Hili Ventures Limited

C57902

Report and Consolidated Financial Statements

31 December 2023

Contents

Hili Ventures Limited

Directors, officer and other information

Directors:	Archibald Anderson Bethel (Chairman) Carmelo sive Melo Hili Jesmond Mizzi Annabel Hili Victor Tedesco (resigned on 27 November 2023)
Secretary:	Adrian Mercieca
Registered office:	Nineteen Twenty-Three Valletta Road Marsa Malta
Company registration number:	C 57902
Auditor:	Grant Thornton Malta Fort Business Centre Triq l-Intornjatur, Zone 1 Central Business District Birkirkara, CBD 1050 Malta
Principal bankers:	HSBC Bank Malta plc. HSBC Head Office Mill Street Qormi Malta
	BRD – Groupe Societe Generale S.A. 1-7 Ion Mihalache Boulevard Sector 1, Bucharest 011171 Romania
	mBank S.A. 18 Prosta Street 00-850 Warszawa Poland
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The directors present their report and the audited financial statements of Hili Ventures Limited (the "Company") and the Hili Ventures Limited Group (the "Group") for the year ended 31 December 2023.

Principal activities

Hili Ventures Limited principally is the investment holding company of an international, diversified group to which it provides management and consultancy services.

The holding company has nine main direct subsidiaries: Premier Capital plc, 1923 Investments plc, Hili Properties plc, Hili Finance Company plc, Breakwater Investments Limited, Marsamxett Properties Limited, TBP Properties Single Member S.A., HV Hospitality Limited and Battery Street Limited.

Premier Capital plc is engaged, through its subsidiaries, in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.

1923 Investments plc acts as an investment arm and currently draws together the technology businesses, which are primarily engaged in retail and technology solutions, operating in Malta, Hungary and Poland.

Hili Properties plc owns and manages commercial real estate, industrial land and properties in Malta, Latvia, Lithuania, Estonia and Romania.

Hili Finance Company plc acts as the funding vehicle of Hili Ventures Limited and has three bond issues for a total value of *Eur170,000,000* listed on the Malta Stock Exchange as at December 31 2023.

Breakwater Investments Limited (formerly HV Marine Limited) is the engineering, oil and gas and logistics group, engaged in providing logistics services, ship-to-ship transfer services and LNG terminal management, the provision of specialised engineering services and container leasing.

Marsamxett Properties Limited was incorporated during 2023 to act as a holding vehicle of shares in entities listed on the local stock market. It currently holds shares in Tigne Mall plc which are listed on the Malta Stock Exchange.

TBP Properties Single Member S.A. was set up to own and manage commercial real estate in Greece. In 2023, it embarked on its first project, the development of a logistics centre, which will be completed in 2024.

HV Hospitality Limited aims to establish a presence in the European hospitality market. The company owns the concession agreement for the hotel and bungalows in Comino which are awaiting planning permission.

Battery Street Limited entered into a lease agreement for a property in Valletta which is currently in the design phase.

Financial performance

The results for the Group represent the results of the Company together with those of its subsidiaries and its shares of jointly controlled entities and associates for the year ended 31 December 2023.

The Group reported turnover from continuing operations is of *Eur987,171,215* (2022 – *Eur782,647,946*), which represents an increase of 26.13% over the prior year. This increase was mainly driven by the acquisition of Cortland Sp. Z.o.o. ("Cortland") in Poland in March 2023, retail and restaurant network expansion and organic growth across all areas of the business.

Operating profit for the Group reached *Eur81,284,014* (2022 – *Eur67,799,749*). After accounting for net investment income and finance costs, the Group registered a pre-tax profit of *Eur54,318,168* from continuing operations as compared to *Eur49,776,322* in 2022.

During the year under review the Company registered an operating loss of *Eur2,172,365* (2022 – *Eur2,408,377*). After accounting for net investment income and finance costs, the Company registered a pre-tax profit of *Eur36,740,005* from continuing operations, as compared to *Eur10,146,290* in 2022.

The Group and the Company's statements of financial position at year-end report net assets amounting to *Eur242,900,160* and *Eur96,289,076* respectively (2022 – *Eur210,276,750* and *Eur75,938,096*).

The Group measures the achievement of its objectives using the following key performance indicators:

The measure used by the Group to assess liquidity is the current ratio, which is defined as the total current assets for the year divided by the current liabilities. At the end of the year the Group reported a net asset position with the current ratio in 2023 set at 0.75 compared to 0.92 in 2022.

The Group has sufficient cash holdings at year end, enabling it to meet its obligations as they fell due.

The Group utilises the net gearing ratio as an indicator of the Group's financial leverage, which refers to its long-term debt versus its equity or capital employed. The net gearing ratio of the Group stood at *61%* (2022 – *63%*).

The Group also measures its performance based on earnings before interest, tax, depreciation and amortisation (hereinafter referred to as 'EBITDA'). In 2023, EBITDA generated from continuing operations for the Group reached *Eur125,220,192* (2022 – *Eur99,174,557*). The EBITDA from new acquisitions amounted to *Eur3,381,581* (2022- *Eur2,218,979*).

Financial performance (continued)

During the year under review, interest cover of the Group was at *4.66* times (2022 - *4.47 times*). Interest cover represents EBITDA divided by net interest costs.

Non-financial performance

The key non-financial performance indicators range from customer and employee satisfaction and conversion metrics in the retail, IT and restaurant divisions, to property occupancy ratios in the real estate arm.

The most relevant measures used by the different divisions are as follows:

In the year under review, Premier Capital plc, through its subsidiaries, continued to expand its network and as at 31 December 2023, it operated 185 restaurants (2022 – 174). Of these, 102 restaurants are located in Romania, 42 in the Baltic States, 32 in Greece and 9 in Malta. Through its subsidiaries, Premier Capital served over 85 million customers across its six markets (2022: 77 million).

Premier Capital continued to invest considerably in its restaurants, with more than *Eur33,000,000* going towards new stores and the refurbishment of existing ones - incorporating technologies such as Mobile Order and Pay and ultimately providing a more convenient and enjoyable experience for its guests.

In March 2023, iSpot Poland Sp. Z.o.o. ("iSpot"), a subsidiary of 1923 Investments plc, acquired 100% of the shares in Cortland . Cortland, the second largest Apple Premium Reseller in Poland, operated 16 retail outlets across the country. Through this acquisition, iSpot also gained a strong business-to-business segment and a leading education platform. The retail business in Poland now consists of iSpot and Cortland.

iSpot, which is now responsible for 26.99% of Group revenue, reported a strong year across all sales channels, paired with significant improvement in its customer loyalty and engagement programmes. In 2023, iSpot reported a 10.6% (2022: 45%) increase in organic revenue and a 36.3% increase overall, when including the acquisition of Cortland. Footfall in stores increased by 6% over 2023, driven by strong marketing campaigns, a larger retail store network and an increase in service locations. Furthermore, iSpot increased e-commerce sales and had a higher basket spend and 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. Revenue from e-commerce increased by 15.2% when compared to 2022.

Hili Properties plc's property occupancy stood at 99% as at 31 December 2023 (2022: 99%). This ratio compares leased investment properties in square metres with the total owned investment properties in square metres. The WALT (Weighted Average Lease Term) for the whole portfolio stood at 8.3 years as at 31 December 2023 (2022: 9.6 years).

Non-financial performance (continued)

Formerly known as HV Marine, Breakwater Investments is the umbrella brand which consolidates the Group's shipping and logistics, engineering, and oil and gas companies, with operations in Europe, North Africa and the UK. In its first year, the group has been focused on optimising its structure and developing a new strategy, identifying synergies and opportunities for growth.

The Hili Ventures also prides itself on the brands it is able to partner with in growing its portfolio. Six Senses, which forms part of Intercontinental Hotels Group plc and is one of the world's leading hotel brands in sustainable tourism, signed a 25-year management agreement with HV Hospitality in April 2023 for the operation of the new Comino hotel. The project currently awaits planning permission.

The total number of employees across the Group increased to 12,354 in 2023, compared to 10,880 in the previous year. The Group runs a yearly employee survey across the Group to keep a pulse on employee satisfaction and engagement, which rates remain high. The Group also invested significantly in its global team, ensuring responsible recruitment and offering fair wages and benefits, performance reviews, professional development programmes and employee well-being initiatives.

Market performance

The Group operates in 10 different countries, each contributing to the overall revenue. During 2023 and 2022, the individual market contribution to sales was split as follows:

Country	2023	2022
Romania	36%	38%
Poland	28%	23%
Baltics	16%	16%
Greece	10%	10%
Malta	7%	9%
Other	3%	4%

Principal risks and uncertainties

The successful management of risk is essential to enable the Group to achieve its objectives. Throughout the year, Hili Ventures Limited updated its group-wide Enterprise Risk Management assessment in order to align its risk mitigation measures to the ever-changing environment. All divisions and subsidiaries maintain risk registers which are reviewed and updated on a periodic basis by the respective boards. The ultimate responsibility for risk management rests with the directors of the various boards, who evaluate each subsidiary's risks and formulate policies for identifying and managing such risks. The principal risks and uncertainties are listed below:

Principal risks and uncertainties (continued)

(a) Operational risk
The Group operates in a highly competitive environment and faces competition from various other entities. Technological developments create new forms of quickly evolving competition. An effective, coherent and consistent strategy to respond to competitors and changing markets enables the Group to sustain its market share and its profitability. The Group continues to focus on service quality and performance in managing this risk.

The Group's revenues are at risk if it does not continue to provide the level of service expected by its customers. The Group's commitment to customers is embedded in its values. The relevant employees undertake intensive training programmes to ensure that they are aware of, and abide by, the levels of service that are required by the Group's customers.

The Group targets to grow organically as well as through acquisitions. Acquisitions into existing lines of business or investments in new ventures might pose the risk of objectives and returns not being achieved due of a number of underlying risks. The Group mitigates this risk by investing heavily in both the pre-investment period, by undertaking a spectrum of due diligence exercises, as well as post implementation, by having a laid out plan for the initial phases of the taken-over or incepted business.

(b) Legislative risks
The Group is subject to numerous laws and regulations covering a wide range of matters. Failure to comply could have financial or reputational implications and could materially affect the Group's ability to operate. The Group has embedded operating policies and procedures to ensure compliance with existing legislation and adequate preparation for new legislation that will impact the Group in the coming year.

(c) Resources and skills
Failure to engage and develop the Group's existing employees or to attract and retain talented employees could hamper the Group's ability to deliver in the future. The Group invests continuously in training its employees and undertakes regular reviews of the Group's resource requirements.

(d) Economic and market environment
Demand for the Group's products can be adversely affected by weakness in the wider economy which is beyond the Group's control. This risk is evaluated as part of the Group's annual strategy process, covering the key areas of investment and development, and is updated regularly throughout the year. The Group continues to make significant investment in innovation. The Group regularly reviews its pricing structures to ensure that its products are appropriately and competitively placed within the markets in which it operates.

(e) Brand and reputational risk
Damage to the Group's reputation could ultimately impede the Group's ability to execute its corporate strategy. This can occur from the actions of the Group itself as well as from the actions of the brands that the Group represents. To mitigate this risk, the Group strives

Principal risks and uncertainties (continued)

(e) Brand and reputational risk (continued)
to build its reputation through a commitment to sustainability, transparency, effective communication and governance. The Group continuously works to develop and maintain its brand value.

(f) Technology, cyber risk and business interruption
The Group relies on information technology in all aspects of its business. In addition, the services that the Group offers to its customers are reliant on complex technical infrastructure. A failure in the operation of the Group's key systems or infrastructure could cause a failure of service to its customers, thus negatively impacting its brand, and increased costs. The Group makes significant investment in technology infrastructure to enable it to continue to support the growth of its business and has a robust selection and monitoring process for third-party providers. The Group also invests highly in information security technical safeguards and trains its people on an ongoing basis on how to handle information security threats and breaches.

(g) Supply chain
A significant failure within the supply chain could adversely affect the Group's ability to deliver products and services to its customers. For this reason, the Group has proper crisis management plans in place to mitigate such risk.

(h) Political risk
The Group operates in many countries with differing economic, social and political conditions, which could include conflict, political unrest, strikes and other forms of instability. Changes in these conditions may adversely affect the Group's business, results of operations, financial conditions or prospects. The Group adapts to such risks by incorporating this risk into its business strategy.

(i) Fluctuations in property values
Property values are affected by and may fluctuate as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The Group has mitigated this risk by investing in a diversified selection of prime locations and has secured long term arrangements with established tenants.

(j) Significant judgements and estimates
Note 3 to the financial statements provides details in connection with the inherent uncertainties that surround the preparation of the financial statements and which require significant estimates and judgements.

(k) Strategic relationships
Hili Ventures has established strategic relationships with key business partners. There is no guarantee that the Group will be able to maintain these alliances or enter into further alliances. The loss of significant relationships could have a material adverse effect on the Group's business, results of operations and financial condition.

Principal risks and uncertainties (continued)

(k) Strategic relationships (continued)
The Group has developed a culture of performing to the highest standards set by the agreements under which it operates in strategic partnerships.

By doing so the Group mitigates risks of operational shortcomings that would lead to breaching such agreements.

(l) ESG risk
Across its diverse portfolio, Hili Ventures recognises that the transition to a more sustainable operation, including lowering carbon emissions, is crucial to its long-term success. The risks posed by climate change, material scarcity, and environmental degradation are particularly relevant in resource-intensive sectors such as food service, retail and logistics. The Group's commitment to sustainability is integral to its business strategy as it strives to uphold the highest standards of corporate governance and social responsibility, while managing its environmental impact to every extent possible.

(m) Cybersecurity risk
Failures or breaches of the electronic systems of the Company, its advisers and other service providers could cause disruptions, negatively impact the Company's business operations and/or potentially result in financial losses to the Company. Irrespective of the business continuity plans and risk management systems in place that address system breaches or failures, there are inherent limitations in such plans and systems. Furthermore, the Company cannot control the cybersecurity plans and systems of any of the Company's advisers and other service providers.

ESG policies, governance and due diligence

In line with the Directive 2014/95/EU and pursuant to Article 177 of the Maltese Companies Act (Cap. 386) and in terms of the Sixth Schedule to the Act, the directors hereby report the impact of the Group's activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. The Group and subsidiaries in scope are also preparing for the upcoming transition to the Corporate Sustainability Reporting Directive.

Introducing Hili Ventures and its commitment to sustainability

Hili Ventures is committed to measuring and communicating the Company's and its subsidiaries' impact across geographies and across its environmental and social footprint, in line with best-practice guidance. From implementing policies with global reach set by partners, to tailoring key performance indicators (KPIs) to account for market-level variations, Hili Ventures is adopting a proactive approach to Environmental, Social and Governance (ESG) matters. Alongside the Company's vision and values and its employer brand 'You Belong Here', sustainable success sits at the heart of Hili Ventures' mission. By acting with integrity and care with every decision and action it takes, Hili Ventures seeks to be a forward-thinking agent for positive change and to drive impact for good at every opportunity and interaction.

ESG policies, governance and due diligence (continued)

Introducing Hili Ventures and its commitment to sustainability (continued)

While setting and working toward goals are a key component of the Company's strategy, delivering long-term value to its stakeholders also requires establishing best practice policies and building responsible practices into the business that can't be measured through goals alone.

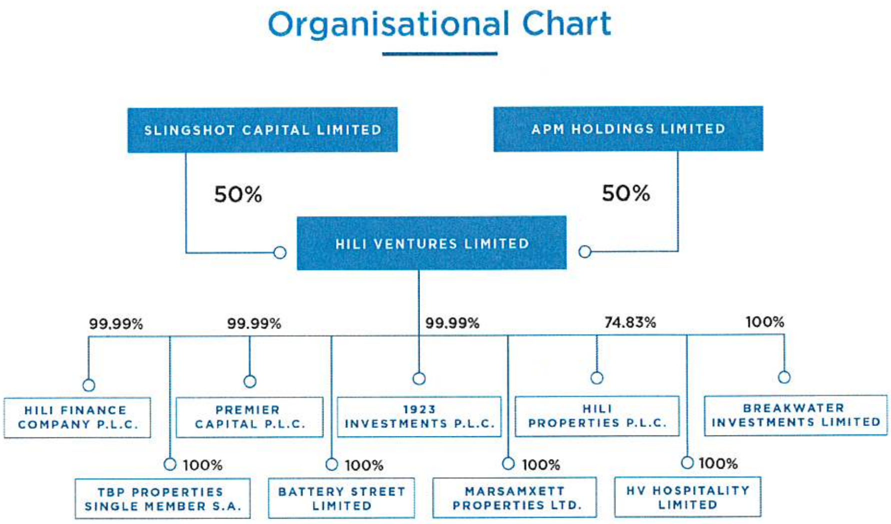
Scope and purpose of the non-financial statement

The scope of this statement is to describe the Company's main sustainability efforts over the course of 2023. Through its subsidiaries' operations, the Company aims to continuously assess and improve awareness of its most relevant ESG impacts, risks and opportunities. This report, as a result, will provide its key stakeholders with transparent and comprehensive information covering the Group's ESG performance.

Good Governance

Hili Ventures is a diversified, privately owned group, incorporated in Malta.

Fig 1: Represents how the Group is structured.



Hili Ventures partners with global players including McDonald's, Apple, Konecranes and Six Senses, among others. The business and the team are guided by five core values: Integrity, Care, Ambition, Innovation and Impact for Good.

Balancing the interests of operators, suppliers, employees and communities is essential to the Group's success. Upholding standards, safeguarding the environment along the value chain, keeping people safe, and ensuring indiscriminate access to development and promotion are considered key priorities of Hili Ventures' people strategy.

ESG policies, governance and due diligence (continued)

Good governance (continued)

These aspects enable the Group to consistently deliver relevant and positive experiences to customers and be an integral part of the communities it serves.

The board of directors consists of five members, of which four are male and one is female, with one independent director.

Archie Bethel CBE, Chairman
Archie Bethel CBE is an experienced business leader and board director with a successful track record of transforming and growing businesses in various industry sectors for over four decades. In 2021, after almost 20 years with Babcock International Group plc, a London-based FTSE-listed public company, he retired from his role as Chief Executive Officer. Archie continues to hold non-executive and independent director roles in both the private and public sectors. He is a chartered engineer and holds an MBA from the University of Strathclyde, Glasgow. He was awarded an OBE in 1996 and a CBE in 2008 for services to business and enterprise in the United Kingdom.

Melo Hili, Director
Melo Hili has led Hili Ventures since its inception in 2013, having joined the family business in 1988. He started out at Motherwell Bridge Malta, then a joint venture with Motherwell Bridge Group of Scotland, where he served as managing director for twenty years. Melo was named Developmental Licensee for McDonald's in Malta in 2005 and went on to expand the business across Europe, obtaining licenses for Estonia, Latvia and Lithuania in 2007, Greece in 2011 and Romania in 2016. Under his stewardship, the Group has diversified into new sectors, through investments in real estate, technology, and hospitality businesses.

Annabel Hili, Director
Annabel Hili currently occupies the role of Chief Operating Officer at Hili Ventures and is involved in strategic business transformation designed to engage the Group's people and create momentum, to impact portfolio and performance. She oversees the Group's Human Resources, Information Technology, Communications and Data Protection functions. A lawyer by profession, Annabel spent the first five years of her career at a leading law firm in Malta. She holds an LLM in the Law of Internet Technology from Bocconi University in Milan.

Jesmond Mizzi, Director
Jesmond Mizzi is the Managing Director of Jesmond Mizzi Financial Advisors, which he co-founded in 2002. His career in financial services spans 20 years, having previously earned auditing experience at PricewaterhouseCoopers. Having held senior roles with a listed company in Malta and through his exposure to capital markets, Jesmond brings valuable business acumen to the board at Hili Ventures. He is also a qualified and affiliate member of the Association of Chartered Certified Accountants (ACCA).

ESG policies, governance and due diligence (continued)

Good governance (continued)

Adrian Mercieca, Company Secretary
Adrian Mercieca joined Hili Ventures as Company Secretary and holds this position for most of its subsidiaries. He previously served as Director and Head of the Company Administration Department at a leading corporate services provider, where he was responsible for corporate, compliance, and banking matters for international clients, while also acting as Director and Company Secretary for several Maltese-registered companies. He holds an MBA from the University of Derby and an Advanced Diploma in Strategic Management & Leadership from Pearson and is also a member of the Institute of Financial Services Practitioners.

Whistleblowing Policy

Hili Ventures has appointed a Whistleblowing Reporting Officer and implemented a Whistleblower Policy across the Group. This policy allows employees to report actual or potential improper practices, without fear of retaliation. Reports are treated confidentially and investigated promptly. Through this, the organisation reinforces a culture of fairness, openness, and accountability, with internal controls to prevent inappropriate behaviour. Awareness is maintained through regular training, for employees, to use this channel to report suspected misconduct or irregularities.

Anti-bribery and anti-corruption

The Group's employees must comply with the Code of Conduct and Whistleblower Policy to ensure that all employees are educated regarding corrupt practices or bribery. They are encouraged to report any such activities in a direct line with their responsible supervisor, without fearing reprisals. Every employee is introduced to these policies during the onboarding process and adherence is mandatory.

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, in every country where it does business. To comply with the Group policy and anti-bribery laws, no employee should ever offer, directly or indirectly, any form of gift, entertainment or value to any government officials or their representatives.

Code of Business Conduct and Ethics Policy

Hili Ventures underlines the importance of maintaining its reputation through ethical conduct, as it influences its client relationships, employee morale, and investor perception. Its employees are expected to adhere to its Code of Business Conduct and Ethics Policy, seeking guidance when faced with challenging situations. The Group prioritises integrity over expediency, encouraging employees to consult policies and seek assistance if uncertain. Every individual contributes to maintaining Hili Ventures' integrity and reputation, as its ambassadors.

ESG policies, governance and due diligence (continued)

Ethical Business Practices

Hili Ventures is committed to conducting its business ethically and in compliance with regulations. This commitment is reflected in the Group's values:

- Integrity - We are honest. We are good communicators. We encourage, give and follow feedback. We do the right thing. We admit and learn from our mistakes. We are reliable.

- Care - We achieve results through teamwork and empowered teams. We make everyone feel like they belong here. We want our people to be happy here. We place confidence and trust in our people. We give everyone a chance to participate in idea generation. Diversity is our strength.

- Ambition - We are passionate. We do things right. We are focused on customers. We aim high. We elevate and champion talent. We celebrate achievement and show appreciation.

- Innovation - We add skills, skills and more skills. We embrace challenges as opportunities. We are curious. We are data driven. We invite change and new ideas. We push ourselves out of our comfort zone.

- Impact for Good - We are compassionate and mindful. We listen to our people, customers and our community. We are resilient. We lead by example. We give our people tools to make an impact. We care for our planet.

Diversity, Equity and Inclusion Policy

As part of Hili Ventures' efforts to create a diverse and inclusive environment at the workplace, a new Diversity, Equity and Inclusion (DEI) Policy was developed in the year under review and launched in early 2024 with the aim of building a workplace that champions diversity and fosters inclusion.

The Group believes that a team of distinct individuals with diverse backgrounds and experiences, working together in an environment which fosters respect and drives high levels of engagement, is essential to its continued business success. Performance evaluation systems are employed across the Group, using multistage training systems, to monitor individual's development and set training requirements.

The Group's culture of belonging is cemented in its values and is about uniting different backgrounds, beliefs, abilities and experiences in an environment where everyone feels valued and works together to achieve meaningful outcomes.

ESG policies, governance and due diligence (continued)

Diversity, Equity and Inclusion Policy (continued)

Employees are encouraged to:

- Respect the dignity and diversity of all people.
- Create an inclusive environment that is free from discrimination, harassment, and bullying.
- Enhance awareness of potential unconscious bias and how it might hinder their ability to be more inclusive and collaborative with one another.
- Focus on conscious inclusion to be more intentional with actions to drive diversity, equity and belonging.
- Communicate respectfully, cooperate and listen.
- Act with dignity, keep an open mind and lead by example.

To date, Hili Ventures, across 10 of its markets, has successfully adopted and communicated the following policies to its team:

- Anti-Discrimination Policy
- Anti-Harassment Policy
- Reporting of Grievance and Breach of Policies
- Social Media Policy
- Code of Business Conduct and Ethics Policy
- Anti-Bribery & Anti-Corruption Policy

Employee matters

Thanks to the diversity of its business activities, the Group is in a unique position to provide its people with valuable professional experience and meaningful work culture experiences. By promoting career progression and job mobility across divisions and markets, the Group provides opportunity, nurtures talent, develops leaders and rewards achievement.

In 2023, the Group spent more than *Eur1,041,000* in staff welfare.

Table 1: Statistics of the Group's employees

Total Headcounts	Headcounts Male %	Headcounts Female %	Under 30s %	Turnover %	Full-Timers %	Part-Timers %	Completed Performance Review %
12,354	40%	60%	55%	54%	55%	45%	93%

ESG policies, governance and due diligence (continued)

Equal treatment and safe working environment

The Group's employees are treated with fairness, respect and dignity, with equal opportunity provided for employees and applicants. The Group is committed to diversity and inclusion, respecting the unique attributes and perspectives of every employee, and relying on these diverse perspectives to help build and improve relationships with customers and business partners. The Group provides equal treatment and equal employment opportunity without regard to race, colour, religion, gender, age, national origin, disability, sexual orientation, gender identity, or any other basis protected by law. Additionally, the Group is committed to providing a safe and healthy work environment, with measures in place to ensure staff wellbeing, including flexible working arrangements, support programmes for mental health and regular team-building activities.

Well-being and health & safety ("H&S")

Within **Premier Capital**, Hili Ventures' food service subsidiary which operates 185 McDonald's restaurants, a safe working environment for all restaurant employees and safe restaurant experiences for all its valued guests is its utmost priority, in every market it operates in. McDonald's has also deployed restaurant-level health and safety standards, including a market-level safety assessment process to evaluate these standards. Health and safety assessments are conducted annually across all McDonald's restaurants to support a culture of safety.

