



**HILI**  
**VENTURES**

**ANNUAL  
REPORT  
2022**

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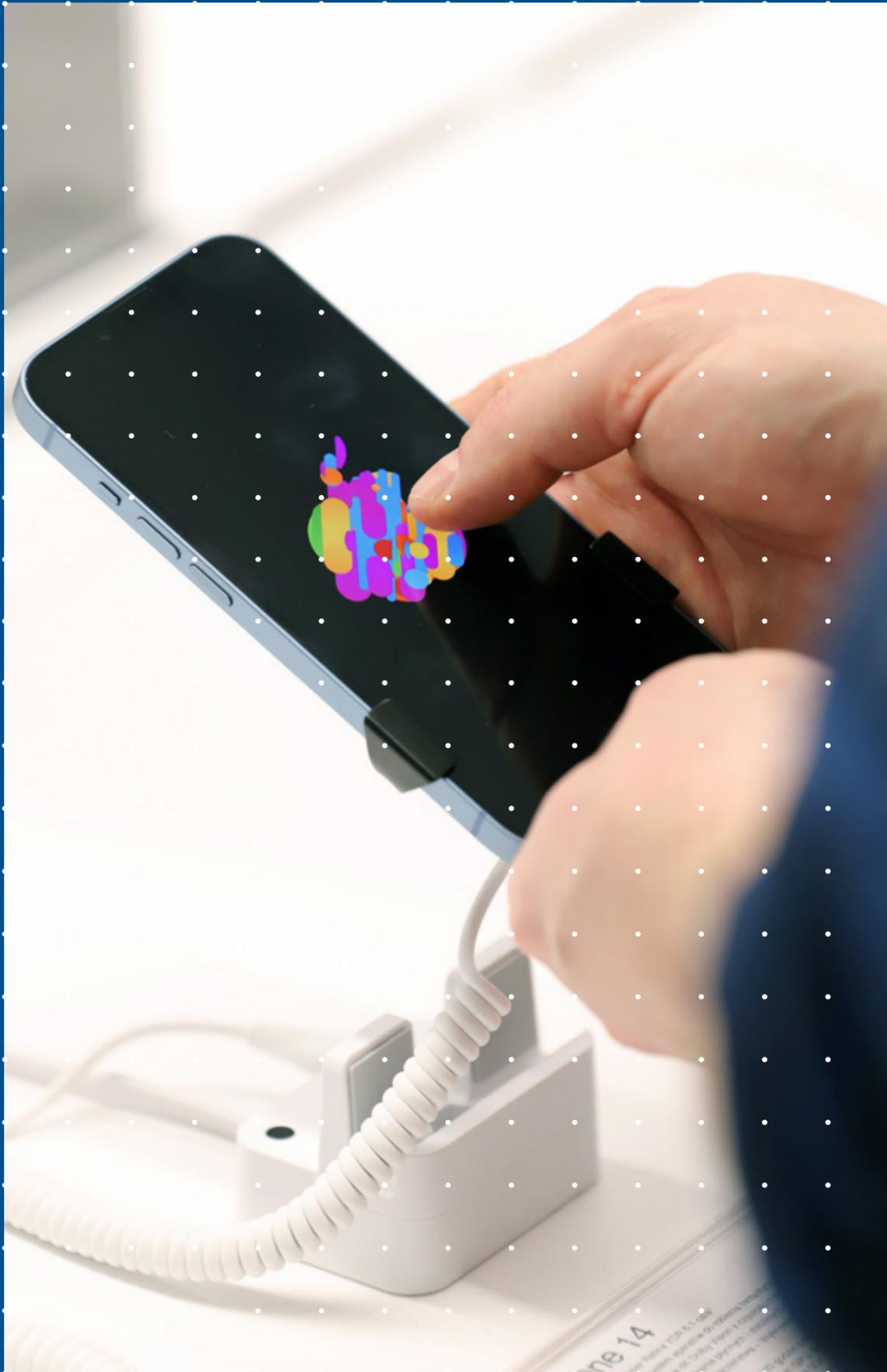
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ANNUAL  
REPORT

# Who We Are

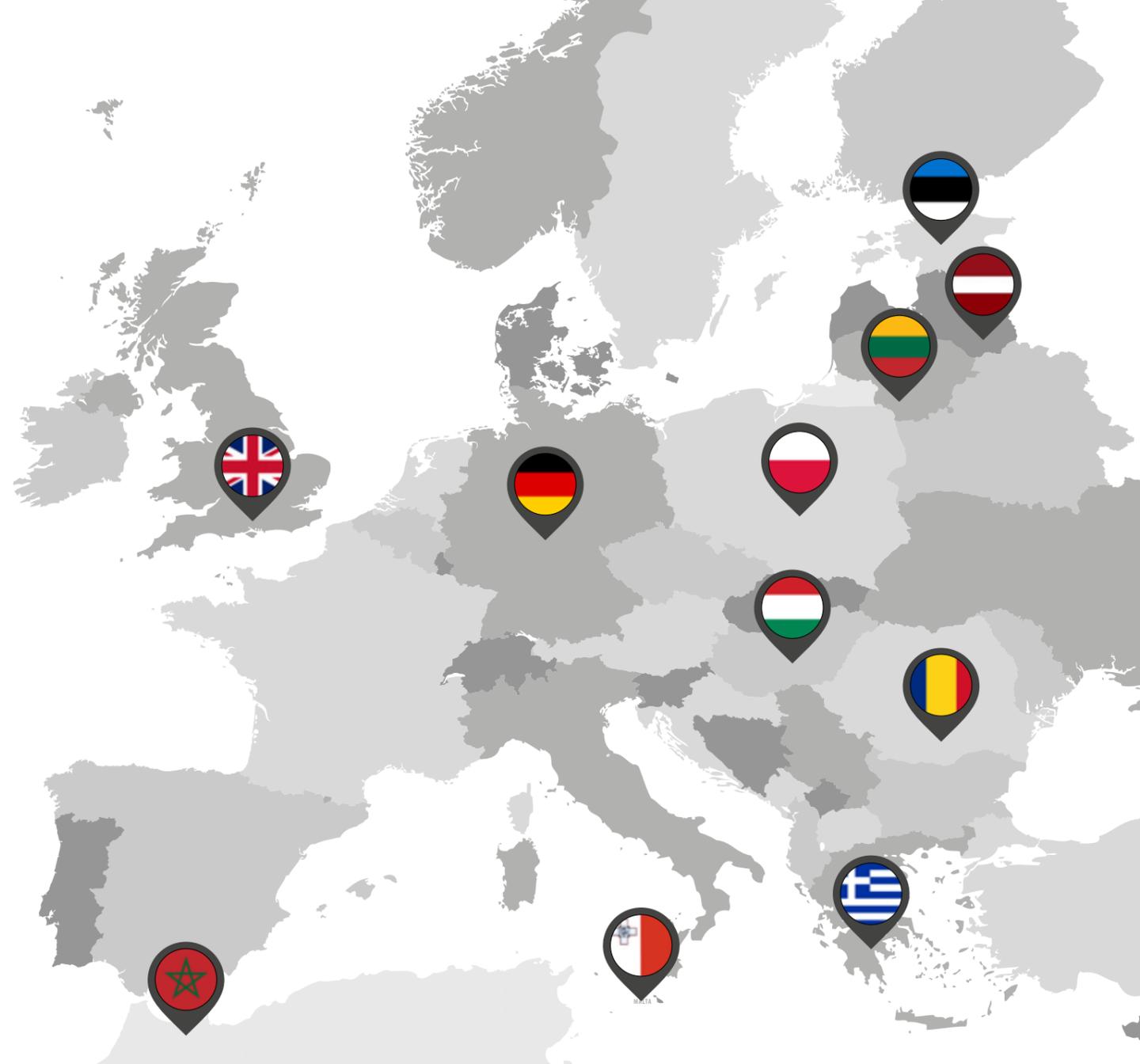
## Hili Ventures

Hili Ventures is the privately-owned holding company of a diversified group with a deep-rooted entrepreneurial heritage dating back to 1923. From its head office in Malta, Hili Ventures upholds an international perspective, steering the group and its diversified talent pool on the path of sustainable growth that results in shared value for everyone.

Through underlying groups of activities and its own finance company, Hili Ventures oversees operations in Estonia, Germany, Greece, Hungary, Latvia, Lithuania, Malta, Morocco, the United Kingdom, Poland and Romania. Thanks to the determination and perseverance of its 11,000 people, Hili Ventures partners world-leading brands to service a wide-ranging B2B and B2C client base in an array of sectors.

Hili Ventures is engaged in food service, retail, real estate, hospitality, shipping, engineering and technology, and is a proud partner of Apple, iRiparo, Konecranes, McDonald's, Microsoft, NCR, Six Senses and many other global brands.

Shaped by a track record for leadership, connectivity and market knowledge, Hili Ventures differentiates itself by committing consistent investment in its operations and prides itself on being a partner of choice, a supplier of choice, and an employer of choice.



**11,000**  
People



**174**  
Restaurants



**11**  
Countries



**22**  
Properties



**17**  
Major Partners

### Germany

E-Lifecycle Holdings GmbH  
Speditionstraße 21,  
5th and 6th floor,  
Düsseldorf,  
North Rhine-Westphalia  
40221, DE  
E. info@iriparo.eu

### Greece

Premier Capital Hellas SA  
59, Al Panagouli Street,  
15343 Agia Paraskevi,  
Athens  
T. +30 2106 873 103

### Hungary

iCentre Apple Premium &  
Service Provider  
117 Budapest, Gábor Dénes  
utca 4. Infopark, C épület,  
Földszint  
T: +36 1 439 3333

### Latvia

Premier Restaurants Estonia,  
Latvia & Lithuania  
6 Dunties Street,  
Riga, LV-1013  
T. +371 6724 2319

Hili Properties  
Satekles St. 2B,  
Riga, LV-1050  
T. +371 2566 0074

### Malta | Head office

Hili Ventures Ltd  
Nineteen Twenty Three,  
Valletta Road,  
Marsa, MRS 3000  
T. +356 2568 1200

### Morocco

TechniPlus SA  
7, Boulevard de la resistance,  
3ème Etage, 20300,  
Casablanca  
T. +212 5 22 30 60 69

### Poland

iSpot Poland Sp. z o.o.  
Apple Premium Reseller  
ul. Puławska 2,  
02-566 Warsaw  
T. +48 22 460 4801

### Allcom Sp. z o.o.

No. 16, 10 Lutego Street,  
81 - 364 Gdynia,  
T. +48 58 660 78 00

### United Kingdom

STS Marine Solutions (UK) Ltd  
1 The Cloisters,  
Sunderland, SR2 7BD  
T. +44 (0)191 5681 1826

## Our 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.

## Our partners



## Chairman's Statement



**Archie Bethel CBE**  
Chairman

**2022 was an extraordinary year for Hili Ventures as we reached record revenues of €782 million, invested over €100 million in our portfolio through several acquisitions and continue to grow our team, despite the headwinds the group faced.**

For many, the start of the year was marred with uncertainty - frightened by the situation in Ukraine, while still recovering from the Covid-19 crisis and adjusting to rising inflation. Being agile but cautious in that economic environment was no mean feat and I'm proud to report we achieved positive results, on the back of a stronger and more resilient business structure.

In line with our objective to double our business by 2026, our legacy companies in the retail sector contributed to the lion's share of revenue growth in the year under review - a result of improved conversion and sustained expansion of our retail operations. However, it is perhaps more exciting to report on new ventures which are already bearing fruit, such as strategic property acquisitions including the MIRO building in Romania and the shopping centre in Stirnu Street, Latvia. These successes affirm our commitment to diversifying our income streams through the industries we operate in, to mitigate inherent risks and grow in a sustainable manner.

As we gear ourselves for a steep trajectory, building a resilient and proficient team remains a top priority. To do this, management is responsible to our people, in terms of fostering a company culture which resonates with our values, bringing into the fold layers of corporate governance, employee wellbeing and sustainability efforts - delivering shared value to all our stakeholders.

Our impact, from an ESG perspective, is not just being measured and reduced internally, but we are also challenging the buy-use-throwaway culture head-on by

becoming players in the circular economy - spearheading and partnering with innovative businesses through operations like iRiparo, which show potential in the way we can reengineer waste at large.

Onto this year, we are celebrating a significant milestone, the centenary of Carmelo Caruana Company, our founding cornerstone. This 100-year journey, from a grain-importing family enterprise to a comprehensive one-stop shop for logistics, is testament to the team's unwavering dedication to progress and customer service. Our role in shaping the maritime landscape and delivering an exceptional product that transitions in response to global shifts really does capture the spirit of Hili Ventures.

As to what's in store for our future, our vision is ambitious but achievable - we aim to double our revenues while operating with a well-structured and lean organization. We want to see our hospitality business come to life, through the distinct properties which we invest in, which will redefine luxury and sustainability in Malta's tourism offering. We will do more in and for the communities we serve and will continue to be responsible and accountable in our endeavors.

We believe it is these pillars which will ensure sustained growth and shareholder returns. While expressing my gratitude to all our customers, employees, stakeholders and shareholders, I am confident that the team's efforts in pursuit of our vision, will enable our journey over the next hundred years.



## Chief Executive's Review



**Melo Hili**  
Chief Executive Officer

**Looking back at the past three years, it's easy to forget the instability and adversity which surrounded us as we faced the pandemic, often having to take unexpected turns in order to safeguard our employees, customers and shareholders.**

The business today stands tall - having not just adapted but also reached unprecedented heights, thanks to the adaptability and integrity of the team at Hili Ventures. As we entered 2022, the aftershock followed through but our experience and drive enabled steady growth and I am pleased to report that our strategy is back on track.

In the year under review, Hili Ventures recorded revenues of €782 million, a significant increase of 33% over the previous year while EBITDA reached €99 million, up from €85 million in 2021. This outstanding performance was fuelled by organic growth, strategic acquisitions, and the successful execution of our investment strategy, which has built steady momentum once again.

Premier Capital, which contributes two thirds of the Group's income, expanded its operations, opening eight new McDonald's restaurants and bringing the total to 174. This enables our commitment to continue investing in our footprint and deliver innovations in stores which increase conversion and elevate the customer experience.

iSpot, our Apple Premium Reseller network in Poland and second largest segment, reported revenues exceeding

€180 million. Now in its ninth year of operation as part of the group, the acquisition of Cortland in April 2023, another prominent Polish APR, will take the combined business to a new level. In fact, our Apple business is on track to generate a third of group revenues in 2023, as projected.

Following its successful Initial Public Offering in 2021, Hili Properties generated €12 million in revenues and has lived up to its mission of seeking opportunities to enhance, optimise and streamline its portfolio. As a strategic investor in commercial real estate across Europe, two major acquisitions in Romania and Latvia in 2022 took the portfolio to €234 million – a significant 72% uplift over the previous year. These additions secure our investment income, allowing us to leverage more opportunities in this sphere.

These are just a few of last year's highlights, even though the challenges of 2022 were not insubstantial. The global rise in inflation led to escalating expenses across various fronts, requiring stricter cost management and hitting hard at our margins. The situation in Ukraine added another layer of complexity, with disruption in supply chains and food production lead times, not to mention the hardship being faced there. To this end, it gives me great satisfaction to know that all our subsidiaries played a part in donating over €500,000 towards war-torn areas in Ukraine, over and above the supplies sent to areas worst affected.

Looking ahead, our outlook is positive. As an organization which is on a steady growth trajectory, we often analyze our structure in order to create synergies and stimulate knowledge sharing opportunities horizontally and vertically. For this reason we have reorganised our shipping, engineering and oil and gas businesses across various markets under one new umbrella brand, Breakwater Investments Ltd which was launched this year.

We are also very keen to develop our hospitality arm, with our first project being the redevelopment of the Comino hotel. Our partnership with Six Senses, one of the world's top hotel brands which is synonymous with luxury and sustainability, is another notch on our belt. We stand ready to take this project forward responsibly and to see our investment in Product Malta take shape, while also exploring other avenues which would add value to this arm.

Meanwhile, we remain mindful of our material impacts and continuously seek out investments in our people and our planet. The numerous efforts across the group to increase renewable energy sources, reduce waste and widen our community outreach through the RMHC charities, were nothing short of remarkable in 2022. We can always be doing more though, and our focus will now turn to committing to a group ESG strategy which is ambitious but sustainable and formalizing our reporting structure.

In line with this, the onus is on Hili Ventures to increasingly act as the oversight, strategy and investments driver, empowering our subsidiaries to focus on execution and growth. We are determined to build on the momentum we've gained and we will enhance our blueprint for success by designing stronger processes, systems, and people development programs to support our subsidiaries.

It took us 100 years to get here and we're not slowing down. Our entire team is determined to make Hili Ventures a great place to be, and we are excited about the journey. We are grateful for the continued support of all our stakeholders, especially our shareholders for their continued support, while looking forward to sharing more successes in the coming year.



*Celebrating 100 years of service: Carmelo Caruana at his office at 12, Barriera Wharf, Valletta*

# Board of Directors - Hili Ventures



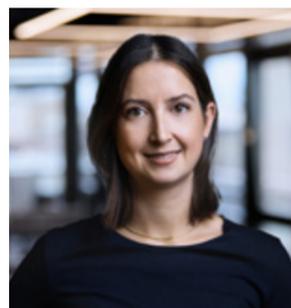
**Archie Bethel CBE**  
Chairman | Appointed 2021

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 | Appointed 2013

Melo Hili has led Hili Ventures since its inception in 2013, having joined the family business in 1988. He started out at Motherwell Bridge, 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 across Europe, obtaining licenses for Estonia, Latvia and Lithuania in 2007, Greece in 2011 and Romania in 2016. Under his stewardship, the company has diversified into new sectors including technology, hospitality and real estate.



**Annabel Hili**  
Director | Appointed 2019

Annabel Hili currently occupies the role of Chief Operating Officer at Hili Ventures, overseeing the group's HR, IT, Communications and Data Protection functions. She is also involved in strategic business transformation designed to engage the group's people and create momentum to impact portfolio and performance. 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.



**Victor Tedesco**  
Director | Appointed 2018

Victor Tedesco is Chief Executive Officer at Premier Capital plc, having worked up through the ranks of McDonald's since before the first restaurant opened in Valletta, Malta, in 1995. With an unparalleled understanding of the operation, gained through years of experience on the ground, he was well-poised to spearhead and expand the group's restaurant business internationally over the last decade. He is also involved in driving the strategy and vision, while contributing as a board member of other companies within the group.



**Adrian Mercieca**  
Company Secretary | Appointed 2022

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 Fenlex, 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.



**Jesmond Mizzi**  
Director | Appointed 2013

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 from 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 leadership team at Hili Ventures. He is also a qualified and affiliate member of the Association of Chartered Certified Accountants (ACCA).

## Executive Team

**Melo Hili**  
Chief Executive Officer

**Annabel Hili**  
Chief Operating Officer

**Dorian Desira**  
Chief Financial Officer

**Valentin-Alexandru Truta**  
General Counsel

## Audit Committee

**Jesmond Mizzi**  
Chairman

**Karl Fritz**  
Member

**Annabel Hili**  
Member

# Lines of Business



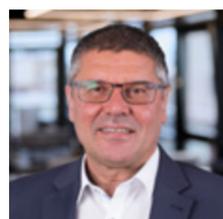
**premier capital**  
everyone makes it possible.

## Premier Capital plc McDonald's

Premier Capital plc is the Developmental Licencee for McDonald's, operating 174 restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania, thanks to a team of 10,000+ people.

Its network of McDonald's restaurants, which includes more than 104 McDrives, 76 McCafé counters and 167 McDelivery restaurants, enjoys consistent investment in development and innovation.

In 2022, more than 77 million transactions (guest counts) were effected across the six markets.



**Victor Tedesco**  
Chief Executive Officer

### The Board | Premier Capital plc

Melo Hili – Chairman  
Victor Tedesco – Executive Director  
Valentin-Alexandru Truta – Non-Executive Director  
Dorian Desira – Non-Executive Director  
Karen Pace – Non-Executive Director  
Massimiliano Eugenio Lupica – Independent Non-Executive Director/Chair Audit Committee  
Claudine Cassar – Independent Non-Executive Director  
Adrian Mercieca – Company Secretary



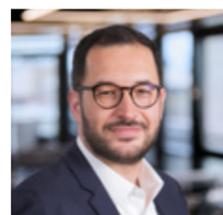
**HILI**  
PROPERTIES

## Hili Properties plc Real Estate

Hili Properties plc is a strategic investor in commercial real estate. It holds and manages an extensive portfolio of strategic assets in key locations in Malta, Romania and around the Baltics.

The portfolio, currently valued at €234 million, comprises 22 properties including commercial, retail and industrial property in Malta, Latvia, Lithuania, Estonia, and Romania. Its real estate houses McDonald's restaurants, grocery-anchored retail complexes, dedicated business blocks and office space, an industrial plant and a hospital. Tenants include operators of major international brands and private healthcare facilities.

With decades of experience in property management, development and repositioning, every asset in Hili Properties plc's portfolio is managed to realise its full potential to benefit shareholders, tenants and their customers.



**George Kakouras**  
Managing Director

### The Board | Hili Properties plc

Pier Luca Demajo – Chairman  
George Kakouras – Executive Director  
Eddy Vermeir – Non-Executive Director  
Peter Hili – Non-Executive Director  
David Aquilina – Independent Non-Executive Director/Chair Audit Committee  
Laragh Cassar – Independent Non-Executive Director  
Adrian Mercieca – Company Secretary

**MCM**  
**XXIII**

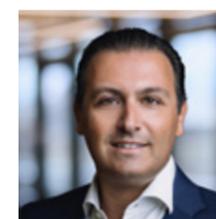
1923  
INVESTMENTS

## 1923 Investments plc Technology & Retail

1923 Investments plc is a diversified holding company focused on the pursuit of opportunities to acquire and nurture companies to generate attractive returns and maximise value for stakeholders.

1923 Investments plc encompasses Harvest Technology, iSpot & Cortland and E-Lifecycle Holdings.

Located in Malta, Poland, Hungary and Germany, these activities are engaged in innovation for businesses, retail of some of the world's most desirable technology products and large-scale mobile device repair operations.



