(1,836)	(464,545)
Effect of foreign exchange differences	171,892	3,084	31	175,007
At 30 June 2024	29,757,474	887,558	148,369	30,793,401

1923 Investments p.l.c.



Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

8. Right of use asset (continued)

Depreciation

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)
Disposal 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
At 1 January 2024	15,021,972	393,739	144,646	15,560,357
Provision for the period	2,281,936	100,670	2	2,382,608
Termination and expiry of leases	(358,065)	(75,370)	(1,836)	(435,271)
Effect of foreign exchange differences	65,199	1,128	31	66,357
At 30 June 2024	17,011,042	420,167	142,843	17,574,051
Carrying amount				
At 31 December 2023	13,183,791	535,397	5,528	13,724,716
At 30 June 2024	12,746,432	467,391	5,526	13,219,350

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024

8. Right of use asset (continued)

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

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

Additions in buildings amounting to Eur1,768,994 (2023: Eur9,340,966) made during the first half of 2024 relate to the signing of new contracts to lease retail outlets at iSpot in Poland.

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.

Up to 31 December 2022, the weighted average incremental borrowing rate applied by Harvest to lease liabilities recognised under IFRS16 was 3.93%. As from 2023, the incremental borrowing rate applied ranged from 5.37% during that year to 7.2% applied to new leases during 2024. The incremental borrowing rate will be re-assessed every time a new lease is entered into by Harvest and its subsidiaries 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.

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

	30 June 2024	31 December
	Unaudited	2023 Audited
	Eur	Eur
Current:		
Lease liability	3,631,947	3,741,721
Non-current:		
Lease liability	9,747,458	9,885,736
	13,379,405	13,627,457

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024
8. Right of use asset (continued)

The Group has leases for its buildings and motor vehicles. 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 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.

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
At 1 January 2024	92,045
Additions	-
At 30 June 2024	92,045
Depreciation	
At 1 January 2023	-
Provision for the year	7,423
At 31 December 2023	7,423
At 1 January 2024	7,423
Provision for the year	8,907
At 30 June 2024	16,330
Carrying amount	
At 31 December 2023	84,622
At 30 June 2024	75,715

1923 Investments p.l.c.



Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

8. Right of use asset (continued)

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

	30 June 2024 Unaudited	31 December 2023 Audited
	Eur	Eur
Current:		
Lease liability	14,343	14,343
Non-current:		
Lease liability	64,102	71,433
	<u>78,445</u>	<u>85,776</u>

9. Investment in subsidiaries

The following is a breakdown of the movement in “Investment in Subsidiaries” by the Company during 2024.

	2024 Eur	2023 Eur
At 1 January	55,640,585	68,041,520
Additions through the acquisition of subsidiary	-	22,382,810
Additions as a result of increase in share capital of subsidiary	100,000	3,300,000
Disposal of subsidiary	-	(33,575,000)
Impairment of investment in subsidiary	(100,000)	(4,508,745)
At 30 June / 31 December	<u>55,640,585</u>	<u>55,640,585</u>

On 28 June 2022, the Company incorporated a new subsidiary, E-Lifecycle Holdings GmbH, with an initial investment of Eur1,178,500 and capitalised costs amounting to Eur30,243. The transfer of Eur1,178,500 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 Eur3,300,000. The total investment in E-Lifecycle of Eur4,508,744 was impaired at the end of 2023. During the current period, the Company injected a further Eur100,000 which was impaired in full. On 31 January 2024, the Group disposed of the entire share capital of E-Lifecycle Holdings GmbH.

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024
10. Loans and receivables

	The Group	The Group	The Company	The Company
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Loans receivable from ultimate parent	19,216,905	22,490,474	19,178,332	22,490,474
Loans receivable from subsidiaries	-	-	31,317,907	32,820,366
Loans receivable from other related parties	58,761	15,799	1,310	6,627
Other receivables	8,266,071	8,719,347	-	-
	27,541,737	31,225,620	50,497,549	55,317,467
Comprising:				
Non-current				
Loans receivable from ultimate parent	-	-	26,085,575	-
Loans receivable from subsidiaries	-	-	-	26,472,711
Other receivables	8,266,071	8,719,347	-	-
	8,266,071	8,719,347	26,085,575	26,472,711
Current				
Loans receivable from ultimate parent	19,216,905	22,490,474	19,178,332	22,490,474
Loans receivable from subsidiaries	-	-	5,232,332	6,347,655
Loans receivable from other related parties	58,761	15,799	1,310	6,627
	19,275,666	22,506,273	24,411,974	28,844,756

Loans issued to ultimate parent, subsidiaries and other related parties bear an interest rate ranging from a fixed rate of 4.5% to a base rate of 4.25% plus three-month Euribor per annum.