The health and safety standards employed respect industry expectations, paired with processes to ensure compliance to European Directives and local legislation. Every restaurant in each market is supervised by specialised consultants who revise and update risk assessments, taking into consideration local legislation, McDonald's global standards and best practice, to continually improve the safety of our customers and employees.

Premier Capital's alignment with the brand ensures that all its employees are covered by a H&S management system and are trained on the relevant operating procedures, highlighting safety requirements, accordingly.

At **Breakwater Investments** (the group providing engineering, logistics and marine services) STS Marine Solutions has a digital reporting platform for audit, accident, and best practice guidance, which is accessible to partners and contractors, ensuring all inputs are consolidated and presented appropriately. The company also employs a stringent investigation procedure and the results of all H&S investigations, together with safety KPIs and targets set by senior management, are discussed during monthly safety meetings. For proactive safety reporting, the statistical data is analysed and measures are put in place to better protect employees at every juncture. H&S audits on these procedures are carried out annually and in each remote location, to assess compliance with STS Marine Solutions' safety standards and local H&S legislation.

ESG policies, governance and due diligence (continued)

Well-being and health & safety ("H&S") (continued)

ALLcom engages an independent contractor, tasked with the responsibility of identifying H&S hazards, ensuring procedures are followed, suggesting remedial actions, training staff and monitoring controls. All employees are trained on H&S procedures and first aid.

In 2023, **1923 Investments**, the Hili Ventures' investments arm, offered support to its subsidiaries, Harvest Technology and iSpot, for personal challenges faced by their staff, such as illness or loss of a loved one. At iSpot, H&S audits are undertaken for its stores, warehouses, service centre and head office throughout the year to ensure 100% compliance with government regulations. It also provides employees with regular courses on first aid in life-threatening emergencies. An ergonomics audit was also conducted in 2023, the findings of which guided the provision of additional monitors, mice and laptop stands for employees.

Hili Properties, Hili Ventures' real estate arm, conducted risk assessments and ensured a healthy work environment for its tenants through modern office facilities. Additionally, incident management drills were carried out in collaboration with tenants in the Baltics.

Environmental matters

The Group is committed to achieving a number of sustainability objectives, and all subsidiaries have a role to play in minimising the impact that their operations have on the environment. All companies are committed to ensuring they exert the necessary influence so that the natural environment is protected along the entire value chain.

Management teams use their knowledge and skills to contribute to a consistent rise in eco-efficiency in a bid to help combat climate change, promote natural resource conservation and play their part in efficient waste management. As part of this commitment, the Group invests in innovative technologies and equipment and training, reviews processes and procedures, collaborates with other organisations to raise awareness, and works with key suppliers to promote sustainable practices in their operations. Group policy mandates that all new company cars purchased or leased are electric and that charging points are installed or made available on site. Other incentives to encourage staff to reduce their carbon footprint – such as grants to help buy or maintain electric scooters – are in place at some subsidiaries. At all times, the Group ensures management teams within subsidiaries understand their responsibility and accountability so that they are good neighbours within the communities in which they operate.

ESG policies, governance and due diligence (continued)

Environmental matters (continued)

Premier Capital is dedicated to being a responsible operator by respecting the environment and has prioritised mitigation efforts in areas where it can make a significant impact, such as climate change, resource conservation and waste management. It invests in:

- Innovative solutions which minimise its environmental footprint, such as zero waste to landfill strategies and packaging from fibre-based renewable materials.
- State-of-the-art technology for efficient kitchen and supply chain management to optimise its resources.
- Building management systems in restaurants to monitor and ensure responsible consumption of energy and water.

Moreover, it collaborates with partners to raise awareness and promote responsible practices, working with local communities on initiatives such as waste separation, community clean-ups and participation in recycling programmes.

Suppliers are also held accountable for their environmental impact, with a focus on deforestation, waste reduction and sustainable packaging. This is achieved through McDonald's Supplier Workplace Accountability Programme (SWA). Since 2019, in collaboration with McDonald's, the Group has embarked on several initiatives to offer recycling options in all restaurant lobbies and, as of 2025, 100% of consumer packaging will be sourced from renewable or recycled matter.

In its commitment to sustainability, **Hili Properties** has launched a series of initiatives. An electric vehicle charging project was implemented at the Nineteen Twenty-Three office building in Malta which includes 16 electric vehicle charging stations made available for employees' use. Hili Properties has also been recognised for efforts made in acquiring sustainable buildings, such as the Rehau industrial plant in Lithuania and the MIRO offices in Romania. The MIRO office building - Hili Properties' largest asset - has 400 kWp photovoltaic panels which were installed in 2023, and which contributed to a reduction in the buildings' carbon footprint and provided cost savings to tenants.

The industrial property REHAU in Lithuania maintained its BREEAM certification underlining its sustainability features, while MIRO in Romania holds BREEAM "Excellent" and WELL "Platinum" certifications. Only 468 Platinum certifications have been issued worldwide so far and MIRO is one of the first in Romania, which endorses the high standards set for employee health and well-being, job satisfaction and engagement, as well as environmental credentials. Photovoltaic panels were also installed at shopping center DOLE in Latvia, with a total investment of around *Eur150,000*.

ESG policies, governance and due diligence (continued)

Environmental matters (continued)

1923 Investments' management understands that environmental responsibility transcends direct operations. iSpot, as an Apple Premium 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 waste and contribute to a circular economy.

In 2021, iSpot set out 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), incentivising employees to use bikes over cars on their daily commute to work.

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 (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.

iSpot has also embarked on an exercise to redesign the packaging of its B-brand to eliminate foil and reduce plastic in its packaging. 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 2021, iSpot planted trees on a footprint of 1400 m2 as part of the "forest forever" project. In 2023, 1522 m2 were added and more trees were planted, expanding the project's impact.

At **Breakwater Investments**, STS Marine Solutions maintains an Environmental Aspect and Impact Register, through which environmental data is measured and analysed for objectives and targets to be set. The impact reduction targets and objectives cover the following areas: surface water, ground water, soil, air, natural resources, waste, legal and other requirements, public/customer relations and accidental product spills. Operational, terminal and office activities are also assessed, and the areas impacted are: air, natural resources, waste and accidental release. Controls have been implemented to reduce the risk scores of each of these aspects.

In the year under review, **HV Hospitality**, the hospitality arm of the business, signed a 25-year management agreement with Six Senses, one of the world's leading eco-luxury hotel brands, for the operation of the new Comino hotel. Six Senses Comino aims to drive the island's sustainability vision through practical measures and a holistic and responsible design strategy that will carefully dismantle the existing structures, regenerate important portions of disturbed land, and improve the skyline by reducing the height of the retreats to a single level. It has also committed to LEED certification objectives.

ESG policies, governance and due diligence (continued)

Energy, water and fuel consumption

Premier Capital follows and adopts the initiatives proposed by McDonald's in terms of energy conservation, use of renewables and water conservation. These initiatives include, but are not limited to:

- installation of energy efficient equipment, following the guidelines issued by McDonald's, which specify energy efficiency and environmental performance standards;
- planned yearly budgets to refurbish old restaurants in order to improve operations, energy efficiency and environmental performance of built systems and equipment;
- preventative and corrective maintenance of all equipment, usually provided by the OEMs (Original Equipment Manufacturer);
- installation of PV panels on the roofs of McDonald's Drive-Thrus;
- installation of low-flow water devices;
- rainwater harvesting; and
- greywater use in its toilet facilities.

Premier Capital engages specialist external auditors every four years to assess water and energy use of the restaurants which are the largest contributors to overall consumption in each market. This assessment is utilised for compliance monitoring and for the identification of feasible solutions for better energy and water resource management.

All restaurants in Estonia, Lithuania and Latvia have successfully implemented ISO50001:2018, which is an international standard for energy management systems, designed to improve performance and efficiency by having a management system to monitor and reduce energy and water consumption. As a result of this effort, Premier Capital is seeking to align all markets towards this goal. In fact, the Greek market started working towards this goal in 2023 and Malta and Romania are expected to follow suit, with a view to have all restaurants working with a certified energy management system by 2025.

In terms of energy efficiency, **1923 Investments** implements efficient and modern infrastructure 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.

Within **Breakwater Investments**, STS Marine has embarked on various environmentally conscious projects, notably Trees4Travel, which monitors employee travel emissions and plants trees accordingly. In 2023, Trees4Travel saw the planting of 122 trees in October, 111 in November and 167 in December, to offset carbon emissions. The company also introduced an electric car scheme for staff. Motherwell Bridge Industries is also investing in electric vehicles.

ESG policies, governance and due diligence (continued)

Waste management

Premier Capital has been on a packaging transformation journey since 2019, having implemented numerous initiatives and engaged several suppliers to align with Target 2 below. These efforts, guided by best practices and aligned with single-use plastic regulations, entailed the replacement of primary packaging made from plastic to more environmentally friendly solutions, supporting the EU's circular economy.

McDonald's Corporation is working hard to reduce plastic use by redesigning items which are core to its eating out experience. Efforts include switching to paper-based straws, deploying new McFlurry cups without plastic lids, and introducing salad boxes and cutlery made from renewable fibre. McDonald's is also working with approved suppliers to develop innovative moulded fibre technologies as an alternative to plastic lids and sundae ice cream cups. Premier Capital adheres to the brand's initiatives in this regard and works together with its suppliers towards the following targets:

1. Eliminating unnecessary packaging and streamlining materials which allow for easier recovery, in addition to developing innovative new materials, testing reusable solutions, and creating opportunities for behavioural change with a view to reduce consumption and waste.
2. Transitioning away from virgin fossil fuel-based plastics in its primary guest packaging to 100% renewable, recycled or certified sources by the end of 2025 and drastically reducing plastics to transition to more sustainable materials in Happy Meal toys around the globe.
3. Increasing the use of recycled materials to drive global demand for recycled content – including in packaging, toys and design materials for restaurants and facilities.
4. Embracing a circular economy through the implementation of tools to improve recycling and repurposing of materials, making it easier for customers to recycle where infrastructure exists and reduce waste coming out of restaurants.
5. Partnering to increase scale and impact of this circular economy approach to packaging and waste. By engaging in strategic partnerships with brands, non-governmental organisations (NGOs), local governments and policymakers, the Group can help increase adoption of practical circular solutions for the industry.

All restaurants in Malta and Greece are equipped with waste separation bins with graphical illustrations to assist customers with appropriate waste separation. Romania and the Baltics are still in a transitional phase, with restaurants either planning or rolling out the implementation of these bins and systems.

In order to reduce packaging waste, iSpot, **1923 Investments'** subsidiary, optimised its bulk packaging process last year, sending one package rather than multiple when shipping products to one location, thereby 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 dispatched goods.

ESG policies, governance and due diligence (continued)

Social / community connections

The Group is proud of its long-standing commitment to philanthropy.

In 2023, **Hili Ventures** in Malta made donations totalling *Eur81,250.* These included contributions to Caritas, the RIDT at the University of Malta, the JA Malta Foundation and the Maritime Museum.

Volunteering opportunities were introduced at Hili Ventures in Malta in 2022 for employees to get acquainted with local NGOs and their causes and aid in executing their mission. In the year under review, Hili Ventures, Hili Properties & APM Holdings employees dedicated a total of 43 days to volunteering at Fondazzjoni Sebħ, Tomasina Cat Sanctuary, RMHC and the Soup Kitchen.

In coordination with **Premier Capital's** teams in Latvia, Malta and Romania, the Group is a major supporter of local Ronald McDonald House Charities (RMHC) Chapters, contributing to programmes that aid millions of children and families. This partnership aligns with RMHC's network of 380+ Houses, 265+ Family Rooms, and 40+ Care Mobiles. Globally, the McDonald's system is RMHC Global's primary corporate partner.

- In Romania, RMHC has supported sick children and their families since 1998, with three RMHC Houses providing assistance to over 22,200 parents whose children received treatment at hospitals in Bucharest, Timişoara, and Iaşi since 2003.
- In Latvia, RMHC operates a Care Mobile programme which offers medical services to communities, conducted in partnership with local health care providers, reaching families in rural areas which lack access to basic medical services through a fully equipped mobile clinic vehicle.
- In Malta, RMHC operates a Learning Centre, which also supports local NGOs who are on the same mission to keep families close, serving families and children challenged by poverty, disability and learning difficulties.
- In Greece, RMHC is expected to launch a Family Room programme on the premises of Agia Sofia Hospital in Athens by quarter 4 of 2024, following an investment by the Group of approximately €151,344.

Premier Capital has dedicated resources and allocated funds to support these communities for over a decade.

ESG policies, governance and due diligence (continued)

Social / community connections (continued)

The table below shows the money raised by the Group in 2023, in the respective markets:

	Romania	Latvia	Malta
Money raised from every Happy Meal sold	€25,279*	€14,512	€ 14,588
McHappy Day activities	€130,360*	€49,618	€22,565
Money collected through coin boxes, kiosks, spinners and other sources at McDonalds restaurants	€221,700*	€38,229	€ 16,065

**donated in local currency and presented here at an exchange rate of 1.13*

The following table describes the number of families assisted in Ronald McDonald Houses for each market, in 2023.

Romania	Latvia	Malta
6,498 number of accommodation nights for 381 families	5,198 medical consultations for 4,201 children	622 children and young people served, 426 families served, 17 NGOs supported, 323 sessions held, 1,549 professionals and volunteers supported

Under **Breakwater Investments**, Motherwell Bridge Industries contributed to humanitarian efforts through Turkey Aid following the earthquake.

In 2022, **Hili Properties** supported the opening of Pusaudzu Resursu Centrs, a non-profit organisation helping children and families by providing support through therapy. The company provided the necessary space for the activities of this organization to be set up in one of its shopping centres in Riga. The facilities provided included specially designed spaces for therapists to conduct their sessions and support for the organisation continued over the course of 2023.

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

iSpot supported the "Santa Claus for Seniors" campaign. As part of the campaign, employees organised a fundraiser and sent gifts to senior citizens 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.

Harvest Technology made donations to sports clubs and charities, while iCentre sponsored a local youth swimming club and the Hungarian Firefighting Sports Association.

ESG policies, governance and due diligence (continued)

Certifications

At **Breakwater Investments**, ALLcom was awarded the ISO 9001:2015 certification for Quality Management Systems, demonstrating its commitment to maintaining high operational standards. Additionally, the company earned the status of authorised economic operator (AEO), reflecting compliance with customs regulations and supply chain security standards.

STS Marine Solutions achieved certifications for ISO 9001, ISO 14001, and ISO 45001, underlining its adherence to international standards for quality management, environmental management, and occupational health and safety.

EU Taxonomy disclosures

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 environmental 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 and Premier Capital plc are subject to the obligation to disclose the part of its 2023 revenue, capital expenditures and operating expenses which is considered "eligible" as well as "aligned" under the EU Taxonomy of sustainable activities. Furthermore, the subsidiaries will disclose qualitative information (according to Section 1.2 of Annex I of the Disclosures Delegated Act 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 activities are eligible activities which, in addition to meeting the technical screening criteria (significant contribution), do no significant harm and comply with minimum social standards. At this point, the EU regulation is in force for all the six environmental objective as mentioned above.

EU Taxonomy disclosures (continued)

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. 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. Relevant identified activities (NACE codes) for Hili Ventures subsidiaries are set out on the following page.

EU Taxonomy disclosures (continued)

Identifying eligible activities (continued)

NACE Code	Activity Description	Subsidiary
41.1	**7.1 Construction of new buildings (climate mitigation, and adaptation)**	Hili Properties p.l.c. (and subsidiaries)
68	**7.7 Acquisition and ownership of buildings (climate mitigation and adaptation)**	Hili Properties p.l.c. (and subsidiaries)
56.10	**7.1 Construction of new buildings (climate mitigation, adaptation and circular economy)**	Premier Capital (and subsidiaries)
56.10	**7.2 Renovation of existing buildings**	Premier Capital (and subsidiaries)
56.10	**7.3 Installation, maintenance and repairs of energy efficiency equipment**	Premier Capital (and subsidiaries)
56.10	**8.2 Computer programming, consultancy and related activities**	Premier Capital (and subsidiaries)
52.2.2	**6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities (climate change mitigation and adaptation)**	Breakwater Investments (and subsidiaries)
46	**5.5 Product as-a-service and other circular use- and result-oriented service models (circular economy)**	Breakwater Investments (and subsidiaries)
53.2.0	**6.6. Freight transport services by road (climate change mitigation and adaptation)**	Breakwater Investments (and subsidiaries)
47	**5.4 Sale of second-hand goods (circular economy)**	1923 Investments plc (and subsidiaries)

In addition to the core activities, as referenced in Annex I of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178), certain OpEx and CapEx that is channeled into Taxonomy-eligible activities can also be included in the calculations, such as those related to the maintenance of HVAC systems, solar PV projects & maintenance, electric vehicle chargers and heat pumps amongst others.

Calculation of eligibility KPIs

In a second step, the three eligibility KPIs (Turnover, OpEx, CapEx) 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.

EU Taxonomy disclosures (continued)

Calculation of eligibility KPIs (continued)

This step consisted of:

a) Extracting the denominators for the 3 KPIs for the Group from the financial reporting system; and
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: • relate 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.

EU Taxonomy disclosures (continued)

Calculation of eligibility KPIs (continued)

	Turnover	CapEx	OpEx
Denominator	Total consolidated revenues accounted for in the Consolidated Income Statement under IFRS (included in Note 5 in the Financial Statements)	Total Capex consisting of additions to intangible and tangible 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).	Direct non-capitalised costs recorded in the Consolidated Income Statement under IFRS that relate to research and development, building renovation measures, short-term leases, maintenance and repairs (excluding expenses reported as raw materials and consumables used), and any other direct expenditures relating to the day-to-day servicing of assets or Property, Plant, and Equipment (PPE). (included in Note 10 in the Financial Statements).

Note: Additional CapEx or OpEx spent apart from the ones derived from core eligible economic activities was identified for 2023 as mentioned above. For some entities all activities and thus turnover, CapEx and OpEx related to it was already eligible, thus such eligible spend was not separately included here to avoid double counting. In case of Premier Capital plc, the identified eligible spend was generally considered immaterial to the business and not considered.

EU Taxonomy disclosures (continued)

Calculation of eligibility KPIs (continued)

Based on the above criteria the following eligible KPIs were derived:

Table 1:

	Turnover	CapEx	OpEx
Nominator (€)	€16,341,598 2022: €10,544,536	€9,893,199 2022: €139,868	€1,018,986 2022: €997,660
Denominator (€)	€982,031,906 2022: €782,647,946	€43,721,424 2022: €38,670,372	€553,165,707 2022: €500,811,889
Taxonomy-Eligible Activities (%)	**1.66%** **2022: 1.35%**	**22.63%** **2022: 0.36%**	**0.18%** **2022: 0.20%**

One must note that eligibility varied across the different subsidiaries of the Group. Whilst the real estate linked activities of Hili Properties plc were 100% eligible, other subsidiaries had very low eligibility due to the majority of their activities being not included in the EU taxonomy (e.g. "Restaurants and mobile food services" NACE 56.10).

Assessing alignment

In case NACE codes/activities of subsidiaries were considered eligible, the next step was to identify which activities are also Taxonomy-aligned, thus fulfilling the Technical Screening Criteria (TSC), Does-no-substantial-harm criteria (DNSH) as well as minimum social safeguards (MSS) as defined in the EU Taxonomy.

As a first step it was verified whether the eligible activities or eligible project spent meet the TSC and if relevant DNSH, which determines the conditions under which an economic activity qualifies as contributing to climate change mitigation and adaptation. This was performed by means of questionnaires to confirm that the criteria set out in the regulations were met. However, alignment assessment had to be concluded negatively (not aligned) in all cases, as certain criteria were not met, mostly linked to the non-performance of a robust climate risk and vulnerability assessment.

EU Taxonomy disclosures (continued)

Assessing alignment (continued)

Based on the above criteria the following alignment KPIs were derived:

	Turnover	CapEx	OpEx
Nominator (€)	0	0	0
Denominator (€)	€982,031,906 2022: €782,647,946	€43,721,424 2022: €38,670,372	€553,165,707 2022: €500,811,889
Taxonomy-Aligned Activities (%)	**0**	**0**	**0**

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. With regards to the required contextual information (1.2.3), there were changes in the KPIs due to the fact that for this year eligibility was done across all six environmental activities, which further increased the potential eligibility for turnover, CapEx and OpEx. Double counting has been avoided with, eligible spend, for example, only being counted towards one environmental dimension (in case several were applicable).

Outlook

For the 2023 reporting year, the complete reporting requirements of the EU Taxonomy with respect to climate change mitigation and climate change adaptation were applicable. On the other hand, 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. Whilst due to the nature of the economic activities, 1.66% were considered eligible on a turnover, 22.63% CapEx and 0.18% OpEx basis respectively, taxonomy alignment stood at 0% due to certain TSC and DNSH not being met. In addition to the above Taxonomy disclosures with regards to the Group's direct economic activities, the Group remains highly committed to its priority sustainability issues and values.

EU Taxonomy disclosures (continued)

Annex – Taxonomy reporting templates

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 (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 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*Currency / €*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	*CCM 7.7/ CCA 7.7*	€ 11,460,155	1.17%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.03%		
Construction of new buildings	*CCM 7.1/ CCA 7.1*	€ 4,205,439	0.43%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.18%		
Sale of second-hand goods	*CE 5.4*	€ 676,004	0.07%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 16,341,598	1.66%	1.60%	0%	0%	0.07%	0%	0%								1.21%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		€ 16,341,598	1.66%	1.60%	0%	0%	0.07%	0%	0%								1.21%		
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		€ 965,690,308	98.34%																
Total (A+B)		€ 982,031,906	100.00%																

EU Taxonomy disclosures (continued)

Annex – Taxonomy reporting templates (continued)

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 2022 (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]										
Acquisition and ownership of buildings	*CCM 7.7 / CCA 7.7*	€ 186,619	0.03%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.04%		
Construction of new buildings	*CCM 7.1 / CCA 7.1*	€ 832,367	0.15%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.01%		
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 1,018,986	0.18%	0%	0%	0%	0%	0%	0%								0.05%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		€ 1,018,986	0.18%	0.18%	0%	0%	0%	0%	0%								0.05%		
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		€ 552,146,721	99.82%																
Total (A+B)		€ 553,165,707	100.00%																

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	2.62%
CCA	0%	2.62%
WTR		
CE		
PPC		
BIO		

EU Taxonomy disclosures (continued)

Annex – Taxonomy reporting templates (continued)

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 2022 (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)										
Acquisition and ownership of buildings	*CCM 7.7/ CCA 7.7*	€ 543,517	1.24%	EL	EL	N/EL	N/EL	N/EL	N/EL								1,16%		
Construction of new buildings	*CCM 7.1/ CCA 7.1*	€ 5,141,181	11.76%	EL	EL	N/EL	N/EL	N/EL	N/EL								-0.79%		
Renovation of existing buildings	*CCM 7.2/ CCA 7.2*	€ 1,638,915	3.75%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repairs of energy efficiency equipment	*CCM 7.3/ CCA 7.3*	€ 2,441,457	5.58%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Computer programming, consultancy and related activities	*CCM 8.2/ CCA 8.2*	€ 128,649	0.29%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 9,893,719	22.63%	22.63%	0%	0%	0%	0%	0%								0.37%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		€ 9,893,719	22.63%	22.63%	0%	0%	0%	0%	0%								0.37%		
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		€ 33,827,705	77.37%																
Total (A+B)		€ 43,721,424	100.00%																

	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	22.63%
CCA	0%	22.63%
WTR		
CE		
PPC		
BIO		

Results and dividends

The results for the year ended 31 December 2023 are shown in the statements of comprehensive income on page 36. The Group's total comprehensive income for the year was *Eur48,576,847* (2022 - *Eur56,394,438*), while the Company's profit for the year after taxation was *Eur34,653,137* (2022 - *Eur10,683,181*). During the year, the directors declared dividends of *Eur10,200,000* to ordinary shareholders (2022 - *Eur5,348,800*) and dividends of *Eur4,651,200* to the preference shareholders (2022 - *Eur4,651,200*).

Events after the reporting date

On 31 January 2024, 1923 Investments plc sold all of its shares in E-Lifecycle Holdings GmbH ("E-Lifecycle") to the management of the company. The consideration paid to 1923 Investments plc 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. 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 of 1923 Investments plc 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 decided to exit this line of business.

On 20 February 2024, Hili Properties plc concluded the sale of the retail complex in Dzelzavas Street, Riga, Latvia for a consideration of *Eur7,000,000*. The property is classified as property held for sale under current assets as disclosed in note 24.

The Group notes that Hili Finance Company plc, one of its subsidiaries, has submitted an application to the Malta Financial Services Authority requesting the admissibility to listing of *Eur80,000,000* Unsecured Bonds redeemable in 2029.

Other than the above, no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Future business outlook

The Group will continue on its growth strategy by taking advantage of investment opportunities through its main subsidiaries, capitalising on investment opportunities in specific sectors.

Premier Capital plc plans to continue to expand its network in existing markets and will reach over 200 restaurants by the end of 2025. The expansion plan depends on factors such as the Group's performance, resilience to geopolitical conflicts, macroeconomic conditions, and its ability to attract and retain talent. The Group will invest in enhancing the customer experience, technology, and personnel development to drive business growth.

Future business outlook (continued)

Within 1923 Investments plc, iSpot will open more Apple Premium Reseller stores in Poland over the course of the 2024 financial year, while also finalising the integration of the Cortland business, as well as strengthening the B2B business sector. Meanwhile, Harvest Technology plc will continue to explore investment and partnership opportunities in the technology sector.

Despite challenges in the commercial real estate industry due to rising interest rates impacting property values, Hili Properties owns a solid portfolio of properties generating strong cash flows and will continue to seek out opportunities to enhance and optimise the portfolio.