**Keith Busuttill**  
Chief Executive Officer

### The Board | 1923 Investments plc

David Bonett – Chairman  
Melo Hili – Non-Executive Director  
Annabel Hili – Non-Executive Director  
Dorian Desira – Non-Executive Director  
Ann Fenech – Independent Non-Executive Director  
Karl Fritz – Independent Non-Executive Director/Chair Audit Committee  
Adrian Mercieca – Company Secretary



**HILI**  
FINANCE

## Hili Finance Company plc Finance

Hili Finance Company plc acts as the finance company for Hili Ventures and its subsidiaries.

Operating from Malta, Hili Finance Company plc acquires, holds and manages assets and other financial interests for Hili Ventures, of which it is a wholly owned subsidiary.

Hili Finance Company plc raises finance for the business of Hili Ventures through the issue of bonds on the Malta Stock Exchange.



**Geoffrey Camilleri**  
Chairman

### The Board | Hili Finance Company plc

Geoffrey Camilleri – Chairman  
Dorian Desira – Executive Director  
Keith Busuttill – Non-Executive Director  
Mario Vella – Independent Non-Executive Director / Chair Audit Committee  
Jacqueline Camilleri – Independent Non-Executive Director  
Adrian Mercieca – Company Secretary



**HV Marine Ltd**  
Marine & Engineering, Logistics, Oil & Gas

HV Marine is a group of companies providing marine and engineering services, the mobility of goods and cargo across regions, ship-to-ship operations and the servicing of major oil companies and their fleets in Malta, Poland, the UK and the Mediterranean.

On 28 April 2023, Hili Logistics, previously a subsidiary of 1923 Investments, was transferred via share transfer agreement to HV Marine Ltd.



**Arzu Bilgic**  
Chief Executive Officer

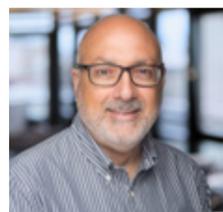
**The Board | HV Marine Ltd**  
Melo Hili – Director  
Dorian Desira – Director  
Adrian Mercieca – Company Secretary



**HV Hospitality Ltd**  
Hotels & Resorts

Established in 2019, HV Hospitality is a dedicated investor in distinct properties and locations around Europe. Building on the expertise and track record of its team, it has set out to develop exquisite hotels and resorts and nurture the potential of urban assets.

With the ability to raise capital to secure singular assets for its portfolio and a drive to leave its mark on the luxury sector, HV Hospitality seeks to partner major brands, leading international architects and designers, and ambitious professionals for its first project in Malta.



**Andrew Forte**  
Interim Managing Director

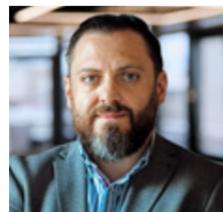
**The Board | HV Hospitality Ltd**  
Victor Tedesco – Chairman  
Melo Hili – Director  
Annabel Hili – Director  
Adrian Mercieca – Company Secretary



**Cobalt Leasing Ltd**  
Leasing

Cobalt Leasing is engaged in international container leasing, targeting large European carriers seeking to secure long term lease arrangements.

Container leasing grants customers three key benefits which Cobalt optimizes for clients - flexibility, capital and resource freedom, and risk mitigation.



**Geoffrey Camilleri**  
Chairman

**The Board | Cobalt Leasing Ltd**  
Geoffrey Camilleri – Director  
Valentin-Alexandru Truta – Director  
Ann Fenech – Director



# Group Structure 2022



**HILI**  
VENTURES



**premier capital**  
everyone makes it possible.

## Premier Capital plc

Premier Restaurants Malta Ltd  
Premier Restaurants Eesti OÜ  
Premier Restaurants Latvia SIA  
UAB Premier Restaurants  
Premier Capital Hellas SA  
Premier Restaurants Romania SRL



**COBALT**

**Cobalt Leasing Ltd**



1923  
INVESTMENTS

## 1923 Investments plc

### Hili Logistics

Carmelo Caruana Company Ltd  
STS Marine Solutions (UK) Ltd  
STS Marine Solutions (Bermuda) Ltd  
SPT Marine Transfer Services Ltd  
Guardian L.L.C.  
Allcom Sp. z.o.o.  
CMA CGM Agency Malta Ltd (49%)

### iSpot Apple Premium Resellers

iSpot Poland Sp. z o.o.  
SAD Sp. z o.o.  
Cortland Sp z o.o.

### iCentre Hungary (50%)

### Harvest Technology plc

PTL Ltd  
PTL Tech (Mauritius) Ltd  
APCO Ltd  
APCO Systems Limited  
APCO Greece SA  
Ipsyon Ltd

E-Lifecycle Holdings GmbH



**HILI**  
PROPERTIES

## Hili Properties plc

Harbour (APM) Investments Ltd  
Hili Premier Estates Romania SRL  
Premier Assets SRL  
Hili Estates Ltd  
Tirdzniecības centrs "DOLE", SIA  
SIA Apex Investments  
SIA Dz78  
SIA Premier Estates Ltd  
UAB Premier Estates Lietuva  
SIA "SC Stirnu"  
Indev UAB  
Premier Estates Eesti OU  
Premier Estates Ltd  
Hili Properties Poland sp. z o.o.  
Baneasa Real Estate SRL (75%)

**TBP Properties Single Member SA**



**HV MARINE**

## HV Marine

**Motherwell Bridge Industries Ltd**  
Techniplus SA



**HILI**  
FINANCE

**Hili Finance Company plc**



**HV HOSPITALITY**

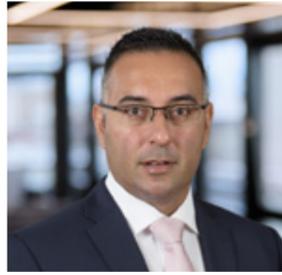
**HV Hospitality Ltd**



# 2

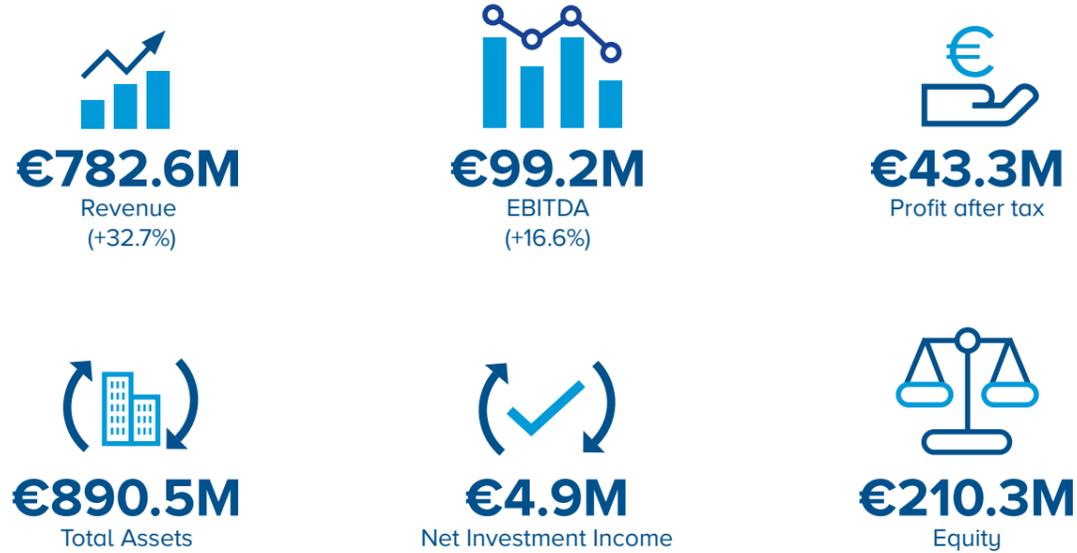
## FINANCIAL PERFORMANCE

# Financial Highlights

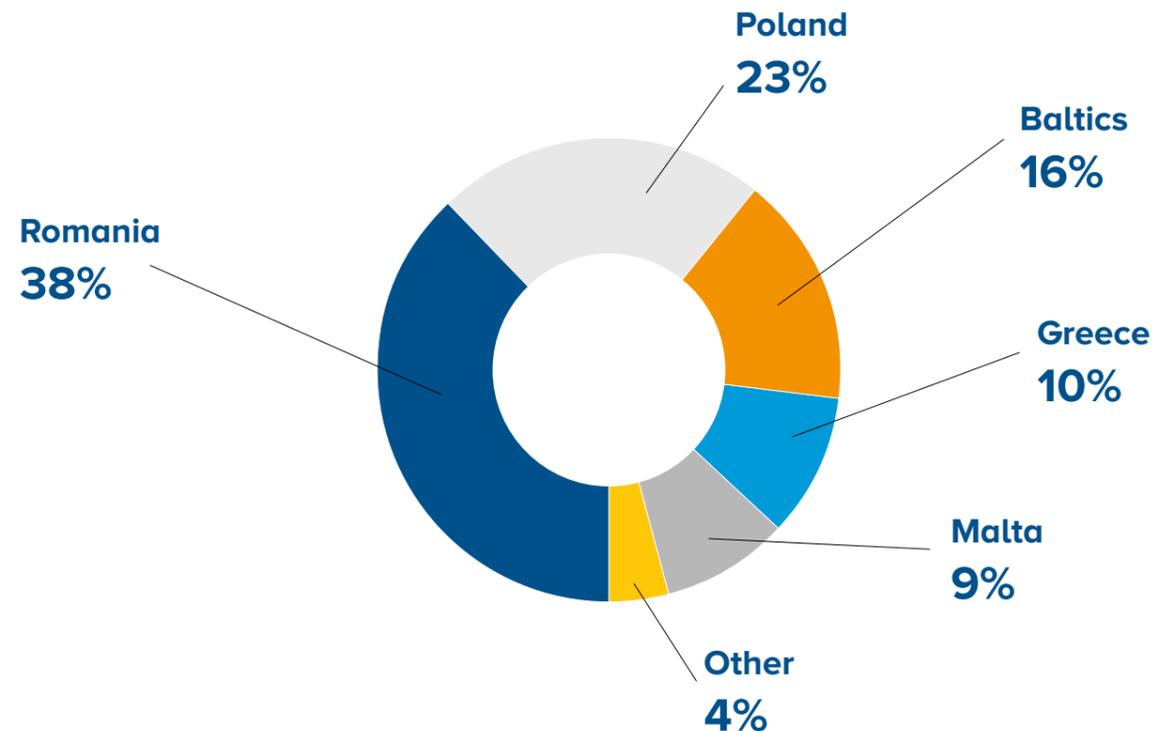


**Dorian Desira**  
Chief Financial Officer

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 2022. The below performance indicators show our achievements in the year under review.



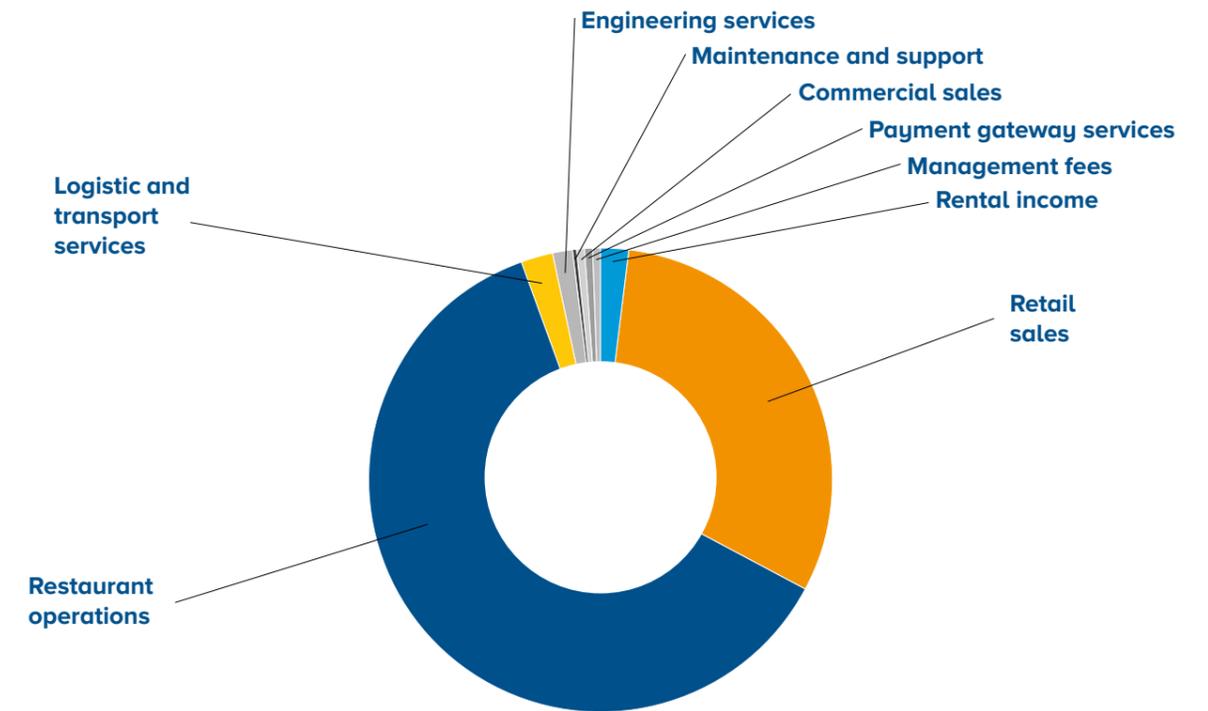
## Revenue by market



# Key accounting ratios

Key accounting ratios	2022	2021
Gross profit margin	20%	22%
EBITDA margin	13%	14%
Net profit margin	6%	5%
Interest cover (times)	4.4	4.5
Return on equity	24%	25%
Gearing	63%	65%

## Revenue by industry



	Group	
	2022	2021
<b>By activity:</b>	Eur	Eur
Logistic and transport services	36,354,355	31,406,050
Restaurant operations	533,604,955	405,408,430
Retail sales	168,513,761	116,192,070
Commercial sales	21,174,281	15,520,400
Rental income	9,635,945	5,901,512
Maintenance and support	3,576,038	3,126,926
Payment gateway services	3,780,692	6,092,728
Engineering services	5,851,934	5,800,243
Management fees	155,985	144,695
<b>Total</b>	<b>782,647,946</b>	<b>589,593,054</b>

# Chief Financial Officer's Review



## Premier Capital plc

While 2022 started with a recovery trend from Covid-19 disruption, it then proceeded with the volatility, complexity and uncertainty that the war in Ukraine brought about. All markets, to different extents, experienced spiralling increases in food costs and in operating and development costs. Despite this, the Group maintained a commitment

towards its investment strategy and along the year increased its footprint by eight restaurants. The market reporting the highest impact was Greece which registered a relative increase of 57.1%. Meanwhile, Romania, Malta, and the Baltics all reported a revenue increase in the region of 30%.



## Hili Properties plc

The increase in profitability is attributable to the full year of operations of subsidiaries acquired in 2021 together with the results of our newly acquired subsidiaries in 2022. Following the acquisitions of an office building in Romania, a shopping centre in Latvia, and a 92,000 sqm parcel of land

comprising a number of sites at Bengħajsa, Malta during 2022, Hili Properties plc's portfolio grew from €124.6 million to €232.3 million and extended the total leasable area to approximately 119,000 sqm across 23 properties.



## 1923 Investments plc

The increase in revenue was driven by (i) organic revenue growth, primarily due to strong performance at iSpot, and (ii) an increase in revenue in the logistics sector, and (iii) a slight increase in revenue at Harvest Technology plc. Throughout the year 2022, 1923 Investments plc increased its portfolio of

retail stores with the opening of four stores in Poland, increasing the total number of stores operating under the iSpot brand to 31, and the launch of the iRiparo brand with the opening of two stores in Germany. iRiparo is a leading European chain engaged in the repair and sale of used electronic equipment.



## Hili Finance Company plc

The financial results of Hili Finance Company plc are restricted to interest payable on the bond, interest receivable on the inter-company loan and limited overheads. Hili Finance Company plc registered a profit after tax of €600,000, an increase of €100,000 over the profit after tax of 2021. In March 2022, the company successfully raised €50 million via a bond issue. The Net Asset Value as at end of 2022 stood at €3.9 million (2021: €3.3 million).



## HV Hospitality Ltd

HV Hospitality Ltd is currently seeking to obtain the necessary planning permission to redevelop the existing hotel and bungalows on the island of Comino, off Malta. The loss for the year amounted to €0.6 million (2021: €0.6 million) mainly attributable to overheads. Net Asset Value as at the end of 2022 stood at €63.5 million (2021: €62.0 million).



## HV Marine Ltd

In 2022, the company and its subsidiaries registered an operating loss of €0.4 million compared to an operating loss of €2.4 million in 2021. The reduction in the loss for the year is attributable to the full year performance of Motherwell Bridge following its acquisition in December 2021. Net Asset Value stood at €1.1 million as at the end of 2022 (2021: -€0.8 million).



## Cobalt Leasing Ltd

In 2021, Cobalt Leasing Ltd acquired 1,400 containers and successfully leased all to an international marine container leasing company. During the year under review, the company registered an operating profit of €0.4 million, and thanks to a favourable foreign exchange environment a profit for the year of €0.4 million. Net Asset Value as at the end of 2022 stood at €2.2 million.



3

IMPACT  
FOR  
GOOD



## Impact for Good

Hili Ventures is committed to driving sustainable success through a proactive approach to Environmental, Social, and Governance (ESG) matters. Aligned with its vision,

values of Integrity, Care, Ambition, Innovation and Impact for Good, and the 'You Belong Here' employer brand, Hili Ventures aims to empower autonomy and elevate impact within the communities it serves.

## Environmental Efforts



**128**

TONNES OF PLASTIC WASTE RECYCLED AT MCDONALD'S



**346**

SOLAR PANELS ON DOLE



**44**

TONNES OF MIXED WASTE RECYCLED AT HEAD QUARTERS

- » Recycling at Hili Ventures' head office in Malta: 44 tonnes of materials, including 43,770 kg of mixed waste and 625 kg of general paper waste.
- » Hili Properties: Installed 346 solar panels on Dole Shopping Centre in Latvia and 902 panels on MIRO office building in Romania. The company also introduced deposit return systems for plastic bottles across its shopping centres in Latvia.
- » In Greece, Premier Capital Hellas worked on pioneering a zero-waste programme that implements procedures for collecting paper, plastic, packaging and organic waste in adherence to innovative recycling and composting policies. The group will work to see other markets take similar initiatives.

- » McDonald's restaurants: Removed over 142 tonnes of plastic from the market by eliminating single-use plastic items in all six markets.
- » Hili Logistics companies waste reduction efforts and recycling efforts: Carmelo Caruana Company in Malta resold 500 kgs of marine fenders. ALLcom in Poland implemented waste segregation and recycled 5.45 tonnes of waste. STS Marine Solutions in the UK implemented a strategic initiative to prolong the lifespan of rubber hoses, reducing waste disposal and environmental impact.

## The community



Hili Ventures is proud of its long-standing commitment to philanthropy. Throughout the year 2022, various entities from within the group raised and donated more than €1.3 million to various international organisations.

- » Hili Ventures and other Maltese subsidiaries introduced volunteering opportunities for employees at local NGOs, including the Ronald McDonald House Charities Learning Centre in Qawra.
- » Ukraine War: The group responded to the needs early on and a Humanitarian Fund for Ukraine was put in place to which Hili Ventures and its subsidiaries contributed over €0.5 million
- » iCentre in Hungary donated numerous devices and accessories, including charging cables, adapters, screen cleaning sprays and children's headphones, to help refugees fleeing the war in Ukraine to stay in touch with loved ones. All items were handed over to Magyar Ökumenikus Segélyszervezet, one of Hungary's largest aid organisations, for distribution.

- » Premier Restaurants Romania: Launch of Voluntar@M internal volunteering programme – Activities included partnerships with "Viitor Plus" and "Let's Do it, Romania" NGOs for tree planting and cleaning activities. 4,900 trees planted in Călărași County and 1.8 tonnes of waste collected from around rivers, mountains and parks.
- » During Pride Week, Premier Restaurants Malta donated €10,000 to the Malta LGBTIQ Rights Movement to help kickstart the NGO's first housing project, Dar Qawsalla. The funds will help make support services and shelter accessible to homeless members of the LGBTIQ+ community in about two years' time.



## Responsible Practices & Training

- » Hili Ventures: Launched the Applied Emotional Intelligence Training Programme to enhance employee performance.
- » STS Marine Solutions: Focus on mental health through knowledge sharing and regular bulletins.
- » HV Marine and its subsidiaries: Support employees through health and safety training, funding ACCA courses, health insurance, and sports activities.
- » Premier Restaurants Baltics organised the very first McDonald's Open Academy for summer restaurant crew across Estonia, Latvia and Lithuania. The programme was designed to provide the 16 to 20-year-olds who joined the company for the summer with insights into marketing, finance, management and customer service to help them thrive in their careers.
- » Implementation of OneTrust, a privacy, security, and data governance platform for privacy compliance across the group.

## Awards and Certifications

- » Hili Properties: MIRO office building in Bucharest, Romania, received BREEAM "Excellent" and WELL "Platinum" certificates for exceptional environmental performance. Rehau Industrial Plant property in Klaipeda, Lithuania, won a gold medal at the Lithuanian Product of the Year 2022 event organised by the Lithuanian Confederation of Industrialists.
- » Premier Capital Hellas: To be recognized with the "Greek Business Champions" award for strong performance in the Greek market.
- » Premier Restaurants Romania: Achieved third position in the Undelucram.ro Top Employers study and received recognition at the Employer Branding Awards for their employer branding campaign targeting Romanian youth.
- » iCentre in Hungary was awarded the Dun & Bradstreet AA-rated ((implying 'Good Creditworthiness') finance certificate. This certification recognizes the company's outstanding financial performance, as independently assessed by Dun & Bradstreet.





## Our Work with Ronald McDonald House Charities

Together with our McDonald's operators in Latvia, Malta and Romania, Hili Ventures is a key supporter of local Ronald McDonald House Charities (RMHC) Chapters, contributing to global 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. Through donation boxes, millions are collected, alleviating nearly \$1 billion in lodging and meal costs for families. Globally, the McDonald's system is RMHC Global's primary corporate partner.