Loans receivable from ultimate parent include an amount receivable of Eur2,400,000 in connection with the disposal of the Hili Logistics division and loans amounting to Eur16,706,924 previously granted to Hili Logistics and which were assigned to Hili Ventures during the period under review. These loans are repayable in full by 31 December 2024.

11. Disposal of subsidiaries classified as discontinued operations

On 31st January 2024, 1923 Investments sold its holdings 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 (Eur1.00) and the overall terms of the SPA are considered customary for a transaction of this nature.

**Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024**

11. Disposal of subsidiaries classified as discontinued operations (continued)

On 28 April 2023, the Company announced that it had concluded a share transfer agreement with its sister company HV Marine Limited for the sale of the Company's entire shareholding in Hili Logistics Limited on the same date, for a consideration of Eur37,000,000.

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 are summarised as follows:

	1 January to 30 January 2024	1 January to 30 June 2023
	Eur	Eur
Revenue	54,606	10,809,367
Direct operating costs	(34,499)	(7,007,321)
Gross profit	20,107	3,802,046
Administrative expenses	(484,916)	(4,263,330)
Share of profits in associates	-	251,246
Other income	-	435,370
Finance costs	(12,743)	(127,650)
Profit before tax	(477,552)	97,682
Tax expense	-	178,338
Profit from discontinued operations	(477,552)	276,020

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024

12. Trade and other receivables

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

	Group		Company	
	30 June 2024 Unaudited Eur	31 December 2023 Audited Eur	30 June 2024 Unaudited Eur	31 December 2023 Audited Eur
Trade receivables	8,741,791	9,206,329	-	-
Amounts owed by ultimate parent	-	7,068	-	-
Amounts owed by related parties	-	84,091	-	-
Other receivables	26,686	58,141	-	-
Prepayment and accrued income	9,642	770,959	-	-
Financial assets	8,778,119	10,126,588	-	-
Other receivables	3,530,767	3,697,156	70,126	100,737
Trade and other receivables – current	12,308,886	13,823,744	70,126	100,737

No interest is charged on trade and other receivables.

Allowance for estimated irrecoverable amounts

Trade receivables are stated net of an allowance for expected credit loss from trade receivables. Trade receivables before the allowance for expected credit loss from trade receivables amounts to Eur9,195,910 (31 December 2023 – Eur9,669,265).

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024

13. Trade and other payables

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

	Group		Company	
	30 June 2024 Unaudited	31 December 2023 Audited	30 June 2024 Unaudited	31 December 2023 Audited
	Eur	Eur	Eur	Eur
Trade payables	24,984,893	34,410,028	13,527	20,157
Other payables	194,766	1,724,187	30,311	173,625
Accruals	6,390,695	3,173,125	1,570,238	584,890
	31,570,354	39,307,340	1,614,076	778,672
Other creditors	3,792,597	5,850,830	-	-
Deferred income	882,883	2,010,388	-	-
Trade and other payables	36,245,834	47,168,558	1,614,076	778,672
Comprising:				
Long term payables				
Trade and other payables	882,883	2,575,874	-	-
	882,883	2,575,874	-	-
Current payables				
Trade and other payables	35,362,951	44,592,684	1,614,076	778,672
	35,362,951	44,592,684	1,614,076	778,672

1923 Investments p.l.c.



Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

14. Other financial liabilities

	The Group June 2024 Eur	The Group 2023 Eur	The Company June 2024 Eur	The Company 2023 Eur
Amounts owed to ultimate parent	182,106	9,611	181,134	-
Amounts owed to other related parties	16,922	22,794	13,973	1,939
Amounts owed to subsidiaries	-	-	1,998,817	1,979,907
	199,028	32,405	2,193,924	1,981,846
Comprising:				
Non-current liabilities				
Other financial liabilities	-	-	1,882,344	290,589
Current liabilities				
Other financial liabilities	199,028	32,405	311,580	1,691,257