With a new team and strategy in place, Breakwater Investments is now eyeing growth in each of the industries it operates in by expanding on its delivery of first-class specialised services and exploring new market penetration.

The directors consider that the year-end financial positions were satisfactory and that the Group and the Company are well placed to sustain the present level of activity in the foreseeable future.

Ongoing conflicts and economic uncertainties

The conflict and humanitarian crises in Ukraine and the Middle East persist and this brings instability in the current economic climate.

While the Group has no direct interest vested in the effected countries, it is monitoring the situation in Ukraine and its bearing on neighbouring countries Romania, the Baltics and Poland, where the Group operates.

In considering economic uncertainties stemming from high inflation and elevated interest rates, the Board maintains a cautiously optimistic outlook for the future.

Directors

Archibald Anderson Bethel (Chairman)
Carmelo sive Melo Hili
Jesmond Mizzi
Annabel Hili
Victor Tedesco (resigned on 27 November 2023)

In accordance with the Company's articles of association all the directors are to remain in office.

Disclosure of information to auditors

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 directors in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Auditors

The auditor Grant Thornton has intimated its willingness to continue in office and a resolution proposing its re-appointment will be put to the Annual General Meeting.

Approved by the board of directors and signed on its behalf on the 22nd May 2024 by:

Archibald Anderson Bethel	***Carmelo sive Melo Hili***
Chairman	***Director***

Statement of directors' responsibilities

Year ended 31 December 2023

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company and the Group at the end of each financial period and of its profit or loss of the Company and its Group for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group and will continue in business as a going concern;
- account for income and charges relating to the accounting period on accrual basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those in the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group which enable the directors to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining 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. The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hili Ventures Limited

Statements of profit or loss and other comprehensive income

Year ended 31 December 2023

	Notes	Group 2023 Eur	Group 2022 Eur	Holding company 2023 Eur	Holding company 2022 Eur
Continuing operations					
Revenue	5	**987,171,215**	782,647,946	**2,606,500**	2,426,500
Cost of sales	10	**(788,064,999)**	(624,671,532)	**-**	-
Gross profit		**199,106,216**	157,976,414	**2,606,500**	2,426,500
Other operating income	6	**2,988,016**	1,980,366	**16,410**	33,725
Other operating expenses		**(4,663,340)**	(161,515)	**-**	-
Selling expenses	10	**(43,514,217)**	(34,195,626)	**(27,704)**	(8,952)
Administrative expenses	10	**(72,632,661)**	(57,799,890)	**(4,767,571)**	(4,859,650)
Operating profit/(loss)		**81,284,014**	67,799,749	**(2,172,365)**	(2,408,377)
Investment income	7	**6,443,809**	6,588,533	**49,558,950**	21,347,851
Investment losses	8	**(3,325,420)**	(1,641,489)	**-**	-
Net investment income		**3,118,389**	4,947,044	**49,558,950**	21,347,851
Finance costs	9	**(30,084,235)**	(22,970,471)	**(10,646,580)**	(8,793,184)
Profit before tax	10	**54,318,168**	49,776,322	**36,740,005**	10,146,290
Income tax (expense)/income	13	**(14,031,577)**	(6,503,070)	**(2,086,868)**	536,891
Profit for the year		**40,286,591**	43,273,252	**34,653,137**	10,683,181
Other comprehensive expense					
Items that will not be reclassified subsequently to profit or loss:					
Increase/(decrease) in fair value of financial asset investments at fair value through other comprehensive income	21	**828,552**	(459,963)	**267,429**	(146,678)
Items that may be reclassified subsequently to profit or loss:					
Reversal of fair value upon disposal of financial assets at fair value through other comprehensive income	21	**92,150**	-	**-**	-
Increase/(decrease) in fair value of financial asset investments at fair value through other comprehensive income	21	**436,153**	(7,055)	**281,614**	42,543
Revaluation on property, plant and equipment		**3,281,592**	13,346,999	**-**	-
Deferred tax charge arising on revaluation of property, plant and equipment		**-**	(382,302)	**-**	-
Exchange differences on translation of foreign operations		**3,651,809**	598,507	**-**	-
		7,461,704	13,556,149	**281,614**	**42,274**
Total other comprehensive income/(expense)		**8,290,256**	13,096,186	**549,043**	**(104,135)**
Total comprehensive income for the year		**48,576,847**	56,369,438	**35,202,180**	10,579,046
Profit attributable to:					
Owners of the company		**39,488,434**	43,575,616		
Non-controlling interests		**798,157**	(302,364)		
		40,286,591	43,273,252		
Total comprehensive income attributable to:					
Owners of the company		**47,778,690**	56,671,802		
Non-controlling interests		**798,157**	(302,364)		
		48,576,847	56,369,438		

Hili Ventures Limited

Statements of financial position
Year ended 31 December 2023

		Group		Holding company	
	Notes	**2023**	2022	**2023**	2022
		Eur	Eur	**Eur**	Eur
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill	*15*	**127,419,788**	88,216,550	**-**	-
Intangible assets	*16*	**26,662,166**	17,978,603	**62,583**	99,981
Property, plant and equipment	*17*	**284,586,593**	260,339,227	**191,003**	209,558
Investment property	*20*	**183,533,458**	189,752,988	**-**	-
Property held for sale	*24*	**3,700,000**	3,700,000	**-**	-
Right-of-use assets	*18*	**139,695,484**	116,941,722	**1,593,456**	2,022,838
Investments in subsidiaries	*21*	**-**	-	**265,600,545**	219,973,521
Investments in associates	*21*	**15,618,035**	830,726	**-**	-
Investments in joint ventures	*21*	**1,192,711**	1,381,659	**-**	-
Other investments	*21*	**149,977**	149,977	**-**	-
Other financial assets	*21*	**507,758**	371,193	**-**	-
Financial assets at fair value through other comprehensive income	*21*	**32,624,035**	29,187,228	**14,737,469**	13,764,081
Loans and receivables	*21*	**31,565,461**	31,757,116	**54,663,451**	34,361,675
Trade and other receivables	*23*	**4,671,157**	4,367,939	**-**	-
Deferred tax assets	*29*	**4,471,867**	5,299,248	**386,357**	870,949
Restricted cash	*33*	**1,217,077**	1,971,835	**-**	-
		857,615,567	752,246,011	**337,234,864**	271,302,603
Current assets					
Inventories	*22*	**34,720,992**	30,103,206	**-**	-
Loans and receivables	*21*	**3,197,226**	3,057,364	**6,974,923**	5,253,442
Contract assets	*5*	**1,404,335**	703,115	**-**	-
Trade and other receivables	*23*	**47,463,098**	31,363,181	**374,290**	226,503
Cash and cash equivalents	*33*	**72,854,605**	69,752,664	**128,761**	2,311,440
Current tax assets		**6,593,772**	3,232,654	**2,220,504**	367,277
Property held for sale	*24*	**7,000,000**	-	**-**	-
		173,234,028	138,212,184	**9,698,478**	8,158,662
Total assets		**1,030,849,595**	890,458,195	**346,933,342**	279,461,265
Current liabilities					
Trade and other payables	*25*	**135,671,178**	103,444,955	**1,505,665**	1,058,292
Contract liabilities	*28*	**1,846,152**	4,087,546	**-**	-
Debt securities in issue	*30*	**35,920,080**	-	**-**	-
Other financial liabilities	*27*	**-**	14,416	**28,410,431**	4,701,821
Bank loans and overdrafts	*26*	**40,257,506**	27,189,030	**11,008,479**	1,114,746
Lease liabilities	*19*	**13,669,898**	11,932,218	**322,192**	319,867
Current tax liability		**4,308,382**	2,993,036	**-**	-
		231,673,196	149,661,201	**41,246,767**	7,194,726

Hili Ventures Limited

Statements of financial position (continued)
Year ended 31 December 2023

		Group		Holding company	
		2023	2022	**2023**	2023
		Eur	Eur	**Eur**	Eur
Non-current liabilities					
Debt securities in issue	*30*	**270,226,643**	305,593,367	**-**	-
Trade and other payables	*25*	**4,075,167**	2,943,523	**-**	-
Other financial liabilities	*27*	**9,557**	-	**189,965,012**	183,340,566
Bank loans	*26*	**137,386,084**	100,815,886	**17,925,568**	11,052,759
Provisions		**1,080,659**	200,408	**-**	-
Lease liabilities	*19*	**132,509,903**	111,858,234	**1,506,919**	1,935,118
Deferred tax liabilities	*29*	**10,988,226**	9,108,826	**-**	-
		556,276,239	530,520,244	**209,397,499**	196,328,443
Total liabilities		**787,949,435**	680,181,445	**250,644,266**	203,523,169
Net assets		**242,900,160**	210,276,750	**96,289,076**	75,938,096
EQUITY					
Share capital	*31*	**69,400,000**	69,400,000	**69,400,000**	69,400,000
Other equity		**21,471,753**	12,056,095	**624,658**	(104,135)
Retained earnings		**113,402,311**	89,863,478	**26,264,418**	6,642,231
Equity attributable to owners of the company		**204,274,064**	171,319,573	**96,289,076**	75,938,096
Non-controlling interests		**38,626,096**	38,957,177	**-**	-
Total equity		**242,900,160**	210,276,750	**96,289,076**	75,938,096

The financial statements on pages 36 to 164 were approved by the board of directors, authorised for issue on the 22nd May, 2024 and signed on its behalf by:

Archibald Anderson Bethel
Chairman

Carmelo sive Melo Hili
Director

Hili Ventures Limited

Statement of changes in equity - Group

Year ended 31 December 2023

	Share capital Eur	Other equity Eur	Retained earnings Eur	Attributable to equity holders of parent Eur	Non-controlling interests Eur	Total Eur
Balance at 1 January 2023	**69,400,000**	**12,056,095**	**89,863,478**	**171,319,573**	**38,957,177**	**210,276,750**
Dividends (note 14)	-	-	(14,851,200)	(14,851,200)	-	**(14,851,200)**
Dividends paid to non-controlling interests	-	-	-	-	(1,131,843)	**(1,131,843)**
Profit for the year	-	-	39,488,434	39,488,434	798,157	**40,286,591**
Other comprehensive income	-	8,290,256	-	8,290,256	-	**8,290,256**
Total comprehensive income	**-**	**8,290,256**	**39,488,434**	**47,778,690**	**798,157**	**48,576,847**
Other movements	-	1,125,402	(1,098,401)	27,001	2,605	**29,606**
Balance at 31 December 2023	**69,400,000**	**21,471,753**	**113,402,311**	**204,274,064**	**38,626,096**	**242,900,160**

Statement of changes in equity - Group (continued)
Year ended 31 December 2023

	Share capital Eur	Other equity Eur	Retained earnings Eur	Attributable to equity holders of parent Eur	Non-controlling interests Eur	Total Eur
Balance at 1 January 2022	**69,400,000**	**(1,088,828)**	**54,677,752**	**122,988,924**	**31,642,735**	**154,631,659**
Dividends (note 14)	-	-	(10,000,000)	(10,000,000)	-	**(10,000,000)**
Dividends paid to non-controlling interests	-	-	-	-	(422,016)	**(422,016)**
Profit for the year	-	-	43,575,616	43,575,616	(302,364)	**43,273,252**
Other comprehensive income	-	13,096,186	-	13,096,186	-	**13,096,186**
Total comprehensive income	**-**	**13,096,186**	**43,575,616**	**56,671,802**	**(302,364)**	**56,369,438**
Non-controlling interest upon listing of a subsidiary	-	-	-	-	8,038,822	**8,038,822**
Other movements	-	48,737	1,610,110	1,658,847	-	**1,658,847**
Balance at 31 December 2022	**69,400,000**	**12,056,095**	**89,863,478**	**171,319,573**	**38,957,177**	**210,276,750**

Hili Ventures Limited

Statement of changes in equity - Holding company
Year ended 31 December 2023

	Share capital Eur	Investment revaluation reserve Eur	Retained earnings Eur	Total equity Eur
Balance at 1 January 2022	69,400,000	-	5,959,050	75,359,050
Dividends (note 13)	-	-	(10,000,000)	(10,000,000)
Profit for the year	-	-	10,683,181	10,683,181
Other comprehensive expense for the year	-	(104,135)	-	(104,135)
Balance at 1 January 2023	69,400,000	(104,135)	6,642,231	75,938,096
Dividends (note 13)	-	-	(14,851,200)	(14,851,200)
Profit for the year	-	-	34,653,137	34,653,137
Other comprehensive income for the year	-	549,043	-	549,043
Total comprehensive income for the year	-	549,043	34,653,137	35,202,180
Reclassification of cumulative fair value changes on disposal of equity instruments at fair value through other comprehensive income	-	179,750	(179,750)	-
Balance at 31 December 2023	**69,400,000**	**624,658**	**26,264,418**	**96,289,076**

Hili Ventures Limited

Statements of cash flows

Year ended 31 December 2023

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Cash flows from operating activities				
Profit before tax	**54,318,168**	49,776,323	**36,740,005**	10,146,290
Adjustments for:				
Depreciation and amortisation	**26,155,635**	19,760,204	**96,127**	122,732
Depreciation on right of use assets	**17,613,811**	12,701,895	**321,490**	357,731
Net exchange differences	**(16,761)**	(189,450)	**-**	-
Bad debts written off	**270,606**	72,307	**-**	-
Bond amortisation costs	**566,955**	540,126	**315,765**	288,937
Amortisation of derivative financial instruments	**268,147**	-	**-**	-
Acquisition related costs	**82,163**	393,572	**-**	-
Movement in provision for doubtful debts	**540,562**	91,189	**-**	-
Dividends from equity instruments	**-**	-	**(46,572,911)**	(20,044,013)
Dividends from other financial instruments	**(269,711)**	(50,817)	**(285,047)**	(46,791)
Interest income on bank deposits and financial assets	**(520,004)**	(392,566)	**-**	-
Interest payable	**22,735,368**	18,060,286	**10,251,740**	8,403,465
Interest income on amounts due from related parties	**(2,338,119)**	(955,594)	**(2,204,402)**	(1,152,372)
Interest payabe on amounts owed to related parties	**-**	37,338	**-**	-
Interest on leased assets	**5,655,596**	4,247,558	**79,071**	100,782
Other interest receivable	**-**	-	**(496,590)**	(104,675)
Share of profit of associated undertakings	**(220,855)**	(801,711)	**-**	-
Loss on disposal of associate	**474**	-	**-**	-
Share of losses / (profits) in jointly controlled entities	**54,124**	(328,017)	**-**	-
Gain on derivative financial instruments	**(14,458)**	(184,673)	**-**	-
Loss on disposal of intangible assets	**56,516**	958	**-**	-
Gain on disposal of a subsidiary	**-**	-	**(329,624)**	-
Loss / (gain) on disposal of property plant and equipment	**755,883**	215,865	**-**	(1,309)
Gain on disposal of right of use assets	**(52,375)**	(70,669)	**(12,955)**	(17,478)
Gain on disposal of other assets	**-**	(7,409)	**-**	-
Gain on disposal of investment property	**-**	(452,321)	**-**	-
Increase in fair value of investment properties	**(2,861,521)**	(3,148,221)	**-**	-
Decrease in fair value of investment properties	**3,060,000**	1,247,917	**-**	-
Impairment of property, plant and equipment	**-**	484,151	**-**	-
Impairment of investment in subsidiary	**128,659**	-	**-**	-
Stocks (written back) / written off	**(26,097)**	296,114	**-**	-
Loss / (gain) on disposal of financial asset investments	**396,325**	-	**(126,889)**	-
Other non-cash movements	**(592,877)**	-	**-**	-
Net cash flows from / (used in) continuing operations	**125,746,214**	101,344,355	**(2,224,220)**	(1,946,701)

Hili Ventures Limited

Statements of cash flows (continued)
Year ended 31 December 2023

	Group 2023 Eur	Group 2022 Eur	Holding company 2023 Eur	Holding company 2022 Eur
Movement in inventories	(1,785,913)	(10,293,990)	-	-
Movement in trade and other receivables	(11,611,557)	(6,131,135)	(119,959)	(107,503)
Movement in trade and other payables	23,706,255	19,358,220	447,370	(37,101)
Change in contract assets	(701,220)	123,905	-	-
Change in contract liabilities	(2,241,394)	(381,904)	-	-
Cash flows from / (used in) operations	133,112,385	104,019,451	(1,896,809)	(2,091,305)
Interest paid	(22,735,368)	(18,060,286)	(9,773,903)	(6,650,493)
Taxation refunded	1,574,129	629,866	119,608	177,413
Taxation paid	(14,761,288)	(8,010,261)	(78,733)	-
Net cash flows from / (used in) operating activities	97,189,858	78,578,770	(11,629,837)	(8,564,385)
Cash flows from investing activities				
Investments in subsidiaries	(43,036,389)	-	(102,400)	-
Payments to acquire associate	(15,397,180)	-	-	-
Proceeds from disposal of associate	24,500	-	-	-
Payments to acquire property plant and equipment	(46,656,737)	(36,095,203)	(39,928)	(78,448)
Payments to acquire financial asset investments	(45,412,834)	(31,480,486)	(12,156,725)	(16,115,106)
Payments to acquire investment properties	(978,949)	(371,144)	-	-
Payments to acquire intangible assets	(2,464,922)	(1,131,645)	(679)	(12,840)
Proceeds from sale of property, plant and equipment	669,968	286,360	433	3,017
Proceeds from sale of financial asset investments	42,936,557	2,617,390	11,859,269	2,246,890
Proceeds from disposal of investment property	-	8,800,000	-	-
Payments made on disposal of investment property	-	(77,679)	-	-
Proceeds from sale of intangible assets	-	-	-	656
Net payments advanced to group undertakings	-	-	(40,173,027)	-
Proceeds from group undertakings	-	-	-	23,153,966
Dividends from other financial instruments	269,711	50,817	264,823	19,509
Cash paid on acquisition of subsidiaries	-	(36,634,032)	-	-
Acquisition related costs	(82,163)	(393,572)	-	-
Interest received	1,220,776	392,566	1,107,754	442,094
Interest from third parties	-	-	33,863	-
Dividends received from associates	806,050	686,000	-	-
Dividends received from joint ventures	134,824	-	-	-
Dividends received from equity investments	-	-	44,090,001	18,785,476
Cash and cash equivalents taken over upon acquisition	-	1,345,119	-	-
Net cash flows (used in) / from investing activities	(107,966,788)	(92,005,509)	4,883,384	28,445,214

Hili Ventures Limited

Statements of cash flows (continued)

Year ended 31 December 2023

	Group		Holding company	
	2023	2022	2023	2022
	Eur	Eur	Eur	Eur
Cash flows from financing activities				
Proceeds from bond issue	-	50,000,000	-	-
Payments made to issue bonds	(13,599)	(706,921)	-	-
Proceeds from group undertakings	-	-	3,032,530	-
Repayment from / (payments to) other related parties	1,386,801	(5,466,206)	-	(4,979,055)
Interest paid on leasing arrangements with related party	-	-	(79,071)	(100,782)
Interest paid on leasing arrangements with third parties	(5,655,596)	(4,247,558)	-	-
Payments for lease obligations with related party	-	-	(305,027)	(318,124)
Payments for lease obligations with third parties	(15,291,216)	(11,315,573)	-	-
Proceeds from bank loans	67,320,768	6,897,971	26,000,000	-
Repayment of bank loans	(23,854,557)	(22,865,465)	(10,093,002)	(2,305,358)
Transfer from / (to) restricted cash	754,758	(168,329)	-	-
Dividends paid	(14,851,200)	(10,000,000)	(14,851,200)	(10,000,000)
Dividends paid to NCI	(1,131,843)	(422,016)	-	-
Net cash flows from / (used in) financing activities	8,664,316	1,705,903	3,704,230	(17,703,319)
Net movement in cash and cash equivalents	(2,112,614)	(11,720,836)	(3,042,223)	2,177,510
Cash and cash equivalents at the beginning of the year	64,148,386	75,943,016	2,311,440	133,930
Effect of movements in exchange	99,681	(73,794)	-	-
Cash and cash equivalents at the end of the year	62,135,453	64,148,386	(730,783)	2,311,440

1. Company information and basis of preparation

Hili Ventures Limited is a Company incorporated in Malta with registration number C57902. The registered address is Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000.

These financial statements have been prepared on an accrual basis and under the historical cost convention, except for investment properties, land and buildings and financial assets at fair value through other comprehensive income which are carried at their fair values, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), and also in accordance with the Companies Act, Cap 386. The material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Going concern

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

At the end of the reporting period, the Group and the Company reported a net current liability position of *Eur58,439,168* and *Eur31,548,289* (2022 - *Eur11,449,017* and net asset position of *Eur963,936*) respectively.

The net current liability of the Group is related primarily to 1923 Investments plc debt security in issue maturing on 4 December 2024 of *Eur35,920,080* and is therefore classified as a current liability.

The net current liability of the Company is related primarily to an intra Company liability of *Eur22,406,924* which is payable by December 2024 and is therefore classified as a current liability.

The directors have reviewed cash flow projections that have been prepared for the next 12 months. The Group's and the Company's budgets and cash flow forecasts show that the Group and the Company will continue to operate within its current credit limits afforded by third party creditors and bankers for at least the next 12 months. Based on continued operating profitability of the Group and the Company, the directors are confident that the Group and the Company will have no difficulty to continue to meet its commitments as and when they fall due.

The Group notes that Hili Finance Company plc, one of its subsidiaries, has submitted an application to the Malta Financial Services Authority requesting the admissibility to listing of *Eur80,000,000* Unsecured Bonds redeemable in 2029.

Going concern (continued)

In addition to the above, it is important to note that during the year, the Group and the Company continued to invest in its portfolio of highly liquid listed security instruments which at balance sheet date had a carrying amount of *Eur32,624,035* (2022 - *Eur29,187,228)* and Eur14,737,469 (2022 - *Eur13,764,081)* respectively.

The intention of the Group and the Company is to maximise return on headroom until the need to deploy on capital or recurring expenditure. Although these investments are classified as non-current assets, they can be liquidated should the need arise in which case net current liabilities will be reduced.

2. 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the holding company and entities controlled by the Company (together referred to as "the Group"). A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. 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 the Group entities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets or liabilities of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consists 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. Total comprehensive income is attributable to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Material accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except where the exceptions to the recognition or measurement principles apply.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts previously recognised in other comprehensive income in relation to the acquiree are accounted for in the same manner as would be required if the interest were disposed of.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

2. Material accounting policies (continued)

Business combinations (continued)

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Where the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9 Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Material accounting policies (continued)

Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries in the Company's financial statements are stated on the basis of the direct equity interest and is stated at cost less any accumulated impairment losses. Dividends from the investments are recognised in profit or loss.

At each balance sheet date, the Company reviews the carrying amount of its investments in subsidiaries and associates 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.

Property, plant and equipment

The Group's property, plant and equipment are classified in the following classes- land and buildings, plant and equipment, motor vehicles, furniture, fittings and other equipment, computer equipment and office equipment.

The Company's property, plant and equipment consists of furniture, fittings, computer equipment and other equipment.

Property, 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 Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

2. Material accounting policies (continued)

Property, plant and equipment (continued)

Land and buildings are held for use in the production or supply of goods or services or for administrative purposes. Subsequent to initial recognition, land and buildings are stated at revalued amounts less any accumulated depreciation and any accumulated impairment losses. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity.

Improvements to premises incorporate all costs incurred, including acquisition costs and other costs attributable to bring the leased premises to the design, specifications and conditions necessary for operations or as requested by the franchise agreement. Subsequent to initial recognition, improvements to premises are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Other tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are derecognised when no future economic benefits are expected from their use or upon 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 within administrative expenses in the period of derecognition.

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.

2. Material accounting policies (continued)

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 their estimated useful lives, using the straight-line method, on the following bases:

Land and buildings	-	2% - 20%
Plant and equipment	-	10% - 50%
Motor vehicles	-	10% - 33.3%
Furniture, fittings and other equipment	-	10% - 33%
Office equipment	-	10% - 33%
Computer equipment	-	25% - 33%

No depreciation is charged on land.

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

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.

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.

2. Material accounting policies (continued)

Intangible assets (continued)

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.

(i) Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the Company's accounting policy on property, plant and equipment.

Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over three to five years.

(ii) Acquired rights

Acquired rights are classified as intangible assets. After initial recognition, acquired rights are carried at cost less any accumulated amortisation and any accumulated impairment losses. Acquired rights are amortised on a straight-line basis over thirty-five to forty years.

(iii) Franchisee fees

After initial recognition, franchisee fees are carried at cost less any accumulated amortisation and any accumulated impairment losses. Franchisee fees are written off to profit or loss by equal instalments over the term of the franchise agreement.

(iv) 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.

2. Material accounting policies (continued)

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment property is initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment property is revalued annually and is stated at fair value in the statement of financial position at the end of the reporting period. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise. The Group assesses the value of the investment property annually whereby external valuations are sought every 3 years and internal valuations are done intermittently.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds and the carrying amount and are recognised in profit or loss in the period of derecognition.

Property held for sale

Property is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Property held for sale is measured at fair value, in accordance with the Group's accounting policy on investment property.

Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit and loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

2. Material accounting policies (continued)

Financial instruments (continued)

(i) Recognition and derecognition (continued)

Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through the profit and loss are recognised immediately in the profit and loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

(ii) 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 the profit and loss;
- fair value through other comprehensive income.

The classification is determined by both:

- the Company'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 the profit or loss are presented within finance costs and finance income, except for impairment of trade receivables which is presented within other expenses.

(iii) Subsequent measurement of financial assets

- Financial assets at amortised cost

Financial assets held by the Company and the Group are measured at amortised cost, if the following conditions are met:

2. Material accounting policies (continued)

Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

- ***Financial assets at amortised cost (continued)***

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

- ***Financial assets at fair value through other comprehensive income (FVOCI)***

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

a) they are held under a business model whose objective is "hold to collect" the associated cash flows and sell and

b) 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.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

(i) Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables 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.