### 1 Romania

- » 2022: Ronald McDonald House in Bucharest accommodated 264 people (62 families) with an average stay of 18.27 days.
- » 2022: Ronald McDonald House in Timisoara provided support to 457 individuals (263 families) with an average stay of 16.46 days.
- » May 2022: RMHC Romania inaugurated the Ronald McDonald House in Iasi with an average stay of 6.5 days.
- » €360,000: Amount raised during the annual McHappy Day fund-raising campaign in Romania. The funds raised will help RMHC continue maintain its Houses in Bucharest, Timișoara, and Iași which provide a home away from home for families of children receiving medical treatment in nearby hospitals.

### 2 Latvia

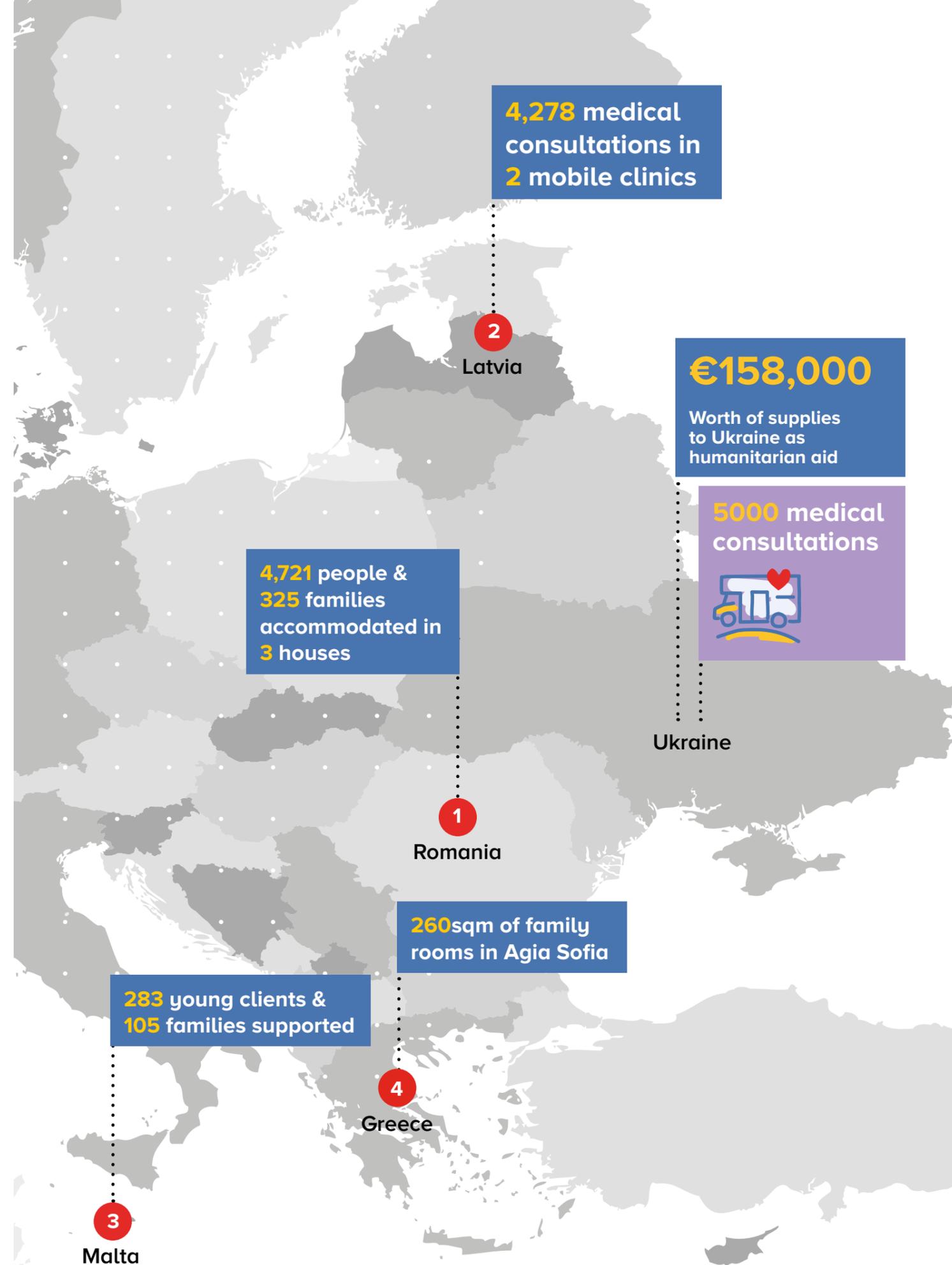
- » 2022: RMHC Latvija's Care Mobile conducted 4,278 medical consultations.
- » 2022: RMHC Latvija provided 5,000 medical consultations in Ukraine through a second mobile clinic.
- » €72,600: Amount raised during the annual McHappy Day fund-raising campaign in Latvia, allowing for more children to be reached by RMHC Latvija's Care Mobile programme in Latvia.

### 3 Malta

- » 2022: RMHC impacted 283 young clients and 105 families through various support services and programmes.
- » 2022: RMHC hosted its first-ever conference in Malta, facilitating a memorandum of understanding with Aġenzija Sapport and the Foundation for Social Welfare Services.
- » 2022: RMHC extended its humanitarian efforts by assisting 40 families of Ukrainian war refugees in learning English in collaboration with the Franciscan Welfare Association.
- » Certifications: RMHC Learning Centre achieved its 'Autism Friendly Space' certification.
- » €35,000: Amount raised during the annual McHappy Day fund-raising campaign in Malta. These contributions will go a long way in helping RMHC do more at its Learning Centre, providing support and care to children, young people, and families.

### 4 Greece

- » 2022: Official registration of RMHC Hellas as a non-profit organization in Greece.
- » First project kick-off: Refurbishment of a deteriorated building into 260sqm RMHC Family Rooms on the premises of Agia Sofia Children's Hospital in Athens.





# 4

## FINANCIAL STATEMENTS

# Directors, officer and other information

Directors: Archibald Anderson Bethel (Chairman)  
(appointed on 1 April 2022)  
Steve Tarr (Chairman) (resigned on 1 April 2022)  
Carmelo sive Melo Hili  
Victor Tedesco  
Jesmond Mizzi  
Annabel Hili

Secretary: Melanie Miceli Demajo (resigned on 31 January 2022)  
Annabel Hili (appointed on 31 January 2022 and  
resigned on 6 June 2022)  
Adrian Mercieca (appointed on 6 June 2022)

Registered office: Nineteen Twenty-Three  
Valletta Road  
Marsa  
Malta

Company registration  
number:

C 57902

Auditor:

Grant Thornton Malta  
Fort Business Centre  
Triq I-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

Principal bankers (continued):

Luminor Bank AS  
Skanstes iela 12  
Vidzemes priekšpilsēta  
Rīga, LV-1013  
Latvia

Legal advisors:

GVZH Advocates  
192, Old Bakery Street  
Valletta  
Malta

# Director's report

Year ended 31 December 2022

The directors present their report and the audited financial statements of the group and the holding company for the year ended 31 December 2022.

## Principal activities

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

The group has seven main direct subsidiaries: Premier Capital plc, 1923 Investments plc, Hili Properties plc, Hili Finance Company plc, HV Marine Limited, Cobalt Leasing Ltd and HV Hospitality 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 draws together all Hili Ventures Limited's diversified activities. Its core activities are logistics, retail and technology solutions. 1923 Investments plc operates in Malta, UK, Hungary, Poland and Germany.

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

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

HV Marine Limited is mainly engaged in providing specialised engineering services related to port handling equipment and crane assembly in Malta and Morocco.

HV Hospitality Limited aims to establish a presence in the European hospitality market. The company is engaged in redevelopment of the hotel and bungalows at Comino which are at the design stage and awaiting planning permission.

Cobalt Leasing Ltd is a subsidiary registered in the United Kingdom and operates a container leasing business.

## 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 2022.

The group reported turnover from continuing operations of *Eur782,647,946* (2021 – *Eur589,593,054*) which represents an increase of 32.7% over the prior year. This increase was mainly the result of revenue generated from new retail outlets opened during the year and organic growth following disruptions over the last two years to the group's retail operations caused by the Covid-19 pandemic.

The operating profit for the group amounted to *Eur67,799,749* (2021 – *Eur54,340,562*). After accounting for net investment income and finance costs, the group registered a pre-tax profit of *Eur49,776,323* from continuing operations as compared to *Eur39,890,486* in 2021.

During the year under review the company registered an operating loss of *Eur2,408,377* (2021 – *Eur2,068,440*). After accounting for net investment income and finance costs the company registered a pre-tax profit of *Eur10,146,290* from continuing operations as compared to *Eur9,855,671* in 2021.

The group and the company's statements of financial position at the year-end report net assets amounting to *Eur210,276,750* and *Eur75,938,096* respectively (2021 – *Eur154,631,659* and *Eur75,359,050*).

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. The current ratio in 2022 was 0.92 and in 2021 it was 1.13.

The group has significant cash holdings at year end to enable it to meet its obligations as they fall due. This will enable the group to revert to a net current asset position shortly after year end.

The group utilises the net gearing ratio as an indicator of the group's financial leverage. The gearing ratio refers to the company's long-term debt to its equity or capital employed. The net gearing ratio of the group stood at 63% (2021 – 65%).

The group measures its performance based on earnings before interest, tax, depreciation and amortisation (hereinafter referred to as 'EBITDA').

The EBITDA generated during the year from continuing operations for the group amounts to *Eur99,174,557* (2021 – *Eur85,097,694*). The EBITDA from new acquisitions amounts to *Eur2,218,979* (2021- *Eur nil*).

During the year under review the interest cover of the group was at the level of 4.47 times (2021 - 4.53 times). The interest cover represents the EBITDA divided by net interest costs.

## Non-financial performance

The key non-financial performance indicators vary from customer satisfaction in the information technology, logistics, engineering and restaurant divisions to property occupancy ratios in the property companies.

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

During the year under review, Premier Capital plc, through its subsidiaries, continued to grow its portfolio and closed the year with 174 operating restaurants (2021 – 166). Of these restaurants, 96 are located in Romania, 41 in the Baltic States, 28 in Greece and nine in Malta.

At Premier Capital plc, customer satisfaction is monitored throughout the year via a customer feedback portal that the group operates in all the markets, whereby results are available online and reviewed regularly by management for each market.

The conversion rate is a measure used by 1923 Investments plc to measure the percentage of actual purchases compared to customers entering a store, especially within the iSpot business in Poland. Footfall traffic within the stores increased by 28% over 2021 due to the removal of Covid-19 restrictions, increased in-store marketing campaigns and more outlets being opened during the year. Furthermore, iSpot experienced (i) increased e-commerce sales; and (ii) high conversion rate and significantly higher basket spend. The conversion rate amounted to 12.2 % and the average basket spend increased by 9.1% to € 299 compared to €274 in 2021. Revenue from e-commerce increased by 30 % compared to 2021.

Within the Hili Properties plc group property occupancy stood at 99% as of 31 December 2022 (2021: 99%). This key ratio represents the relationship of leased investment properties in square metres to the total owned investment properties in square metres. The WALT (Weighted Average Lease Term) for the whole portfolio stands at 9.6 years as at 31 December 2022 (2021: 8.9 years).

The total number of employees across the group increased from 10,071 in 2021 to 10,880 in the current year. The group runs a number of employee surveys across each division to ensure employee satisfaction and commitment. Having high quality teams in place is essential to attain the group's business objectives.

## Market performance

The group operates in 11 different countries, each contributing to the overall revenue. During 2022, the individual market contribution to sales were split as follows:

Country	2022	2021
Romania	38%	40%
Poland	23%	24%
Baltics	16%	17%
Greece	10%	9%
Malta	9%	8%
Other	4%	2%

## Principal risks and uncertainties

The successful management of risk is essential to enable the group to achieve its objectives. During 2020, Hili Ventures Limited updated its group-wide Enterprise Risk Management assessment in order to align its risk mitigation measure 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:

### (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 and via acquisitions. Acquisitions into existing lines of business or investment in new ventures might pose the risk of objectives and returns not being achieved because of a number of underlying risks. The group mitigates this risk by investing heavily in both pre-investment period by undertaking a spectrum of due diligence exercises and 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.

### (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 are 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 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 reputation risk

Damage to the group's reputation could ultimately impede the group's ability to execute its corporate strategy. This can occur both from the actions of the group itself and also from the actions of the brands that the group represents. To mitigate this risk, the group strives continually to build its reputation through a commitment to sustainability, transparency, effective communication and governance. The group 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 of third-party providers. The group also invests highly in information security technical safeguards and trains its people on an ongoing manner 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. 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.

## **Non-Financial Reporting – Environment, Social and Governance**

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

### **ESG Policies, Governance and Due Diligence**

Sustainable Success is Hili Venture's 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 every action it takes, Hili Ventures seeks to be a forward-thinking agent for positive change and to cause impact for good at every opportunity and with every interaction.

#### ***Environmental matters***

The group is committed to achieving a number of sustainability objectives, and all subsidiaries within the group 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 organizations 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 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.

#### ***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. The group believes that a team of people with diverse backgrounds and experiences, working together in an environment that fosters respect and drives high levels of engagement, is essential to its continuing business success and its positioning in the job markets where it operates.

Performance evaluation systems are in place across the group and multi-stage training systems regularly monitor people's development and set training requirements.

All of the group's employees are treated with fairness, respect and dignity at a workplace that provides equal opportunity for employees and applicants. All the members of staff have the right to work in an environment that is free from harassment, intimidation or abuse, sexual or otherwise, or acts or threats of physical violence. The group is committed to diversity and equal opportunities for everyone, respecting the unique attributes and perspectives of every employee, and relying on these diverse perspectives to help the group build and improve the relationships with customers and business partners. The group embraces the diversity of its employees, customers and business partners, and works hard to make sure everyone within the group feels welcome. The group provides equal treatment and equal employment opportunity without regard to race, colour, religion, gender, age, national origin, disability, sexual orientation, gender identity or any other basis protected by law. In addition, it is committed to its duty of care

by providing a safe and healthy work environment for its employees, requiring all employees to abide by safety rules and practices and to take the necessary precautions to protect themselves and their colleagues. For everyone's safety, employees must immediately report accidents and unsafe practices or conditions to their immediate supervisors.

Staff wellbeing is safeguarded through a collection of initiatives, including flexible and hybrid working arrangements, extra time off to carry out voluntary work in the community, access to support programmes to promote self-care and raise awareness of mental health issues, and regular team-building days.

#### ***Social matters***

The group is proud of its long-standing commitment to philanthropy. Throughout the year 2022, various entities from within the group raised and donated more than Eur1.3m to various international organisations.

Premier Capital plc, through its subsidiaries in Romania, Latvia and Malta, play an instrumental role in the setup and ongoing operation of the local chapters of the Ronald McDonald House Charities, which are part of the RMHC network delivering services to families of sick children in 62 countries.

In 2022, the subsidiaries in the Baltics, Malta and Romania raised Eur286,000 for their local RMHC chapters and children's charities through an annual fund-raiser and the nominal donation from every children's meal sold. They also facilitated the collection of Eur387,000 from the McDonald patrons through the deployment of coin boxes and the kiosk ordering system.

The proceeds raised at RMHC chapters support the operations of three RMHC Houses adjoining hospitals in Bucharest, Timisoara in Iasi in Romania, a Mobile Clinic delivering healthcare to children in rural areas in Latvia, another Mobile Clinic in Ukraine and a RMHC Learning Centre in Malta delivering educational support. The Malta centre also acts as a hub for likeminded NGOs. In total, the chapters delivered 8,123 free nights of accommodation for 300 families and children in Romania, 5,000 free medical consultations to children in Latvia, over 5,000 free medical consultations in Ukraine and 408 hours of free counselling and educational sessions and 26 like-minded NGOs supported.

The group also continues with its endeavour to set up an RMHC Chapter in Greece. The plan is to open a space very close to one of the main Paediatric Hospitals in Athens where parents can go rest and recuperate steps away from the wards. This first project RMHC Greece project will be launched in 2023.

The war in Ukraine has brought unprecedented challenges. Both people and societies, particularly in Ukraine have been dramatically affected. In this regard, the group responded to the needs early on and a Humanitarian Fund for Ukraine put in place to which Hili Ventures and its subsidiaries contributed over Eur0.5 million.

Specifically, at the end of March 2022, RMHC Romania sent its first humanitarian aid consignment across the border where the Red Cross handled the distribution of the much-needed essentials. 10,000 kits of personal hygiene products, disinfectants and clothing were sent to Ukraine, with a total cost of *Eur158,000*.

Further, in Romania we provide refugees with accommodation in Ronald McDonald Houses to those whose children were hospitalized in paediatric partner hospitals whilst in Malta the RMHC Educational Centre is being used as a language school for Ukrainian refugees wishing to improve their English.

In April 2022, this time through RMHC Latvija, Hili Ventures supported the deployment of a Mobile Clinic to Ukraine. The Mobile Clinic, operated in partnership with a Ukraine based NGO and with the support of the Ukrainian Ministry of Health, travels around Western Ukraine treating an average of 90 patients a day.

#### ***Respect for human rights***

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

The group is committed to provide a safe work environment that fosters respect, fairness and dignity. Group employees are trained annually on the standard of business conduct.

### **Anti-corruption and bribery matters**

The group's employees must comply with the group Code of Conduct and Whistleblower Policy to ensure that all employees are discouraged from any corrupt practices or bribery. They are incentivized to report any such activities in a direct line with the responsible group supervisor, without fearing reprisals. Upon employment, every employee is introduced to these policies, to which 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. To comply with the group policy and anti-bribery laws, no employee should ever offer, directly or indirectly, any form of gift, entertainment or anything of value to any government officials or their representatives.

The group complies with the applicable laws in all countries where it does business. It adopts a Global Anti-Corruption Policy which sets forth its commitment to ensuring that it carries out business in an ethical manner and abides by all applicable anti-bribery and anti-corruption laws in the countries in which it operates by, among other things, prohibiting the giving or receiving of improper payments in the conduct of the group's business, and by discouraging such behaviour by its business partners.

### **Business Model**

The Hili Ventures group partners with a number of global players amongst which McDonald's, Apple, CMA CGM, Konecranes, iRiparo, Six Senses, and many others. The business model operates on five key core values being Integrity, Care, Ambition, Innovation and Impact for Good which are essential to the group's success.

The business model which thrives on the operators, suppliers and employees, is its foundations, and the balance of interest among the three groups is essential to the group's success. The strength of the alignment among the companies within the group, its suppliers, and employees has been key to the group's success. This business model enables the group to consistently deliver locally and internationally positive experiences to customers and be an integral part of the communities it serves.

### **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.

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 their 2022 revenue, their 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 activity, are eligible activities, which in addition meet the technical screening criteria, do no significant harm and comply with minimum social standards. At this point, the EU regulation is in force for objectives related to climate mitigation and climate adaptation, with further delegated acts detailing requirements on other four environmental objectives (water, biodiversity, circular economy and pollution prevention) to be published at a later stage.

### **Identifying eligible activities**

In order to identify business activities that may be in scope of the European Taxonomy Regulation, these subsidiaries relied on the EU Taxonomy Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139) supplementing Regulation (EU) 2020/852, in particular Annex 1 & 2 and the EU Taxonomy Compass.

In a first step, the eligible and non-eligible activities were identified based on the officially assigned NACE codes of the 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 these Hili Ventures subsidiaries are the following:

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)
52.2.2	6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities (climate change mitigation and adaptation)	1923 Investments p.l.c. (and subsidiaries)
53.20	6.6. Freight transport services by road	Professional Courier Services Ltd

In addition to the core activities, also certain OpEx and CapEx that is channeled into Taxonomy-eligible activities can be included in the calculations, as referenced in Annex I of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178).

In addition to the core activities, also certain OpEx and CapEx that is channeled into Taxonomy-eligible activities can be included in the calculations, as referenced in Annex I of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178). These relate to maintenance of HVAC systems, solar PV projects and maintenance thereof, installation and cost to operate 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.

This step consisted of:

- Extracting the denominators for the 3 KPIs for the subsidiaries from the financial reporting system
- 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 subsidiaries' financial reporting under the applicable accounting principles, in order to ensure comparability of this reporting with the subsidiaries' 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: <ul style="list-style-type: none"> <li>· relates to assets or processes associated with the EU taxonomy eligible activities;</li> <li>· are part of a plan to expand taxonomy-eligible economic activities, or;</li> <li>· that enable taxonomy-eligible activities to become taxonomy-aligned.</li> </ul>	Operating expenses that are related to assets or processes associated with the EU taxonomy-eligible activities. <sup>1</sup>
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 tangible and intangible assets accounted for in the Consolidated Financial Statements under IFRS during the financial year, considered before depreciation, amortisation and any re-measurements, excluding Goodwill (included in Notes 16 and 17 in the Financial Statements, Balance Sheet).	Direct non-capitalised costs recorded in the Consolidated Income Statement under IFRS that relate to research and development, building renovation measures, short-term lease, maintenance and repair (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). <sup>1</sup>

<sup>1</sup> For 1923 plc total OpEx consists of the total cost of sales and operating costs, but excluding the cost of Sales for iSpot since it is a material amount related to the purchase of electronic goods for resale.

*Note: Additional CapEx or OpEx spent apart from the ones derived from core eligible economic activities was identified for 2022 as mentioned above. For some entities all activities and thus turnover, CapEx and OpEx related to it was already eligible, thus such eligible spent 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.*

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

	Turnover	CapEx	OpEx
Nominator (€)	10,544,536	139,869	997,660
Denominator (€)	782,647,946	38,670,372	500,811,889
Taxonomy-Eligible Activities (%)	1.35	0.36	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.

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

	Turnover	CapEx	OpEx
Nominator (€)	0	0	0
Denominator (€)	782,647,946	38,670,372	500,811,889
Taxonomy-Eligible Activities (%)	0	0	0

#### Additional Qualitative Disclosures

According to Art. 10.2 of EU 2021/2178 companies shall be disclosing the qualitative information referred to in Section 1.2 of Annex I in addition to the quantitative information above (KPIs of non-financial undertakings). No changes to the accounting policy (1.2.1) have taken place compared to the previous reporting year double counting has been avoided as for example eligible spend was only counted towards one environmental dimension (in case several were applicable). With regard to the required contextual information (1.2.3) no major changes of eligibility and alignment KPIs during the reporting period have taken place despite the incorporation of a new legal entities in one of the subsidiaries. As the activities of this entity were neither eligible nor aligned, this change did not impact the overall KPIs.