15. Bank overdrafts and loans

Group

Bank loans as at 30 June 2024 amounted to Eur20,701,179 as follows:

	Eur
1923 Investments p.l.c.	<u>20,701,17</u>
	<u>20,701,17</u>

During 2020, 1923 Investments obtained a loan with a local bank for Eur2,250,000 which was increased by Eur430,000 in June 2021. The loan bears interests at a variable interest rate that amounted to 5.4% (2023: 4.5%) at 30 June 2024. As at 30 June 2024 the balance of this loan amounts to Eur1,295,255 (31 December 2023: Eur1,482,380). This loan is unsecured and ranks with priority to all other general creditors of the Company.

In December 2021, 1923 Investments obtained a loan from another local bank for Eur6,000,000. The loan is payable by quarterly instalments of Eur330,860 and bears interest at 3.75% per annum plus 3 month Euribor per annum and repayable in full within 5 years from drawdown. As at 30 June 2024 the balance of this loan amounts to Eur3,355,924 (31 December 2023: Eur3,871,822). This loan was granted under a first general hypothec of Eur6,000,000 over all assets present and future, whilst ranking with priority to all other general creditors of the Company.

15. Bank overdrafts and loans (continued)

In March 2023, 1923 Investments obtained a loan from a local bank for Eur21,400,000. The loan is payable in quarterly instalments of Eur1,070,000 and bears interest at 4.1% per annum plus 3-month Euribor and repayable in full within 5 years from drawdown. As at 30 June 2024 the balance of this loan amounts to Eur16,050,000 (31 December 2023 Eur18,190,000).

On 9th July 2024, 1923 Investments fully repaid the bank loans amounting to Eur16,050,000 and Eur3,355,924.

Harvest Technology has three overdraft facilities in two of its subsidiaries amounting to Eur1,070,000 secured by a general hypothec over present and future assets of the Harvest Group and bear interest between 3.5% and 5.5%.

The Group's banking facilities for iSpot includes an overdraft facility of (PLN15,000,000) (Eur3,481,090) and an Import Loan facility of (PLN25,000,000) (Eur5,801,810).

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, including 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

16. Debt securities in issue

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

The carrying amount of the bonds is net of direct issue costs of Eur39,468 (December 2023 – Eur79,920) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was at Eur100 resulting in a market value of Eur36,000,000 (December 2023 – Eur36,000,000).

As stated in the post balance sheet events note, after the end of the current reporting period, Eur24,219,600 of the bonds have been transferred to the newly issued Hili Finance Company plc bond on 8th July 2024. The remaining balance on the debt securities following this transfer amounts to Eur11,780,400, which will be repaid on 4th December 2024.

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024

17. Related party transactions

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

Group

	2024			2023		
	Related party activity Unaudited Eur	Total activity Unaudited Eur	%	Related party activity Unaudited Eur	Total activity Unaudited Eur	%
Revenue						
Related party transactions						
Ultimate parent	43,763			50,793		
Other related parties	12,015			154,023		
	<u>55,778</u>	<u>133,188,436</u>	0.04%	<u>204,816</u>	<u>106,823,249</u>	0.19%
Cost of sales						
Related party transactions						
Ultimate parent	7,585			4,524		
Other related parties	11,857			-		
	<u>19,442</u>	<u>119,539,036</u>	0.02%	<u>4,524</u>	<u>94,085,027</u>	0.005%
Administrative expenses						
Related party transactions with:						
Ultimate parent	305,090			357,098		
Other related parties	139,816			135,928		
	<u>444,906</u>	<u>10,446,931</u>	4.26%	<u>493,026</u>	<u>9,382,773</u>	5.25%