2. Material accounting policies (continued)

Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

- Financial assets at fair value through other comprehensive income (FVOCI) (continued)

(ii) Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method. Bank loans are carried at face value due to their market rate of interest. Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

(iii) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(iv) Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

(v) Shares issued by the Company

Preference shares issued by the Company are classified as equity instruments.

Redemptions or refinancing of equity instruments are recognised as changes in equity.

(vi) Derivative financial instruments

Derivative financial assets and derivative financial liabilities are classified as held for trading unless they are designated and effective hedging instruments. During the year under review and during the prior year, the Group did not designate any of its derivative financial instruments in a hedging relationship for accounting purposes. After initial recognition, derivative financial instruments are measured at their fair value. Gains and losses arising from a change in fair value are recognised in profit or loss in the period in which they arise.

2. Material accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The Group considers the nature and use of the inventory when calculating the cost of inventories.

Cost is calculated using the weighted average method 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.

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Any reimbursement that the Group is 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.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Impairment

At the end of each reporting period, the carrying amount of assets, including cash-generating units and investments in subsidiaries, is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

2. Material accounting policies (continued)

Impairment (continued)

(i) Impairment testing of goodwill, other intangible assets, property plant and equipment and long-term prepayments

Goodwill and intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually, irrespective of whether an indication of impairment exists.

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. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. 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.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

2. Material accounting policies (continued)

Impairment (continued)

(i) Impairment testing of goodwill, other intangible assets, property plant and equipment and long-term prepayments (continued)

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Impairment losses are recognised immediately in profit or loss.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed in a subsequent period. Impairment reversals are recognised immediately in profit or loss.

In the case of financial assets, IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

(ii) Impairment of financial assets

Instruments within the scope of IFRS 9 include loans and other debt-type financial assets measured at amortised cost and 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 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.

2. Material accounting policies (continued)

Impairment (continued)

(ii) Impairment of financial assets (continued)

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. An impairment loss is the amount by which the carrying amount of an asset exceeds is recoverable amount.

- Trade and other receivables and contract assets

For trade receivables, 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. At the end of the reporting period, the Group's receivables have been assessed for impairment and are not significantly impaired to disclose within these financial statements.

2. Material accounting policies (continued)

Revenue recognition - the Group

Revenue is measured at the fair value of the consideration received or receivable for goods sold or services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably.

To determine whether to recognise revenue, the Company and 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 as or when performance obligation(s) are satisfied.

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

The Group enters into transactions involving a range of products and services as described further below. The total transaction price for any particular contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices, as applicable. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see Note 28). 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.

The following specific recognition criteria must also be met:

(i) Sale of goods

Revenue from the sale of goods is recognised on the transfer of the risks and rewards of ownership, which generally coincides with the time of delivery, when the costs incurred or to be incurred in respect of the transaction can be measured reliably and when the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

2. Material accounting policies (continued)

Revenue recognition - the Group (continued)

(ii) Provision of services

Revenue from the provision of services is recognised in the period in which the services are rendered. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

(iii) Restaurant operations

The Group is engaged in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. Revenue from the operations of McDonald's restaurants in these countries is recognised at a point in time when the goods are sold to customers.

(iv) Customer loyalty programme

The subsidiaries of Premier Capital plc operate a customer loyalty incentive programme. For each one Euro or one Romanian Lei spent, customers obtain ten loyalty points which they can redeem to receive discounts on future purchases. Loyalty points are considered to be a separate performance obligation as they provide customers with a material right they would not have received otherwise. Unused points expire if not used within six months.

The Group allocates the transaction price between the material right and other performance obligations identified in a contract on a relative stand-alone selling price basis. The amount allocated to the material right is initially recorded as a contract liability and is later recognised in revenue when the points are redeemed by the customer. The Group's experience is that a portion of the loyalty points will expire without being used ('breakage'). The Group recognises revenue from expected breakage in proportion to the points redeemed and trues-up this estimate when points expire. The Group has assessed it is highly improbable a significant reversal of revenue will arise if actual experience differs from expectations, and therefore no further revenue constraint is needed.

(v) 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.

2. Material accounting policies (continued)

Revenue recognition - the Group (continued)

(vi) Sale and distribution of Apple products (continued)

The Group provides a basic 1-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 in addition to the standard assurance to the product performance. These warranties are accounted for under IAS 37.

(vii) 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.

(viii) 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.

(ix) 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.

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(ix) Sale of information technology solutions, security systems and other machinery (continued)

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.

(x) 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.

(xi) 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.

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

Consulting and development of IT systems (continued)

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 28).

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.

(xii) 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.

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(xiii) Road, sea and air logistics services

Revenue from the provision of road, sea and air logistics services for an agreed price is recognised when or as the Group completes delivery to the customer. Invoices for services rendered are due upon completion of the contracted service, which is usually immediately upon delivery 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 on which the transportation service has been provided.

(xiv) Ship-to-ship services

Revenue is recognised from the provision of support services for Ship-to-Ship (STS) cargo transfer operations, mainly oil and gas. In most instances, an STS operation takes between 24 and 48 hours to be completed, revenue is recognised upon completion of the operation.

(xv) Terminal management and consultancy service

Revenue arises from Liquefied Natural Gas (LNG) terminal management, emergency support services and consultancy. The performance obligations within these contracts typically consist of technical management and provision of consultancy. The performance obligations are satisfied concurrently, and consecutively rendered over the duration of the management contract over time. These are measured using the time elapsed from commencement of the contract. Consideration generally consists of fixed monthly management fees. Any costs incurred on behalf of the client are reimbursed. Management fees are invoiced monthly.

(xvi) Crane assembly projects and ancillary maintenance services

Revenue from the sale of supplies for Rubber-Tyred Gantry cranes and other products and machinery for a fixed fee is recognised when or as the Company 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 and certification 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 cranes.

When 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.

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(xvi) Crane assembly projects and ancillary maintenance services (continued)

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.

The Group also enters into fixed price maintenance contracts with its customers on this service generally for terms of 5 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 Rubber-Tyred Gantry cranes and terminal tractors. 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 contract relative to the maintenance requirements of the items sold, and (b) the Company 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.

(xvii) Rental income

Rental income from operating leases, less the aggregate cost of incentives given to the lessee, is recognised as income in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss on a straight-line basis over the lease term.

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(xviii) Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Revenue recognition – the Holding Company

The Company entered into transactions with related parties for the provision of management services to group companies. Management fees are established through a contract with the respective group Company and considered fixed in nature. It is not expected that future reversals to management fee income will occur and its inclusion as the transaction price is earned as the services are being performed. The performance obligation is identified for the services provided to the customer and is satisfied upon rendering and completion of the service. The price is agreed with the customer in a written agreement and is allocated to the performance obligation accordingly. Prices are based on established prices for management services being provided.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

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.

2. Material accounting policies (continued)

Leases

The Group as lessee

Any new contracts entered into, the Group and the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that coveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group and the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group and the Company;
- the Group and the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group and the Company has the right to direct the use of the identified asset throughout the period of use. The Group and the Company assess whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

- Measurement and recognition of leases

At lease commencement date, the Group and the Company 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 and the Company, 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 and the Company 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 of asset or the end of the lease term. The Group and the Company also assess the right-of-use asset for impairment when such indicators exist.

At commencement date, the Group and the Company 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 and Company's incremental borrowing rate.

2. Material accounting policies (continued)

Leases (continued)

Measurement and recognition of leases (continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee 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 and the Company has elected to account for short-term leases and leases of low-value assets 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 statements of financial position, the Group and the Company have opted to disclose right-of-use assets and lease liabilities as separate financial statement line items.

The Group as a lessor

As a lessor the Group classifies its leases as operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

Taxation

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.

2. Material accounting policies (continued)

Taxation (continued)

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, 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.

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.

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.

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.

2. Material accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when the Group has 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.

Employee benefits

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

Currency translation

The financial statements of the Company and the Group are presented in the functional currency, the Euro, being the currency of the primary economic environment in which the Group operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at period-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss.

Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses are classified with other operating income or other operating expenses as appropriate, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

2. Material accounting policies (continued)

Currency translation (continued)

For the purpose of presenting consolidated financial statements, income and expenses of the Group's foreign operations are translated to Euro at the average exchange rates. Assets and liabilities of the Group's foreign operations are translated to Euro at the exchange rate ruling at the date of the statement of financial position. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Euro at the closing rate. Exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. Such differences are reclassified from equity to profit or loss in the period in which the foreign operation is disposed of.

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 Company'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 in current liabilities on the statement of financial position.

Prepayments

Long term prepayments represent advance payments of rent or guarantee deposits made by the Group in order to secure the lease on rented premises on which the McDonalds' restaurants are situated. Once the lease on the rented premises is terminated, the advance payment or guarantee deposit is released, and it is no longer recognised within long term prepayments in the statement of financial position. Long term prepayment mainly represents a guarantee deposit made for the provision of a private jet (refer to note 36).

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

2. Material accounting policies (continued)

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. 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. Dividends to holders of equity instruments are recognised directly in equity.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity.

Dividends relating to a financial liability, or to a component that is a financial liability, are recognised as an expense in profit or loss and are presented in the statement of profit or loss and other comprehensive income with finance costs.

Translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's entities denominated in foreign currencies. This reserve is included within other equity.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Significant management judgements

Other than as disclosed below, in the process of applying the Group and Company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of financial assets and goodwill

The Group reviews property, investments in subsidiaries, plant and equipment, right-of-use assets, intangible assets and loans and receivables, including trade receivables, to evaluate whether events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company reviews intangible assets, right-of-use assets, investment in subsidiaries and loans and receivables to evaluate whether events or changes in circumstances indicate that the carrying amount may not be recoverable.

At the year-end, there were impairment indicators due to a drop in expected performance of one of the Company's subsidiaries. The directors have performed an assessment of impairment for such investments based on the value in use of the estimated future cash flows expected to arise from the cash generating unit that corresponds to the investment being assessed for impairment. The aggregation of the cash generating units attributable to such investments is a key judgement in the impairment testing process of the Company's investments.

Following the above assessment, the directors have not recognised an impairment during the year. The directors expect the carrying amount of other loans and receivables at 31 December 2023 to be recoverable.

Goodwill

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Goodwill (continued)

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.

At 31 December 2023, goodwill was allocated as follows:

- *Eur20,902,812* (2022: *Eur19,691,473*) to the polish subsidiary iSpot Poland Sp. z.o.o. which operates the Apple Premium Partner Business.
- *Eur37,869,672* (2022: *NIL*) to the polish subsidiary Cortland Sp. z.o.o. (acquired on 31 March 2023) which operates the Apple Premium Partner Business.
- *Eur3,860,898* (2022: *Eur3,860,898*) to APCO Systems Limited which operates the electronic payment gateway.
- *Eur2,168,112* (2022: *Eur2,168,112*) to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- *Eur1,464,477* (2022: *Eur1,464,477*) to PTL Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- *Eur36,266,556* (2022: *Eur36,098,723*) to Hili Logistics group which operates in the business of providing road, sea and air logistics services.
- *Eur24,887,261* (2022: *Eur24,932,867*) to Premier Capital plc which is allocated *Eur16,591,999* (2022 - *Eur16,591,999*) to the Malta operations and *Eur8,295,262* (2022 - *Eur8,340,868*) to the Romania operations.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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.

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 rates to perpetuity of 2.1% (2022: 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 recovered.

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 to perpetuity of *2.0%* (2022: *2.0%*); 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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 rates to perpetuity of *2.0%* (2022: *2.0%*); and
- use of *21.4% - 24.4%* (pre-tax) (2022: *18.6% - 20.5%*) 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 – Motherwell Bridge Industries group

The directors of Motherwell Bridge Industries group consider that the local services provided to the Malta Freeports Terminal and the crane-assembley business locally and abroad represent one single, consistent and homogenous operating segment. In defining this assumption for the purpose of testing goodwill for impairment, the directors consider that although the entity has essentially two operating interests, each component on its own is not representative of a separate component of the Group's operations. Moreover, decisions about resource allocation are made for these operations of Malta and other international operations as a whole.

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Goodwill (continued)

CGU – Motherwell Bridge Industries group (continued)

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 the investments held by the Company includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- terminal growth rates to perpetuity of *2.0%* (2022: *2.0%*); and
- use of *14.0% - 18.7%* (pre-tax) (2022: *15.2% - 29.7%*) to discount the projected cash flows to net present values.

CGU – Hili Logistics group

The directors of Breakwater Investments group consider that the logistics and container leasing business represents one single, consistent and homogenous operating segment. In defining this assumption for the purpose of testing goodwill for impairment, the directors consider that although the entities have essentially six operating interests, each component on its own is not representative of a separate component of the Group's operations. Moreover, decisions about resource allocation are made for the logistics operations of Malta, Poland and the UK as a whole. Furthermore, the directors consider that the STS business is closely linked to the STS operations in Malta and taking advantage of a number of synergies which are being experienced around the following areas:

Package offering where Carmelo Caruana Company Limited and STS Marine Solutions are in a better position to offer a single package to STS clients acting as one stop shop. This also brings a number of opportunities to cross-sell other services for vessel owners;

- Carmelo Caruana Company Limited through its STS function and agency can work closely and share market intelligence with STS Marine Solutions Ltd leading to the introduction of new contacts thereby increasing market share;
- Pricing and join marketing can target a wider spectrum of clients; and

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Goodwill (continued)

CGU – Hili Logistics group (continued)

- Sharing of market intelligence as well as resources will automatically bring along opportunities for cost savings and avoidance of being out priced in a particular territory.

In view of this the directors consider the logistics business to be one cash-generating unit (CGU). The recoverable amount of the CGUs is determined from the value in use calculation.

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

The assessment of recoverability of the carrying amount of goodwill and the investments held by the Company includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- growth rates of *2.0%* (2022: *2.0%*); and
- use of *8.4% - 11.1%* (pre-tax) (2022: *8.6% - 12.4%*) to discount the projected cash flows to net present values.

Following a review of the carrying amount of this CGU by the directors during 2023, the directors have concluded that no impairment is necessary.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Goodwill (continued)

CGUs for Malta restaurant operations

The assessment of recoverability of the carrying amount of goodwill includes:

- forecasted projected cash flows for the next 5 years and projection of terminal value using the perpetuity method;
- growth rate of *2.0%* (2022 – *2.1%*); and
- use of *9.3%* (pre-tax) (2022 – *9.2%* (pre-tax)) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

CGUs for Romania restaurant operations

The assessment of recoverability of the carrying amount of goodwill includes:

- forecasted projected cash flows for the next 5 years and projection of terminal value using the perpetuity method;
- growth rate of *2.0%* (2022 – *2.1%*); and
- use of *11.2%* (pre-tax) (2022 – *11.4%* (pre-tax)) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit and loss.

During 2023, external market valuations were carried out for most of the properties within the portfolio These external valuations were based using the discounted cash flow technique using the applicable discount rate and market yields as discussed below.

For properties which did not have market valuations performed by an independent professional architect for the year, an assessment of their fair value is performed internally to reflect current market conditions.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Fair value of investment properties (continued)

The internal valuations were based on the discounted cash flow technique using the applicable discount rate and market yields. Based on these assessments, the directors are of the opinion that the fair value determined is an appropriate estimate of the fair value at 31 December 2023.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

Estimating the incremental borrowing rate for leases

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the lessor Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessor Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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.

4. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

New Standards adopted as at 1 January 2023

In the current year, the Group and the Company have applied the following amendments:

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 and Company's financial results or position. Accordingly, the Group and the Company have made no changes to their accounting policies in 2023.

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to 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)

4. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

New Standards adopted as at 1 January 2023 (continued)

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

***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, amendments to existing Standards have been adopted early by the Group and the Company, and no interpretations have been issued that are applicable and need to be taken into consideration by the Group.

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- 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.

5. Revenue

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

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
By activity:				
Logistic and transport services	**36,502,440**	36,354,355	-	-
Restaurant operations	**645,565,421**	533,604,955	-	-
Retail sales	**229,057,854**	168,513,761	-	-
Commercial sales	**45,363,815**	21,174,281	-	-
Rental income	**13,004,699**	9,635,945	-	-
Maintenance and support	**3,568,816**	3,576,038	-	-
Payment gateway services	**3,931,691**	3,780,692	-	-
Engineering services	**9,991,394**	5,851,934	-	-
Management fees	**185,085**	155,985	**2,606,500**	2,426,500
	987,171,215	782,647,946	**2,606,500**	2,426,500

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

	Group	
	2023	2022
	Eur	Eur
Contract assets recognised	**1,404,335**	703,115

5. Revenue (continued)

The Group does not expect any loss allowances from such amounts, as these are due from customers with no history of losses and which are considered of good credit quality. The assessment of credit losses on balances at 31 December 2023 did not result in any material amount and is 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 Eur	2025 Eur	2026 Eur	Later Eur
Commercial sales	4,380,192	776,478	86,107	-
Maintenance and support	3,870,202	2,296,860	1,431,905	28,351
Rendering of services and crane assembly	1,451,173	806,173	591,173	344,851
Logistics and transport services	833,516	831,239	831,239	5,613,710
Revenue expected to be recognised	**10,535,083**	**4,710,750**	**2,940,424**	**5,986,912**

5. Revenue (continued)

Unsatisfied long-term performance obligations (continued)

The comparative information at 31 December 2022 was as follows:

	2023 Eur	2024 Eur	2025 Eur	Later Eur
Commercial sales	2,748,438	1,055,459	1,057,638	-
Maintenance and support	2,919,574	2,287,819	2,197,320	343,357
Rendering of services and crane assembly	1,291,173	591,173	591,173	936,024
Logistics and transport services	2,859,880	2,859,880	2,859,880	-
Revenue expected to be recognised	**9,819,065**	**6,794,331**	**6,706,011**	**1,279,381**

Revenue for unsatisfied long-term performance obligations in relation to commercial sales, as at 31 December 2023 comprise entirely of revenue tied to local contracts expected to be carried out between 2024 and 2026 (as at 31 December 2022 – 2023 and 2025)

One of the Harvest technology division subsidiaries experienced a decrease in unsatisfied long term contracts for 2024 as a result of a 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 pertaining to the Harvest Technology plc group has been compensated by two major contracts won by another of its subsidiaries at the end of 2023, where revenue will be recognized in the subsequent years.

Except for the above, all other long-term performance obligations existing at 31 December 2022 and which were expected to be recognised during 2023, have been completed and invoiced in full during the current year under review.

Revenue from engineering services pertains to revenue estimated to be recognised in the Motherwell Bridge Industries Limited group from various projects in Malta and overseas.

6. Other operating income

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Other operating income	**2,988,016**	1,980,366	**16,410**	33,725
	2,988,016	1,980,366	**16,410**	33,725

7. Investment income

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Interest income on bank deposits	**520,004**	392,566	**-**	-
Other interest receivable	**-**	-	**496,590**	104,675
Interest receivable on loan to other related company	**831,814**	757,559	**2,204,402**	1,152,372
Total interest income on financial assets not classified as at fair value through profit or loss	**1,351,818**	1,150,125	**2,700,992**	1,257,047
Other interest receivable	**1,506,305**	198,035	**-**	-
Dividends from financial assets and equity instruments	**269,711**	50,817	**46,857,958**	20,090,804
Share of profit of associate	**220,855**	801,711	**-**	-
Share of profit of joint ventures	**-**	328,017	**-**	-
Exchange gains	**219,141**	274,613	**-**	-
Gain on derivative financial instruments	**14,458**	184,673	**-**	-
Gain on disposal of investment property	**-**	452,321	**-**	-
Increase in fair value of investment property	**2,861,521**	3,148,221	**-**	-
	6,443,809	6,588,533	**49,558,950**	21,347,851

8. Investment losses

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Fair value movement of investment properties	**3,060,000**	1,247,917	**-**	-
Share of losses of jointly controlled entities	**54,124**	-	**-**	-
Acquisition related costs	**82,163**	393,572	**-**	-
Loss on disposal of associate	**474**	-	**-**	-
Impairment of investment in subsidiary	**128,659**	-	**-**	-
	3,325,420	1,641,489	**-**	-

9. Finance costs

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Interest on bank overdrafts and loans	**9,146,141**	4,296,326	**1,015,304**	338,041
Interest on bonds	**12,521,860**	12,174,057	**-**	-
Processing fees and other interest payable	**1,067,367**	1,322,408	**-**	1,549
Interest on amounts payable to related undertakings	**-**	37,338	**9,236,437**	8,063,875
Unrealised exchange differences	**202,380**	85,163	**-**	-
Other fair value adjustments	**259,464**	267,495		
Loss on financial assets at fair value through other comprehensive income	**396,325**	-	**-**	-
Amortisation of bond issue expenses	**566,955**	540,126	**315,766**	288,937
Amortisation of derivative financial instrument	**268,147**	-	**-**	-
Interest on leased assets	**5,655,596**	4,247,558	**79,073**	100,782
	30,084,235	22,970,471	**10,646,580**	8,793,184

10. Profit before tax

A list of expenses by nature making up the cost of sales, selling expenses and administrative expenses of the Group and holding Company is set out below:

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Raw materials and consumables used	**232,026,917**	180,748,687	**-**	-
Cost of sales in relation to products sold and services provided	**231,562,798**	158,783,631	**-**	-
Advertising, promotion and other distribution costs	**43,514,217**	34,195,626	**27,704**	8,952
Amortisation of intangible assets	**2,444,033**	1,998,429	**38,077**	43,076
Depreciation of property, plant and equipment	**23,711,602**	17,761,775	**58,050**	79,656
Depreciation of right-of-use assets	**17,613,811**	12,701,895	**321,490**	357,731
Legal, professional fees and accountancy fees	**6,051,790**	4,870,290	**510,205**	448,338
Office and general expenses	**5,640,094**	4,694,843	**214,704**	198,337
Travelling costs	**8,051,804**	6,468,481	**70,242**	40,748
Wages and salaries and staff welfare	**191,126,395**	155,956,587	**2,986,546**	2,932,295
Rental expenses	**11,413,695**	9,443,399	**-**	-
Utilities and telecommunication expenses	**19,763,457**	18,083,775	**38,324**	38,602
Royalties	**49,362,928**	37,765,297	**-**	-
Repairs and maintenance	**10,009,679**	8,807,991	**87,974**	84,973
Operating supplies	**17,521,178**	14,651,255	**-**	-
Other direct costs	**22,663,135**	20,485,638	**-**	-
Insurance costs	**1,850,642**	1,323,564	**129,147**	75,545
Other indirect costs	**9,883,702**	27,925,885	**312,812**	560,349
	904,211,877	716,667,048	**4,795,275**	4,868,602

These expenses are presented in the statement of profit or loss and other comprehensive income as follows:

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Cost of sales	**788,064,999**	624,671,532	**-**	-
Selling expenses	**43,514,217**	34,195,626	**27,704**	8,952
Administrative expenses	**72,632,661**	57,799,890	**4,767,571**	4,859,650
	904,211,877	716,667,048	**4,795,275**	4,868,602

10. Profit before tax (continued)

Profit before tax is stated after charging the following:

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Net exchange differences	**(1,125,609)**	(355,010)	**-**	-
Depreciation and amortisation	**26,155,635**	19,760,204	**96,127**	122,732
Depreciation of right-of-use assets	**17,613,811**	12,701,895	**321,490**	357,731
Gain on disposal of property, plant and equipment	**550,506**	206,107	**-**	-

The analysis of the amounts that are payable to the auditors and that are required to be disclosed is 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 *Eur312,876* (2022 – *Eur253,283*) and the remuneration payable to the other auditors in respect of the audits of the undertakings included in the consolidated financial statements amounted to *Eur484,175* (2022 – *Eur341,918*). Other fees payable to the parent Company's auditors for tax services and for non-audit services other than tax services amounted to *Eur44,328* (2022 – *Eur90,530)*.

Holding Company

Total remuneration payable to the parent Company's auditors for the audit of the Company's financial statements amounted to *Eur3,500 (*2022 – *Eur3,250)*. Other fees payable to the parent Company's auditors for non-audit services other than other assurance services and tax advisory services amounted to *Eur22,000 (*2022 – *Eur50,160)*.