#### Outlook

For the 2022 reporting year, the complete reporting requirements of the EU Taxonomy were applicable for the first time (eligibility and alignment). Whilst due to the nature of the economic activities, 1.35% were considered eligible on a turnover, 0.36% CapEx and 0.2% OpEx basis respectively, taxonomy alignment stood at 0% due to certain TSC and DNSH not being met.

Irrespective of the above Taxonomy disclosures with regard to the Group's direct economic activities, the Group remains highly committed to its priority sustainability issues and values. Going forward, further investment and assessment will be carried out, with a view of potentially increasing Taxonomy-aligned activities.



Economic Activities (1)	Activity Code	NACE Code	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria		DNSH ('Does Not Significantly Harm')		Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category ('transitional activity') (21)
					Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>												
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>												
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			€ -	0%					0%		N/A	N/A
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>												
Construction of new buildings	7.1	41.10	-€ 307,000.00	-0.79%								
Acquisition and ownership of buildings	7.7	68	€ 446,868.66	1.16%								
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			€ 139,868.66	0.36%								
<b>Total (A1+A2)</b>			€ 139,868.66	0.36%								
<b>B. TAXONOMY NON-ELEGIBLE ACTIVITIES</b>												
CapEx of Taxonomy-non-eligible activities (B)			€ 38,530,503	99.6%								
<b>Total (A+B)</b>			€ 38,670,372	100%								

## Results and dividends

The results for the year ended 31 December 2022 are shown in the statements of comprehensive income on page 54. The group's total comprehensive income for the year was *Eur56,394,438* (2021 – *Eur33,830,201*), while the company's profit for the year after taxation was *Eur10,683,181* (2021 – *Eur9,613,901*). During the year, the directors declared dividends of *€5,348,800* to ordinary shareholders (2021: nil) and dividends of *Eur4,651,200* to the preference shareholders (2021 – *Eur9,651,200*).

## Events after the reporting date

On 31 March 2023, one of 1923 Investments subsidiaries iSpot Poland acquired 100% of the shares in Cortland Sp. z o.o. ("Cortland"). Cortland is the second largest Apple Premium Retailer in Poland and operated 16 outlets across Poland which are in locations that are complementary to those currently operated by iSpot. Through this new acquisition, iSpot also acquired a strong B2B franchise and plans to grow the combined business further through synergies and a tailored focus on its corporate and individual customers.

As part of a reorganisation exercise intended to create more focus and drive growth opportunities in consolidating the shipping, logistics and engineering businesses, a subgroup within 1923 Investments, namely Hili Logistics, was transferred via a share transfer agreement to its sister company HV Marine Limited on 28 April 2023.

Due to the high inflation witnessed in the last months, major central banks have increased interest rates as a counter-measure for inflation, consequently this adversely influenced the cost of borrowing to the group. Nonetheless, although interest rates are fluctuating, it will not have any impact on the results of the company as the interest rates on its debt are fixed.

The group's projections continue to show stable performance despite the uncertainty of the current state of affairs on its operations and it remains vigilant in monitoring restrictions on the conduct of business with sanctioned entities and individuals.

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

Through its main subsidiaries, the group is planning to continue its growth strategy by taking advantage of investment opportunities within certain sectors.

The group plans to continue its growth strategy through its main subsidiaries, capitalizing on investment opportunities in specific sectors.

Over the next 5 years, Premier Capital plc aims to increase its number of restaurants in existing markets, opening an average of 12 restaurants per year. This target depends on factors such as the group's performance, resilience to geopolitical conflicts, macroeconomic conditions, and ability to attract and retain talent. The group will invest in enhancing the customer experience, technology, and personnel development to drive business growth.

Within 1923 Investments plc, iSpot plans to increase its outlets in Poland as part of its organic growth initiatives. The acquisition of Cortland Sp. Z.o.o. will contribute to operating 47 outlets in Poland and strengthening the B2B business sector.

1923 Investments plc also intends to expand its retail sector in Europe. Through its German subsidiary E-Lifecycle Holdings GmbH, it aims to become a leading European retailer offering refurbished phones, device repair, and accessories. The company has already launched its iRiparo operation in Germany and plans to open more outlets in Germany and start operations in Romania by the end of 2023.

Harvest Technology plc will continue investing in intellectual property and innovative ventures, while assessing acquisitions to expand into new markets and support international growth. The company will also evaluate strategic investments to strengthen its subsidiaries' positions.

# Statement of director's responsibilities

Year ended 31 December 2022

Despite challenges in the commercial real estate industry due to rising interest rates impacting property values, Hili Properties plc remains committed to its strategic objectives. The group owns a solid portfolio of properties generating strong cash flows and seeks opportunities to enhance and optimize the portfolio.

The redevelopment project for the hotel and bungalows on Comino is awaiting planning permission. HV Hospitality Limited has entered a management agreement with Six Senses to oversee hotel operations once the project is completed.

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

## War between Russia and Ukraine

The Board of Directors is actively following the war and the resulting humanitarian crisis in Ukraine. While the group has no direct interest vested in the country, it is monitoring the effects of the situation on its operations in neighboring countries Romania, the Baltics and Poland. Inflationary pressures, supply chain disruption and heightened utility costs are presently being experienced by certain operations within the group. It is challenging to quantify and differentiate what extent of such pressures emanate from the unrest in Ukraine and the concurrent Covid-induced events, but the compounded effect on the footprint of managed restaurants is potentially material. The group's projections continue to show stable performance despite the uncertainty of the current state of affairs on its operations and it remains vigilant in monitoring restrictions on the conduct of business with sanctioned entities and individuals.

## Directors

Archibald Anderson Bethel (Chairman) (appointed on 1 April 2022)  
Steve Tarr (Chairman) (resigned on 1 April 2022)  
Carmelo sive Melo Hili  
Victor Tedesco  
Jesmond Mizzi  
Annabel Hili

In accordance with the holding 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 18th May 2023 by:



**Archibald Anderson Bethel**  
Chairman



**Carmelo sive Melo Hili**  
Director

The directors are required by the 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 its 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 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 its group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Statements of profit or loss and other comprehensive income

Year ended 31 December 2022

	Notes	Group		Holding company	
		2022 Eur	2021 Eur	2022 Eur	2021 Eur
Continuing operations					
Revenue	5	<b>782,647,946</b>	589,593,054	<b>2,426,500</b>	2,426,500
Cost of sales	10	<b>(624,671,532)</b>	(462,641,397)	-	-
Gross profit		<b>157,976,414</b>	126,951,657	<b>2,426,500</b>	2,426,500
Other operating income	6	<b>1,980,366</b>	2,001,807	<b>33,725</b>	41,858
Other operating expenses		<b>(161,515)</b>	(152,871)	-	-
Selling expenses	10	<b>(34,195,626)</b>	(26,141,391)	<b>(8,952)</b>	(9,502)
Administrative expenses	10	<b>(57,799,890)</b>	(48,318,640)	<b>(4,859,650)</b>	(4,527,296)
Operating profit/(loss)		<b>67,799,749</b>	54,340,562	<b>(2,408,377)</b>	(2,068,440)
Investment income	7	<b>6,588,533</b>	4,784,918	<b>21,347,851</b>	18,966,842
Investment losses	8	<b>(1,641,489)</b>	(442,629)	-	-
Net investment income		<b>4,947,044</b>	4,342,289	<b>21,347,851</b>	18,966,842
Finance costs	9	<b>(22,970,471)</b>	(18,792,365)	<b>(8,793,184)</b>	(7,042,731)
Profit before tax	10	<b>49,776,323</b>	39,890,486	<b>10,146,290</b>	9,855,671
Income tax expense	13	<b>(6,503,070)</b>	(7,464,152)	<b>536,891</b>	(241,770)
Profit for the year		<b>43,273,252</b>	32,426,334	<b>10,683,181</b>	9,613,901
<b>Other comprehensive expense items that will not be reclassified subsequently to profit or loss:</b>					
Decrease in fair value of financial assets at fair value through other comprehensive income	21	<b>(459,963)</b>	(10,546)	<b>(146,409)</b>	-
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Decrease in fair value of financial assets at fair value through other comprehensive income	21	<b>(7,055)</b>	3,427	-	-
Revaluation on property, plant and equipment, net of deferred tax		<b>12,964,697</b>	486,028	-	-
Exchange differences on translation of foreign operations		<b>598,507</b>	924,958	<b>42,274</b>	-
		<b>13,556,149</b>	1,414,413	<b>42,274</b>	-
Total other comprehensive Income / (expense)		<b>13,096,186</b>	1,403,867	<b>(104,135)</b>	-
Total comprehensive income for the year		<b>56,369,438</b>	33,830,201	<b>10,579,046</b>	9,613,901
Profit attributable to:					
Owners of the company		<b>43,575,616</b>	31,508,813		
Non-controlling interests		<b>(302,364)</b>	917,521		
		<b>43,273,252</b>	32,426,334		
Total comprehensive income attributable to:					
Owners of the company		<b>56,671,803</b>	32,912,680		
Non-controlling interests		<b>(302,364)</b>	917,521		
		<b>56,369,438</b>	33,830,201		

# Statements of financial position

Year ended 31 December 2022

	Notes	Group		Holding company	
		2022 Eur	2021 Eur	2022 Eur	2021 Eur
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Goodwill	15	<b>88,216,550</b>	87,820,645	-	-
Intangible assets	16	<b>17,978,603</b>	19,040,273	<b>99,981</b>	130,873
Property, plant and equipment	17	<b>260,339,227</b>	229,844,910	<b>209,558</b>	212,474
Investment property	20	<b>189,752,988</b>	83,320,828	-	-
Property held for sale	24	<b>3,700,000</b>	11,970,000	-	-
Right of use assets	18	<b>116,941,722</b>	102,037,368	<b>2,022,838</b>	2,550,686
Investments in subsidiaries	21	-	-	<b>219,973,521</b>	217,424,721
Investments in associates	21	<b>830,726</b>	715,015	-	-
Investments in joint ventures	21	<b>1,381,659</b>	1,053,642	-	-
Other investments	21	<b>149,977</b>	149,977	-	-
Other financial assets	21	<b>371,193</b>	152,621	-	-
Financial assets at fair value through other comprehensive income	21	<b>29,187,228</b>	791,150	<b>13,764,081</b>	-
Loans and receivables	21	<b>31,757,116</b>	23,209,564	<b>34,361,675</b>	28,990,476
Deposit on acquisition of investments	21	-	24,500,000	-	-
Trade and other receivables	23	<b>4,367,939</b>	2,426,493	-	-
Deferred tax assets	29	<b>5,299,248</b>	3,938,570	<b>870,949</b>	398,066
Restricted cash		<b>1,971,835</b>	1,803,506	-	-
		<b>752,246,011</b>	592,774,562	<b>271,302,603</b>	249,707,296
<b>Current assets</b>					
Inventories	22	<b>30,103,206</b>	20,105,330	-	-
Loans and receivables	21	<b>3,057,364</b>	3,643,374	<b>5,253,442</b>	6,311,141
Contract assets	5	<b>703,115</b>	827,020	-	-
Trade and other receivables	23	<b>31,363,181</b>	29,628,360	<b>226,503</b>	85,132
Cash and cash equivalents	33	<b>69,752,664</b>	77,338,961	<b>2,311,440</b>	208,071
Current tax assets		<b>3,232,654</b>	3,351,865	<b>367,277</b>	297,023
		<b>138,212,184</b>	134,894,910	<b>8,158,662</b>	6,901,367
<b>Total assets</b>		<b>890,458,195</b>	727,669,472	<b>279,461,265</b>	256,608,663
<b>Current liabilities</b>					
Trade and other payables	25	<b>103,444,955</b>	84,020,896	<b>1,058,292</b>	1,095,393
Contract liabilities	28	<b>4,087,546</b>	4,469,450	-	-
Other financial liabilities	27	<b>14,416</b>	2,051,197	<b>4,701,821</b>	29,087,963
Bank loans and overdrafts	26	<b>27,189,030</b>	15,246,786	<b>1,114,746</b>	1,885,786
Lease liabilities	19	<b>11,932,218</b>	10,478,846	<b>319,867</b>	323,992
Current tax liability		<b>2,993,036</b>	2,883,192	-	-
		<b>149,661,201</b>	119,150,367	<b>7,194,726</b>	32,393,134

# Statements of financial position (continued)

Year ended 31 December 2022

	Notes	Group		Holding company	
		2022 Eur	2021 Eur	2022 Eur	2021 Eur
<b>Non-current liabilities</b>					
Debt securities in issue	30	<b>305,593,367</b>	255,760,162	-	-
Trade and other payables	25	<b>2,943,523</b>	749,126	-	-
Other financial liabilities	27	-	341,488	<b>183,340,566</b>	133,758,549
Bank loans	26	<b>100,815,886</b>	90,840,633	<b>11,052,759</b>	12,661,218
Provisions		<b>200,407</b>	395,858	-	-
Lease liabilities	19	<b>111,858,234</b>	97,091,599	<b>1,935,118</b>	2,436,712
Deferred tax liabilities	29	<b>9,108,826</b>	8,708,580	-	-
		<b>530,520,244</b>	453,887,446	<b>196,328,443</b>	148,856,479
<b>Total liabilities</b>		<b>680,181,444</b>	573,037,813	<b>203,523,169</b>	181,249,613
Net assets		<b>210,276,750</b>	154,631,659	<b>75,938,096</b>	75,359,050
<b>EQUITY</b>					
Share capital	31	<b>69,400,000</b>	69,400,000	<b>69,400,000</b>	69,400,000
Other equity		<b>12,056,094</b>	(1,088,828)	<b>(104,135)</b>	-
Retained earnings		<b>89,863,478</b>	54,677,752	<b>6,642,231</b>	5,959,050
<b>Total equity</b>		<b>171,319,573</b>	122,988,924	<b>75,938,096</b>	75,359,050
Non-controlling interests		<b>38,957,177</b>	31,642,735	-	-
<b>Total equity</b>		<b>210,276,750</b>	154,631,659	<b>75,938,096</b>	75,359,050

The financial statements on pages 26 to 152 were approved by the board of directors, authorised for issue on the 18th May, 2023 and signed on its behalf by:



**Archibald Anderson Bethel**  
Chairman



**Carmelo sive Melo Hili**  
Director

## Statement of changes in equity- Group

Year ended 31 December 2022

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

## Statement of changes in equity- Group (continued)

Year ended 31 December 2022

	Share Capital Eur	Other equity Eur	Retained earnings Eur	Attributable to equity holders of parent Eur	Non-controlling interests Eur	Total Eur
Balance as at 1 January 2021	69,400,000	(205,968)	31,791,499	100,985,531	5,825,539	106,811,070
Dividends	-	-	(9,651,200)	(9,651,200)	-	(9,651,200)
Dividends paid to non-controlling interests	-	-	-	-	(506,455)	(506,455)
Profit for the year	-	-	31,508,813	31,508,813	917,521	32,426,334
Other comprehensive income for the year	-	1,403,867	-	1,403,867	-	1,403,867
<b>Total comprehensive income for the year</b>	-	<b>1,403,867</b>	<b>31,508,813</b>	<b>32,912,680</b>	<b>917,521</b>	<b>33,830,201</b>
Non-controlling interest upon listing of a subsidiary	-	-	(515,573)	(515,573)	26,667,141	26,151,568
Other movements	-	(2,286,727)	1,544,213	(742,514)	(1,261,011)	(2,003,525)
<b>Balance as at 31 December 2021</b>	<b>69,400,000</b>	<b>(1,088,828)</b>	<b>54,677,752</b>	<b>122,988,924</b>	<b>31,642,735</b>	<b>154,631,659</b>

## Statement of changes in equity - Holding company

Year ended 31 December 2022

	Share capital Eur	Other equity Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2021	69,400,000	-	5,996,349	75,396,349
Preference dividends (note 14)	-	-	(9,651,200)	(9,651,200)
Total comprehensive income for the year	-	-	9,613,901	9,613,901
<b>Balance at 1 January 2022</b>	<b>69,400,000</b>	<b>-</b>	<b>5,959,050</b>	<b>75,359,050</b>
Preference dividends (note 14)	-	-	(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)
<b>Balance at 31 December 2022</b>	<b>69,400,000</b>	<b>(104,135)</b>	<b>6,642,231</b>	<b>75,938,096</b>

# Statements of cash flows

Year ended 31 December 2022

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
<b>Cash flows from operating activities</b>				
Profit before tax	49,776,323	39,890,486	10,146,290	9,855,671
Adjustments for:				
Depreciation and amortisation	19,760,240	18,227,890	122,732	101,663
Depreciation on right of use assets	12,701,895	11,704,659	357,731	374,719
Net exchange differences	(189,450)	76,065	-	-
Bad debts written off	72,307	192,096	-	-
Bond amortisation costs	540,126	422,302	288,937	171,113
Acquisition related costs	393,572	104,101	-	-
Movement in provision for doubtful debts	91,189	(316,432)	-	-
Dividends from equity instruments	-	-	(20,044,013)	(18,181,145)
Dividends from other financial instruments	(50,817)	-	(46,791)	-
Interest income on bank deposits and financial assets	(392,566)	(209,054)	-	-
Interest payable	18,060,286	14,899,051	8,403,465	6,756,175
Interest income on amounts due from related parties	(955,594)	(704,263)	(1,152,372)	(785,697)
Interest payable on amounts owed to related parties	37,338	103,697	-	-
Interest on leased assets	4,247,558	3,291,250	100,782	115,443
Other interest receivable	-	-	(104,675)	-
Share of profit of associated undertakings	(801,711)	(684,324)	-	-
Share of profits in jointly controlled entities	(328,017)	(139,558)	-	-
Gain on derivative financial instrument	(184,673)	(418,829)	-	-
Loss on disposal of intangible assets	958	-	-	-
Loss / (gain) on disposal of property plant and equipment	215,865	282,359	(1,309)	-
Gain on disposal of right of use assets	(70,669)	(104,270)	(17,478)	(1,379)
Gain on disposal of other assets	(7,409)	-	-	-
Gain on disposal of investment property	(452,321)	-	-	-
Increase in fair value of investment properties	(3,148,221)	(2,105,002)	-	-
Increase in fair value of property held for sale	-	(523,888)	-	-
Decrease in fair value of investment properties	1,247,917	215,860	-	-
Impairment of property, plant and equipment	484,151	45,902	-	-
Stocks written off / (written back)	296,114	(53,364)	-	-
Lease payments waived by lessors	-	(1,587,846)	-	-
Loss on acquisition of shares in subsidiary	-	122,668	-	-
<b>Net cash flows from / (used in) continuing operations</b>	<b>101,344,355</b>	<b>82,731,556</b>	<b>(1,946,701)</b>	<b>(1,593,437)</b>

# Statements of cash flows (continued)

Year ended 31 December 2022

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Movement in inventories	(10,293,990)	(2,338,180)	-	-
Movement in trade and other receivables	(6,131,135)	(6,514,783)	(107,503)	793,027
Movement in trade and other payables	19,358,220	18,702,863	(37,101)	249,214
Change in contract assets	123,905	1,027,740	-	-
Change in contract liabilities	(381,904)	3,085,501	-	-
<b>Cash flows from / (used in) operations</b>	<b>104,019,451</b>	<b>96,694,697</b>	<b>(2,091,305)</b>	<b>(551,196)</b>
Interest paid	(18,060,286)	(14,899,051)	(6,650,493)	(6,793,187)
Taxation refunded	629,866	509,681	177,413	-
Taxation paid	(8,010,261)	(8,974,613)	-	-
<b>Net cash flows from / (used in) operating activities</b>	<b>78,578,770</b>	<b>73,330,714</b>	<b>(8,564,385)</b>	<b>(7,344,383)</b>
<b>Cash flows from investing activities</b>				
Investments in subsidiaries	-	-	-	(20,333,374)
Payments to acquire property plant and equipment	(36,095,203)	(32,638,889)	(78,448)	(26,836)
Payments to acquire financial asset investments	(31,480,486)	-	(16,115,106)	-
Payments to acquire investment properties	(371,144)	(10,422)	-	-
Payments to acquire intangible assets	(1,131,645)	(1,301,710)	(12,840)	(44,922)
Proceeds from sale of property, plant and equipment	286,360	198,517	3,017	1,958
Proceeds from sale of financial asset investments	2,617,390	-	2,246,890	-
Proceeds from disposal of investment property	8,800,00	-	-	-
Payments made on disposal of investment property	(77,679)	-	-	-
Proceeds from sale of intangible assets	-	-	656	-
Proceeds from group undertakings	-	-	23,153,966	26,307,071
Dividends from other financial instruments	50,817	-	19,509	-
Cash paid on acquisition of subsidiaries	(36,634,032)	(20,839,395)	-	-
Cash paid on acquisition of other investments	-	(99,977)	-	-
Acquisition related costs	(393,572)	(104,101)	-	-
Interest received	392,566	209,054	442,094	308,153
Dividends received from associates	686,000	465,500	-	-
Dividends received from joint ventures	-	51,747	-	-
Dividends received from equity investments	-	-	18,785,476	17,850,040
Cash and cash equivalents taken over upon acquisition	1,345,119	-	-	-
<b>Net cash flows (used in) / from investing activities</b>	<b>(92,005,509)</b>	<b>(54,069,676)</b>	<b>28,445,214</b>	<b>24,062,090</b>

# Statements of cash flows (continued)

Year ended 31 December 2022

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
<b>Cash flows from financing activities</b>				
Proceeds from bond issue	50,000,000	-	-	-
Payments made to issue bonds	(706,921)	-	-	-
Net proceeds from public offer of shares in subsidiary	-	25,940,312	-	-
Payments to other related parties	(5,466,206)	(5,678,207)	(4,979,055)	(11,790,910)
Interest paid on leasing arrangements with related party	-	-	(100,782)	(115,316)
Interest paid on leasing arrangements with third parties	(4,247,558)	(3,291,250)	-	(127)
Payments for lease obligations with related party	-	-	(318,124)	(304,127)
Payments for lease obligations with third parties	(11,315,573)	(8,251,174)	-	(9,673)
Proceeds from bank loans	6,897,971	31,506,103	-	4,000,000
Repayment of bank loans	(22,865,465)	(15,601,246)	(2,305,358)	(2,456,191)
Transfer to restricted cash	(168,329)	(220,508)	-	-
Dividends paid	(10,000,000)	(9,651,200)	(10,000,000)	(9,651,200)
Dividends paid to NCI	(422,016)	(506,455)	-	-
<b>Net cash flows (used in) / from financing activities</b>	<b>1,705,903</b>	<b>14,246,375</b>	<b>(17,703,319)</b>	<b>(20,327,544)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(11,720,836)</b>	<b>33,507,413</b>	<b>2,177,510</b>	<b>(3,609,837)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>75,943,016</b>	<b>41,888,510</b>	<b>133,930</b>	<b>3,743,767</b>
Effect of movements in exchange	(73,794)	547,093	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>64,148,386</b>	<b>75,943,016</b>	<b>2,311,440</b>	<b>133,930</b>

# Notes to the financial statements

31 December 2022

## 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.

The 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, and also in accordance with the Companies Act, Cap 386. The significant accounting policies adopted are set out below.