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024

17. Related party transactions (continued)

Holding company

	2024		%	2023		%
	Related party activity Unaudited Eur	Total activity Unaudited Eur		Related party activity Unaudited	Total activity Unaudited	
Revenue						
Related party transactions with:						
Other related parties	250,000	250,000	100%	455,484	455,484	100%
Administrative						
Related party transactions with:						
Parent company	300,000			347,415		
Other related parties	33,532			36,072		
	<u>333,532</u>	<u>1,030,794</u>	32.4%	<u>383,487</u>	<u>1,167,183</u>	32.9%
Investment income						
Related party transactions with:						
Ultimate parent	-			-		
Subsidiaries	-			-		
Other related parties	-			-		
Subsidiaries (dividends)	110,436			1,014,492		
Joint Venture (dividend)	-			-		
	<u>110,436</u>	<u>110,436</u>	100%	<u>1,014,492</u>	<u>1,014,492</u>	100%

18. Fair value of financial assets and financial liabilities

At 30 June 2024 and 31 December 2023, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than the shares in subsidiary companies that are carried at cost, and the debt securities in issue (where fair value is disclosed in note 16), are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end.

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

Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024
18. Fair value of financial assets and financial liabilities (continued)

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

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

Group

	Fair value measurement at end of reporting period using				
	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
Financial assets					
Loans and receivables					
Receivables from related parties	-	22,506,273	-	22,506,273	22,506,273
Other receivables		8,719,347		8,719,347	8,719,347
As at 31.12.2023	-	31,225,620	-	31,225,620	31,225,620
Receivables from related parties	-	19,275,666	-	19,275,666	19,275,666
Other receivables		8,266,071		8,266,071	8,266,071
As at 30.06.2024	-	27,541,737	-	27,541,737	27,541,737
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	36,000,000	-	-	36,000,000	35,920,080
As at 31.12.2023	36,000,000	30,637,779	-	66,637,779	66,557,859
Related party loans	-	199,028	-	199,028	199,028
Bank overdraft and loans	-	29,823,238	-	29,823,238	29,823,238
Debt securities	36,000,000	-	-	36,000,000	35,960,532
As at 30.06.2024	36,000,000	30,022,266	-	66,022,266	65,982,798

**Notes to the Condensed Interim Financial Statements (continued)
for the period ended 30 June 2024**
18. Fair value of financial assets and financial liabilities (continued)
Holding company

	Fair value measurement at end of reporting period using				Carrying amount Eur
	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	
Financial assets					
Loans and receivables	-	55,317,467	-	55,317,467	55,317,467
As at 31.12.2023	-	55,317,467	-	55,317,467	55,317,467
Loans and Receivables	-	50,497,549	-	50,497,549	50,497,549
As at 30.06.2024	-	50,497,549	-	50,497,549	50,497,549
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	36,000,000	-	-	36,000,000	35,920,080
As at 31.12.2023	36,000,000	25,526,048	-	61,526,048	61,446,128
Related party loans	-	2,193,924	-	2,193,924	2,193,924
Bank Loans	-	20,701,179	-	20,701,179	20,701,179
Debt securities	36,000,000	-	-	36,000,000	35,960,532
As at 30.06.2024	36,000,000	22,895,103	-	58,895,103	58,855,635

19. Financial instrument risk
Risk management objectives and policies

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

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

1923 Investments p.l.c.

Notes to the Condensed Interim Financial Statements (continued) for the period ended 30 June 2024

19. Financial instrument risk (continued)

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

19.1 Market risk analysis

Foreign currency risk

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

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

Interest rate risk

The Group has loans and receivables, debt securities in issue and other financial liabilities with a fixed coupon. The Group also had cash at bank which is not subject to significant fluctuations in interest rates. Over the years, the Group took an additional interest-bearing facility as disclosed in note 15. The interest rates on all of the Group's bank borrowings and the terms of such borrowings are disclosed accordingly within such note.

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

19.2 Credit risk analysis

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

19. Financial instrument risk (continued)

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.

The Group and the Company hold money exclusively with institutions having high quality external credit ratings. The cash and cash equivalents held with such banks at 30 June 2024 and 31 December 2023 are callable on demand. The banks with whom cash and cash equivalents are mainly held form part of an international group with an A-2 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-/A-3- by Standard and Poor's. Cash held by the Group with other local banks for which no credit rating is available are not significant. The Group also holds an amount of cash and cash equivalents with an international bank, through the acquisition of Cortland in 2023, whose credit rating is A-1 by Standard and Poor's. Such amount is not however considered to be significant to the Group and management considers the bank to be a reputable bank that operates in the international banking industry. Management considers the probability of default from such banks to be close to zero and the amount calculated using the 12-month expected credit loss model to be very insignificant. Therefore, based on the above, no loss allowance has been recognised by the Group and the Company.