11. Key management personnel compensation

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Directors' compensation:				
Hili Ventures Limited	**520,381**	466,130	**520,381**	466,130
Fees and compensation of directors' of other divisions				
Premier Capital plc	**1,035,547**	953,122	**-**	-
1923 Investments plc	**287,325**	436,197	**-**	-
Hili Properties plc	**440,640**	348,877	**-**	-
Hili Finance Company plc	**27,000**	27,000	**-**	-
Breakwater Investments Limited	**12,000**	12,000	**-**	-
	1,802,512	1,777,196	**-**	-
Other key management compensation:				
Hili Ventures Limited	**444,535**	442,759	**444,535**	442,759
Premier Capital plc	**816,026**	834,673	**-**	-
1923 Investments plc	**897,612**	2,004,703	**-**	-
Hili Properties plc	**193,888**	188,089	**-**	-
Breakwater Investments Limited	**1,514,146**	265,593	**-**	-
	3,866,207	3,735,817	**444,535**	442,759
Total directors' fees and other key management personnel	**6,189,100**	5,979,143	**964,916**	908,889

12. Staff costs and employee information

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Staff costs:				
Wages and salaries	**174,043,833**	143,846,384	**2,372,879**	2,358,907
Social security costs	**17,082,562**	12,110,202	**95,261**	87,655
	191,126,395	155,956,586	**2,468,140**	2,446,562

The average number of persons employed during the period, including executive directors, was made up as follows:

	Group		Holding company	
	2023	2022	**2023**	2022
Operations	**11,829**	10,441	**-**	-
Administration	**525**	439	**43**	41
	12,354	10,880	**43**	41

Hili Ventures Limited

Notes to the financial statements

31 December 2023

13. Income tax expense

	Group 2023 Eur	Group 2022 Eur	Holding company 2023 Eur	Holding company 2022 Eur
Current tax expense	**11,324,796**	7,609,450	**1,610,284**	18,430
Adjustment of tax in prior year	**-**	-	**(8,008)**	-
Deferred tax expense/(credit) (note 29)	**2,706,781**	(1,106,380)	**484,592**	(472,883)
Surrender of capital allowances to group undertakings	**-**	-	**-**	(82,438)
	14,031,577	6,503,070	**2,086,868**	(536,891)

Tax applying the statutory domestic income tax rate and the income tax expense for the period are reconciled as follows:

	Group 2023 Eur	Group 2022 Eur	Holding company 2023 Eur	Holding company 2022 Eur
Profit before tax from continuing operations	**54,318,168**	49,776,322	**36,740,005**	10,146,290
Tax at the applicable rate of 35%	**19,011,359**	17,421,713	**12,859,002**	3,551,202
Tax effect of:				
Income subject to 15%	**(44,381)**	(40,771)	**-**	-
Exchange differences	**29**	(775,109)		
Movement in fair value of investment property not charged to tax	**(582,491)**	(185,561)	**-**	-
Different tax rates of subsidiaries operating in other jurisdictions	**(14,178,953)**	(9,784,637)	**-**	-
Witholding tax on dividends	**(3,490,746)**	(263,674)	**-**	-
Income not chargeable to tax	**805,718**	(7,539,270)	**-**	-
Maintenance allowance	**(72,042)**	(71,873)	**-**	-
Effect of reduction in foreign tax rates	**(136,281)**	(7,365)	**-**	-
Exempt interest income	**(251)**	-	**(251)**	-
Accrued interest income	**(65,396)**	-	**(65,396)**	-
Dividend income at reduced rate	**(54,773)**	-	**(54,773)**	-
FTA Dividend	**(50,450)**	(150,937)	**(50,450)**	(150,937)
Disallowable expenses	**11,196,753**	7,485,412	**1,864,410**	2,665,535
Exempt gain on disposal of investments	**(159,780)**	(39)	**(159,780)**	(39)
Untaxed dividend	**-**	-	**(12,712,386)**	(6,621,851)
FRFTC nullifying tax charge on FIA Income	**344,124**	11,330	**344,124**	11,330
Effect of FRFTC	**(22,589)**	-	**(22,589)**	-
Other differences	**48,810**	61,486	**-**	-
Deferred tax movement not recognised	**238,157**	46,897	**-**	-
Deferred tax on revaluation of investment property	**220,952**	(77,994)	**-**	-
Permanent differences	**(139,038)**	427,575	**766**	766
Unabsorbed tax losses	**(8,446)**	29,629	**-**	-
Deferred tax movement	**1,164,711**	-	**-**	-
Over provision of tax in prior year	**(85,618)**	(78,038)	**(8,008)**	-
Foreign Tax	**92,199**	7,103	**92,199**	7,103
Write-off of foreign tax	**-**	(12,807)	**-**	-
Income tax expense / (credit)	**14,031,577**	6,503,070	**2,086,868**	(536,891)

14. Dividends

In respect of the current year, dividends of *Eur10,200,000* were declared to ordinary shareholders (2022: *Eur5,348,800*); *Eur10.20* per ordinary share (2022: *Eur5.35*)

Preference dividends of *Eur4,651,200* were declared during the year (2022 – *Eur4,651,200); Eur0.07* per preference share (2022 – *Eur0.07).*

15. Goodwill

At 01.01.2022	**87,820,645**
Effect of exchange differences on the valuation of goodwill on foreign subsidiaries	395,905
At 31.12.2022	88,216,550
At 01.01.2023	**88,216,550**
Acquisition of subsidiaries (note 34)	**35,041,259**
Effect of exchange differences on the valuation of goodwill on foreign subsidiaries	**4,161,979**
At 31.12.2023	**127,419,788**

On 31 March 2023, 1923 Investments plc, a direct subsidiary of the Group, fully acquired the shares of Cortland S.p. Z.o.o. the goodwill recognised on the acquisition of this subsidiary amounted to *Eur35,041,259* (refer to note 34).

16. Intangible assets

Group	Support services licence Eur	Acquired rights and franchise fee Eur	Computer software Eur	Other intangible assets Eur	Total Eur
Cost					
At 01.01.2022	**12,366,964**	**4,364,077**	**3,755,561**	**13,841,459**	**34,328,061**
Additions	-	106,501	267,288	757,856	1,131,645
Eliminated on disposal	-	(22,657)	(268,668)	-	(291,325)
Transfers	-	-	(7,960)	-	(7,960)
Effect of foreign exchange	-	340	(696)	(199,878)	(200,234)
Other eliminations	-	-	(743)	(644)	(1,387)
At 01.01.2023	**12,366,964**	**4,448,261**	**3,744,782**	**14,398,793**	**34,958,800**
Impairment of opening balance	-	-	-	(44,150)	(44,150)
Additions	-	133,709	620,959	1,710,254	2,464,922
Additions on acquisition of subsidiary	-	-	-	8,036,544	8,036,544
Eliminated on disposal	-	-	(142,927)	(265,471)	(408,398)
Transfers	-	-	(38,151)	38,366	215
Effect of foreign exchange	-	(13,147)	(8,685)	792,018	770,186
As at 31.12.2023	**12,366,964**	**4,568,823**	**4,175,978**	**24,666,354**	**45,778,119**
Amortisation					
At 01.01.2022	**8,656,905**	**2,329,861**	**2,528,180**	**1,772,842**	**15,287,788**
Provision for the year	618,351	308,213	521,407	550,458	1,998,429
Eliminated on disposal	-	(22,657)	(267,066)	(644)	(290,367)
Exchange differences	-	-	(6,861)	4	(6,857)
of subsidiary	-	(513)	(580)	(7,703)	(8,796)
At 01.01.2023	**9,275,256**	**2,614,904**	**2,775,080**	**2,314,957**	**16,980,197**
Acquired on acquisition of subsidiaries	-	-	-	72,617	72,617
Provision for the year	618,351	129,482	560,160	1,136,040	2,444,033
Reversal of depreciation	-	-	-	(22,989)	(22,989)
Transfers between asset categories	-	-	(14,330)	31,949	17,619
Eliminated on disposal	-	-	(125,684)	(226,198)	(351,882)
Exchange differences	-	(8,744)	(7,852)	(6,939)	(23,535)
Other derecognition of subsidiary	-	-	-	(107)	(107)
At 31.12.2023	**9,893,607**	**2,735,642**	**3,187,374**	**3,299,330**	**19,115,953**
Carrying amount					
At 31.12.2022	3,091,708	1,833,357	969,702	12,083,836	17,978,603
At 31.12.2023	**2,473,357**	**1,833,181**	**988,604**	**21,367,024**	**26,662,166**

16. Intangible assets (continued)

Group

Included within intangible assets are acquired rights and franchisee fees with a carrying amount of *Eur1,833,181* (2022 – *Eur1,833,355*). These intangible assets are amortised over the term of the franchise agreements in place with Mc Donald's Corporation to operate the Mc Donald's brand in all markets. Generally, amortisation period will be twenty years.

Computer software for the Group with a carrying amount of *Eur910,356* (2022 – *Eur830,227*) mainly relates to a new ERP system invested into by the Romania segment during the year and prior periods to improve the business operations and obtain efficiencies in reporting. The amortisation period is over five years.

Moreover, the support services licence owned by the Group with a carrying amount of *Eur2,439,431* (2022 – *Eur3,049,307*) will be fully amortised within eight years, and relates to the licence paid to Mc Donald's Corporation to operate the Mc Donald's brand in the Baltic countries.

Intangible assets include separately identified intangible assets acquired during 2014 as part of the business combinations within the 1923 Investments plc. division and amounting to *Eur12,000,000* which have been recognised separately from goodwill. Intangible assets were adjusted upwards by *Eur782,272* (2022: adjusted upwards by *Eur192,178*) following the fluctuations of the Polish Zloty from the date of acquisition to the balance sheet date.

These intangible assets relate to:

• Apple Premium Reseller operations operating under the brand iSpot together with related contracts – *Eur10,646,388* (2022: *Eur10,034,095*). The useful life of this asset is considered to be indefinite as there was no foreseeable limit to the period over which the asset is expected to generate net cash inflows. In arriving at this conclusion management considered such factors as the stability of the industry and changes in the demand for such products. This assessment is reassessed periodically.

• APCO's payment gateway system – *Eur1,000,000*. The useful life of this asset was considered to be finite due to possible technological obsolescence and is being amortised on a straight-line basis. Until 31 December 2014, the Group was amortising the intangible asset over three years. Following the knowledge generated, the Group re-assessed the remaining useful life of the asset to be ten years. Had the Group not reassessed the remaining useful life, the additional amortisation for the years 2015, 2016 and 2017 would have amounted to *Eur233,000* annually more. This asset would have been fully amortised by 31 December 2017 had the Group not re-assessed the remaining useful life. As from 2018, the yearly amortisation on this asset amounts to *Eur89,855*.

16. Intangible assets (continued)

During the years, APCOPAY continues to develop its payment processing platform and capitalises the wages of employees directly involved in such development. At year end the net book value of the payment gateway system amounted to *Eur1,311,256.* The amortisation charge for the year is included within administrative expenses.

• When Cortland was acquired by iSpot, certain intangible assets were acquired and after a purchase price allocation exercise carried out by Polish advisors, a fair value was calculated for:

- Cortland trademark
- Customer base intangible asset
- Non-compete asset

The assets relating to Cortland are valued at *Eur7,827,450* at year end and are assessed for impairment periodically. The amortisation charge for the year was included in administrative expenses.

Holding company	Computer software Eur
Cost	
At 01.01.2022	347,609
Additions	12,840
Disposals	(743)
At 01.01.2023	359,706
Additions	679
At 31.12.2023	**360,385**
Amortisation	
At 01.01.2022	216,736
Provision for the year	43,076
Disposals	(87)
At 01.01.2023	259,725
Provision for the year	38,077
At 31.12.2023	297,802
Carrying amount	
At 31.12.2022	99,981
At 31.12.2023	**62,583**

17. Property, plant and equipment

Group

	Land and buildings Eur	Plant and equipment Eur	Motor vehicles Eur	Furniture, fittings and other equipment Eur	Office equipment Eur	Other equipment Eur	Total Eur
Cost or valuation							
At 01.01.2022	**215,065,355**	**74,428,316**	**1,735,467**	**27,019,876**	**12,415,539**	**2,889**	**330,667,442**
Additions	12,966,147	14,924,793	826,932	3,303,734	4,072,973	624	36,095,203
Revaluation	12,775,935	-	-	-	-	-	12,775,935
Transfers between asset categories	497,632	(8,045)	85,738	(582,386)	8,045	-	984
Effect of foreign currency exchange differences	(61,049)	367,616	(4,229)	(967)	571,178	-	872,549
Disposals for the year	(1,608,219)	(2,748,185)	(612,391)	(1,182,928)	(586,715)	-	(6,738,438)
At 01.01.2023	**239,635,801**	**86,964,495**	**2,031,517**	**28,557,329**	**16,481,020**	**3,513**	**373,673,675**
Additions	24,749,415	17,485,961	260,321	2,761,354	1,399,686	-	46,656,737
Acquired on acquisition of subsidiaries	464,912	-	33,831	1,284,014	842,481	-	2,625,238
Revaluation	2,655,782	-	-	-	-	-	2,655,782
Transfers between asset categories	(1,698,924)	12,637,321	145,539	379,140	(11,757,057)	(2,978)	(296,959)
Impairment	(126,281)	-	-	(36,153)	(35,634)	-	(198,068)
Effect of foreign currency exchange differences	(23,939)	(971,145)	819	200,292	157,015	-	(636,958)
Disposals for the year	(1,902,254)	(5,429,525)	(680,167)	(767,633)	(904,516)	-	(9,684,095)
At 31.12.2023	**263,754,512**	**110,687,107**	**1,791,860**	**32,378,343**	**6,182,995**	**535**	**414,795,352**

17. Property, plant and equipment (continued)

Group	Land and buildings Eur	Plant and equipment Eur	Motor vehicles Eur	Furniture, fittings and other equipment Eur	Office equipment Eur	Other equipment Eur	Total Eur
Depreciation							
At 01.01.2022	**40,170,179**	**35,803,428**	**1,071,443**	**19,127,844**	**4,651,135**	**(1,497)**	**100,822,532**
Provision for the year	6,122,970	7,346,458	223,621	1,757,165	2,311,087	474	17,761,775
Impairment	364,069	187,617	-	-	-	-	551,686
Revaluation increase	(571,064)	-	-	-	-	-	(571,064)
Reversal of Impairment	(29,034)	(38,501)	-	-	-	-	(67,535)
Effect of foreign currency exchange differences	(13,825)	81,494	(4,117)	(996)	275,307	-	337,863
Released on disposal	(861,867)	(2,598,495)	(19,351)	(1,556,093)	(471,865)	-	(5,507,671)
Transfers between asset categories	-	(3,710)	-	6,861	3,711	-	6,862
At 01.01.2023	**45,181,428**	**40,778,291**	**1,271,596**	**19,334,781**	**6,769,375**	**(1,023)**	**113,334,448**
Provision for the year	10,022,457	10,031,962	763,292	2,057,564	836,327	-	23,711,602
Acquired on acquisition of subsidiaries	217,866	-	16,191	1,100,407	782,410	-	2,116,874
Impairment	73,952	63,038	-	-	(2,633)	-	134,357
Revaluation increase	(625,810)	-	-	-	-	-	(625,810)
Reversal of Impairment	(72,954)	(202,559)	-	-	-	-	(275,513)
Adjustments	-	(26,782)	(27,931)	-	-	-	(54,713)
Effect of foreign currency exchange differences	260,276	(379,561)	7,384	123,048	89,585	-	100,732
Released on disposal	(1,099,474)	(5,039,564)	(627,920)	(785,918)	(705,368)	-	(8,258,244)
Transfers between asset categories	-	3,561,514	598	181	(3,535,504)	(1,763)	25,026
At 31.12.2023	**53,957,741**	**48,786,339**	**1,403,210**	**21,830,063**	**4,234,192**	**(2,786)**	**130,208,759**
Carrying amount							
At 31.12.2022	**194,454,373**	**46,186,204**	**759,921**	**9,222,548**	**9,711,645**	**4,536**	**260,339,227**
At 31.12.2023	**209,796,771**	**61,900,768**	**388,650**	**10,548,280**	**1,948,803**	**3,321**	**284,586,593**

Refer to note 20 for information relating to the revaluation of other properties within the Group.

17. Property, plant and equipment (continued)

Holding company	Furniture, fittings and other equipment
	Eur
Cost	
At 01.01.2022	662,159
Additions	78,448
Disposals	(4,600)
At 01.01.2023	736,007
Additions	39,928
Disposals	(1,560)
At 31.12.2023	**774,375**
Accumulated Depreciation	
At 01.01.2022	449,685
Provision for the period	79,656
Disposals	(2,892)
At 01.01.2023	526,449
Provision for the period	58,050
Disposals	(1,127)
At 31.12.2023	**583,372**
Carrying amount	
At 31.12.2022	209,558
At 31.12.2023	**191,003**

18. Right-of-use assets

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

	Buildings Eur	Vehicles Eur	IT equipment Eur	Total Eur
Cost				
1 January 2022	**127,552,029**	**1,894,088**	**-**	**129,446,117**
Additions	27,290,781	734,976	-	**28,025,757**
Disposals	(1,393,537)	(91,196)	-	**(1,484,733)**
Remeasurement	679,459	-	-	**679,459**
Termination and expiry of leases	(224,252)	(85,412)	-	**(309,664)**
Exchange differences	(288,475)	(974)	-	**(289,449)**
Adjustment to leases	-	4,002	-	**4,002**
1 January 2023	**153,616,005**	**2,455,484**	**-**	**156,071,489**
Additions	35,897,166	1,402,657	144,165	**37,443,988**
Disposals	(2,567,844)	(135,000)	-	**(2,702,844)**
Remeasurement	3,227,058	-	-	**3,227,058**
Recognised upon acquisition of subsidiary	3,926,568	-	-	**3,926,568**
Termination and expiry of leases	(3,304,250)	(123,043)	(5,064)	**(3,432,357)**
Impairment	(2,914,674)	(11,862)	-	**(2,926,536)**
Transfers	339,391	-	-	**339,391**
Exchange differences	1,114,934	11,155	11,073	**1,137,162**
31 December 2023	**189,334,354**	**3,599,391**	**150,174**	**193,083,919**
Depreciation				
1 January 2022	**26,479,734**	**929,015**	**-**	**27,408,749**
Provision for the year	12,383,322	318,573	-	**12,701,895**
Exchange differences	(91,654)	(51)	-	**(91,705)**
Released on disposal	(570,580)	(91,196)	-	**(661,776)**
Impairment	(95,807)	-	-	**(95,807)**
Termination and expiry of leases	(62,201)	(69,388)	-	**(131,589)**
1 January 2023	**38,042,814**	**1,086,953**	**-**	**39,129,767**
Provision for the year	17,042,966	432,096	138,749	**17,613,811**
Recognised upon acquisition of subsidiary	1,057,786	-	-	**1,057,786**
Exchange differences	724,000	30	10,801	**734,831**
Released on disposal	(2,338,690)	(132,180)	-	**(2,470,870)**
Impairment	(533,578)	(3,675)	-	**(537,253)**
Termination and expiry of leases	(2,009,976)	(124,757)	(4,904)	**(2,139,637)**
31 December 2023	**51,985,322**	**1,258,467**	**144,646**	**53,388,435**
Carrying amount				
At 31 December 2022	115,573,191	1,368,531	-	116,941,722
At 31 December 2023	**137,349,032**	**2,340,924**	**5,528**	**139,695,484**

The depreciation charge on right-of-use assets is included in cost of sales and 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 19. Information about the accounting policy for the measurement and recognition of leases is disclosed in note 2. The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 upon initial recognition and during the previous year for additions made was 1.43-6.38%. Additions to right-of-use assets during the current reporting period have been recognised using a rate between 3.93% and 5.89%.

18. Right-of-use assets (continued)

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

Holding Company:

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

	Eur
Cost	
At 1 January 2022	3,617,221
Additions	41,220
Disposals	(307,144)
At 1 January 2023	3,351,297
Additions	1,984
Disposals	(188,148)
At 31 December 2023	**3,165,133**
Depreciation	
At 1 January 2022	1,066,535
Provision for the year	357,731
Disposals	(95,807)
At 1 January 2023	1,328,459
Provision for the year	321,490
Disposals	(78,272)
At 31 December 2023	**1,571,677**
Carrying amount	
At 31 December 2022	2,022,838
At 31 December 2023	**1,593,456**

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

The Company 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 19. Information about the measurement and recognition of leases are disclosed in note 2.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3.93%. The incremental borrowing rate will be reassessed every time a new lease is entered into by the Company and the corresponding right-of-use asset recognised. New leases are assessed on a case-by-case basis.

18. Right-of-use assets (continued)

The Company has financed most of its obligations internally and has therefore not been subject to market fluctuations in the interest rate from its borrowings with third-parties. The Company does not expect this rate to vary significantly in the foreseeable future.

19. Lease liabilities

The Group has financed most of its obligations internally and has therefore not been subject to market fluctuations in the interest rate from its borrowings with third-parties. Except as disclosed in note 18, the Group does not expect this rate to vary significantly in the foreseeable future.

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

	Group		Holding company	
	2023	2022	2023	2022
	Eur	Eur	Eur	Eur
Current				
Lease Liability	13,669,898	11,932,218	322,192	319,867
Non-Current				
Lease Liability	132,509,903	111,858,234	1,506,919	1,935,118
	146,179,801	**123,790,452**	**1,829,111**	**2,254,985**

The Group has leases for its buildings, motor vehicles and IT equipment. With the exception of short-term leases and leases of low value assets, each lease is included in the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 18).

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. The majority of the lease agreements entitle the Group's subsidiaries to have the right of first refusal when such leases come up for renewal.

None of the lease agreements gives rights to the Group's subsidiaries' to any purchase or
escalation options, however restricting the same subsidiaries to further lease the properties to third parties. For leases over office 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 of property, plant and equipment 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 - 20 years, whilst the range of the remaining lease term of the motor vehicles and IT equipment is 1 - 5 years.

19. Lease liabilities (continued)

The Company has leases for its office buildings, garage and car park 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).

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

The remaining lease term of the Company buildings, garages and car park spaces is 5 years.

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

Group	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
31 December 2023				
Lease Payments	20,555,150	63,565,520	124,158,506	**208,279,176**
Finance Charges	(6,885,252)	(19,086,927)	(36,127,196)	**(62,099,375)**
Net present values	**13,669,898**	**44,478,593**	**88,031,310**	**146,179,801**

	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
31 December 2022				
Lease Payments	16,821,009	63,608,085	85,999,768	**166,428,862**
Finance Charges	(4,888,791)	(10,387,086)	(27,362,533)	**(42,638,410)**
Net present values	**11,932,218**	**53,220,999**	**58,637,235**	**123,790,452**

19. Lease liabilities (continued)

Holding company	Within one year	Between one and 5 years	Over 5 years	Total
	Eur	Eur	Eur	Eur
31 December 2023				
Lease Payments	388,314	1,632,510	-	**2,020,824**
Finance Charges	(66,122)	(125,591)	-	**(191,713)**
Net present values	**322,192**	**1,506,919**	-	**1,829,111**

	Within one year	Between one and 5 years	Over 5 years	Total
	Eur	Eur	Eur	Eur
31 December 2022				
Lease Payments	402,767	1,693,253	444,688	**2,540,708**
Finance Charges	(82,900)	(193,500)	(9,323)	**(285,723)**
Net present values	**319,867**	**1,499,753**	**435,365**	**2,254,985**

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

One of the Maltese subsidiaries has a short-term lease with a third party for the use of warehousing space in Malta. The contract is renewable every year and can be terminated by either of the parties with a short period of notice. As a result, management considers this lease to be a short-term lease for the purpose of IFRS 16. Payments made under short term lease are expected on a straight-line basis.

The Group also leases certain properties in Poland whereby its 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.

At the reporting date presented, the Group had not committed to leases which had not yet commenced. There were no future cash outflows for leases that had not yet commenced in relation to buildings during the year of review, while in 2022 this amounted to *Eur1,380,132*.

19. Lease liabilities (continued)

The expense relating to payments not included in the measurement of the lease liability is as follows:

Lease payments not recognised as a liability	**Group 2023 Eur**	Group 2022 Eur
Short-term leases	**395,184**	276,642
Leases of low-value assets	**1,939**	3,754
Variable lease payments	**10,763,092**	8,908,582
	11,160,215	9,188,978

20. Investment property

	Group Total Eur
At 01.01.2022	**83,320,828**
Additions	371,144
Additions upon acquisition of a subsidiary (note 34)	104,160,712
Increase in fair value (note 7)	3,148,221
Decrease in fair value (note 8)	(1,247,917)
At 31.12.2022	**189,752,988**
Additions	978,949
Increase in fair value (note 7)	2,861,521
Decrease in fair value (note 8)	(3,060,000)
Reclass to held for sale (note 24)	(7,000,000)
At 31.12.2023	**183,533,458**

The fair value of the Group's properties classified as investment properties (*Eur183,533,458*) and property, plant and equipment (*Eur45,282,354*) have been arrived at using a combination of internal and external valuations.

During 2023, external market valuations were obtained for all the property portfolio. At the reporting date the directors re-assessed the fair values of these properties and were of the opinion that their fair value had not altered significantly since the external valuations were performed in 2023.

In estimating the fair value of the property, the highest and best use of the property is its current use.

20. Investment property (continued)

Investment properties are classified as Level 3.

All the properties located in the Baltics amounting to *Eur77,881,538*, classified as IP amounting to *Eur63,961,470* and PPE amounting to *Eur13,920,068* (2022: *Eur79,065,000*, classified as IP amounting to *Eur66,275,000* and PPE amounting to *Eur12,790,000*) and the investment property located in Romania amounting to *Eur93,300,000* (2022: *Eur90,500,000*) and PPE amounting to *Eur10,309,286* (2022: *Eur9,058,001)* are classified as retail/commercial properties. The remaining properties are located in Malta.

The levels in the fair value hierarchy have been defined in note 39. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The fair value of the properties at 31 December 2023 classified as IP amounting to *Eur190,533,470* (including the property held-for-sale amounting to *Eur7,000,000*) and PPE amounting to *Eur45,282,354* has been arrived at on the basis of internal assessments to reflect market conditions at the end of the reporting period. These internal assessments also considered independent external valuations obtained for all the Group's properties during previous years.

Valuation techniques and inputs

For the fair value of the investment properties located in Malta, which were valued externally, the valuation was determined based on comparable methods. The significant unobservable inputs were the rental yields and rental rates per square metre being derived from the properties.

	Range of significant unobservable inputs	
	Rental Yields	**Rental rates per square metre**
	%	
2023	**3.60-6.70**	**98.9-455.96**
2022	3.50-6.70	98.9-455.96

For the fair value of the investment properties which were all valued externally, the valuation was determined based on comparable methods. The significant unobservable inputs were the rental yields and rental rates per square metre being derived from the properties.

20. Investment property (continued)

	Range of significant unobservable inputs	
	Discount rate	Growth rate
	%	%
2023 - Baltics	**8.0-11.3**	**1.80-3.00**
2022 - Baltics	6.5-11.4	2.00-2.50

For each valuation for which rental value and capitalisation rate have been determined to be the significant unobservable inputs, the higher the rental value and the lower the capitalisation rate, the higher the fair value. Conversely, the lower the rental value and the higher the capitalisation rate, the lower the fair value. A reasonable change in the unobservable inputs is not expected to result in a material change in the value of the property.

For the fair value of the investment properties located in Romania, which were valued externally, the valuation was determined based on Direct Capitalization Approach. The used capitalization rates range was 6.25%-6.75% (2022: 7.5%-9%).