## 2. Significant accounting policies

### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the holding company and entities controlled by the company (its 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.

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.

### *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.

## **2. Significant accounting policies (continued)**

### **Business combinations (continued)**

Non-controlling interests that are 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.

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 holding 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.

### **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 holding 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.

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. Significant 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 its 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.

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.

### 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 if 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. Significant accounting policies (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

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 with in 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:

- 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 and most other receivables fall into this category of financial instruments.

#### Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

#### 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:

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

#### (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. Significant 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.

### **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.

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'.

### **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.

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.

## **2. Significant accounting policies (continued)**

### **Impairment of financial assets (continued)**

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 its 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 assesses 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 those disclosed within these financial statements.

### **The Group - Revenue recognition**

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 follow a 5-step process:

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

Revenue is recognised either at a point in time or over time, when (or as) 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:

### **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.

### **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.

### **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.

### **Sale and distribution of Apple products**

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

The Group provides a basic 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.

### **Repairs and Maintenance of used electronic devices**

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

### **Sale and repair of Uzed electronic devices**

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

### **Sale of information technology solutions, security systems and other machinery**

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

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

## **2. Significant accounting policies (continued)**

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

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

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

### **Maintenance and servicing**

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

The group enters into agreements with its customers to perform regularly scheduled maintenance services on the various goods purchased from the group. Revenue is recognised over time based on the ratio between the number of hours of maintenance services provided in the current period and the total number of such hours expected to be provided under each contract.

This method best depicts the transfer of services to the customer because: (a) details of the services to be provided are specified as part of the agreed maintenance program relative to the maintenance requirements of the items sold, and (b) the group has a long history of providing these services to its customers, allowing it to make reliable estimates of the total number of hours involved in providing the service.

### **Consulting and development of IT systems**

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

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

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

### **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.

### **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.

### **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.

### **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.

### **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. 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

## **2. Significant accounting policies (continued)**

### **Crane Assembly Projects and ancillary maintenance services (continued)**

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.

### **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.

### **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 assets net carrying amount.

### **Holding company – Revenue recognition**

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.

## **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 conveys 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.

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 transfers 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.

## **2. Significant accounting policies (continued)**

### **Taxation (continued)**

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, 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.

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.

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 37).

### **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.

### **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 includes all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity.

## 2. Significant accounting policies (continued)

### Equity, reserves and dividend payments (continued)

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

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.

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 2022 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.

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 2022, goodwill was allocated as follows:

- *Eur18,014,054 (2021: Eur21,529,049)* to the polish subsidiary iSpot Poland Sp. z.o.o. which operates the Apple Premium Reseller Business.
- *Eur3,860,898 (2021: Eur3,860,898)* to APCO Systems Limited which operates the electronic payment gateway.
- *Eur2,168,112 (2021: Eur2,168,112)* to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- *Eur1,464,476 (2021: Eur1,464,476)* to PTL Limited which operates in the business of selling and maintenance of IT solutions and security systems.

- *Eur37,776,143 (2021: Eur33,866,423)* to Hili Logistics group which operates in the business of providing road, sea and air logistics services.
- *Eur24,932,867 (2021: Eur24,931,687)* to Premier Capital plc which is allocated *Eur16,591,999 (2021 - Eur16,591,999)* to the Malta operations and *Eur8,340,868 (2021 - Eur8,339,688)* to the Romania operations.

#### 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 three years and projection of terminal value using the perpetuity method;
- growth rates to perpetuity of 2.1% (2021: 2.1%); and
- use of 13.1% (pre-tax) (2021: 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;
- growth rates to perpetuity of 2% (2021: 2%); and
- use of 26.8% (pre-tax) (2021: 13.1 – 15.0%) 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)

#### 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;
- growth rates to perpetuity of 2% (2021: 2%); and
- use of 18.6% - 20.5% (pre-tax) (2021: 14.4% - 19.3%) 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 – Hili Logistics group

The directors of Hili Logistics group consider that the logistics business represents one single, consistent and homogenous operating segment. In defining this assumption for the purpose of testing goodwill for impairment, the directors consider that although the entity has essentially three operating interests, each component on its own is not representative of a separate component of the group's operations. Moreover decisions about resource allocation are made for the logistics operations of Malta and 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 joint marketing can target a wider spectrum of clients; and
- 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% (2021: 2.1%); and
- use of 8.6% - 12.4% (pre-tax) (2021: 11.4% - 15.5%) to discount the projected cash flows to net present values.

Following a review of the carrying amount of this CGU by the directors during 2022, the directors have concluded that no impairment is necessary.

#### 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 2.1% (2021 – 3.0%); and
- use of 9.2% (pre-tax) (2021 – 7.4% (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.

#### 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 2.1% (2021 – 3.0%); and
- use of 11.4% (pre-tax) (2021 – 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.

#### 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 2022, external market valuations were obtained for all of the property portfolio held by the group. These external valuations were based using the discounted cash flow technique using the applicable discount rate and market yields as disclosed in note 20.

Based on this assessment, the directors are of the opinion that the fair value determined is an appropriate estimate of the fair value at 31 December 2022.

#### 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

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

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. 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 2022

In the current year, the group and the company have applied the following amendments:

Some accounting pronouncements which have become effective from 1 January 2022 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 2022.

Other Standards and amendments that are effective for the first time in 2022 and could be applicable to the group and the company are:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Covid-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements (2018-2020 Cycle):
  - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
  - Fees in the '10 per cent' Test for Derecognition of Liabilities (Amendments to IFRS 9)
  - Lease Incentives (Amendments to IFRS 16)
  - Taxation in Fair Value Measurements (Amendments to IAS 41).

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

### International Reporting Standards in issue but not yet effective

#### 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. None of these Standards or amendments to existing Standards have been adopted early by the group and the company.

Other 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)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities from a Single Transaction
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

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	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
By activity:				
Logistic and transport services	36,354,355	31,406,050	-	-
Restaurant operations	533,604,955	405,408,430	-	-
Retail sales	168,513,761	116,192,070	-	-
Commercial sales	21,174,281	15,520,400	-	-
Rental income	9,635,945	5,901,512	-	-
Maintenance and support	3,576,038	3,126,926	-	-
Payment gateway services	3,780,692	6,092,728	-	-
Engineering services	5,851,934	5,800,243	-	-
Management fees	155,985	144,695	2,426,500	2,426,500
	782,647,946	589,593,054	2,426,500	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.

## 5. Revenue (continued)

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

	Group	
	2022 Eur	2021 Eur
Contract assets recognised	<b>703,115</b>	827,020

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 2022 did not result in any material amount and considered by management to be insignificant.

Since the start of the war in Ukraine, the management of certain subsidiaries has suspended certain business transactions to abide by US and European sanctions. Though this will have a temporary financial impact, management is taking appropriate measures to mitigate any loss in business with new contracts in the US, Europe, Asia and North Africa. Such suspension is not expected to have any material impact on the results of the Hili Ventures group.

### 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 2022:

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

The comparative information at 31 December 2021 was as follows:

	2022 Eur	2023 Eur	2024 Eur	Later Eur
Commercial sales	<b>3,629,901</b>	416,927	<b>517,979</b>	-
Maintenance and support	<b>3,215,622</b>	2,231,747	<b>2,068,431</b>	222,372
Engineering services	<b>263,466</b>	-	-	-
Logistics and transport services	<b>2,377,915</b>	2,377,915	<b>2,377,915</b>	2,377,915
Revenue expected to be recognised	<b>9,486,904</b>	<b>5,026,589</b>	<b>4,964,325</b>	<b>2,600,287</b>

Revenue for unsatisfied long term performance obligations in relation to commercial sales, comprise entirely of revenue tied to local contracts expected to be carried out between 2023 and 2025.

As at 31 December 2021 two major contracts that had been awarded in quarter four of 2021 to one of the Harvest Technology division subsidiaries, are still expected to be completed over the following four years and expected to be realized as disclosed in the table presented above. With the exception of such contracts, all long-term performance obligations at 31 December 2021 that were expected to materialise in 2022 were completed and invoiced in full during the year under review. In addition, another subsidiary of the Harvest Technology division was awarded a major contract during 2022 and is expected to be recognized in full during 2023.

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	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Gain on termination of leases	-	104,270	-	-
Other operating income	<b>1,980,366</b>	1,897,537	<b>33,725</b>	41,858
	<b>1,980,366</b>	2,001,807	<b>33,725</b>	41,858

## 7. Investment income

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Interest income on bank deposits	392,566	209,054	-	-
Other interest receivable	-	-	104,675	67,962
Interest receivable on loan to other related company	757,559	571,048	1,152,372	717,735
<b>Total interest income on financial assets not classified as at fair value through profit or loss</b>	<b>1,150,125</b>	<b>780,102</b>	<b>1,257,047</b>	<b>785,697</b>
Other interest receivable	198,035	133,215	-	-
Dividends from equity instruments	50,817	-	20,090,804	18,181,145
Share of profit of associate	801,711	684,324	-	-
Share of profit of joint ventures	328,017	139,558	-	-
Interest income from related parties	-	-	-	-
Exchange gains	274,613	-	-	-
Gain on derivative financial instruments	184,673	418,829	-	-
Gain on disposal of investment property	452,321	-	-	-
Increase in fair value of property held for sale	-	523,888	-	-
Increase in fair value of investment property	3,148,221	2,105,002	-	-
	<b>6,588,533</b>	<b>4,784,918</b>	<b>21,347,851</b>	<b>18,966,842</b>

## 8. Investment losses

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Fair value movement of investment properties	1,247,917	215,860	-	-
Acquisition related costs	393,572	104,101	-	-
Loss on acquisition of shares	-	122,668	-	-
	<b>1,641,489</b>	<b>442,629</b>	<b>-</b>	<b>-</b>

## 9. Finance costs

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Interest on bank overdrafts and loans	4,563,821	3,368,769	338,041	476,471
Interest on bonds	12,174,057	10,518,500	-	-
Processing fees and other interest payable	1,322,408	1,011,782	-	-
Interest on amounts payable to related undertakings	37,338	103,697	8,065,424	6,279,704
Unrealised exchange differences	85,163	76,065	-	-
Amortisation of bond issue expenses	540,126	422,302	288,937	171,113
Interest on leased assets	4,247,558	3,291,250	100,782	115,443
	<b>22,970,471</b>	<b>18,792,365</b>	<b>8,793,184</b>	<b>7,042,731</b>

## 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	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Raw materials and consumables used	<b>180,748,687</b>	126,849,012	-	-
Cost of sales in relation to products sold and services provided	<b>158,783,631</b>	108,712,699	-	-
Advertising, promotion and other distribution costs	<b>34,195,626</b>	26,141,391	<b>8,952</b>	9,502
Amortisation of intangible assets	<b>1,998,429</b>	1,879,949	<b>43,076</b>	21,590
Depreciation of property, plant and equipment	<b>17,761,775</b>	16,347,941	<b>79,656</b>	80,073
Depreciation of right-of-use assets	<b>12,701,895</b>	11,704,659	<b>357,731</b>	374,719
Legal, professional fees and accountancy fees	<b>4,870,290</b>	5,513,847	<b>448,338</b>	710,640
Office and general expenses	<b>4,694,843</b>	4,217,405	<b>198,337</b>	164,159
Travelling costs	<b>6,468,481</b>	3,158,496	<b>40,748</b>	16,676
Wages and salaries and staff welfare	<b>155,956,587</b>	127,646,438	<b>2,932,295</b>	2,645,258
Rental expenses	<b>9,443,399</b>	4,542,582	-	-
Utilities and telecommunication expenses	<b>18,083,775</b>	11,904,873	<b>38,602</b>	41,021
Royalties	<b>37,765,297</b>	27,069,615	-	-
Repairs and maintenance	<b>8,807,991</b>	6,688,786	<b>84,973</b>	101,382
Operating supplies	<b>14,651,255</b>	12,088,844	-	-
Other direct costs	<b>20,485,638</b>	24,761,446	-	-
Insurance costs	<b>1,323,564</b>	1,111,007	<b>75,545</b>	59,300
Other indirect costs	<b>27,925,885</b>	16,762,438	<b>560,349</b>	312,478
	<b>716,667,048</b>	537,101,428	<b>4,868,602</b>	4,536,798

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

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Cost of sales	<b>624,671,532</b>	462,641,397	-	-
Selling expenses	<b>34,195,626</b>	26,141,391	<b>8,952</b>	9,502
Administrative expenses	<b>57,799,890</b>	48,318,640	<b>4,859,650</b>	4,527,296
	<b>716,667,048</b>	537,101,428	<b>4,868,602</b>	4,536,798

Profit before tax is stated after charging the following:

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Net exchange differences	<b>(355,010)</b>	687,846	-	-
Depreciation and amortisation	<b>19,760,204</b>	18,227,890	<b>122,732</b>	101,663
Depreciation of right-of-use assets	<b>12,701,895</b>	11,704,659	<b>357,731</b>	374,719
Gain on disposal of property, plant and equipment	<b>206,107</b>	282,359	-	-

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 *Eur253,283* (2021 – *Eur215,363*) and the remuneration payable to the other auditors in respect of the audits of the undertakings included in the consolidated financial statements amounted to *Eur341,918* (2021 – *Eur278,635*). Other fees payable to the parent company's auditors for tax services and for non-audit services other than tax services amounted to *Eur90,530* (2021 – *Eur43,763*).

### Holding company

Total remuneration payable to the parent company's auditors for the audit of the company's financial statements amounted to *Eur3,250* (2021 – *Eur3,000*). Other fees payable to the parent company's auditors for non-audit services other than other assurance services and tax advisory services amounted to *Eur50,160* (2021 – *Eur1,175*).

## 11. Key management personnel compensation

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
<b>Directors' compensation:</b>				
Hili Ventures Limited	466,130	179,093	466,130	179,093
<b>Fees and compensation of directors' of other divisions</b>				
Premier Capital plc	953,122	581,523	-	-
1923 Investments plc	436,197	539,972	-	-
Hili Properties plc	348,877	281,300	-	-
Hili Finance Company plc	27,000	27,000	-	-
HV Marine Limited	12,000	56,826	-	-
	1,777,196	1,486,621	-	-
<b>Other key management compensation:</b>				
Hili Ventures Limited	442,759	1,086,207	442,759	1,086,207
Premier Capital plc	834,673	694,673	-	-
1923 Investments plc	2,004,703	2,550,683	-	-
Hili Properties plc	188,089	104,604	-	-
HV Marine Limited	265,593	581,088	-	-
	3,735,817	5,017,255	442,759	1,086,207
Total directors' fees and other key management personnel	5,979,143	6,682,969	908,889	1,265,300

## 12. Staff costs and employee information

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
<b>Staff costs:</b>				
Wages and salaries	143,846,384	117,583,730	2,358,907	2,377,435
Social security costs	12,110,202	10,062,708	87,655	88,730
	155,956,587	127,646,438	2,446,562	2,466,165

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

	Group		Holding company	
	2022	2021	2022	2021
Operations	10,441	9,640	-	-
Administration	439	431	41	43
	10,880	10,071	41	43

## 13. Income tax expense

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Current tax expense	7,609,450	7,637,388	18,430	210,845
Underprovision of tax in prior year	-	-	-	99,368
Deferred tax credit (note 29)	(1,106,380)	(173,236)	(472,883)	(68,443)
Surrender of capital allowances to group undertakings	-	-	(82,438)	-
	6,503,070	7,464,152	(536,891)	241,770

### 13. Income tax expense (continued)

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

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Profit before tax from continuing operations	<b>49,776,323</b>	39,890,486	<b>10,146,290</b>	9,855,671
Tax at the applicable rate of 35%	<b>17,421,713</b>	13,961,670	<b>3,551,202</b>	3,449,485
<i>Tax effect of:</i>				
Income subject to 15%	<b>(40,771)</b>	(22,994)	-	-
Exchange differences	<b>(775,109)</b>	-	-	-
Movement in fair value of investment property not charged to tax	<b>(185,561)</b>	(222,441)	-	-
Different tax rates of subsidiaries operating in other jurisdictions	<b>(9,784,637)</b>	(5,720,671)	-	-
Withholding tax on dividends	<b>(263,674)</b>	(329,494)	-	-
Income not chargeable to tax	<b>(7,539,270)</b>	(7,297,822)	-	-
Maintenance allowance	<b>(71,873)</b>	(72,572)	-	-
Effect of reduction in foreign tax rates	<b>(7,365)</b>	(132,800)	-	-
FTA Dividend	<b>(150,937)</b>	-	<b>(150,937)</b>	-
Disallowable expenses	<b>7,485,412</b>	6,188,702	<b>2,665,535</b>	2,520,791
Exempt gain on disposal of investments	<b>(39)</b>	-	<b>(39)</b>	-
Untaxed dividend	-	-	<b>(6,621,851)</b>	(6,039,486)
FRFTC nullifying tax charge on FIA Income	<b>11,330</b>	204,307	<b>11,330</b>	204,307
Other differences	<b>61,486</b>	324,928	-	-
Deferred tax movement not recognised	<b>46,897</b>	(7,778)	-	-
Deferred tax on revaluation of investment property	<b>(77,994)</b>	75,000	-	-
Permanent differences	<b>427,575</b>	519,171	<b>766</b>	766
Unabsorbed tax losses	<b>29,629</b>	21,718	-	-
Waiver of amounts payable	-	9,275	-	-
Over / (under) provision of tax in prior year	<b>(78,038)</b>	(50,208)	-	99,368
Foreign Tax	<b>7,103</b>	6,539	<b>7,103</b>	6,539
Write off of foreign tax	<b>(12,807)</b>	9,622	-	-
Income tax expense / (credit)	<b>6,503,070</b>	7,464,152	<b>(536,891)</b>	241,770

### 14. Dividends

In respect of the current year, dividends of Eur5,348,800 were declared to ordinary shareholders (2021: *nil*); Eur5.35 per ordinary share (2021: *nil*)

Preference dividends of Eur4,651,200 were declared during the year (2021 – Eur9,651,200); Eur0.07 per preference share (2021 – Eur0.14).

### 15. Goodwill

<b>At 01.01.2021</b>	<b>86,757,032</b>
Effect of exchange differences on the valuation of goodwill on foreign subsidiaries	1,063,613
<b>At 31.12.2021</b>	<b>87,820,645</b>
<b>At 01.01.2022</b>	<b>87,820,645</b>
Effect of exchange differences on the valuation of goodwill on foreign subsidiaries	<b>395,905</b>
<b>At 31.12.2022</b>	<b>88,216,550</b>

### 16. Intangible assets

#### Group

Included within intangible assets are acquired rights and franchisee fees with a carrying amount of Eur1,833,355 (2021 – Eur2,034,216). 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 Eur830,227 (2021 – Eur1,071,144) 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 Eur3,049,307 (2021 – Eur3,659,183) 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 Eur192,178 (2021: adjusted downwards by Eur70,190) 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 – Eur10,034,095 (2021: Eur10,214,239). 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.

## 16. Intangible assets (continued)

• 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*.

The amortisation charge was included in administrative expenses.