Customers' credit quality is assessed by taking into account their financial standing, past experience and other factors, such as bank references and customers' financial position.

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

Individual risk limits are set in accordance with limits set by the Group's respective boards. The utilisation of credit limits is regularly monitored. Each new 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.

19. Financial instrument risk (continued)

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

The Group's policy is to deal only with credit-worthy counterparties. The credit terms are 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.

Trade receivables

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

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

The expected loss rates are based on the payment profile for sales over the past 36 months before 30 June 2024 and 31 December 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The Group has also taken into consideration the financial position of, and risk exposure to, large customers in order to determine whether the Group's credit risk has changed from the last reporting period. There are no particular indicators that suggest that the assessment of the expected credit risk model adopted by the Group materially varies from expectations of collectability and previous patterns of payments from such customers. While the Group continues to closely monitor all of its financial assets at more frequent intervals due to events such as the ongoing war in Ukraine or other changing economic circumstances, management considers that the level of ECL provisions at period end remains adequate.

19. Financial instrument risk (continued)**19.3 Liquidity risk**

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

19.4 Financial instruments measured at fair value

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

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

At 30 June 2024 and 31 December 2023, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

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

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

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

20. Contingent liabilities

As at 30 June 2024, two of the Group's subsidiaries under the Harvest Technology division had guarantees amounting to Eur266,195 (at 31 December 2023: Eur1,088,584) in favour of third parties on major projects being executed in Malta.

SAD sp. z o.o. ("SAD"), a Polish subsidiary of 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 Eur1,399,774) and determined an additional amount of VAT liability of PLN 2,604,732 (equivalent to Eur604,486).

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 Eur3,920,141).

On 23 December 2022, SAD paid an amount of PLN 4,003,973 (equivalent to Eur929,212) to the tax authorities, which consisted of the VAT liability for the February assessment. SAD also paid the March-July 2015 assessments in the amount of PLN 23,474,203 (equivalent to Eur5,447,715). 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 Eur8,265,514) as at the balance sheet date is shown in the statement of financial position with loans and receivables (non-current).

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 Provincial Administrative Court in Warsaw upheld the Company's complaint and revoked the challenged Director of Tax Administration Chamber's (DTAC) decision with respect to the tax proceedings for the period March to July 2015. Subsequently the DTAC filed a cassation appeal against the above-mentioned judgement 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. On 10 May 2024, the case was returned by the SAC to the PAC for reconsiderations, which means that PAC will have to decide the merit about the case.

In the opinion of SAD management and its tax advisors, 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 deposited 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 Eur36,674,817 (2023: Eur34,566,194).

21. Events after the end of the reporting period

On 3rd June 2024, Hili Finance Company plc issued a prospectus in relation to the issue of an Eur80,000,000 bond at 5% interest p.a., maturing in 2029. Existing bond holders of 1923 Investments plc were given the option to convert their current holdings in the 1923 Investment bond at 5.1% interest p.a. and maturing in December 2024, into the new bond issue. This option was exercised for a total of Eur24,219,600 bonds out of the Eur36,000,000 bonds of 1923 Investments. In line with this, on 5th August 2024, 1923 Investments paid the accrued bond interest of 5.1% for the period 5th December 2023 to 7th July 2024 as well as 0.1% interest for the period 8th July to 4th December 2024, to the bond holders who transferred their holdings to Hili Finance Company plc.

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

1923 Investments p.l.c.

Statement Pursuant to Capital Market Rules 5.75.3 issued by the Malta
Financial Services Authority
for the period ended 30 June 2024



We confirm that to the best of our knowledge:

- (a) the condensed interim financial statements give a true and fair view of the financial position of 1923 Investments p.l.c. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024, and the financial performance and cash flows of the Company and the Group for the half year then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and
- (b) the interim directors’ report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.84.

Approved by the Board of Directors on 29th August 2024 and signed on its behalf by:

A blue ink signature of David Bonett, consisting of several horizontal strokes.

David Bonett
Chairman

A blue ink signature of Dorian Desira, featuring a stylized, cursive script.

Dorian Desira
Non-Executive Director