Operating leases, *the Group* ***as a lessor***

At the end of the reporting period, the respective lessees had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Group	2023 Eur	2022 Eur
Within one year	**11,374,131**	11,108,247
Between one and five years	**40,313,592**	39,160,445
After five years	**95,569,456**	88,014,585
	147,257,179	138,283,277

21. Financial assets

(a) Investments in subsidiaries

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Carrying amount	**Eur**
At 01.01.2022	217,424,721
Additions	28,800
Reclassification from loan receivables	2,520,000
At 01.01.2023	219,973,521
Additions	102,400
Transfer of investment to a subsidiary	(1,875,376)
Reclassification from loan receivables	47,400,000
At 31.12.2023	**265,600,545**

In 2022, an amount of *Eur2,548,800* has been reclassified from loans and receivables which represented a capitalisation of a loan made to HV Marine Limited resulting in an increase in the investment in this subsidiary.
Included in this amount is *Eur28,800* representing additions from an increase in investment in Breakwater Investments Limited (formerly HV Marine Limited).

In 2023, included in the additions during the year, are investments of *Eur100,000* in TBP Properties Single Member S.A., *Eur1,200* in Battery Street Limited and *Eur1,200* in Marsamxett Properties Limited. An amount of *Eur47,400,000* has been reclassified from loans and receivables which represented a capitalisation of a loan made to Breakwater Investments Limited resulting in an increase in the investment in this subsidiary. Also, an amount of *Eur1,875,376* is representing the sale of investment in Cobalt Leasing Ltd to Breakwater Investments Limited.

21. Financial assets (continued)

(a) Investments in subsidiaries

Details of the Company's subsidiaries at 31 December 2023:

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2023/2022	Holding	Portion of voting power held 2023/2022	Principal activity
1923 Investments plc	Malta	100 (100)	Direct	100 (100)	Holding company
Harvest Technology plc	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
PTL Limited	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
APCO Limited	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
APCOPAY Limited (Formerly APCO Systems Limited)	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
Ipsyon Limited	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Holding of intellectual property
E-Lifecyle Holdings GmbH	Germany	100 (100)	Indirect	100 (100)	Sale of retail and IT solutions
APCOPAY Ireland Limited (Liquidated)	Ireland	62.95 (62.95)	Indirect	62.95 (62.95)	Operation of a payment gateway
APCOPAY Greece S.A.	Greece	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of payment gateway service
PTLtech (Mauritius) Limited	Mauritius	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
iSpot Poland SP. Z O.O.	Poland	100 (100)	Indirect	100 (100)	Sale of retail and IT solutions
SAD SP. Z O.O.	Poland	100 (100)	Indirect	100 (100)	Sale of retail and IT solutions
Cortland	Poland	100 (N/A)	Indirect	100 (N/A)	Sale of retail and IT solutions
iSpot Premium Romania	Romania	100 (100)	Indirect	100 (100)	Sale of retail and IT solutions
Hili Logistics Limited	Malta	100 (100)	Indirect	100 (100)	Holding company
Carmelo Caruana Company Limited	Malta	100 (100)	Indirect	100 (100)	Shipping agent
Professional Courier Services Limited	Malta	100 (100)	Indirect	100 (100)	Parcel delivery service
Allcom SP. Z O.O.	Poland	100 (100)	Indirect	100 (100)	Shipping and freight forwarding

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2023/2022	Holding	Portion of voting power held 2023/2022	Principal activity
STS Marine Solutions Limited	Jersey	100 (100)	Indirect	100 (100)	Holding company
STS Marine Solutions UK Limited	UK	100 (100)	Indirect	100 (100)	Backoffice services
STS Marine Solutions (Bermuda) Limited	Bermuda	100 (100)	Indirect	100 (100)	Ship-to-ship operations
SPT Marine Transfer Services Limited	Bermuda	100 (100)	Indirect	100 (100)	Terminal management
Guardian L.L.C.	Marshall Islands	100 (100)	Indirect	100 (100)	Operation of vessel
Breakwater Investments Limited (formerly HV Marine Ltd)	Malta	100 (100)	Direct	100 (100)	Holding company
Motherwell Bridge Industries Limited	Malta	80 (80)	Indirect	80 (80)	Erection refurbishment of container handling equipment
Techniplus S.A.	Morocco	80 (80)	Indirect	80 (80)	Crane and port services
Premier Capital plc	Malta	100 (100)	Direct	100 (100)	Holding company
SIA Premier Restaurants Latvia	Latvia	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Latvia
AS Premier Restaurants Eesti OU	Estonia	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Estonia
Premier Restaurants UAB	Lithuania	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Lithuania
Premier Restaurants Malta Limited (PRML)	Malta	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Malta
Premier Capital Hellas S.A.	Greece	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Greece
Hili Properties plc	Malta	74.83 (74.83)	Direct	74.83 (74.83)	Holding company
Hili Estates Holdings Company Limited	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Holding company
Hili Estates Limited	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Estates Limited	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property

Hili Ventures Limited

Notes to the financial statements

31 December 2023

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2023/2022	Holding	Portion of voting power held 2023/2022	Principal activity
Harbour (APM) Investments	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent of immovable property
Hili Properties BV	Netherlands	74.83 (74.83)	Indirect	74.83 (74.83)	Holding company
OU Premier Estates Eesti	Estonia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Estates Ltd SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Estates Lietuva UAB	Lithuania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Indev UAB	Lithuania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Dz78 SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Apex Investments SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
SIA Tirdzniecibas centrs Dole	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Sc Stirnu SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Baneasa Real Estate SRL	Romania	56.12 (56.12)	Indirect	56.12 (56.12)	Hold and rent immovable property
Hili Premier Estates Romania SRL	Romania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Assets SRL	Romania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Hili Properties Poland Sp z.o.o	Poland	74.83 (74.83)	Indirect	74.83 (74.83)	Holding company
HV Hospitality Limited	Malta	100 (100)	Direct	100 (100)	Holding company
Hili Finance Company plc	Malta	100 (100)	Direct	100 (100)	Finance provider
Cobalt Leasing Limited	UK	100 (100)	Indirect	100 (100)	Container leasing
Marsamxett Properties Limited	Malta	100 (N/A)	Direct	100 (N/A)	Holding company
Battery Street Limited	Malta	100 (N/A)	Direct	100 (N/A)	Hotel operation
TBP Properties Single Member S.A.	Greece	100 (N/A)	Direct	100 (N/A)	Hold and rent immovable property

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

The registered addresses of the Company's indirect subsidiaries at 31 December 2023 are as follows:

Indirect Subsidiaries

Name of subsidiary	Registered office
PTL Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Harvest Technology plc	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
Ipsyon Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
APCOPAY Greece S.A.	Municipality of Marousi of Attica, Prefecture, Greece
APCOPAY Ireland Limited (Liquidated)	Commercial House, Millbank Business Centre, Lucan, Dublin, K78, X5W6, Ireland
PTLtech (Mauritius) Limited	Pope Hennessy Street Suite 602, 6th Floor, Hennessy Tower Port Louis, Mauritius
SAD SP. Z O.O	ul. Pulawska 2, 02-566 Warsaw, Poland
iSpot Poland Sp. Z o.o.	ul. Pulawska 2, 02-566 Warsaw, Poland
Cortland Sp. Z o.o.	ul. ZGODA 38/-60-1422 Poznan Greater Poland, Poland
iSpot Premium Romania	1st District, 246 B Floreasca street, Shopping Centre Promenada, first floor Unit no. 1F-055, Bucharest, Romania
E-Lifecyle Holdings GmbH	Spedition str. 21 40221 Dusseldorf, Germany
AS Premier Restaurants Eesti	Ahtri tn 12, 6. korrus, Tallinn linn, Harju maakond, 10151, Estonia
Premier Capital Hellas S.A.	59, Al. Panagouli Street,15343 Agia Paraskevi, Athens,Greece
Premier Restaurants Romania SRL	4-8 Nicolae Titulescu Avenue, West Wing, 5th Floor, 011141 Bucharest, Romania
Premier Restaurants Malta Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Premier Restaurants Latvia SIA	6, Duntes Street, Riga LV-1013, Latvia
Premier Restaurants, UAB	Tumeno g. 4, Vilnius, LT-01109, Lithuania
Hili Estates Holdings Company Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Hili Estates Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Premier Estates Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Harbour (APM) Investments Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Hili Properties BV	Strawinskylaan 3127,1077x2, Amsterdam, Netherlands
Hili Properties Poland Sp. Z.o.o.	Warsaw 00-839, ul. Towarowa 28, Poland
Premier Estates Eesti OÜ	Tartu mnt 13 Keklinna linnaosa, Tallinn Harju maakond 10145

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

Indirect Subsidiaries (continued)

Name of subsidiary	Registered office
Premier Estates Ltd SIA	Satekles street 2B, LV-1050, Latvia
Premier Estates Lietuva UAB	Tilto g. 1, LT-01101, Vilnius, the Republic of Lithuania
SC Stirnu SIA	Satekles street 2B, LV-1050, Latvia
Baneasa Real Estate SRL	89A Bucharesti-Ploiesti Road, Building C2, 4th floor, Romania
Dz78 SIA	Satekles street 2B, LV-1050, Latvia
Apex Investments SIA	Satekles street 2B, LV-1050, Latvia
Hili Premier Estates Romania SRL	4-8, Nicolae Titulescu Road, America House, 5th floor, Sector 1, Bucharest, Romania
Premier Assets Romania SRL	4-8, Nicolae Titulescu Road, America House, 7th floor, Sector 1, Bucharest, Romania
Indev UAB	Tilto g. 1, LT-01101, Vilnius, the Republic of Lithuania
Tirdzniecibas centrs Dole SIA	Maskavas iela 357 - 2, Riga, Latvia
Allcom Sp. z o.o.	ul. Mariacka 9, 81-383 Gdynia, Poland
Hili Logistics Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Carmelo Caruana Company Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Professional Courier Services Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Motherwell Bridge Industries Limited	Hal-Far Industries Estate, Hal-Far, Birzebbugia, Malta
Techniplus S.A	Zone Chantier Naval du port de Casablanca, Almohades Boulevard, Casablanca, Morocco
STS Marine Solutions (UK) Limited	1, The Cloisters, Sunderland, Type & Wear, United Kingdom, SR2 7BD
Carmelo Caruana Marine Solutions Limited	c/o Squire Patton Boggs (UK) LLP (Ref: Csu), Rutland House, 148 Edwund Street, Birmingham B3 2JR
STS Marine Solutions Limited	PO Box 536, 13-14, Esplanade, St.Helier, Jersey JE4 5UR
STS Marine Solutions (Bermuda) Limited	Appleby, Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM 12
SPT Marine Transfer Services Limited	Appleby, Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM 12
Guardian L.L.C	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Island
Cobalt Leasing Limited	St.John's Court, Easton Street, High Wycombe, HP11 1JX, England

21. Financial assets (continued)

(b) Non-controlling interest

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name of group company	Profit / (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Non controlling interest in Hili Properties plc	**485,037**	(698,570)	**33,619,275**	34,221,275
Non controlling interest in 1923 investments plc	**214,538**	495,438	**5,021,145**	4,848,808
Non controlling interest in Motherwell Bridge Industries	**98,582**	(99,232)	**(14,324)**	(112,906)
	798,157	(302,364)	**38,626,096**	38,957,177

21. Financial assets (continued)

(c) Investments in associates

At the end of the current reporting period, the investment in associates is indirectly owned through Marsamxett Properties Limited. The investment in associate which was owned by Breakwater Investments Limited through Hili Logistics Limited was disposed during the year.

	Proportion of ownership interest as at 31 December		Capital and reserves as at 31 December		Profit for the year ended 31 December	
	2023	2022	**2023**	2022	**2023**	2022
	%	%	**Eur**	Eur	**Eur**	Eur
CMA CGM Agency Malta Limited	N/A	49	-	1,694,371	-	1,636,145
Tigne Mall plc	33.31	N/A	**61,431,470**	N/A	**3,941,632**	N/A

The Group had no further rights to shares of profits and losses in CMA CGM Agency Malta Limited during the year. This investment was disposed of during the current year.

During the year, the Group invested in Tigne Mall plc, through Marsamxett Properties Limited. The net accumulated interest in Tigne Mall plc amounted to *Eur15,618,035* as at 31 December 2023.

The registered offices of the above associates are/were as follows:

Name of associate	**Registered office**
CMA CGM Agency Malta Limited	Nineteen Twenty-Three, Valletta Road, Marsa, Malta
Tigne Mall plc	The Point Shopping Mall, Management Suite, Tigne Point, Sliema TP01, Malta

21. Financial assets (continued)

(d) Investments in joint ventures

The investment in joint venture in iCentre Hungary Kft was a result of a merger. 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:

	Group	
	2023	2022
	Eur	Eur
Carrying amount of the asset	**1,192,711**	1,381,659
Group's share of total profit / total comprehensive income	**(54,124)**	328,017

The investment in joint ventures comprises of an investment of *Eur1,192,711* (2022: *Eur1,381,659*) in iCentre Hungary Kft. A summary of the financial information of this joint venture is set out below:

	Group	
	2023	2022
	Eur	Eur
Current assets	**3,441,175**	3,563,883
Non-current liabilities	**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 for the year (net of tax)	**(108,247)**	656,034
Group's share of total profit/ total comprehensive income	**(54,124)**	328,017

21. Financial assets (continued)

(e) Other investments

	2023 Eur	2022 Eur
As at January	**149,977**	149,977
As at December	**149,977**	149,977

During 2017, an indirect investment of *Eur50,000* was made in Thought3D Ltd through one of the subsidiaries of 1923 Investments plc. corresponding to 4% of this investment's share capital. During 2021, Harvest Technology p.l.c. made an additional investment in Thought3D Limited amounting to *Eur99,977.*

(f) Other financial assets

Other financial assets in 2023 consist of derivative financial instruments amounting to *Eur501,848* (2022 - *Eur371,193*) comprising of an interest rate swap whereby a subsidiary of the Group entered into a contract to swap the floating rate on bank borrowings to a fixed rate. The interest rate swap is stated at fair value and is classified with financial assets classified as held-for-trading. The amount of *Eur501,848* (2022 – *Eur371,193*) is classified with non-current assets. In addition *Eur5,910* comprise of works of art acquired by one of the Group's subsidiaries (2022: *Eur nil*)

21. Financial assets (continued)

(g) Financial assets at fair value through other comprehensive income

Group *Financial assets*	Local listed debt instruments Eur	Local listed equity instruments Eur	Foreign listed debt instruments	Foreign listed equity instruments	Foreign listed derivative instruments	Foreign listed money market instruments	Other instruments	Cash in portfolio	Total Eur
At 01.01.2022	703,627	87,523	-	-	-	-	-	-	**791,150**
Additions	-	-	7,110,045	10,109,170	1,034,603	6,000,000	3,638,570	3,588,098	**31,480,486**
(Decrease) / increase in fair value for the year	(20,802)	(2,683)	23,541	(348,248)	442	-	-	-	**(347,750)**
Disposal	-	-	-	(150,000)	(467,390)	(2,000,000)	-	-	**(2,617,390)**
Exchange differences	-	-	(9,794)	(109,474)	-	-	-	-	**(119,268)**
At 01.01.2023	**682,825**	**84,840**	**7,123,792**	**9,501,448**	**567,655**	**4,000,000**	**3,638,570**	**3,588,098**	**29,187,228**
Additions	200,000	-	8,446,293	18,009,627	-	4,487,303	14,269,611	-	**45,412,834**
(Decrease) / increase in fair value for the year	(278)	49,591	400,896	764,099	(269)	-	-	-	**1,214,039**
Disposal	-	-	(3,416,814)	(9,499,123)	(567,213)	(8,487,303)	(17,839,421)	(3,523,008)	**(43,332,882)**
Reversal in fair value	-	-	19,924	72,399	(173)	-	-	-	**92,150**
Exchange differences	-	-	9,794	40,872	-	-	-	-	**50,666**
At 31.12.2023	**882,547**	**134,431**	**12,583,885**	**18,889,322**	**-**	**-**	**68,760**	**65,090**	**32,624,035**

21. Financial assets (continued)

(g) Financial assets at fair value through other comprehensive income (continued)

The carrying amount of financial assets amounting to *Eur32,624,035* (2022 - *Eur29,187,228*) include investments amounting to *Eur882,547* (2022 – *Eur682,825*) in locally listed corporate bonds as well as *Eur134,431* (2022 - *Eur84,840*) in locally listed equity instruments.

During 2023, the Group also acquired a portfolio of foreign listed instruments amounting to *Eur44,704,304* (2022 - *Eur31,480,486*) which as at the end of the reporting period had a carrying amount of *Eur31,541,967* (2022 – *Eur24,831,465*). This comprised investments of *Eur12,583,885* (2022 – *Eur7,123,792*) in foreign listed bonds, *nil* (2022 – *Eur567,655*) in foreign derivative instruments, *Eur18,889,322* (2022 – *Eur9,501,448*) in foreign listed equity instruments and *nil* (2022 – *Eur4,000,000*) in foreign listed fiduciary deposits. The liquidity of *Eur133,850* (2022 – *Eur7,226,668*) is held in the portfolio with the intention to invest further. The increase in fair value recognised through other comprehensive income as at 31 December 2023 amounted to *Eur1,214,039* (2022 – decrease in fair value of *Eur347,750*). Exchange gains arising on translation of foreign investments also recognised through other comprehensive income amounted to *Eur50,666* (2022 – losses of *Eur119,268*).

21. Financial assets (continued)

(g) Financial assets at fair value through other comprehensive income (continued)

Holding Company

	Foreign listed debt instruments Eur	Foreign listed equity instruments Eur	Foreign listed derivative instruments Eur	Foreign listed money market instruments Eur	Cash in portfolio Eur	Total Eur
At 01.01.2022						
Additions	4,125,214	4,908,191	493,603	3,000,000	3,588,098	16,115,106
Increase / (decrease) in fair value for the year	42,274	(146,678)	269	-	-	(104,135)
Disposal	-	-	(246,890)	(2,000,000)	-	(2,246,890)
At 31.12.2022	**4,167,488**	**4,761,513**	**246,982**	**1,000,000**	**3,588,098**	**13,764,081**
At 01.01.2023	**4,167,488**	**4,761,513**	**246,982**	**1,000,000**	**3,588,098**	**13,764,081**
Additions	3,563,566	6,593,159	-	2,000,000	-	**12,156,725**
Increase / (decrease) in fair value for the year	281,883	267,429	(269)	-	-	549,043
Disposal	(1,420,724)	(3,541,935)	(246,713)	(3,000,000)	(3,523,008)	(11,732,380)
At 31.12.2023	**6,592,213**	**8,080,166**	**-**	**-**	**65,090**	**14,737,469**

21. Financial assets (continued)

(g) Financial assets at fair value through other comprehensive income (continued)

The carrying amount of the financial asset investments amounting to *Eur14,737,469* (*2022 – Eur13,764,081*) represents investments amounting to *Eur6,592,213* (2022 - *Eur4,167,488*) in foreign listed debt instruments, investments amounting to *Eur8,080,166* (*2022 – Eur4,761,513*) in foreign listed equity instruments, investments amounting to *Nil* (2022 – *Eur1,000,000*) in foreign listed fiduciary deposits and investments amounting to *Nil* (2022 – *Eur246,982*) in foreign listed derivatives and liquidity of *Eur65,090* (2022 – *Eur3,588,098*) held with the intention to invest. The increase in fair value recognised through other comprehensive income as at 31 December 2023 amounted to *Eur594,043* (2022– decrease in fair value of *Eur104,135*).

(h) Loans and receivables

The Group

	Loans to related parties Eur	Other receivables Eur	Loans to related parties Eur
2022			
Amortised cost			
At 31.12.2022	26,901,024	7,913,456	34,814,480
Less: amounts expected to be settled within 12 months (shown under current assets)	(3,057,364)	-	(3,057,364)
Amount expected to be settled after 12 months	23,843,660	7,913,456	31,757,116
2023			
Amortised cost			
At 31.12.2023	**26,043,340**	**8,719,347**	**34,762,687**
Less: amounts expected to be settled within 12 months (shown under current assets)	**(3,197,226)**	**-**	**(3,197,226)**
Amount expected to be settled after 12 months	**22,846,114**	**8,719,347**	**31,565,461**

The terms and conditions of the above loans are disclosed in note 35.

21. Financial assets (continued)

(h) Loans and receivables (continued)

Loans to related parties of *Eur31,565,461* (2022 – *Eur31,757,116*) have no fixed date for repayment and are not expected to be realised within twelve months after the end of the reporting period.

Though the remaining loans amounting to *Eur3,197,226* (2022- *Eur3,057,364*) have no fixed date for repayment, they are expected to be realised within twelve months after the reporting period. These amounts are unsecured and interest free.

Holding company	Loans to shareholders Eur	Loans to subsidiaries Eur	Loans to related parties Eur	Total Eur
2022				
Amortised cost	17,868,352	15,934,740	5,812,025	39,615,117
At 31.12.2022				
Less: amounts expected to be settled within 12 months (shown under current assets)	(2,009,071)	(3,048,702)	(195,669)	(5,253,442)
Amounts expected to be settled after 12 months	15,859,281	12,886,038	5,616,356	34,361,675
2023				
Amortised cost	**18,493,612**	**37,178,046**	**5,966,716**	**61,638,374**
At 31.12.2023				
Less: amounts expected to be settled within 12 months (shown under current assets)	**(2,634,332)**	**(3,990,231)**	**(350,360)**	**(6,974,923)**
Amounts expected to be settled after 12 months	**15,859,280**	**33,187,815**	**5,616,356**	**54,663,451**

The terms and conditions of the above loans are disclosed in note 35. The loans to subsidiaries bear interest at 4.5% (*2022 – 4.5%*) whilst the remaining loans are unsecured and interest free. *Eur515,374* (2022- *Eur515,374*) of the loans have no fixed date for repayment and are not expected to be realised within twelve months after the reporting period.

22. Inventories

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Contracts in progress	**1,038,260**	2,118,269	**-**	-
Finished goods and goods held for resale	**23,476,904**	17,225,273	**-**	-
Raw materials and consumables	**10,205,828**	10,759,664	**-**	-
	34,720,992	30,103,206	**-**	-

The amount of inventories recognised as an expense during the year amounted to *Eur457,616,150* (2022: *Eur339,532,318*).

Write-backs of inventories recognised in the statement of profit or loss and other comprehensive income during the year amounted to *Eur26,097* (2022: *write-downs of Eur296,114*) and are included with cost of sales and administrative expenses.

23. Trade and other receivables

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Trade receivables	**24,408,791**	17,791,392	**-**	-
Other receivables	**14,024,790**	7,498,802	**146,302**	61,962
Prepayments and accrued income	**13,700,674**	10,440,926	**227,988**	164,541
	52,134,255	35,731,120	**374,290**	226,503
Less: amount due for settlement within 12 months (shown under current assets)	**(47,463,098)**	(31,363,181)	**(374,290)**	(226,503)
	4,671,157	4,367,939	**-**	-

No interest is charged on trade and other receivables.

Allowance for estimated irrecoverable amounts

Trade and other receivables of the Group are stated net of an impairment provision for expected credit losses from non-performing receivables amounting to *Eur2,145,882* (2022 – *Eur1,605,320)*. Movements in impairment provisions are included with administrative expenses.

24. Property held for sale

	Group	
	2023	2022
	Eur	Eur
Fair Value		
At 1 January	**3,700,000**	11,970,000
Disposals	**-**	(8,270,000)
Reclassified from investment property (note 20)	**7,000,000**	-
At 31 December	**10,700,000**	3,700,000

Properties held for sale are investment properties earmarked for sale. *Eur3,700,000* (2022 – *Eur3,700,000*) of properties held for sale are classified as non-current and *Eur7,000,000* (2022 – Nil) as current since the latter has been disposed of during 2024 as disclosed in note 41.

25. Trade and other payables

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Trade payables	**66,505,206**	46,675,419	**71,521**	63,049
Other payables	**30,569,826**	28,628,530	**431,533**	358,008
Accruals and deferred income	**42,671,313**	31,084,529	**1,002,611**	637,235
	139,746,345	106,388,478	**1,505,665**	1,058,292
Less: amount due for settlement within 12 months (shown under current liabilities)	**(135,671,178)**	(103,444,955)	**(1,505,665)**	1,058,292
Amount due for settlement after 12 months	**4,075,167**	2,943,523	**-**	-

No interest is charged on trade and other payables.

26. Bank loans and overdrafts

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Bank overdrafts	**10,719,152**	5,604,278	**859,544**	-
Bank loans	**166,924,438**	122,400,638	**28,074,503**	12,167,505
	177,643,590	128,004,916	**28,934,047**	12,167,505
Less: amount due for settlement within 12 months (shown under current liabilities)	**(40,257,506)**	(27,189,030)	**(11,008,479)**	(1,114,746)
Amount due for settlement after 12 months	**137,386,084**	100,815,886	**17,925,568**	11,052,759

26. Bank loans and overdrafts (continued)

Bank loans and overdrafts are payable as follows:

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
On demand or within one year	**40,257,506**	27,189,029	**11,008,479**	1,114,746
In the second year	**21,279,478**	12,308,104	**425,568**	1,171,887
In the third year	**46,339,548**	11,244,217	**17,500,000**	380,872
In the fourth year	**39,660,130**	22,384,356	**-**	9,500,000
In the fifth year	**15,933,315**	35,475,108	**-**	-
After five years	**14,173,613**	19,404,102	**-**	-
	177,643,590	128,004,916	**28,934,047**	12,167,505

Group

The Group's bank loans and overdraft facilities bear effective interest at the rates of *5.25%* to *8.25%* (2022 – *2.09%* to *8.25%*). The facilities are secured by a hypothecs over the assets of the Group, guarantees provided by group and related parties, personal guarantees given by the directors of the Group and a pledge over rent receivable from the Group's tenants.