Group	Support services licence Eur	Acquired rights and franchise fee Eur	Computer software Eur	Other intangible assets Eur	Total Eur
Cost					
<b>At 01.01.2021</b>	<b>12,366,964</b>	<b>4,324,799</b>	<b>3,323,427</b>	<b>13,015,340</b>	<b>33,030,530</b>
Additions	-	78,134	450,625	772,951	1,301,710
Eliminated on disposal of subsidiary	-	-	(16,885)	(545)	(17,430)
Transfers	-	-	23,316	(19,500)	3,816
Effect of foreign exchange	-	(38,856)	(24,922)	73,213	9,435
<b>At 01.01.2022</b>	<b>12,366,964</b>	<b>4,364,077</b>	<b>3,755,561</b>	<b>13,841,459</b>	<b>34,328,061</b>
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)
<b>As at 31.12.2022</b>	<b>12,366,964</b>	<b>4,448,261</b>	<b>3,744,782</b>	<b>14,398,793</b>	<b>34,958,800</b>
<b>Amortisation</b>					
<b>At 01.01.2021</b>	<b>8,038,554</b>	<b>2,048,256</b>	<b>2,071,067</b>	<b>1,299,917</b>	<b>13,457,794</b>
Provision for the year	618,351	301,714	489,538	470,346	1,879,949
Transfers between asset categories	-	-	907	-	907
Eliminated on disposal	-	-	(16,885)	(545)	(17,430)
Exchange differences	-	(20,109)	(16,447)	3,124	(33,432)
<b>At 01.01.2022</b>	<b>8,656,905</b>	<b>2,329,861</b>	<b>2,528,180</b>	<b>1,772,842</b>	<b>15,287,788</b>
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)
Other derecognition	-	(513)	(580)	(7,703)	(8,796)
<b>At 31.12.2022</b>	<b>9,275,256</b>	<b>2,614,904</b>	<b>2,775,080</b>	<b>2,314,957</b>	<b>16,980,197</b>
<b>Carrying amount</b>					
At 31.12.2021	3,710,059	2,034,216	1,227,381	12,068,617	19,040,273
<b>At 31.12.2022</b>	<b>3,091,708</b>	<b>1,833,357</b>	<b>969,702</b>	<b>12,083,836</b>	<b>17,978,603</b>

Holding company	Computer Software Eur
<b>Cost</b>	302,687
At 01.01.2021	44,922
Additions	347,609
At 01.01.2022	12,840
Additions	(743)
Disposals	359,706
At 31.12.2022	
<b>Amortisation</b>	195,146
At 01.01.2021	21,590
Provision for the year	216,736
At 01.01.2022	43,076
Provision for the year	(87)
Disposals	259,725
At 31.12.2022	
<b>Carrying amount</b>	
At 31.12.2021	130,873
<b>At 31.12.2022</b>	<b>99,981</b>

## 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
<b>Cost or valuation</b>							
<b>At 01.01.2021</b>	<b>206,933,849</b>	<b>65,980,665</b>	<b>1,986,193</b>	<b>19,922,231</b>	<b>10,197,552</b>	<b>2,889</b>	<b>305,023,379</b>
Additions	11,794,080	16,500,478	13,414	1,712,367	2,618,550	-	32,638,889
Revaluation increase	(50,164)	-	-	-	-	-	(50,164)
Transfers between asset categories	(2,128,114)	(4,040,593)	14,598	6,150,293	-	-	(3,816)
Effect of foreign currency exchange differences	(867,009)	(711,758)	(18,910)	(35,302)	381,121	-	(1,251,858)
Disposals for the year	(617,287)	(3,300,476)	(259,828)	(729,713)	(781,684)	-	(5,688,988)
<b>At 01.01.2022</b>	<b>215,065,355</b>	<b>74,428,316</b>	<b>1,735,467</b>	<b>27,019,876</b>	<b>12,415,539</b>	<b>2,889</b>	<b>330,667,442</b>
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)
<b>At 31.12.2022</b>	<b>239,635,801</b>	<b>86,964,495</b>	<b>2,031,517</b>	<b>28,557,329</b>	<b>16,481,020</b>	<b>3,513</b>	<b>373,673,675</b>

## 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
<b>Depreciation</b>							
<b>At 01.01.2021</b>	<b>35,753,919</b>	<b>32,856,378</b>	<b>1,060,199</b>	<b>17,250,610</b>	<b>3,659,568</b>	<b>(1,958)</b>	<b>90,578,716</b>
Provision for the year	5,543,918	6,405,512	264,723	2,544,827	1,588,500	461	16,347,941
Revaluation increase	(536,192)	-	-	-	-	-	(536,192)
Impairment	63,275	133,482	-	-	-	-	196,757
Reversal of impairment	-	(150,855)	-	-	-	-	(150,855)
Effect of foreign currency exchange differences	(87,943)	(407,849)	(9,934)	1,289	99,614	-	(404,823)
Released on disposal	(566,798)	(3,043,903)	(243,545)	(657,319)	(696,547)	-	(5,208,112)
Revaluation increase	-	10,663	-	(11,563)	-	-	(900)
<b>At 01.01.2022</b>	<b>40,170,179</b>	<b>35,803,428</b>	<b>1,071,443</b>	<b>19,127,844</b>	<b>4,651,135</b>	<b>(1,497)</b>	<b>100,822,532</b>
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
<b>At 31.12.2022</b>	<b>45,181,428</b>	<b>40,778,291</b>	<b>1,271,596</b>	<b>19,334,781</b>	<b>6,769,375</b>	<b>(1,023)</b>	<b>113,334,448</b>
Carrying amount							
At 31.12.2021	174,895,176	38,624,888	664,024	7,892,032	7,764,404	4,386	229,844,910
<b>At 31.12.2022</b>	<b>194,454,373</b>	<b>46,186,204</b>	<b>759,921</b>	<b>9,222,548</b>	<b>9,711,645</b>	<b>4,536</b>	<b>260,339,227</b>

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
Cost	Eur
At 01.01.2021	640,185
Additions	26,836
Disposals	(4,862)
At 01.01.2022	662,159
Additions	78,448
Disposals	(4,600)
<b>At 31.12.2022</b>	<b>736,007</b>
<b>Accumulated Depreciation</b>	
At 01.01.2021	372,516
Provision for the period	80,073
Disposals	(2,904)
<b>At 01.01.2022</b>	<b>449,685</b>
Provision for the period	79,656
Disposals	(2,892)
At 31.12.2022	<b>526,449</b>
<b>Carrying amount</b>	
At 31.12.2021	212,474
<b>At 31.12.2022</b>	<b>209,558</b>

## 18. Right-of-use assets

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

Cost	Buildings Eur	Vehicles Eur	IT equipment Eur	Total Eur
<b>1 January 2021</b>	<b>100,798,805</b>	<b>1,314,441</b>	<b>48,110</b>	<b>102,161,356</b>
Additions	34,059,724	805,906	-	34,865,630
Disposals	(3,595,383)	(41,586)	-	(3,636,969)
Remeasurment	530,388	-	-	530,388
Termination of leases	(3,592,688)	(183,696)	(48,110)	(3,824,494)
Exchange differences	(648,817)	(977)	-	(649,794)
<b>1 January 2022</b>	<b>127,552,029</b>	<b>1,894,088</b>	<b>-</b>	<b>129,446,117</b>
Additions	27,290,781	734,976	-	28,025,757
Disposals	(1,393,537)	(91,196)	-	(1,484,733)
Remeasurment	679,459	-	-	679,459
Termination of leases	(224,252)	(61,533)	-	(285,785)
Exchange differences	(288,475)	(974)	-	(289,449)
Adjustment to leases	-	4,002	-	4,002
Expired leases	-	(23,879)	-	(23,879)
<b>31 December 2022</b>	<b>153,616,005</b>	<b>2,455,484</b>	<b>-</b>	<b>156,071,489</b>
<b>Depreciation</b>				
<b>1 January 2021</b>	<b>20,899,919</b>	<b>635,169</b>	<b>43,089</b>	<b>21,578,177</b>
Provision for the year	11,227,518	477,141	-	11,704,659
Exchange differences	(129,965)	(139)	-	(130,104)
Released on disposal	(3,304,100)	(32,618)	-	(3,336,718)
Impairment	125,535	-	-	125,535
Termination of leases	(2,339,173)	(150,538)	(43,089)	(2,532,800)
<b>1 January 2022</b>	<b>26,479,734</b>	<b>929,015</b>	<b>-</b>	<b>27,408,749</b>
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 of leases	(62,201)	(45,509)	-	(107,710)
Expired leases	-	(23,879)	-	(23,879)
<b>31 December 2022</b>	<b>38,042,814</b>	<b>1,086,953</b>	<b>-</b>	<b>39,129,767</b>
<b>Carrying amount</b>				
At 31 December 2021	101,072,295	965,073	-	102,037,368
<b>At 31 December 2022</b>	<b>115,573,191</b>	<b>1,368,531</b>	<b>-</b>	<b>116,941,722</b>

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 3.00-3.93%. Additions to right-of-use assets during the current reporting period have been recognised using a rate between 1.43% and 6.38%. 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.

## 18. Right-of-use assets (continued)

Holding company:

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

Cost	Total Eur
<b>At 1 January 2021</b>	<b>3,641,680</b>
Additions	1,242
Disposals	(25,701)
At 1 January 2022	3,617,221
Additions	41,220
Disposals	(307,144)
<b>At 31 December 2022</b>	<b>3,351,297</b>
<b>Depreciation</b>	
At 1 January 2021	697,955
Provision for the year	374,719
Disposals	(6,139)
At 1 January 2022	1,066,535
Provision for the year	357,731
Disposals	(95,807)
<b>At 31 December 2022</b>	<b>1,328,459</b>
<b>Carrying amount</b>	
At 31 December 2021	2,550,686
<b>At 31 December 2022</b>	<b>2,022,838</b>

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.

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	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
<b>Current</b>				
Lease Liability	<b>11,932,218</b>	10,478,846	<b>319,867</b>	323,992
<b>Non-Current</b>				
Lease Liability	<b>111,858,234</b>	97,091,599	<b>1,935,118</b>	2,436,712
	<b>123,790,452</b>	<b>107,570,445</b>	<b>2,254,985</b>	<b>2,760,704</b>

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 - 9 years, whilst the range of the remaining lease term of the motor vehicles and IT equipment is 1 - 6 years.

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.

## 19. Lease liabilities (continued)

The remaining lease term of the company buildings, garages and car park spaces is 6 years.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2022 were as follows:

Group	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
<b>31 December 2022</b>				
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)
<b>Net present values</b>	<b>11,932,218</b>	<b>53,220,999</b>	<b>58,637,235</b>	<b>123,790,452</b>

Group	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
<b>31 December 2021</b>				
Lease Payments	14,611,158	49,874,834	82,087,097	146,573,089
Finance Charges	(4,132,312)	(12,532,845)	(22,337,487)	(39,002,644)
<b>Net present values</b>	<b>10,478,846</b>	<b>37,341,989</b>	<b>59,749,610</b>	<b>107,570,445</b>

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

Holding Company	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
<b>31 December 2021</b>				
Lease Payments	426,693	1,793,835	951,627	3,172,155
Finance Charges	(102,701)	(270,697)	(38,053)	(411,451)
<b>Net present values</b>	<b>323,992</b>	<b>1,523,138</b>	<b>913,574</b>	<b>2,760,704</b>

## 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.

During 2021, one of the subsidiaries applied the practical expedient allowed in the amendment to IFRS 16 and accounted for Covid-19 related rent concessions as negative variable lease payments amounting to *Eur1,587,846*. The practical expedient was applied consistently to all rent concessions received as a direct impact of the Covid-19 pandemic. The subsidiary assessed the impacted lease agreements and applied the practical expedient to those agreements with similar characteristics and similar circumstances. All conditions specified within the amendment to IFRS 16 were met for the application of the practical expedient.

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 committed to leases which had not yet commenced. The total future cash outflows for leases that had not yet commenced were in relation to buildings for an amount of *Eur1,380,132* (2021: *Eur6,276,244*).

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 2022 Eur	Group 2021 Eur
Short-term leases	<b>276,642</b>	336,929
Leases of low value assets	<b>3,754</b>	11,943
Variable lease payments	<b>8,908,582</b>	5,524,483
	<b>9,188,978</b>	5,873,355

## 20. Investment property

	Group Total Eur
<b>At 01.01.2021</b>	<b>64,726,757</b>
Additions	10,422
Additions upon acquisition of a subsidiary (note 34)	20,730,000
Disposed upon sale of subsidiary	(324,532)
Increase in fair value (note 7)	2,105,002
Decrease in fair value (note 8)	(215,860)
Reclassified to properties held for sale (note 24)	(3,710,961)
<b>At 31.12.2021</b>	<b>83,320,828</b>
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)
<b>At 31.12.2022</b>	<b>189,752,988</b>

The fair value of the group's properties classified as investment properties (*Eur189,752,988*) and property, plant and equipment (*Eur42,545,012*) have been arrived at using a combination of internal and external valuations.

During 2022, 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 2022.

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

Investment properties are classified as Level 3.

All the properties located in the Baltics amounting to *Eur79,065,000*, classified as IP amounting to *Eur66,275,000* and PPE amounting to *Eur12,790,000* (2021: *Eur58,693,841*, classified as IP amounting to *Eur46,373,841* and PPE amounting to *Eur12,320,000*) and the investment property located in Romania amounting to *Eur90,500,000* (2021: *Eur29,800,000*) and PPE amounting to *Eur9,058,001* (2021: *Eur8,531,883*) 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 40. 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 2022 classified as IP amounting to *Eur189,752,988* and PPE amounting to *Eur42,545,012* 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
<b>2022</b>	<b>3.50-6.70</b>	<b>98.9-455.96</b>
2021	3.60-6.10	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.

	Range of significant unobservable inputs	
	Discount rate %	Growth rate %
<b>2022 - Baltics</b>	<b>6.5-11.4</b>	<b>2.00-2.50</b>
2021 - Baltics	7.70-9.30	1.20-3.20

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 7.5%-9% (2021: 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	2022 Eur	2021 Eur
Within one year	11,108,247	5,149,938
Between one and five years	39,160,445	14,798,614
After five years	88,014,585	19,458,907
	<b>138,283,277</b>	39,407,459

## 21. Financial assets

### (a) Investments in subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Carrying amount	Eur
At 01.01.2021	199,610,147
Additions	20,333,374
Reclassification from other receivables	1,200
Transfer of investment to a subsidiary	(2,520,000)
At 01.01.2022	217,424,721
Additions	28,800
Reclassification from other receivables	2,520,000
At 31.12.2022	<b>219,973,521</b>

In 2021, included in the additions during the year, are amounts of *Eur18,408,000* in Hili Properties plc, *Eur1,875,374* in Cobalt Leasing Limited and *Eur50,000* in HV Marine Limited. Also included in additions for 2021 is a reclassification from the other receivables of *Eur1,200* in HV Marine Limited.

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 HV Marine Limited.

Details of the company's subsidiaries at 31 December 2022:

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2022/2021 %	Holding	Portion of voting power held 2022/2021 %	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
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
APCOPAY Ireland Limited	Ireland	62.95(Nil)	Indirect	62.95(Nil)	Operation of a payment gateway
APCOPAY Greece S.A.	Greece	62.95(Nil)	Indirect	62.95(Nil)	Sale of payment gateway service
PTLtech (Mauritius) Limited	Mauritius	62.95(Nil)	Indirect	62.95(Nil)	Sale of IT solutions and security systems

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2022/2021 %	Holding	Portion of voting power held 2022/2021 %	Principal activity
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
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)	Direct	100(100)	Parcel delivery service
Allcom SP.Z O.O.	Poland	100(100)	Indirect	100(100)	Shipping and freight forwarding
STS Marine Solutions Limited	Jersey	100(100)	Indirect	100(100)	Holding Company

**21. Financial assets (continued)**

**(a) Investments in subsidiaries (continued)**

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2022/2021 %	Holding	Portion of voting power held 2022/2021 %	Principal activity
Carmelo Caruana Marine Solutions Limited (struck off)	UK	N/A (100)	Indirect	N/A (100)	Holding Company
STS Marine Solutions UK Limited	UK	100(100)	Indirect	100(100)	Back office 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
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 Arcades Limited (merged with PRML)	Malta	N/A (100)	Indirect	N/A (100)	Holding Company
Arcades Limited (merged with PRML)	Malta	N/A (100)	Indirect	N/A (100)	Operated McDonald's restaurants in Malta
Premier Capital B.V. (merged with Premier Capital plc)	Netherlands	N/A (100)	Indirect	N/A (100)	Holding Company
Premier Capital Hellas S.A.	Greece	100(100)	Indirect	100(100)	Operated McDonald's restaurants in Greece
Premier Restaurants Romania SRL (PRR SRL)	Romania	N/A (100)	Indirect	N/A (100)	Operated McDonald's restaurants in Romania
Premier Capital SRL (merged with PRR SRL)	Romania	N/A (100)	Indirect	N/A (100)	Holding Company
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
Harbour (APM) Investements	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2022/2021 %	Holding	Portion of voting power held 2022/2021 %	Principal activity
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 Investements 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 (N/A)	Indirect	74.83 (N/A)	Hold and rent immovable property
Baneasa Real Estate SRL	Romania	56.12 (N/A)	Indirect	56.12 (N/A)	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 Marine Limited	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
HV Hospitality Limited	Malta	100 (100)	Direct	100 (100)	Holding Company
Kemmuna Limited (merged with HV Hospitality Limited)	Malta	N/A (100)	Indirect	N/A (100)	Hotel Operations
Hili Finance Company plc	Malta	100 (100)	Direct	100 (100)	Finance provider
Cobalt Leasing Limited	UK	100 (100)	Direct	100 (100)	Container Leasing

## 21. Financial assets (continued)

### (a) Investments in subsidiaries (continued)

The registered addresses of the company's indirect subsidiaries at 31 December 2022 are as follows:

#### Indirect Subsidiaries

Name of subsidiar	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
APCO Systems Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
APCOPAY Ireland Limited	Commercial House, Millbank Business Centre, Lucan, Dublin, K78, X5W6, Ireland
APCOPAY Greece S .A.	Municipality of Marousi of Attica, Prefecture, Greece
SAD SP. Z O.O	UL. Pulawska 2, 02-566 Warsaw, Poland
Ipsyon Ltd	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Techniplus S.A	Zone Chantier Naval du port de Casablanca, Almohades Boulevard, Casablanca, Morocco
PTLtech (Mauritius) Limited	Pope Hennessy Street Suite 602, 6th Floor, Hennessy Tower Port Louis, Mauritius
Arcades Limited	Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000 Malta
AS Premier Restaurants Eesti	Ahtri tn 12, 6. korrus, Tallinn linn, Harju maakond, 10151, Estonia
Premier Arcades Limited	Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000 Malta
Premier Capital B.V.	Strawinskyaan 3127, 8th floor, 1007 ZX Amsterdam, The Netherlands
Premier Capital Delaware Inc	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States
Premier Capital Hellas S.A.	59, Al. Panagouli Street, 15343 Agia Paraskevi, Athens, Greece
Premier Capital SRL	4-8 Nicolae Titulescu Avenue, America House Building, West Wing, 5th Floor, 011141 Bucharest, Romania
Premier Restaurants Malta Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Premier Restaurants Romania SRL	4-8 Nicolae Titulescu Avenue, West Wing, 5th Floor, 011141 Bucharest, Romania
Premier Restaurants Latvia SIA	6, Duntess 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
Hili Properties BV	Strawinskyaan 3127, 1077x2, Amsterdam, Netherlands
Hili Properties Poland Z.O.O	Warsaw 00-839, ul. Towarowa 28, Poland

Name of subsidiary	Registered office
Premier Estates Eesti OÜ	Eesti, Mustamäe tee 16, Tallinn linn, Harju maakond, 1061
Premier Estates Ltd SIA	Duntess street 6, Riga, LV – 1013, Latvia
Premier Estates Lietuva UAB	Konstitucijos ave. 7, LT-09308, Vilnius, the Republic of Lithuania
Dz78 SIA	Satekles street 2B, LV-1050, Latvia
Apex Investments SIA	Citadeles 12, Riga LV-1, Latvia
Hili Premier Estates Romania SRL	43, Bulevardul Aviatorilor, 011853 Bucharest, Romania
Premier Assets SRL	Municipiul Bucuresti, Bucuresti, Sos. Nicolae Titulescu, 4-8, Romania
SIA Tirdzniecibas centrs Dole	Audēju iela 16, Riga, LV-1050, Latvia
iSpot Poland Sp. Z o.o.	ul. Pailawska 2, 02-566 Warsaw, Poland
Allcom Sp. z o.o.	ul. Mariacka 9, 81-383 Gdynia, Poland
Hili Logistics Ltd	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Carmelo Caruana Company Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Indev UAB	Tilto g. 1, LT-01101, Vilnius, the Republic of Lithuania
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
SC Stirnu SIA	Satekles str. 2B, Riga, LV-1050, Latvia
Baneasa Real Estate SRL	89A Bucharesti-Ploiesti Road, Building C2, 4th floor, Romania

**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	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Non controlling interest in Hili Properties plc	<b>(698,570)</b>	213,881	<b>34,221,275</b>	26,881,023
Non controlling interest in 1923 investments plc	<b>495,438</b>	987,709	<b>4,848,808</b>	4,775,387
Non controlling interest in Motherwell Bridge Industries	<b>(99,232)</b>	(284,069)	<b>(112,906)</b>	(13,675)
	<b>(302,364)</b>	917,521	<b>38,957,177</b>	31,642,735

**(c) Investments in associates**

The investment in associate is indirectly owned through 1923 Investments plc, through Hili Logistics Limited as follows:

	Proportion of ownership interest	Capital and reserves as at 31 December		Profit for the year ended 31 December	
		2022 Eur	2021 Eur	2022 Eur	2021 Eur
	2022 and 2021				
	%				
CMA CGM Agency Malta Limited	49	<b>1,694,371</b>	1,473,796	<b>1,636,145</b>	1,396,580

The net accumulated interest in the net assets of CMA CGM Agency Malta Limited amount to *Eur830,726* as at 31 December 2022 (2021: *Eur715,015*).

The registered office of the above associate is Nineteen Twenty-Three, Valletta Road, Marsa, Malta.

**(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	
	2022 Eur	2021 Eur
Carrying amount of the asset	<b>1,381,659</b>	1,053,642
Group's share of total profit / total comprehensive income	<b>328,017</b>	139,558

The group owned 50% of the share capital of Hili Salamone Company Limited, which was struck off on 10 December 2021. The registered address of this company was Nineteen Twenty Three, Valletta Road, Marsa, Malta.

## 21. Financial assets (continued)

### (d) Investments in joint ventures (continued)

Included in the investment in joint ventures, is an investment of *Eur1,381,659* (2021: *Eur1,053,642*) pertaining to the investment in iCentre Hungary Kft. A summary of the financial information of this joint venture is set out below:

	Group	
	2022 Eur	2021 Eur
Current assets	3,563,883	3,737,258
Non-current liabilities	570,006	471,312
Current liabilities	(2,494,233)	(3,171,687)
Net assets	1,639,656	1,036,883
Revenue	21,328,508	14,258,023
Expenses	(20,722,265)	(13,978,906)
Profit for the year (net of tax)	656,034	279,117
Group's share of total profit/ total comprehensive income	328,017	139,558

### (e) Other investments

	Group	
	2022 Eur	2021 Eur
As at January	149,977	50,000
Equity additions	-	99,977
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 2022 consist of derivative financial instruments amounting to *Eur371,193* (2021 - *Eur152,621*) 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 *Eur371,193* (2021 - *Eur152,621*) is classified with non-current assets.

### (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 01.01.2021	700,200	98,069	-	-	-	-	-	-	798,269
Increase / (decrease) in fair value for the year	3,427	(10,546)	-	-	-	-	-	-	(7,119)
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 31.12.2022	682,825	84,840	7,123,792	9,501,448	567,655	4,000,000	3,638,570	3,588,098	29,187,228

The carrying amount of financial assets amounting to *Eur29,187,228* (2021 - *Eur791,150*) include investments amounting to *Eur682,825* (2021 - *Eur703,627*) in locally listed corporate bonds as well as *Eur84,840* (2021 - *Eur87,523*) in locally listed equity instruments.

During 2022, the Group also acquired a portfolio of foreign listed instruments amounting to *Eur31,480,486* which as at the end of the reporting period had a carrying amount of *Eur28,419,563* (2021 - nil). This comprised investments of *Eur7,123,792* (2021 - nil) in foreign listed bonds, *Eur567,655* (2021 - nil) in foreign derivative instruments, *Eur9,501,448* (2021 - nil) in foreign listed equity instruments, *Eur4,000,000* (2021 - nil) in foreign listed fiduciary deposits and liquidity of *Eur7,226,668* (2021 - nil) held with the intention to invest further. The decrease in fair value recognised through other comprehensive income as at 31 December 2022 amounted to *Eur347,750* (2021 - *Eur7,119*). Exchange differences arising on translation of foreign investments also recognised through other comprehensive income amounted to *Eur119,268* (2021 - nil).

Cash held at year-end was subsequently invested in other financial instruments after year-end.

21. Financial assets (continued)

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

Holding Company	Foreign listed debt Eur	Foreign listed equities Eur	Foreign listed money markets Eur	Foreign listed derivatives Eur	Cash in portfolio Eur	Total Eur
<b>Financial assets at Fair value through other comprehensive income;</b>						
<b>At 01.01.2022</b>	-	-	-	-	-	-
Additions	4,125,214	4,908,191	3,000,000	493,603	3,588,098	16,115,106
Increase/(decrease) in fair value for the year	42,274	(146,678)	-	269	-	(104,135)
Disposal	-	-	(2,000,000)	(246,890)	-	(2,246,890)
<b>At 31.12.2022</b>	<b>4,167,488</b>	<b>4,761,513</b>	<b>1,000,000</b>	<b>246,982</b>	<b>3,588,098</b>	<b>13,764,081</b>

The carrying amount of the financial asset investments amounting to *Eur13,764,081* (2021 – nil) represents investments amounting to *Eur4,167,488* (2021 – nil) in foreign listed debt instruments, investments amounting to *Eur4,761,513* (2021 – nil) in foreign listed equity instruments, investments amounting to *Eur1,000,000* (2021 – nil) in foreign listed fiduciary deposits and investments amounting to *Eur246,982* (2021 – nil) in foreign listed derivatives and liquidity of *Eur3,588,098* held with the intention to invest. The decrease in fair value recognised through other comprehensive income as at 31 December 2022 amounted to *Eur104,135* (2021 – nil).

(h) Loans and receivables

<i>The Group</i>	Loans to related parties Eur
<b>2021</b>	
<b>Amortised cost</b>	
At 31.12.2021	26,852,938
Less: amounts expected to be settled within 12 months (shown under current assets)	(3,643,374)
Amount expected to be settled after 12 months	23,209,564
<b>2022</b>	
<b>Amortised cost</b>	
At 31.12.2022	<b>34,814,480</b>
Less: amounts expected to be settled within 12 months (shown under current assets)	<b>(3,057,364)</b>
Amount expected to be settled after 12 months	<b>31,757,116</b>

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

Loans to related parties of *Eur31,757,116* (2021 – *Eur23,209,564*) 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 *Eur3,057,364* (2021- *Eur3,643,374*) 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.

## 21. Financial assets (continued)

### (h) Loans and receivables (continued)

Holding company	Loans to		Loans to related parties	Total
	shareholders	subsidiaries		
	Eur	Eur	Eur	Eur
2021				
Amortised cost				
At 31.12.2021	16,966,741	12,035,011	6,299,865	35,301,617
Less: amounts expected to be settled within 12 months (shown under current assets)	(1,407,459)	(4,509,138)	(394,544)	(6,311,141)
Amounts expected to be settled after 12 months	15,559,282	7,525,873	5,905,321	28,990,476
2022				
Amortised cost				
At 31.12.2022	17,868,352	15,934,740	5,812,025	39,615,117
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

The terms and conditions of the above loans are disclosed in note 35. The loans to subsidiaries bear interest at 4.5% (2021 – 4.5%) whilst the remaining loans are unsecured and interest free. *Eur515,374* (2021- *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.

### (i) Deposit on acquisition of investment

On 25 August 2015, Hili Properties plc entered into a promise of share purchase agreement whereby it undertook to accept, purchase and acquire, 100% shareholding in Harbour (APM) Investments Limited for the sum of *Eur25,000,000*. Harbour (APM) Investments Limited is the company that owns the land at Benghajsa measuring circa 92,000m<sup>2</sup>. In 2015, a 50% deposit was paid. In 2017, *Eur12,000,000* of the remaining balance was settled, *Eur5,000,000* of which was settled in cash and *Eur7,000,000* was settled pursuant to an assignment of debt to Hili Ventures Limited and subsequently capitalised in the share capital of Hili Properties plc.

Both Hili Properties plc and the vendor have the unilateral and unconditional right to rescind the agreement, in which case the deposit already paid of *Eur24,500,000* becomes repayable on the demand back to Hili Properties plc. The agreement for the share transfer was executed with Harbour APM at the end of March 2022 and the amount was transferred to investment property.

## 22. Inventories

	Group		Holding company	
	2022	2021	2022	2021
	Eur	Eur	Eur	Eur
Contracts in progress	2,118,269	1,016,292	-	-
Finished goods and goods held for resale	17,225,273	10,241,958	-	-
Raw materials and consumables	10,759,664	8,847,080	-	-
	30,103,206	20,105,330	-	-

The amount of inventories recognised as an expense during the year amounted to *Eur339,532,318* (2021: 235,532,406).

Write-downs of inventories recognised in the statement of profit or loss and other comprehensive income during the year amounted to *Eur296,114* (2021: write-backs *Eur53,364*) and are included with cost of sales.

## 23. Trade and other receivables

	Group		Holding company	
	2022	2021	2022	2021
	Eur	Eur	Eur	Eur
Trade receivables	17,791,392	16,820,993	-	-
Other receivables	7,498,802	9,674,997	61,962	7,372
Prepayments and accrued income	10,440,926	5,558,863	164,541	77,760
	35,731,120	32,054,853	226,503	85,132
Less: amount due for settlement within 12 months (shown under current assets)	(31,363,181)	(29,628,360)	(226,503)	(85,132)
	4,367,939	2,426,493	-	-

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 *Eur1,605,320* (2021 – *Eur1,514,131*). Movements in impairment provisions are included with administrative expenses.

## 24. Property held for sale

	Group	
	2022 Eur	2021 Eur
<b>Fair Value</b>		
At 1 January	<b>11,970,000</b>	7,735,151
	-	523,888
Increase in fair value (note 7)	<b>11,970,000</b>	8,259,039
Disposals	<b>(8,270,000)</b>	-
Reclassified from investment property	-	3,710,961
<b>At 31 December</b>	<b>3,700,000</b>	11,970,000

Properties held for sale are investment properties earmarked for sale. Properties held for sale at 31 December 2021 and at 31 December 2022 are classified as non-current.

## 25. Trade and other payables

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Trade payables	<b>46,675,419</b>	40,170,238	<b>63,049</b>	136,126
Other payables	<b>28,628,530</b>	18,539,618	<b>358,008</b>	313,410
Accruals and deferred income	<b>31,084,529</b>	26,060,166	<b>637,235</b>	645,857
	<b>106,388,478</b>	84,770,022	<b>1,058,292</b>	1,095,393
Less: amount due for settlement within 12 months (shown under current liabilities)	<b>(103,444,955)</b>	(84,020,896)	<b>(1,058,292)</b>	(1,095,393)
Amount due for settlement after 12 months	<b>2,943,523</b>	749,126	-	-

No interest is charged on trade and other payables.

## 26. Bank loans and overdrafts

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Bank overdrafts	<b>5,604,278</b>	1,395,945	-	74,141
Bank loans	<b>122,400,638</b>	104,691,474	<b>12,167,505</b>	14,472,863
	<b>128,004,916</b>	106,087,419	<b>12,167,505</b>	14,547,004
Less: amount due for settlement within 12 months (shown under current liabilities)	<b>(27,189,030)</b>	(15,246,786)	<b>(1,114,746)</b>	(1,885,786)
Amount due for settlement after 12 months	<b>100,815,886</b>	90,840,633	<b>11,052,759</b>	12,661,218

Bank loans and overdrafts are payable as follows:

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
On demand or within one year	<b>27,189,029</b>	15,246,786	<b>1,114,746</b>	1,885,786
In the second year	<b>12,308,104</b>	34,606,399	<b>1,171,887</b>	11,158,818
In the third year	<b>11,244,217</b>	8,736,495	<b>380,872</b>	1,194,450
In the fourth year	<b>22,384,356</b>	9,737,048	<b>9,500,000</b>	307,950
In the fifth year	<b>35,475,108</b>	11,067,348	-	-
After five years	<b>19,404,102</b>	26,693,343	-	-
	<b>128,004,916</b>	106,087,419	<b>12,167,505</b>	14,547,004

## 26. Bank loans and overdrafts (continued)

### Group

The group's bank loans and overdraft facilities bear effective interest at the rates of 2.5% to 8.25% (2021 – 2.5% to 5.65%). The facilities are secured by a hypothec 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 2017 was fully repaid in January 2022. The loan is denominated in local currency RON, for an amount equivalent to Eur1,146,693 as at 31 December 2021. The facility had a term of five years and bore an interest rate of 3-month ROBOR +2.75%. The loan was secured by a pledge over the entity's immovable and movable property. During 2020, an additional drawdown from the same facility, with a balance equivalent to Eur10,561,103 remaining as at 31 December 2022 (2021 – Eur12,782,685). The facility has a term of seven years and bears an interest rate of 3-month ROBOR +1.4% per annum. The loan is secured by a pledge over the entity's immovable and movable property.

In December 2018, Premier Restaurants Latvia SIA secured a loan facility with Luminor Bank AS amounting to Eur10,000,000. The loan had a term of five years and bears an interest rate of 1-month Euribor +2.50%. The loan was secured by a pledge agreement between the bank and the Baltic subsidiaries together with pledges over the entities' immovable and movable property. In March 2022, the balance on the loan was fully repaid (2021 – Eur6,612,146).

During 2020, Premier Capital Hellas S.A. availed itself from the Covid-19 Lending Initiatives put into place by the Greek State. It has been granted two bond loan facilities with Eurobank S.A. and the Hellenic Development Bank S.A. for the financing of working capital requirements. As at the end of the reporting period, the balance of these loan facilities amounted to Eur1,500,000 (2021 – Eur2,000,000). Both facilities have a term of five years and bear interest at 6-month Euribor +2.2%. Eighty percent of the nominal value of both facilities are guaranteed by the Greek State.

In 2020 another facility was granted to Premier Capital Hellas S.A. by Eurobank S.A. with a balance of Eur750,000 (2021 – Eur1,050,000) as at the end of the reporting period. The facility has a term of five years and bears interest at 3-month Euribor + 3.85%. The facility is secured by a letter of comfort issued by the subsidiary company.

During 2021, Premier Capital Hellas S.A. was granted another loan by Eurobank S.A. for working capital and capital expenditure requirements with a balance of Eur1,333,340 (2021 – Eur1,500,000) as at December 2022. The facility has a term of five years and bears interest at 3-month Euribor +3%. The loan is secured by a pledge over the subsidiary immovable property.

Premier Restaurants Malta Limited, a subsidiary of the group, has an unutilised overdraft facility with a limit of Eur1,000,000 (2021 – Eur1,000,000) and bearing interest at 250 basis point over the bank's base rate, presently 2.35% (2021 - 2.35%) per annum.

#### Hili Properties plc

The group's bank loans facilities bear effective interest at the rates ranging from 1.95% to 5.19% p.a (2021: 2.09% to 4.1%). The group's bank borrowings facilities amount to Eur81,681,848 (2021: Eur52,499,924). The facilities are secured by special hypothec 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 company's tenants.

Included within current liabilities are amounts of Eur8,957,376 for which at the balance sheet date, repayment was scheduled in 2023. Before and after the balance sheet, negotiations with the respective banks have commenced and now are in advance stage for refinancing to take place in 2023.

### 1923 Investments plc

During 2020, 1923 Investments plc obtained a loan with a local bank for Eur2,250,000. Another loan was obtained with this same bank during 2021 for Eur430,000. This loan is unsecured and ranks with priority to all other general creditors of the company. At 31 December 2022, the balance of the loans amounted to Eur1,499,025 (2021 – Eur1,807,129) and Eur362,754 (2021 – Eur417,670) respectively, included with the balance of bank loans above. The loans are payable by quarterly installments of Eur91,045 and Eur17,208 respectively, bear interest at 3.75% plus 3-month Euribor per annum and repayable in full within seven 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 2022, the balance of the loans amounted to Eur4,890,520 (2021 – Eur6,000,000). This loan was granted under a first General Hypotech of Eur6,000,000 over all assets present and future, whilst ranking with priority to all other general creditors of 1923 Investments plc.

As at 31 December 2022, 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% (2021 - 4.85% and 5.15%). The company's banking facilities also include a special guarantee facility of Eur339,433 (2021 - Nil) and a structured trade finance facility of Eur2,561,759 (2021 - Nil). By 31 December 2022, Carmelo Caruana Company Limited had utilised a total of Eur1,845,950 of the structured trade facility. This facility is denominated in US Dollars. The facility is repayable by a bullet payment of US Dollars 200,000, 180 days from drawdown. A second bullet payment of US Dollars 200,000 is repayable 1 year from drawdown and subsequently monthly repayments for the following four years. The structured trade finance facility bears an effective interest at the rate of 8.25% (2021 - Nil). 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.

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

Harvest had no borrowings or overdrawn bank facilities at 31 December 2022 (2021 - 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 hypothecs over present and future assets of the Harvest pillar and bear interest between 3.5% and 5.5%.

The group's overdraft facility in Poland for Allcom Sp. z o.o. bears variable interest rate of 8.13% (2021 - 1.4%) per annum. It is secured on the bank guarantee issued by Bank Gospodarstwa Krajowego from de minimis support.

The group's banking facilities for iSpot Poland Sp. z.o.o. includes an overdraft facility of PLN 8,000,000 (Eur1,709,110) and Import Loan facilities of PLN 25,000,000 (Eur5,340,967) and a receivable financing of PLN 3,000,000 (Eur640,916).

Furthermore mBank is providing a Guarantee Line of PLN 72,000,000 consisting of:

- Guarantee line including rent guarantees of PLN 6,000,000;
- SBDC of PLN 30,000,000 issued for Apple Distribution International;
- Guarantee line for suppliers of PLN 36,000,000

The above facilities are secured by:

- Registered pledge on iSpot inventories worth at least PLN 30,000,000 (pledge amount equalling 150% of the limit amount);
- Corporate guarantee issued by 1923 Investments plc up to a maximum amount of PLN 36,000,000;
- Confirmed assignment of receivable on account of card payments from eService;
- Blank promissory note.

## 26. Bank loans and overdrafts (continued)

### Motherwell Bridge Industries Limited (MBI)

The bank overdrafts bear interest at 3.25 % - 5.65% (2021 - 3.25% - 5.65%) per annum and were secured by a general hypothec over MBI's assets, guarantees given by the MBI's parent and related companies and a personal guarantee given by a director of MBI. The bank borrowing facilities amounted to *Eur1,520,000* (2021 - *Eur1,520,000*).

### 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 the company to pay *Eur1,114,746* (2021 – *Eur1,885,786*) within one year includes three loan facilities with HSBC Malta plc.

In 2021, Hili Ventures Ltd 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%.

Hili Ventures Ltd had three fully withdrawn loans facilities amounting to *Eur12,167,505* (2021 - *Eur14,472,863*) with HSBC Bank Malta. The loans bore an adjusted interest rate of 3-month EURIBOR +3.25% 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 new *Eur4,000,000* loan obtained during 2021 as explained above.

## 27. Other financial liabilities

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Amounts owed to group undertakings	-	-	<b>188,042,387</b>	162,069,453
Other loans	<b>5,657</b>	277,059	-	277,059
Amounts owed to related undertakings	<b>8,759</b>	1,985,917	-	500,000
Amounts owed to Joint ventures	-	-	-	-
Derivative financial liability held for trading	-	129,709	-	-
	<b>14,416</b>	2,392,685	<b>188,042,387</b>	162,846,512
Less: amount due for settlement within 12 months (shown as current liabilities)	<b>(14,416)</b>	(2,051,197)	<b>(4,701,821)</b>	(29,087,963)
Amount due for settlement after 12 months	-	341,488	<b>183,340,566</b>	133,758,549

## 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 *EurNil* (2021– *Eur721,802*) that carries interest at the rate of 5% per annum and was repayable by 31 December 2021.

Other amounts due to related companies and the other loans are interest free.

Derivative financial instruments amounting to *EurNil* (2021 – *Eur129,709*) comprised of interest rate swaps whereby subsidiaries of the group enter into a contract to swap the floating rate on bank borrowings to a fixed rate and classified with non-current liabilities. These agreements had been entered into by subsidiaries of the company, through the shareholding of Premier Capital plc and Hili Properties plc. Details of derivative financial instruments are as follows:

- Derivative financial instruments of Premier Capital plc amounting to *EurNil* (2021 – *Eur76,036*) comprise of interest rate swaps whereby subsidiaries of the group enter into a contract to swap the floating rate on bank borrowings (note 26) to a fixed rate. The derivative financial instrument with a value of *EurNil* (2021 - *Eur729*) represents an interest rate swap entered into on May 2017 by Premier Restaurants Romania SRL whilst the derivative financial instruments with a value of *EurNil* (2021 – *Eur75,307*) represents an interest rate swap entered into on December 2018 by Premier Restaurants Latvia SIA and is classified with non-current liabilities.
- The notional principal amount of the outstanding interest rate swap at the end of the reporting period for Premier Restaurants Romania SRL amounted to *EurNil* (2021 - *Eur577,717*) for the swap maturing on 21 January 2022 and *Eur5,280,551* (2021 - *Eur6,391,342*) for the swap maturing on 03 July 2025 whilst for Premier Restaurants Latvia SIA amounted to *EurNil* (2021 - *Eur6,249,964*) and the swap matures on 19 October 2023.
- At the end of the reporting period, the fixed interest rate on interest rate swap for Premier Restaurants Romania SRL amounted to 2.55% - 2.75% (2021 – 2.55% - 2.75%) with the floating rate being three month ROBOR, whilst for Premier Restaurants Latvia SIA the fixed interest rate amounts to 0.45% (2021 - 0.45%) with the floating rate being one-month EURIBOR. The interest rate swap settles on a quarterly basis for Premier Restaurants Romania SRL and on a monthly basis for Premier Restaurants Latvia SIA. These subsidiaries settle the difference between the fixed and floating interest rates on a net basis.
- Hili Properties plc derivative financial instruments of *Eur50,647* (2021 – *Eur54,402*) comprise an interest rate swap whereby one of the subsidiaries of the group had entered into on 22 June 2017 a contract to swap the floating rate on bank borrowings (note 26) to a fixed rate. The interest rate swap is stated at fair value and is classified with financial liabilities classified as held for trading. The amount of *Eur50,647* (2021 – *Eur54,402*) is classified with non-current liabilities.

## 27. Other financial liabilities (continued)

### Holding company

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

- Amounts of *Eur4,701,821* (2021 – *Eur5,160,904*) that bear interest no interest, and are repayable by the 31st of December 2023.
- An amount of *Eur480,000* (2021 – *Eur480,000*) that bears interest at 4.5% per annum, and is repayable by the 31st of December 2025.
- Amounts of *Eur6,595,630* (2021 – *Eur6,595,630*) that bear interest at 4.5% per annum, and are repayable by the 31st of December 2025.
- An amount of *Eur1,225,136* (2021 – *Eur1,225,136*) that bears no interest and is repayable by the 31st of December 2025.
- An amount of *Eur23,904* (2021 – *Eur23,904*) that bears no interest and is repayable by the 31st of December 2025.
- An amount of *Eur4,000,000* (2021 – *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* (2021 – *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* (2021 – *nil*) that bears interest at 4.5% per annum, and is repayable by the 7th March 2027.
- An amount of *Eur41,930,958* (2021 – *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* (2021 – *Eur80,000,000*) that bears interest at 4.5% per annum, and is repayable by the 4th September 2029.
- Included in amounts owed to group undertakings is an amount of *Eur1,075,961* (2021 – *Eur1,247,079*) 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 *Eur589,101* (2021 – *nil*) comprising of bond issue costs which are being amortised over a period of 5 years until 7th March 2027.

Amounts of *Eur23,927,059* owed to group undertakings, related undertakings and other loans at 31st December 2021, were repaid in full during 2022.

In 2022 there were no amounts owed by the company to its shareholders (2021 – *Nil*).

## 28. Contract liabilities

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

	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Deferred service income	4,087,546	4,469,450	-	-

Deferred service income represent customer payments received or due in advance of performance (contract liabilities) that are expected to be recognised as revenue in 2023. 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 2022 amounts to *Eur2,470,165* (2021: *Eur2,827,168*).

Deferred service income on payment gateway at 31 December 2022 amounts to *Eur74,746* (2021: *Eur95,356*).

Deferred service income on licences amounting to *Eur Nil* at 31 December 2022 (2021: *Eur80,428*).

Deferred income on sale of information technology solutions at 31 December 2022 amounts to *Eur1,542,635* (2021: *Eur1,466,498*).

As explained in note 5, two new major contracts were awarded to one of the Group's subsidiaries in quarter four of 2021 which are expected to be completed over the next four years as well as another new project awarded during 2022 and expected to be recognized in full during 2023. 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.