Details of bank loans by division are as follows:

Premier Capital plc

The bank facility granted by BRD – SG to Premier Restaurants Romania SRL in tranches. The loan balance as at 31 December 2022 amounting to *Eur10,561,103* has been partially refinanced during 2023. As at year end, the refinanced portion has a loan balance of *Eur4,172,568* and bears an interest rate of 3-month Euribor +1.85% per annum. The remaining loan balance of *Eur4,146,062* still bears an interest rate of 3-month ROBOR +1.4% per annum. Facility term of this tranche remains unchanged at seven years.

In March 2023, another tranche from the same facility was drawn down for an amount of *Eur12,500,000*. The loan bears interest of 3-month Euribor +1.85% per annum and has a term of six years.

The loan facility is secured by a pledge over the entity's immovable and movable property.

26. Bank loans and overdrafts (continued)

Premier Capital plc (continued)

Premier Capital Hellas S.A. has been granted five loan facilities for the financing of working capital and capital expenditure requirements.

As at 31 December 2023, the balance of the loan facilities amounted to *Eur6,950,020* (2022 – *Eur3,583,340*). All facilities have a term of five years and bear interest at 3-month Euribor +2.2% - +3.85% (2022 - +2.2% - +3.85%) per annum. Eighty percent of the nominal value of two facilities are guaranteed by the Greek State, another facility is secured by a letter of comfort issued by the subsidiary whilst the remaining facilities are secured by a pledge over the subsidiary immovable property.

In March 2023, Premier Capital Hellas S.A. was granted a *Eur5,000,000* loan facility by Eurobank S.A. for working capital and capital expenditure requirements. As at 31 December 2023, loan balance amounted to *Eur4,500,000.* The facility has a term of five years and bears interest at 3-month Euribor +3.10% per annum. The loan is secured by a pledge over the subsidiary immovable property.

In December 2023, Premier Capital Hellas S.A. utilised an overdraft facility with a limit of *Eur2,000,000* and bearing an interest rate of 3-month Euribor +1.90% per annum. Facility has been fully repaid in February 2024.

Premier Restaurants Malta Limited, a subsidiary of the Group, has an unutilised overdraft facility with a limit of *Eur1,000,000* (2022 – *Eur1,000,000*) and bearing interest at 250 basis point over the bank's base rate, presently 2.35% (2022 - 2.35%) per annum.

Hili Properties plc

The Group's bank loans facilities bear effective interest at the rates ranging from *5.25%* to *6.5%* p.a (2022: *2.09%* to *4.1%*). The Group's bank borrowings facilities amount to *Eur78,914,997* (2022: *Eur81,681,848).* The facilities are secured by special hypothecs over the investment property of the Group, a general hypothec over the assets of the Group, guarantees provided by other related party and a pledge over rent receivable from the Hili Properties group's tenants.

26. Bank loans and overdrafts (continued)

1923 Investments plc

During 2020, 1923 Investments p.l.c. obtained a loan with a local bank for *Eur2,250,000*. Another loan was obtained with this same bank during 2021 for *Eur430,000*. At 31 December 2023, the balance of the loans amounted to *Eur1,189,716* (2022 – *Eur1,499,025)* and *Eur292,664* (2022 – *Eur362,754*) respectively, included with the balance of bank loans above. The loans are payable by quarterly installments of *Eur92,321 and Eur18,051* respectively, bear interest at 4.5% per annum and repayable in full within 7 years of drawdown. This loan is unsecured and ranks with priority to all other general creditors of 1923 Investments plc.

In December 2021, 1923 Investments plc obtained a loan from another local bank for *Eur6,000,000*. The loan is payable by quarterly instalments of *Eur330,860* and bears interest at 3.75% per annum plus 3-month Euribor per annum and repayable in full within 5 years from drawdown. At 31 December 2023, the balance of the loans amounted to *Eur3,871,822* (2022 – *Eur4,890,520*). This loan was granted under a first General Hypotech of *Eur6,000,000* over all assets present and future, whilst ranking with priority to all other general creditors of 1923 Investments plc.

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. This loan was granted under a first General Hypotech of *Eur21,400,000* over all assets present and future, and a corporate guarantee for *Eur21,400,000* to secure all liabilities of 1923 Investments to be given by iSpot, whilst ranking with priority to all other general creditors of 1923 Investments plc. As at 31 December 2023 the balance of this loan amounts to *Eur18,190,000*.

Harvest had no borrowings or overdrawn bank facilities at 31 December 2023 (2022 - *Nil*). At the end of the current reporting period, Harvest had three overdraft facilities in two of its subsidiaries amounting to *Eur1,070,000* secured by general hypotechs over present and future assets of the Harvest pillar and bear interest between 4.85% and 5.5% (2022: 3.5% and 5.5%).

The Group's banking facilities for iSpot Poland Sp. z.o.o. includes an overdraft facility of *PLN 8,000,000* (*Eur1,843,530*) and Import Loan facilities of *PLN 35,000,000* (*Eur8,065,445*) and a receivable financing of *PLN 3,000,000* (*Eur691,324*).

26. Bank loans and overdrafts (continued)

1923 Investments plc (continued)

Furthermore mBank is providing facilities of PLN 150,000,000 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 inventories 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 guarantee up to 80% of the SBDC facility

Breakwater Investments Limited

As at 31 December 2023, Carmelo Caruana Company Limited's banking facilities comprise overdraft facilities of *Eur686,350* (2022 - *Eur686,350*). The bank overdrafts bear effective interest at the rate of *4.85%* and *5.15%* (2022 - *4.85%* and *5.15%*). The Company's banking facilities also include a special guarantee facility of *Eur339,433* (2022 - *Eur339,433*) and a structured trade finance facility of *Eur2,561,759* (2022 - *Eur2,561,759*). The structured trade finance facility bears an effective interest at the rate of 8.25% (2023 - 8.25%). These banking facilities are secured by special and general hypothecs on the assets of Carmelo Caruana Company Limited and by guarantees given by the directors.

The Group's overdraft facility in Poland for Allcom Sp. z o.o. bears variable interest rate of 7% (2022 - 8.13%) per annum. It is secured on the bank guarantee issued by Bank Gospodarstwa Krajowego from de minimis support.

Motherwell Bridge Industries Limited, has bank overdraft facilities amounting to *Eur1,520,000* (2022 - *Eur1,520,000*). These bear interest at 3.25% - 5.65% (2022 - 3.25 % - 5.65%) per annum over the Euribor rate and were secured by a general hypothec over the subsidiary's assets, guarantees given by the subsidiary's ultimate parent and related companies and a personal guarantee given by a director of the subsidiary.

Techniplus S.A. has bank overdraft facilities amounting to MAD9,500,000 (2022- MAD9,000,000). These bear interest at 5.50% - 6.50% (2022 - 5.35% - 6.50%) and were secured by a bank guarantee given by the subsidiary's parent Motherwell Bridge Limited.

26. Bank loans and overdrafts (continued)

Breakwater Investments Limited (continued)

Techniplus S.A. has a general banking facility amounting to MAD15,000,000 (2022- MAD16,000,000). These bear interest at 0.50% - 12.50% (2022 – 0.50% - 12.50%) and were secured by a bank guarantee given by the subsidiary's parent Motherwell Bridge Limited.

HV Hospitality

HV Hospitality has a loan facility amounting to *Eur7,000,000* with BNF Bank Malta. The loan bears an interest rate of 3-month EURIBOR +3.5% and are secured by a general hypothecary guarantee and by a general and special hypothecary guarantees by Hili Ventures Limited.

Holding Company

The current obligation of Hili Ventures Limited to pay *Eur11,008,479 (2022 – Eur1,114,746)* within one year includes one loan facility amounting to *Eur1,148,935* with HSBC Malta plc and loan amounting to *Eur9,000,000* with ODDO BHF (Switzerland) Ltd.

In 2021, Hili Ventures Limited secured a new loan facility with HSBC Bank Malta amounting to *Eur4,000,000* and bears an adjusted interest rate of 3-month EURIBOR +3.25%. The loan is secured by the Malta Development Bank whereby during the first twelve months from the drawdown, the interest has been subsidised by 2.5%. The balance on the loan at 31 December 2023 amounted to *Eur1,574,503*, of which *Eur1,148,935* is short-term as shown above.

In 2023, Hili Ventures Limited secured a new loan facility with ODDO BHF (Switzerland) Ltd amounting to *Eur9,000,000* and bears a fixed interest rate of 4.78%.

Hili Ventures Limited had two fully withdrawn loans facilities amounting to *Eur19,074,503* (2022 – *Eur12,167,505*) with HSBC Bank Malta. The loans bear an adjusted interest rate of 3-month EURIBOR +3% (2022 - +3.25%) per annum and are secured by a general hypothecary guarantee over all the assets of the Company and by general and special hypothecary guarantees from one of its shareholders, with the exception of the *Eur4,000,000* loan obtained during 2021 as explained above.

27. Other financial liabilities

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Amounts owed to group undertakings	**-**	-	**218,375,443**	188,042,387
Other loans	**-**	5,657	**-**	-
Amounts owed to related undertakings	**9,557**	8,759	**-**	-
	9,557	14,416	**218,375,443**	188,042,387
Less: amount due for settlement within 12 months (shown as current liabilities)	**-**	(14,416)	**(28,410,431)**	(4,701,821)
Amount due for settlement after 12 months	**9,557**	-	**189,965,012**	183,340,566

Group

The terms and conditions of amounts due to group undertakings and other related parties are disclosed in note 35.

Amounts owed to related undertakings include *Eur9,557* (2022– *Nil*) and are unsecured, interest free, have no fixed date for repayment and are not expected to be realised within twelve months after the reporting period.

27. Other financial liabilities (continued)

Holding Company

The terms and conditions of amounts due to group undertakings are as follows:

- Amount of *Eur6,003,507* (2022 – *Eur4,701,821*) that bear interest no interest, and are repayable by the 31st of December 2024.
- An amount of *Eur480,000* (2022 – *Eur480,000*) that bears interest at 4.5% per annum, and is repayable by the 31st of December 2025.
- Amounts of *Eur3,500,000* (2022 – *Eur3,500,000*) that bear interest at 4.5% per annum, and are repayable by the 31st of December 2025.
- Amounts of *Eur3,095,630* (2022 – *Eur3,095,630*) that bear interest at 4.5% per annum, and are repayable by the 31st of December 2027.
- An amount of *Eur547,414* (2022 – *Eur1,225,136*) that bears interest at 4.5% per annum and is repayable by the 31st of December 2025.
- An amount of *Eur23,904* (2022 – *Eur23,904*) that bears no interest and is repayable by the 31st of December 2025.
- An amount of *Eur4,000,000* (2022 – *Eur4,000,000*) that bears interest at 4.5% per annum, and is repayable by the 31st of December 2025.
- An amount of *Eur750,000* (2022 – *Eur750,000*) that bear interest at 4.5% per annum and is repayable by the 31st of December 2026.
- An amount of *Eur50,000,000* (2022 – *nil*) that bears interest at 4.5% per annum, and is repayable by the 7th March 2027.
- An amount of *Eur41,930,958* (2022 – *Eur41,930,958*) that bears interest at 4.5% per annum, and is repayable by the 30th June 2028.
- An amount of *Eur80,000,000* (2022 – *Eur80,000,000*) that bears interest at 4.5% per annum, and is repayable by the 4th September 2029.
- An amount of *Eur7,000,000* (2022 – *nil*) that bears interest at 4.5% per annum, and is repayable by the 31st of December 2028.
- An amount of *Eur22,406,924* (2022 – *nil*) that bears interest at 4.5% per annum, and is repayable by the 31st of December 2024.
- Included in amounts owed to group undertakings is an amount of *Eur904,844* (2022 – *Eur1,075,961*) comprising of bond issue costs which are being amortised over a period of 10 years until 24th July 2028 and 27th August 2029, respectively and an amount of *Eur458,050* (2022 – *Eur589,101*) comprising of bond issue costs which are being amortised over a period of 5 years until 7th March 2027.

Amounts of *Eur27,300,000* owed to group undertakings at 31st December 2022, were repaid in full during 2023.

In 2023 there were no amounts owed by the Company to its shareholders (2022 – *Nil*).

28. Contract liabilities

The amounts recognised as contract liabilities will utilised within the next reporting period.

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Deferred service income	**1,846,152**	4,087,546	**-**	-

Deferred service income represent customer payments received or due in advance of performance (contract liabilities) that are expected to be recognised as revenue in 2024. As described in note 2, maintenance, servicing and support contracts are entered into for periods between one and five 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 service income on development maintenance, servicing and support at 31 December 2023 amounts to *Eur1,765,639* (2022: *Eur2,470,165*).

Deferred service income on payment gateway at 31 December 2023 amounts to *Eur69,879* (2022: *Eur74,746*).

Deferred income on sale of information technology solutions at 31 December 2023 amounts to *Eur10,634* (2022: *Eur1,542,635*).

The movement in contract liabilities illustrated above, substantially pertains to invoices raised before the year-end for works to be carried out in the future, in relation to these contracts. Deferred income on sale of information technology solutions at the end of 2022 amounting to *Eur705,146* have been reversed following a decision of the board of one of the subsidiaries to terminate a contract as explained in note 5.

29. Deferred taxation

Group

Deferred tax liability	Opening balance Eur	Recognised in profit or loss Eur	Closing balance Eur
2023			
Arising on:			
Investment property	5,683,298	353,878	**6,037,176**
Provisions	170,368	302,661	**473,029**
Temporary difference on trade receivables	(195,142)	-	**(195,142)**
Intangible asset	1,114,709	(232,226)	**882,483**
Property, plant and equipment	1,568,204	1,335,676	**2,903,880**
Other temporary differences	475,934	118,420	**594,354**
Unutilised tax losses	-	991	**991**
Unutilised capital losses	291,455	-	**291,455**
	9,108,826	**1,879,400**	**10,988,226**
Deferred tax asset			
Arising on:			
Property, plant and equipment	(1,705,469)	(149,419)	**(1,854,888)**
Unutilised capital losses	(338,333)	-	**(338,333)**
Unabsorbed capital allowances	(64,963)	(44,732)	**(109,695)**
Unutilised tax losses	(603,483)	551,252	**(52,231)**
Provision for bad debts	(281,166)	-	**(281,166)**
Unutilised tax credits	(2,042)	-	**(2,042)**
Accelerated tax depreciation	291,777	-	**291,777**
Provision for liabilities	(1,008,741)	(64,378)	**(1,073,119)**
Other temporary differences	(1,537,260)	534,658	**(1,002,602)**
Temporary differences on non current assets	(1,867)	-	**(1,867)**
Investment property	(47,701)	-	**(47,701)**
	(5,299,248)	**827,381**	**(4,471,867)**
	3,809,578	**2,706,781**	**6,516,359**

Hili Ventures Limited

Notes to the financial statements
31 December 2023

29. Deferred taxation (continued)

Group	Opening balance	Arising on business combination	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liability	Eur	Eur	Eur	Eur	Eur
2022					
Arising on:					
Investment property	3,436,387	2,060,000	186,911		5,683,298
Provisions	168,745		1,623	-	170,368
Temporary difference on trade receivables	(195,142)	-	-	-	(195,142)
Intangible asset	1,313,100	-	(198,391)	-	1,114,709
Property, plant and equipment	3,249,298	-	(35,163)	(1,645,931)	1,568,204
Other temporary differences	444,737	-	31,197	-	475,934
Revaluation on land	-	-	-	-	-
Unutilised tax losses	-	-	-	-	-
Unutilised capital losses	291,455	-	-	-	291,455
	8,708,580	2,060,000	(13,823)	(1,645,931)	9,108,826
Deferred tax asset					
Arising on:					
Property, plant and equipment	(1,612,492)	-	(92,977)	-	(1,705,469)
Unutilised capital losses	(344,938)	-	6,605	-	(338,333)
Unabsorbed capital allowances	(114,493)	-	49,530	-	(64,963)
Unutilised tax losses	(163,731)	(268,121)	(171,631)	-	(603,483)
Provision for bad debts	(281,166)	-	-	-	(281,166)
Unutilised tax credits	(2,042)	-	-	-	(2,042)
Accelerated tax depreciation	291,777	-	-	-	291,777
Provision for liabilities	(765,459)	-	(243,282)	-	(1,008,741)
Other temporary differences	(896,458)	-	(640,802)	-	(1,537,260)
Temporary differences on non current assets	(1,867)	-	-	-	(1,867)
Investment property	(47,701)	-	-	-	(47,701)
	(3,938,570)	(268,121)	(1,092,557)	-	(5,299,248)
	4,770,010	1,791,879	(1,106,380)	(1,645,931)	3,809,578

29. Deferred taxation (continued)

Holding Company

	Opening balances Eur	Recognised in Profit and Loss Eur	Closing balance Eur
2023			
Arising on:			
Other temporary differences	**870,949**	**(484,592)**	**386,357**
2022			
Arising on:			
Other temporary differences	398,066	472,883	870,949

30. Debt securities in issue

	Group 2023 Eur	2022 Eur
4.00% unsecured bonds redeemable 2027 *(Hili Finance Company plc)*	**49,541,951**	49,410,902
3.85% unsecured bonds redeemable 2028 *(Hili Finance Company plc)*	**39,530,530**	39,465,200
3.80% unsecured bonds redeemable 2029 *(Hili Finance Company plc)*	**79,564,623**	79,458,835
3.75% unsecured bonds redeemable 2026 *(Premier Capital plc)*	**64,726,830**	64,633,172
5.1% unsecured bonds redeemable 2024 *(1923 Investments plc)*	**35,920,080**	35,839,176
4.5% unsecured bonds redeemable 2025 *(Hili Properties plc)*	**36,862,709**	36,786,082
	306,146,723	305,593,367

Hili Finance Company plc

In July 2018, the Company issued *Eur40,000,000* 3.85% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 24th July 2028.

30. Debt securities in issue (continued)

Hili Finance Company plc (continued)

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur40,000,000.* The market value of debt securities on the last day before the statement of financial position date was *Eur36,400,000.*

Interest is repayable on the 24th July of each year at the rate of 3.85% per annum, payable annually in arrears on each interest payment date.

Transaction costs of *Eur653,301* (*Eur472,343* paid out of bond proceeds and *Eur180,958* paid out of Company's funds) directly related to the bond issuance were recharged and borne by the parent Company Hili Ventures Ltd.

The net proceeds from the bond issuance of *Eur39,527,657* and the transaction costs were all advanced to the parent Company.

In August 2019, the Company issued *Eur80,000,000* 3.80% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 27 August 2029.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur80,000,000.* The market value of debt securities on the last day before the statement of financial position date was *Eur74,720,000.*

Interest is repayable on the 27th August of each year at the rate of 3.80% per annum, payable annually in arrears on each interest payment date.

Transaction costs of *Eur1,057,907* (*Eur755,333* paid out of bond proceeds and *Eur302,574* paid out of Company's funds) directly related to the bond issuance were recharged and borne by the parent Company Hili Ventures Ltd.

The net proceeds from the bond issuance of *Eur79,244,667* and the transaction costs were all advanced to the parent Company.

In March 2022, the Company issued *Eur50,000,000* 4% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 11 March 2027.

30. Debt securities in issue (continued)

Hili Finance Company plc (continued)

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur50,000,000*. The market value of debt securities on the last day before the statement of financial position date was *Eur48,745,000*.

Interest is repayable on the 11th March of each year at the rate of 4% per annum, payable annually in arrears on each interest payment date.

Transaction costs of *Eur706,922* (*Eur541,644* paid out of bond proceeds and *Eur165,278* paid out of Company's funds) directly related to the bond issuance were recharged and borne by the parent Company Hili Ventures Ltd.

The net proceeds from the bond issuance of *Eur49,458,356* and the transaction costs were all advanced to the parent Company.

All of the bonds are guaranteed by Hili Ventures Limited.

Premier Capital plc

In November 2016, the holding Company issued *650,000* 3.75% unsecured bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value on 23 November 2026.

Interest on the bonds is due and payable annually on 23 November of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the 3.75% bonds is net of direct issue costs of *Eur273,170* (2022 – *Eur366,828*) 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 *Eur63,700,000* (2022 - *Eur63,050,000*).

30. Debt securities in issue (continued)

1923 Investments plc

In December 2014, 1923 Investments plc issued 360,000 5.1% unsecured bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value on 4 December 2024.

Interest on the bonds is due and payable annually on 4 December of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is net of direct issue costs of *Eur79,920* (2022: *Eur160,821*) 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 *Eur36,000,000* (2022: *Eur36,180,000*).

The amount of *Eur35,920,080* has been classified as current in the statement of financial position at 31 December 2023 in view that the maturity of the instrument falls on 4 December 2024 as aforementioned.

Hili Properties plc

In October 2015, Hili Properties plc. Issued 370,000 4.5% unsecured bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value in 2025.

Interest on the bonds is due and payable annually on 16 October of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bond is net of direct issue costs of *Eur766,271* which are being amortised over the life of the bond. The market value of debt securities on the last trading day before the statement of financial position date was *Eur36,445,000* (2022: *Eur37,943,500*).

The bond is guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited. The full terms of the guarantee are disclosed in the bond prospectus.

31. Share capital

In 2022, the share capital remained unvaried at:

- Authorised share capital of *16,000,000* ordinary shares of *Eur1* each, of which *Eur1,000,000* ordinary shares were issued and called up, and
- Authorised share capital of *79,000,000* non-cumulative 6.8% redeemable preference shares of *Eur1* each, of which *68,400,000* shares were issued and called up.

In 2023, the share capital remained unvaried at:

- Authorised share capital of *16,000,000* ordinary shares of *Eur1* each, of which *Eur1,000,000* ordinary shares were issued and called up, and
- Authorised share capital of *79,000,000* non-cumulative 6.8% redeemable preference shares of *Eur1* each, of which *68,400,000* redeemable preference shares were issued and called up.

All ordinary shares issued in the Company rank pari-passu in all respects including dividend rights and capital repayment rights.

Although the preference shares are redeemable, they still meet the definition of an equity instrument as stipulated in International Accounting Standard 32, *Financial Instruments,* as the redemption of the *68,400,000* preference shares at 6.8% are redeemable at par value at the option of the Company by 31 December 2099 following a resolution to this effect at the General Meeting.

The ordinary shares of the Company rank after the preference shares as regards payment of dividends and return of capital but carry full voting rights at general meetings of the Company. Voting rights are not available to the preference shareholders. Dividends payable on ordinary shares fluctuate depending on the Company's results whereas preference dividends are payable at a fixed rate and are non-cumulative.

The above-mentioned shares have been subscribed to by the following shareholders:

- APM Holdings Limited, *500,000* ordinary shares and *68,400,000* 6.8% non-cumulative redeemable preference shares.

- Slingshot Capital Limited, *500,000* ordinary shares.

32. Significant non-cash transactions

In addition to the amounts disclosed in note 40 (Liquidity risk), during 2023 there were the following significant non-cash transactions for the Company:

a) Included in loans to subsidiaries is an amount of *Eur47,400,000* which has been reclassified from loans receivable from subsidiaries.

b) The Company additionally recognised lease liabilities amounting to *Eur1,984* on 1 August 2023, due to additional contracts and de-recognised lease liabilities amounting to *Eur31,866* on 1 August 2023, due to reduction from existing contracts. Cash payments made on the total leases amounted to *Eur384,097* (inclusive of interest). The interest expense during the year amounted to *Eur79,071*. The interest, together with the additions and removals to leases recognised during the year, represent the non-cash movements of *Eur41,777* presented in note 40 for leases.

In 2022 the significant non-cash transactions for the Company were the following:

a) Included in loans to subsidiaries is an amount of *Eur2,520,000* which has been reclassified from loans receivable from subsidiaries.

b) The Company additionally recognised lease liabilities amounting to *Eur6,103* on 1 August 2022 and *Eur35,117* on 1 October 2022, due to additional contracts and de-recognised lease liabilities amounting to *Eur228,815* on 1 October 2022, due to reduction from existing contracts. Cash payments made on the total leases amounted to *Eur418,906* (inclusive of interest). The interest expense during the year amounted to *Eur100,782*. The interest, together with the additions and removals to leases recognised during the year, represent the non-cash movements of *Eur86,813* presented in note 40 for leases.

33. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statement of financial position:

	Group		**Holding company**	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Cash at bank and on hand	**72,854,605**	69,752,664	**128,761**	2,311,440
Overdrawn bank balances	**(10,719,152)**	(5,604,278)	**(859,544)**	-
Cash and cash equivalents in in the statements of cash flows	**62,135,453**	64,148,386	**(730,783)**	2,311,440

Cash at bank earns interest at floating rates based on bank deposit rates.

33. Cash and cash equivalents (continued)

Restricted cash which is not available for use by the Group as at 31 December 2023, amounted to *Eur1,217,077 (2022: Eur1,971,835).* This is restricted by the bank in Romania for the duration of the loan of 20 years and is equivalent to the monthly bank loan principal and interest payment due together with amounts deposited as a fund for future refurbishments on the property. Accordingly, this is classified under non-current assets.

34. Acquisition of subsidiaries

1923 Investments plc

On 31 March 2023, the 1923 Investments plc division 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:

	Eur
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

Hili Properties plc

Acquisition of group of assets

In 2022, the Hili Properties division acquired shares in and obtained control of the following three new subsidiaries:

34. Acquisition of subsidiaries (continued)

Hili Properties plc (continued)

Acquisition of group of assets (continued)

	SIA "SC Stirnu"	Harbour (APM) Investments limited	Baneasa Real Estate SRL
Acquirer	SIA Premier Estates Ltd	Hili Properties plc	Hili Properties plc
Date acquired	28-Mar-22	31-Mar-22	04-Aug-22
% acquired	100%	100%	75%
Consideration paid (Eur)	12 017 564	25 000 000	24 116 468

Consideration paid by Hili Properties division amounted to *Eur49,119,162* and consideration paid by SIA Premier Estates Ltd amounted to *Eur12,017,564.*

The following table shows the fair value of the assets and liabilities acquired on the date of the transactions:

	Baneasa Real Estate SRL Eur	Harbour (APM) Investments limited Eur	SIA "SC Stirnu" Eur	Total Eur
Investment property (note 20)	58 001 718	26 302 334	19 856 660	104 160 712
Cash and cash equivalents	963 853	187 901	193 365	1 345 119
Trade and other receivables	1 593 635	1 286 303	326 808	3 206 746
Other non-current assets	598 236	-	-	598 236
Deferred tax assets	268 121	-	-	268,121
Other financial liabilities	(1 652 669)	(716 538)	(1 593 856)	(3 963 063)
Trade and other payables	(483 356)	-	(223 002)	(706 358)
Bank loans	(27 134 247)	-	(6 542 411)	(33 676 658)
Deferred tax liabilities	-	(2 060 000)	-	(2 060 000)
	32 155 291	**25 000 000**	**12 017 564**	**69 172 855**
Non-controlling interest	(8 038 823)	-	-	(8 038 823)
Net assets acquired	24 116 468	25 000 000	12 017 564	61 134 032

As at the 23rd of December, 2022 the Group also entered into the share purchase agreement for the acquisition of the remaining 25% shares in Baneasa Real Estate SRL. The share purchase agreement is expected to be finalised in August 2024.

35. Related party transactions

Hili Ventures Limited is the parent Company of the undertakings highlighted in note 21.

The controlling beneficial owner of Hili Ventures Limited is Carmelo Hili.

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

Group	Related party activity Eur	Total activity Eur	%
2023			
Revenue:			
Related party transactions with:			
Other related parties	**-**	**987,171,215**	**0.00%**
Cost of Sales:			
Related party transactions with:			
Other related parties	**-**	**788,064,999**	**0.00%**
Investment income:			
Related party transactions with:			
Other related parties	**831,814**	**6,443,809**	**12.91%**
Finance costs			
Related party transactions with:			
Other related parties	**-**	**30,084,235**	**0.00%**
2022			
Revenue:			
Related party transactions with:			
Other related parties	645,618	782,647,946	0.08%
Cost of Sales:			
Related party transactions with:			
Other related parties	1,078,127	624,671,532	0.17%
Investment income:			
Related party transactions with:			
Other related parties	601,559	6,588,533	9.13%
Finance costs			
Related party transactions with:			
Other related parties	37,338	22,970,471	0.16%

35. Related party transactions (continued)

Holding company	Related party activity Eur	Total activity Eur	%
2023			
Revenue:			
Related party transactions with:			
Subsidiaries	**2,606,500**	**2,606,500**	**100.00%**
Administrative expenses:			
Related party transactions with:			
Subsidiaries	**667,967**	**4,767,571**	**14.01%**
Finance expenses			
Related party transactions with:			
Subsidiaries and other related parties	**9,315,513**	**10,646,580**	**87.50%**
Investment income:			
Related party transactions with:			
Subsidiaries	**48,151,750**		
Shareholder	**625,563**		
	48,777,313	**49,558,950**	**98.42%**
2022			
Revenue:			
Related party transactions with:			
Subsidiaries	2,426,500	2,426,500	100.00%
Administrative expenses:			
Related party transactions with:			
Subsidiaries	712,612	4,859,650	14.66%
Finance expenses			
Related party transactions with:			
Subsidiaries and other related parties	8,164,657	8,793,184	92.85%
Investment income:			
Related party transactions with:			
Subsidiaries	20,594,826		
Shareholder	601,559		
	21,196,385	21,347,851	99.29%

The amounts due from/to related parties at year-end are disclosed in notes 21 and 27. Other than as disclosed in the respective note, no guarantees have been given or received. The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement.

36. Lease commitments

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		Holding company	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Within one year	**1,280,400**	698,160	**-**	-
Between one and 5 years	**5,121,600**	698,160	**-**	-
	6,402,000	1,396,320	**-**	-

In 2017, Premier Capital plc entered into an operating lease for the provision of an aircraft for a fixed number of annual flight hours. This is included in the minimum lease payments in the above disclosure. This lease was renewed in 2023.

37. Capital commitments

(i) The subsidiaries in Premier Capital plc. operate under franchise agreements ('the Agreement') entered into with McDonald's International Property Company ('the Franchisor'). The franchise agreements are for a period of 20 years which allows the respective subsidiary to use the McDonald's system in the restaurants. These franchise agreements stipulate certain financial and non-financial obligations, including but not necessarily limited to, maintaining certain financial ratios, performing marketing and other activities. The subsidiaries are obliged to pay a royalty fee based on their annual net sales of the respective Company on an annual basis.

(ii) Upon the expiration of these Agreements, the Franchisor shall have the right to purchase all of the equity interest in the Franchisee's McDonald's Restaurant business ("FMRB"). If the Franchisor elects to exercise its right to purchase FMRB, the Purchase price shall be equal to the Fair Market Value, as defined in the Agreement. In the event that the Franchisor does not exercise its right to purchase FMRB, it shall have the right to lease or sublease or purchase, as the case may be, the premises associated with the Restaurants from Franchisee at fair market rental or fair market price, as the case may be.

38. Contingent liabilities

Group

Premier Capital plc

(i) Certain subsidiaries of the Group, have guaranteed the amount of *Eur10,951,403* (2022 – *Eur12,521,824*) in favour of related companies in connection with bank facilities of the respective related Company.

1923 Investments plc

(i) During the year, two of the Group's subsidiaries under the Harvest Technology division had issued guarantees amounting to *Eur1,088,584* (2022: *Eur572,570*) to third parties in Malta as collateral for liabilities. During 2024, *Eur822,670* of the guarantees existing at 31 December 2023 have been released.

(ii) 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.

(iii) 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 *Eur1,389,936*) and determined an additional amount of VAT liability of PLN 2,604,732 (equivalent to *Eur600,238*).

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 *Eur3,892,588*).

On 23 December 2022, SAD paid an amount of PLN 4,003,973 (equivalent to *Eur922,680*) 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 *Eur5,409,426*). 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 *Eur8,207,420*) as at the balance sheet date is included with the non-current portion of loans and receivables in note 21 to these financial statements.

38. Contingent liabilities (continued)

1923 Investments plc (continued)

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 and based on the positive judgement above, 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.

(iv) 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 *Eur34,566,194* (2022 – PLN 72,000,000 equivalent to *Eur16,591,773*).

Breakwater Investments Limited

At the end of the reporting period, one of the Group's subsidiaries under the Hili Logistics division, together with other related parties provided guarantees in the amount of *Eur4,718,000* (2022: *Eur3,218,000*) in relation to bank facilities granted to related undertakings. In the directors' opinion no provision is required against such amounts as the principal borrowers are either not expected to default or such facilities are secured by property, plant and equipment or other guarantors.

At the end of the reporting period, one of the Group's subsidiaries within the Hili Logistics division, together with other related parties provided guarantees in the amount of *Eur1,281,535* (2022: Nil) in relation to bank facilities granted. In the directors' opinion no provision is required against such amounts as the principal borrowers are either not expected to default or such facilities are secured by property, plant and equipment or other guarantors.

38. Contingent liabilities (continued)

Breakwater Investments Limited (continued)

At 31 December 2023, the Group had an overdraft facility through Allcom, one of its subsidiaries in Poland, as disclosed in note 28 which was secured on the perpetual usufruct of land and buildings in Bolszewo for a total of PLN 2,000,000, equivalent to *Eur427,277* (2022: PLN 1,600,000, equivalent to *Eur341,822*).

Allcom has also provided a guarantee for a total of PLN 1,800,000, equivalent to *Eur414,794* (2022: PLN 1,800,000, equivalent to *Eur384,550*) to the customs office in Poland, through a financial institution in the same country, to secure customs payments realised on behalf of its clients. The guarantee is secured on the Company's property in Bolszewo as contractual mortgage on perpetual usufruct of land and buildings for a total of PLN 2,340,000, equivalent to *Eur539,233* (2022: PLN 2,340,000, equivalent to *Eur499,915*). There was no utilisation of the guarantee as at the end of the reporting periods.

Motherwell Bridge Industries has a guarantee facility amounting to *Eur1,300,000* (2022: *Eur1,700,000*) in favour of its subsidiary in connection with bank guarantee facilities of the respective subsidiary. The subsidiary also has a documentary credit facility for *Eur1,000,000* (2022: *Eur1,000,000*) in favour of third parties to secure trade debts.

Holding Company

The Company acted as a guarantor to secure bank facilities of one of its subsidiaries in the amount of *Eur7,026,000* (2022 – *Eur7,026,000*).

At the end of the reporting period, the Company also acted as a guarantor for bonds issued by Hili Finance Company plc. for the amount of *Eur40,000,000* as from 2018, *Eur80,000,000* as from 2019, and an additional amount of *Eur50,000,000* as from March 2022.

Refer to note 26 for information on the Company's bank overdraft and loan facilities and on the security given over such facilities.

The Company has also provided guarantees to HV Hospitality Limited for a facility taken by the latter with BNF Bank Malta as disclosed in note 26 to these financial statements.

39. Fair values of financial assets and financial liabilities

Group

At 31 December 2023 and 2022 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 30), 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.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and 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 measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

Group	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
Financial assets					
Local listed debt and equity instruments	32,624,035	-	-	32,624,035	32,624,035
Investment property	-	-	183,533,458	183,533,458	183,533,458
as at 31.12.2023	32,624,035	-	183,533,458	216,157,493	216,157,493
Financial assets					
Local listed debt and equity instruments	29,187,228	-	-	29,187,228	29,187,228
Investment property	-	-	189,752,988	189,752,988	189,752,988
as at 31.12.2022	29,187,228	-	189,752,988	218,940,216	218,940,216
Financial liabilities					
Derivative financial instruments					
as at 31.12.2023	-	-	-	-	-
as at 31.12.2022	-	-	-	-	-

39. Fair values of financial assets and financial liabilities (continued)

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

The fair value of other financial asset investments is determined by reference to the net asset value of the underlying investment.

The fair value of investment property is determined as disclosed in note 20.

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 appropriate rates at the end of the 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 shares in subsidiary companies, grouped into Levels 1 to 3.

Group	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
2023					
Financial assets					
Loans and receivables					
- receivables from related parties and jointly controlled entities	-	7,549,728	-	7,549,728	7,549,728
- other receivables		8,719,347		8,719,347	8,719,347
- receivables from ultimate parent	-	18,493,612	-	18,493,612	18,493,612
As at 31.12.2023	-	34,762,687	-	34,762,687	34,762,687
Financial liabilities					
Financial liabilities at amortised cost					
- Other financial liabilities	-	9,557	-	9,557	9,557
- Bank borrowings	-	177,643,590	-	177,643,590	177,643,590
- Debt securities	296,010,000	-	-	296,010,000	306,146,723
As at 31.12.2023	296,010,000	177,653,147	-	473,663,147	483,799,870

	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
2022					
Financial assets					
Loans and receivables					
- receivables from related parties and jointly controlled entities	-	9,032,672	-	9,032,672	9,032,672
- other receivables		7,913,456		7,913,456	7,913,456
- receivables from ultimate parent	-	17,868,352	-	17,868,352	17,868,352
As at 31.12.2022	-	34,814,480	-	34,814,480	34,814,480
Financial liabilities					
Financial liabilities at amortised cost					
- Other financial liabilities	-	14,416	-	14,416	14,416
- Bank borrowings	-	128,004,916	-	128,004,916	128,004,916
- Debt securities	299,298,500	-	-	299,298,500	305,593,367
As at 31.12.2022	299,298,500	128,019,332	-	427,317,832	433,612,699

39. Fair values of financial assets and financial liabilities (continued)

The fair values of the financial assets and financial liabilities included in 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.

Holding company	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
2023					
Financial assets					
Loans and receivables					
- receivables from related parties	-	61,638,374	-	61,638,374	61,638,374
Financial liabilities					
Financial liabilities at amortised cost					
- related party loans	-	218,375,443	-	218,375,443	218,375,443
- bank loans	-	28,934,047	-	28,934,047	28,934,047
Total	-	247,309,490	-	247,309,490	247,309,490
2022					
Financial assets					
Loans and receivables					
- receivables from related parties	-	39,615,117	-	39,615,117	39,615,117
Financial liabilities					
Financial liabilities at amortised cost					
- related party loans	-	188,042,387	-	188,042,387	188,042,387
- bank loans	-	12,167,505	-	12,167,505	12,167,505
Total	-	200,209,892	-	200,209,892	200,209,892

The exposures to risk and the way risks arise, together with the Group's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

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 and the Company aim to reduce and control risk concentrations 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 financial statements.

40. Financial risk management

Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk, consist principally of trade receivables, loans and receivables, debt securities held, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, and cash at bank.

Trade receivables and loan and receivables are presented net of an impairment allowance.

Loans and receivables of the Company mainly consist of amounts due from shareholders, subsidiaries and related parties. Loans and receivables of the Group consist of amounts due from related parties and jointly controlled entities. IFRS 9 is applied by the Group and the Company, using the expected credit loss model for all group loans. As opposed to the simplified model, the expected credit loss model takes the weighted average of credit losses with the respective risks of defaults occurring as the weights. The assessment includes the following:

- Exposure of default: the total amount of loan outstanding,
- Probability of default: which refers to the percentage or likelihood that the borrower will not be able to repay the debt in the expected period,
- Loss given default: represents the loss suffered by the Company if the borrower defaults and is not able to repay the loan.

After applying the expected credit loss model, the credit risk assessed by the Company, other than that recognised on trade and other receivables as disclosed below amounted to *EurNil* (2022: *EurNil*) for other financial assets.

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. Cash and cash equivalents are mainly held in a bank that forms part of an international group with an A credit rating by Standard and Poor's and similar high ratings by other agencies as well as with a bank having a credit rating of A by Standard and Poor's. The Group also holds cash with a local bank having a credit rating of BBB- by Standard and Poor's and with other banks having a similar credit ratings by this agency. 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.

40. Financial risk management (continued)

Credit risk (continued)

Therefore, based on the above, no loss allowance has been recognized by the Group and the Company on bank balances.

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 by each line of business. They have been grouped based on the days past due and also according to the geographical location of customers. Trade receivables consist of a large number of customers in various industries and mainly in three geographic locations mainly Malta, U.K. and Poland.

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

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.

In addition to the above assessments on the recoverability and expected credit loss provisions on trade and other financial assets, the Group has assessed the probability of default of significant amounts due from large customers individually, and consider such risk to be low in view of the creditworthiness of such customers. While the Group continues to closely monitor all of its financial assets at more frequent intervals in recent years, management considers that the level of ECL provisions at period end remains adequate.

40. Financial risk management (continued)

Credit risk (continued)

Trade receivables are written off (i.e. 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 other 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:

31 December 2023	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate, %	1%	1%	1%	49%	
Gross Carrying amount, Eur	16,189,374	4,574,898	1,758,998	4,031,403	26,554,673
Lifetime expected loss, Eur	109,411	24,169	18,024	1,994,278	2,145,882

31 December 2022	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate, %	0%	1%	6%	35%	
Gross Carrying amount, Eur	10,534,705	3,406,833	1,200,795	4,254,379	19,396,712
Lifetime expected loss, Eur	7,380	27,135	68,675	1,502,130	1,605,320

Changes in expected credit loss rates between reporting periods is attributable to change in circumstances, past ageing information and revised history of loss occurrences. 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 reconciles with the trade receivables loss allowance opening balance as follows:

	2023 Eur	2022 Eur
Opening allowance as at 1 January	1,605,320	1,514,131
Reversal of allowance for credit losses no longer required	-	(22,808)
Taken over upon merger	396,256	-
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 recognised during the year	518,544	250,344
Loss allowance as at 31 December	**2,145,882**	1,605,320

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Any guarantees are disclosed in notes 26 and 38.

40. Financial risk management (continued)

Credit risk (continued)
Quoted investments are acquired after assessing the quality of the related investments.

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, except as detailed below:

	2023 Eur	2022 Eur
Guarantee provided to bank on group and related party loans and third party loans	**274,168,364**	252,002,096

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.

Currency risk
Foreign currency transactions arise when the Group and the Company 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 USD, PLN, GBP, MAD 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.

Except for the Bermuda and UK, the entities which have the functional currency as the US Dollar, and the Romanian, Polish and Moroccan entities, with the functional currency in their own respective currency, the functional currency of all the subsidiaries was the Euro both in the current year and in the prior year. Furthermore, the translation of the Bermuda, British, Romanian, Polish and Moroccan entities, which have the US Dollar, Romanian Leu, Polish Zloty and Moroccan Dirham as their respective functional currencies is recognised in the Group's other comprehensive income in accordance with the Group's accounting policies.

Interest rate risk
The Group and the Company have taken out bank facilities to finance its operations as disclosed in note 26. The terms of such borrowings are disclosed accordingly.

The effective interest rate on loans and receivables, other financial liabilities, bank borrowings, and cash at bank are disclosed in notes 21, 26, 27 and 33 respectively.

40. Financial risk management (continued)

Interest rate risk (continued)

The Group and the Company are exposed to cash flow interest rate risk on borrowings carrying a floating interest rate and to fair value interest rate risk on borrowings carrying a fixed interest rate to the extent that these are measured at fair value. Investments in equity instruments are not exposed to interest rate risk.

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 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.

Sensitivity analysis

The Group and the Company have used a sensitivity analysis technique that measures the change in cash flows of the Group and Company's bank borrowings, net of cash at bank and on hand, at the end of the reporting period for hypothetical changes in the relevant market risk variables. The sensitivity due to changes in the relevant risk variables is set out below.

The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets.

In view of the recent volatility witnessed in the markets during the last quarter of 2023 and the first few months of 2024, interest rates may be subject to a higher degree of variability. As a result, the profitability of the Company might be impacted from a higher interest rate risk.

The estimated change in cash flows for changes in market interest rates are based on an instantaneous increase or decrease of 100 basis points at the end of the reporting period, with all other variables remaining constant.

40. Financial risk management (continued)

Sensitivity analysis (continued)

The sensitivity of the relevant risk variables is as follows:

	Group		**Holding company**	
	Profit or loss sensitivity		**Profit or loss sensitivity**	
	2023	2022	**2023**	2022
	Eur	Eur	**Eur**	Eur
Market interest rates – cash flow	**+/-1,048k**	+/-583k	**+/-291k**	+/-145k

The sensitivity on profit or loss in respect of market interest rates is mainly attributable to bank overdraft and bank loans. The sensitivity analysis is for illustrative purposes only, as in practice market rates rarely change in isolation and are likely to be interdependent.

Liquidity risk

The Group and the Company monitors and manages its risk to a shortage of funds by maintaining sufficient cash, by matching the maturity of both their financial assets and financial liabilities and by monitoring the availability of raising funds to meet financial obligations.

Funds are transferred within the Group as and when the need arises. Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period, which is adjusted monthly and monitored on a weekly basis, to ensure that any additional financing requirements are addressed in a timely manner.

The Group and the Company are exposed to liquidity risk in relation to meeting the future obligations associated with their financial liabilities, which comprise principally trade and other payables, other financial liabilities and interest-bearing borrowings (refer to notes 25, 26, 27 and 30). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's and the Group's obligations.

40. Financial risk management (continued)

Liquidity risk (continued)

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 can be required to pay. The analysis includes both interest and principal cash flows.

Group	On demand or within 1 year Eur	Within 2-5 years Eur	More than 5 years Eur	Total Eur
2023				
Non-derivatives financial liabilities				
Non-interest bearing	135,671,178	4,084,724	-	139,755,902
Fixed rate instruments	46,602,580	222,860,000	83,040,000	352,502,580
Variable rate instruments	40,257,506	123,212,471	14,173,613	177,643,590
	222,531,264	**350,157,195**	**97,213,613**	**669,902,072**
2022				
Non-derivatives financial liabilities				
Non-interest bearing	103,459,371	2,943,523	-	106,402,894
Fixed rate instruments	12,518,500	226,798,500	127,620,000	366,937,000
Variable rate instruments	30,080,817	89,530,693	21,093,433	140,704,943
	146,058,688	319,272,716	148,713,433	614,044,837

Holding company				
2023				
Non-derivatives financial liabilities				
Non-interest bearing	6,509,172	23,904	-	6,533,076
Fixed Interest-bearing	33,044,282	142,028,374	83,600,000	258,672,656
Variable rate instruments	11,008,479	17,925,568	-	28,934,047
	50,561,933	**159,977,846**	**83,600,000**	**294,139,779**
2022				
Non-derivatives financial liabilities				
Non-interest bearing	5,760,113	1,249,040	-	7,009,153
Fixed Interest-bearing	8,269,046	93,632,857	129,352,789	231,254,692
Variable rate instruments	1,114,746	11,052,759	-	12,167,505
	15,143,905	105,934,656	129,352,789	250,431,350

40. Financial risk management (continued)

Liquidity risk (continued)

The table below details changes in the Group's and Company'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 Statement of cash flows as cash flows from financing activities:

Group

	Opening Balance Eur	Cash Eur	Other non-cash changes Eur	Closing Balance Eur
2023				
Bank loans	122,400,638	43,466,211	1,057,589	**166,924,438**
Loans from third parties	14,416	(4,859)	-	**9,557**
Debt securities in issue	305,593,367	(13,599)	566,955	**306,146,723**
Leases	123,790,452	(20,946,812)	43,336,161	**146,179,801**

	Opening Balance Eur	Cash Eur	Other non-cash charges Eur	Closing Balance Eur
2022				
Bank loans	104,691,474	(15,967,494)	33,676,658	**122,400,638**
Loans from third parties	2,262,976	(2,248,560)	-	**14,416**
Debt securities in issue	255,760,162	49,293,079	540,126	**305,593,367**
Leases	107,570,445	(15,563,131)	31,783,138	**123,790,452**

During 2023, the Group recognised additional lease liabilities amounting to *Eur37,443,988*. Total cash payments made on leases during the year amounted to *Eur20,946,812* (inclusive of interest). The interest expense during the year amounted to *Eur5,655,596*. The interest, together with the additions to leases recognised during the year plus *Eur2,868,782* in new leases recognised during the year following the acquisition of a new subsidiary less leases de-recognised following an impairment within a subsidiary amount to *Eur2,538,025*, an adjustment of *Eur1,744,169* for currency translation differences, plus *Eur3,227,058* for re-measurement of leases, less *Eur1,577,069* relating to the termination of leases as disclosed in note 18, represent the non-cash movements of *Eur43,336,161* presented above for leases.

Included with other non-cash changes in the table above for 2023, is an amount of *Eur1,057,589* for movements in bank loans which represents exchange rate movement on translation of loans in foreign currency.

The non-cash movement on debt securities in issue during 2023 comprises the amortisation of bond issue costs amounting to *Eur566,955* (2022: *Eur540,126*).

40. Financial risk management (continued)

Liquidity risk (continued)

During 2022, the Group recognised additional lease liabilities amounting to *Eur28,025,757*. Total cash payments made on leases during the year amounted to *Eur15,563,131* (inclusive of interest). The interest expense during the year amounted to *Eur4,247,558*. The interest, together with the additions to leases recognised during the year less an adjustment of *Eur197,744* for currency translation differences, plus *Eur679,459* for re-measurement of leases, less *Eur971,892* relating to the termination of leases as disclosed in note 18, represent the non-cash movements of *Eur31,783,138* presented above for leases.

Included with other non-cash changes in the table above for 2022, is an amount of *Eur33,676,658* for movements in bank loans. As disclosed in note 34, this amount represents bank loans taken over upon the acquisition of two subsidiaries by the Group.

The non-cash movement on debt securities in issue during 2023 comprises the amortisation of bond issue costs amounting to *Eur540,126* (2022: *Eur540,126*).

Holding company

	Opening Balance Eur	Cash Eur	Other non-cash changes Eur	Closing Balance Eur
2023				
Bank loans	12,167,505	16,766,542	-	**28,934,047**
Leases	2,254,985	(384,097)	(41,777)	**1,829,111**

	Opening Balance Eur	Cash Eur	Other non-cash charges Eur	Closing Balance Eur
2022				
Bank loans	14,472,863	(2,305,358)	-	**12,167,505**
Leases	2,760,704	(418,906)	86,813	**2,254,985**

40. Financial risk management (continued)

Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard their 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 borrowings disclosed in notes 26, 27 and 30, cash and cash equivalents as disclosed in note 33 and of items presented within equity in the statement of financial position.

The Group's directors manage the capital structure and adjust it, considering 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.

41. Events after the reporting period

On 31 January 2024, 1923 Investments plc sold all of its shares in E-Lifecycle Holdings GmbH to the management of the company. The consideration paid to 1923 Investments plc 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. 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 of 1923 Investments plc 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 decided to exit this line of business.

On 20 February 2024, Hili Properties plc concluded the sale of the retail complex in Dzelzavas Street, Riga, Latvia for a consideration of *Eur7,000,000.* The property is classified as property held for sale under current assets as disclosed in note 24.

The Group notes that Hili Finance Company plc, one of its subsidiaries, has submitted an application to the Malta Financial Services Authority requesting the admissibility to listing of *Eur80,000,000* Unsecured Bonds redeemable in 2029.

Other than the above, no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Grant Thornton

Independent auditor's report

To the shareholders of Hili Ventures Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hili Ventures Limited (the "Company") and of the Group of which it is the parent (the "Group") set out on pages 36 to 164 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 a summary of significant accounting policies.

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 its financial performance and its 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").

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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report shown on pages 2 to 34 and the Statement of directors' responsibilities on page 35, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information, except for the '*ESG Policies, Governance and Due Diligence*' paragraphs and the '*EU Taxonomy Disclosures*' paragraphs included in the Directors' report, 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:

- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. Our opinion does not cover the '*ESG Policies, Governance and Due Diligence*' paragraphs and the '*EU Taxonomy Disclosures*' paragraphs included in the Directors' report.
- 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 its 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 and the Audit Committee 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.

The directors have delegated the responsibility for overseeing the Company's and the Group's financial reporting process to the Audit Committee.

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 the 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 management's 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 future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- 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 an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and the audit committee 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 the board of directors and the audit committee 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.

Report on other legal and regulatory requirements 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.

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

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

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

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22 May 2024