## 29. Deferred taxation

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

Group	Opening balance Eur	Recognised in profit or loss Eur	Closing balance Eur
<u>Deferred tax liability</u>			
2021			
Arising on:			
Investment property	3,177,438	258,949	<b>3,436,387</b>
Provisions	130,910	37,835	<b>168,745</b>
Temporary difference on trade receivables	(195,142)	-	<b>(195,142)</b>
Intangible asset	1,542,586	(229,486)	<b>1,313,100</b>
Property, plant and equipment	3,271,168	(21,870)	<b>3,249,298</b>
Other temporary differences	436,499	8,238	<b>444,737</b>
Unutilised capital losses	291,455	-	<b>291,455</b>
	<b>8,654,914</b>	<b>53,666</b>	<b>8,708,580</b>
<u>Deferred tax asset</u>			
Arising on:			
Property, plant and equipment	(1,479,912)	(132,580)	<b>(1,612,492)</b>
Unutilised capital losses	(379,207)	34,369	<b>(344,938)</b>
Unabsorbed capital allowances	(65,567)	(48,926)	<b>(114,493)</b>
Unutilised tax losses	(214,546)	50,815	<b>(163,731)</b>
Provision for bad debts	(281,166)	-	<b>(281,166)</b>
Unutilised tax credits	(2,042)	-	<b>(2,042)</b>
Accelerated tax depreciation	291,777	-	<b>291,777</b>
Provision for liabilities	(713,213)	(52,246)	<b>(765,459)</b>
Other temporary differences	(818,224)	(78,234)	<b>(896,458)</b>
Temporary differences on non current assets	(1,867)	-	<b>(1,867)</b>
Investment property	(47,701)	-	<b>(47,701)</b>
	<b>(3,711,668)</b>	<b>(226,902)</b>	<b>(3,938,570)</b>
	<b>4,943,246</b>	<b>(173,236)</b>	<b>4,770,010</b>

## 29. Deferred taxation (continued)

<i>Holding company</i>	Opening balances Eur	Recognised in profit or loss Eur	Closing balance Eur
2022			
<i>Arising on:</i>			
Other temporary differences	<b>398,066</b>	<b>472,883</b>	<b>870,949</b>
2021			
<i>Arising on:</i>			
Other temporary differences	329,623	68,443	398,066

## 30. Debt securities in issue

	Group	
	2022 Eur	2021 Eur
4.00% unsecured bonds redeemable 2027 <i>(Hili Finance Company plc)</i>	<b>49,410,902</b>	-
3.85% unsecured bonds redeemable 2028 <i>(Hili Finance Company plc)</i>	<b>39,465,200</b>	39,399,871
3.80% unsecured bonds redeemable 2029 <i>(Hili Finance Company plc)</i>	<b>79,458,835</b>	79,353,050
3.75% unsecured bonds redeemable 2026 <i>(Premier Capital plc)</i>	<b>64,633,172</b>	64,539,514
5.1% unsecured bonds redeemable 2024 <i>(1923 Investments plc)</i>	<b>35,839,176</b>	35,758,272
4.5% unsecured bonds redeemable 2025 <i>(Hili Properties plc)</i>	<b>36,786,082</b>	36,709,455
	<b>305,593,367</b>	255,760,162

### *Hili Finance 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.

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 *Eur38,400,000*.

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 *Eur74,800,000*.

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.

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 *Eur48,925,000*.

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 *Eur366,828* (2021 – *Eur460,486*) 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 *Eur63,050,000* (2021 – *Eur66,430,000*).

### 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 *Eur160,821* (2021: *Eur241,725*) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was *Eur36,180,000* (2021: *Eur36,720,000*).

#### 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 *Eur36,963,000* (2021: *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 2021, 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 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 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. The redeemable preference shares do not carry any voting rights. 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 2022 there were the following significant non-cash transactions for the company:

- a. Included in loans to subsidiaries is an amount of *Eur2,520,000* receivable, 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.

In 2021 the significant non-cash transactions for the company were the following:

- a. Included in loans to subsidiaries is an amount of *Eur2,520,000* receivable, which was an investment in a subsidiary transferred to another subsidiary.
- b. The company additionally recognised lease liabilities amounting to *Eur1,242* on 1 January 2021, due to additional contracts and de-recognised lease liabilities amounting to *Eur20,940* on 31 May 2021 due to reduction from existing contracts. Cash payments made on the total leases amounted to *Eur429,243* (inclusive of interest). The interest expense during the year amounted to *Eur115,443*. The interest, together with the additions and removals to leases recognised during the year, represent the non-cash movements of *Eur95,744* 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	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Cash at bank and on hand	<b>69,752,664</b>	77,338,961	<b>2,311,440</b>	208,071
Overdrawn bank balances	<b>(5,604,278)</b>	(1,395,945)	-	(74,141)
Cash and cash equivalents in the statements of cash flows	<b>64,148,385</b>	75,943,016	<b>2,311,440</b>	133,930

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

Restricted cash which is not available for use by the group as at 31 December 2022, amounted to *Eur1,971,835* (2021: *Eur1,803,506*). 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

#### Hili Properties plc

##### Acquisition of business

On 28 December 2021, the Hili Properties division acquired 100% interest and control in Indev UAB, a company registered in Lithuania, which owns industrial factory in the Klaipeda Free Economic Zone. The purpose of the acquisition was to expand the portfolio of investment property held by the Group. The consolidated financial statements include the results of the subsidiary from the date of acquisition.

	Indev UAB
	Eur
Investment property (note 20)	20,730,000
Trade payables	(13,273)
Shareholder's loans	(16,810,972)
Net assets acquired	3,905,755
Shares in subsidiaries	(4,028,423)
Loss on acquisition (note 8)	(122,668)

##### Acquisition of group of assets

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

	SIA "SC Stirnu"	Harbour (APM) Investements 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 *Eur*49,119,162 and consideration paid by SIA Premier Estates Ltd amounted to *Eur*12,017,564.

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) Investements 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)
	<b>32,155,291</b>	<b>25,000,000</b>	<b>12,017,564</b>	<b>69,172,855</b>
Non-controlling interest	(8,038,823)	-	-	(8,038,823)
<i>Net assets required</i>	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.

	Related party activity Eur	Total activity Eur	%
<b>2022</b>			
Revenue:			
<i>Related party transactions with:</i>			
Other related parties	<b>645,618</b>	<b>782,647,946</b>	<b>0.08%</b>
Cost of Sales:			
<i>Related party transactions with:</i>			
Other related parties	<b>1,078,127</b>	<b>624,671,532</b>	<b>0.17%</b>
Investment income:			
<i>Related party transactions with:</i>			
Other related parties	<b>601,559</b>	<b>6,588,533</b>	<b>9.13%</b>
Finance costs			
<i>Related party transactions with:</i>			
Other related parties	<b>37,338</b>	<b>22,970,471</b>	<b>0.16%</b>
<b>2021</b>			
Revenue:			
<i>Related party transactions with:</i>			
Other related parties	177,088	589,593,054	0.03%
Cost of Sales:			
<i>Related party transactions with:</i>			
Other related parties	1,279,440	462,641,397	0.28%
Investment income:			
<i>Related party transactions with:</i>			
Other related parties	571,048	4,784,918	11.93%
Finance costs			
<i>Related party transactions with:</i>			
Other related parties	103,697	18,792,365	0.55%

Holding company	Related party activity Eur	Total activity Eur	%
<b>2022</b>			
Revenue:			
<i>Related party transactions with:</i>			
Subsidiaries	<b>2,426,500</b>	<b>2,426,500</b>	<b>100.00%</b>
Administrative expenses:			
<i>Related party transactions with:</i>			
Subsidiaries	<b>712,612</b>	<b>4,859,650</b>	<b>14.66%</b>
Finance expenses			
<i>Related party transactions with:</i>			
Subsidiaries and other related parties	<b>8,164,657</b>	<b>8,793,184</b>	<b>92.85%</b>
Investment income:			
<i>Related party transactions with:</i>			
Subsidiaries	<b>20,594,826</b>		
Shareholder	<b>601,559</b>		
	<b>21,196,385</b>	<b>21,347,851</b>	<b>99.29%</b>
<b>2021</b>			
Revenue:			
<i>Related party transactions with:</i>			
Subsidiaries	2,426,500	2,426,500	100.00%
Administrative expenses:			
<i>Related party transactions with:</i>			
Subsidiaries	629,190	4,527,296	13.90%
Finance expenses			
<i>Related party transactions with:</i>			
Subsidiaries and other related parties	6,386,368	7,042,731	91%
Investment income:			
<i>Related party transactions with:</i>			
Subsidiaries	18,327,832		
Shareholder	571,048		
	<b>18,898,880</b>	<b>18,966,842</b>	<b>99.64%</b>

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:

Commitments	Group		Holding company	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Within one year	698,160	698,160	-	-
Between one and 5 years	698,160	1,396,320	-	-
	1,396,320	2,094,480	-	-

In 2017, the holding company 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 2019.

### 37. Capital commitments

- 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.
- 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

- Certain subsidiaries of the group, have guaranteed the amount of Eur12,521,824 (2021 – Eur20,723,825) in favour of related companies in connection with bank facilities of the respective related company.

#### 1923 Investments plc

- During the year one of the group's subsidiaries under the Harvest Technology division had issued special guarantees totalling EurNil (2021: Eur146,189) in favour of third parties in relation to the major overseas technology implementation project carried out in collaboration with IBM in Mauritius. The same subsidiary also had guarantees amounting to Eur572,570 (2021: Eur1,216,289) to third parties in Malta as collateral for liabilities.

- SAD sp. z o.o. ("SAD"), a Polish subsidiary of iSpot sp. z o.o. ("iSpot"), is subject to tax proceedings regarding the correctness of its VAT settlements for February 2015 and for March to July 2015. In the statement of grounds, the Polish tax authorities ("TA") invoked SAD's alleged failure to exercise due diligence in verifying its contractors.
- Regarding the tax proceedings for February 2015, on 25 April 2019, the TA issued a decision in which it denied SAD the right to deduct VAT in the amount of PLN 6,031,627 (equivalent to Eur1,288,589) and determined an additional amount of VAT liability of PLN 2,604,732 (equivalent to Eur556,472).

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 Eur3,608,760).

In order to avoid being charged further interest, the Management Board of SAD decided to deposit an amount equivalent to the VAT being claimed by the Polish Tax Authority, resulting from the February as well as the March to July 2015 assessments. On 23 December 2022, SAD paid an amount of PLN 27,478,176 (equivalent to €5,870,402) to the tax authorities, which consisted of the VAT liability for the February as well as the March-July 2015 assessments in the amount of PLN 15,525,829 (equivalent to Eur3,316,918) plus 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 Eur7,608,977) as at the balance sheet date is included with the non-current portion of loans and receivables in note 21 to these financial statements.

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

On 30 January 2023, the Provincial Administrative Court in Warsaw issued a positive judgement in favour of SAD on points of administrative procedures in which it obliged the Director of the Tax Administration Chamber in Warsaw to assess whether the statute of limitations was effectively suspended in the case and provided the Tax Administration Chamber until 20 March 2023 to appeal the case. No appeal had been lodged by the set date. The tax authorities will have to collect new evidence to support their standpoint and if they do not, they will not be able to successfully challenge SAD's VAT settlements.

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.

- One of the group's subsidiaries under the Apple retail business division in Poland signed an agreement with HSBC on line guarantees and letters of credit in the amount of Eur15,381,986 (2021: Eur15,662,729).
- 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 Eur3,218,000 (2021: Eur3,184,666) in relation to bank facilities granted to related undertakings. In the directors' opinion no provision is required against such amounts as the principal borrowers are either not expected to default or such facilities are secured by property, plant and equipment or other guarantors.

### 38. Contingent liabilities (continued)

#### 1923 Investments plc (continued)

- (vi) At 31 December 2022, the group had an overdraft facility through Allcom, one of its subsidiaries in Poland, which was secured with a statement on the de minimis aid issued by BGK Bank (Bank Gospodarstwa Krajowe) that amounts to 80% of the facility limit amounting to PLN1,600,000, equivalent to *Eur341,822* (2021: PLN1,600,000, equivalent to *Eur348,061*) and a blank promissory note in favour of Santander Bank Polska S.A.
- (vii) Allcom has also provided a guarantee for a total of PLN1,800,000, equivalent to *Eur384,550* (2021: PLN1,800,000, equivalent to *Eur391,568*) 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 PLN2,340,000 (*Eur499,915*). There was no utilisation of the guarantee as at the end of the reporting periods.

#### Motherwell Bridge Industries Limited

The company has a guarantee facility amounting to *Eur1,700,000* (2021: *Eur1,700,000*) in favour of its subsidiary in connection with bank guarantee facilities of the respective subsidiary. The company also has a documentary credit facility for *Eur1,000,000* (2020: *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* (2021 – *Eur7,026,000*). During 2021, the company had acted as a guarantor to secure bank facilities of two of its subsidiaries in the amounts of *Eur5,500,000* and *Eur1,500,000* which were cancelled during the current year.

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 2022 and 2021 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than the shares in subsidiary companies that are carried at cost, and the debt securities in issue (where fair value is disclosed in note 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
<b>Financial assets</b>					
<i>Local listed debt and equity instruments</i>	<b>29,187,228</b>	-	-	29,187,228	29,187,228
<i>Investment property</i>	-	-	<b>189,752,988</b>	189,752,988	189,752,988
<b>as at 31.12.2022</b>	<b>29,187,228</b>	-	<b>189,752,988</b>	218,940,216	218,940,216
<b>Financial assets</b>					
<i>Local listed debt and equity instruments</i>	<b>791,150</b>	-	-	791,150	791,150
<i>Investment property</i>	-	-	<b>83,320,828</b>	83,320,828	83,320,828
<b>as at 31.12.2021</b>	<b>791,150</b>	-	<b>83,320,828</b>	84,111,978	84,111,978
<b>Financial liabilities</b>					
<i>Derivative financial instruments</i>					
<b>as at 31.12.2022</b>	-	-	-	-	-
<b>as at 31.12.2021</b>	-	129,709	-	129,709	129,709

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.

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

Group	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
<b>2022</b>					
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- receivables from related parties and jointly controlled entities	-	16,946,128	-	16,946,128	16,946,128
-receivables from ultimate parent	-	17,868,352	-	17,868,352	17,868,352
<b>As at 31.12.2022</b>	-	34,814,480	-	34,814,480	34,814,480
<b>Financial liabilities</b>					
<i>Financial liabilities at amortised cost</i>					
-Other financial liabilities	-	14,416	-	14,416	14,416
-Bank borrowings	-	128,004,916	-	128,004,916	128,004,916
-Debt securities	298,318,000	-	-	298,318,000	305,593,367
<b>As at 31.12.2022</b>	298,318,000	128,019,332	-	425,822,332	433,612,699
<b>2021</b>					
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- receivables from related parties and jointly controlled entities	-	9,886,197	-	9,886,197	9,886,197
-receivables from ultimate parent	-	16,966,741	-	16,966,741	16,966,741
<b>As at 31.12.2021</b>	-	26,852,938	-	26,852,938	26,852,938
<b>Financial liabilities</b>					
<i>Financial liabilities at amortised cost</i>					
-Other financial liabilities	-	2,262,976	-	2,262,976	2,262,976
-Bank borrowings	-	106,087,419	-	106,087,419	106,087,419
-Debt securities	261,693,500	-	-	261,693,500	255,760,162
<b>As at 31.12.2021</b>	261,693,500	108,350,395	-	370,043,895	364,110,557

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
<b>2022</b>					
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- receivables from related parties	-	39,615,117	-	39,615,117	39,615,117
<b>Financial liabilities</b>					
<i>Financial liabilities at amortised cost</i>					
-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
<b>2021</b>					
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- receivables from related parties	-	35,301,617	-	35,301,617	35,301,617
<b>Financial liabilities</b>					
<i>Financial liabilities at amortised cost</i>					
-related party loans	-	162,846,512	-	162,846,512	162,846,512
-bank loans	-	14,547,004	-	14,547,004	14,547,004
Total	-	177,393,516	-	177,393,516	177,393,516

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 Eur Nil (2021: Eur Nil) 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 2022 and 2021 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.

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.

#### 40. Financial risk management (continued)

##### Credit risk (continued)

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 2022 and 31 December 2021 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 2022 and 2021 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.

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 2022 and 31 December 2021 was determined as follows:

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	4,254,378	19,396,712
Lifetime expected loss, Eur	7,380	27,135	68,675	1,502,130	1,605,320

31 December 2021	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate, %	0%	1%	4%	40%	
Gross Carrying amount, Eur	12,253,634	1,817,341	602,917	3,661,232	18,335,124
Lifetime expected loss, Eur	17,551	26,721	23,224	1,446,635	1,514,131

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 2022 reconciles with the trade receivables loss allowance opening balance as follows:

	2022 Eur	2021 Eur
Opening allowance as at 1 January	1,514,131	1,830,563
Reversal of loss allowance on impaired receivables written off	(72,307)	(192,096)
Reversal of allowance for credit losses no longer required	(86,848)	(24,792)
Loss allowance recognised / (reversed) during the year	250,344	(99,544)
<b>Loss allowance as at 31 December</b>	<b>1,605,320</b>	<b>1,514,131</b>

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.

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:

	2022 Eur	2021 Eur
Guarantee provided to bank on group and related party loans and third party loans	252,002,096	218,254,671

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.

#### 40. Financial risk management (continued)

##### 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.

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 2022 and the first few months of 2023, 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.

The sensitivity of the relevant risk variables is as follows:

	Group Profit or loss sensitivity		Holding company Profit or loss sensitivity	
	2022 Eur	2021 Eur	2022 Eur	2021 Eur
Market interest rates – cash flow	+/-291k	+/-144k	+/-145k	+/-74k

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.

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 is 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.

##### Liquidity risk

At a group level, as at 31 December 2022, the group had a net current liability position of *Eur11,449,017*. This is mainly arising due to amounts of *Eur8,957,376* included within current liabilities for which at the balance sheet date, repayment was scheduled in 2023. Before and after the balance sheet date, negotiations with the respective banks have commenced and now are in advance stage for refinancing to take place in 2023. The group also holds highly liquid financial assets amounting to *Eur29,187,228* which it can sell to bridge any liquidity requirements.

At the end of the reporting period, the company reported a net current asset position of *Eur963,936* (2021 – net current liability of *Eur25,491,767*).

During the current year, Hili Finance Company plc issued a new bond amounting to *Eur50,000,000*. Part of these proceeds have been utilised to settle amounts advanced by subsidiaries during 2021 for funding investments. All amounts due and included in the current position of 2021, have been settled upon the receipt of funds by Hili Finance Company p.l.c.

The directors have reviewed cash flow projections that have been prepared for the next 12 months. The group and the company budgets and cash flow forecasts assume that the group and the company continue to operate within the

#### 40. Financial risk management (continued)

##### Liquidity risk (continued)

current credit limits afforded by third party creditors and a strategy to continue to invest in capital expenditure as far as possible from working capital for at least the next 12 months. Based on continued operating profitability, the directors are confident that the group and the company will have no difficulty to continue to meet the commitments as and when they fall due.

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
<b>2022</b>				
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
<b>2021</b>				
Non-derivatives financial liabilities				
Non-interest bearing	86,072,093	960,905	-	87,032,998
Fixed rate instruments	10,518,500	174,737,000	132,200,000	317,455,500
Variable rate instruments	15,905,932	65,219,067	26,715,365	107,840,364
Derivative financial liabilities	-	129,709	-	129,709
	112,496,525	241,046,681	158,915,365	512,458,571

Holding company				
<b>2022</b>				
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
<b>2021</b>				
Non-derivatives financial liabilities				
Non-interest bearing	6,256,297	1,249,040	-	7,505,337
Fixed Interest-bearing	30,123,353	35,165,011	135,257,665	200,546,029
Variable rate instruments	1,885,786	12,661,218	-	14,547,004
	38,265,436	49,075,269	135,257,665	222,598,370

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
<b>2022</b>				
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

Group	Opening Balance Eur	Cash Eur	Other non-cash changes Eur	Closing Balance Eur
<b>2021</b>				
Bank loans	88,786,617	15,904,857	-	104,691,474
Loans from third parties	2,875,820	(612,844)	-	2,262,976
Debt securities in issue	255,337,859	-	422,303	255,760,162
Leases	84,354,887	(11,542,424)	34,757,982	107,570,445

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 2022 comprises the amortisation of bond issue costs amounting to *Eur540,126* (2021: *Eur422,303*).

#### 40. Financial risk management (continued)

##### Liquidity risk (continued)

During 2021, the group recognised additional lease liabilities amounting to *Eur34,865,630*. Total cash payments made on leases during the year amounted to *Eur11,542,424* (inclusive of interest). The interest expense during the year amounted to *Eur3,291,250*. In addition, during 2021, the group obtained rent concessions from the landlords of its restaurant operations in the Premier Capital p.l.c. division amounting to *Eur1,587,846*. In terms of the practical expedient allowed by the International Accounting Standards Board (IASB) to provide relief for lessees from lease modification accounting for rent concessions related to Covid-19, the group has recognised such concessions as a deduction against the net operating costs. The interest, together with the additions to leases recognised during the year less an adjustment of *Eur519,690* for currency translation differences, plus *Eur530,388* for re-measurement of leases, less *Eur1,821,750* relating to the termination of leases as disclosed in note 18, and less the rent concessions allowed to the group as aforementioned, represent the non-cash movements of *Eur34,757,982* presented above for leases.

Holding company 2022	Opening Balance Eur	Cash Eur	Other non-cash changes Eur	Closing Balance Eur
Bank loans	14,472,863	(2,305,358)	-	<b>12,167,505</b>
Leases	2,760,704	(418,906)	86,813	<b>2,254,985</b>

2021	Opening Balance Eur	Cash Eur	Other non-cash changes Eur	Closing Balance Eur
Bank loans	12,929,054	1,543,809	-	<b>14,472,863</b>
Leases	3,094,203	(429,243)	95,744	<b>2,760,704</b>

##### 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 st March 2023, 1923 Investments plc, through one of its subsidiaries in Poland, has wholly acquired Cortland Sp. Z.o.o. at an acquisition price of *Eur42,800,000*. Cortland is an Apple Premium Reseller with a chain of 16 stores around Poland and a staff complement of 180 employees. The combined business will boast a network of 47 Apple Premium Resellers and service points in some of the best locations in major Polish cities, with a team of 600 people. Both iSpot and Cortland are enjoying strong sales growth, and so this is an exciting time and an opportunity to maximise the division's commercial potential.

1923 Investments plc concluded a share transfer with its sister company HV Marine Limited for the sale of its entire shareholding in Hili Logistics Limited for *Eur37,000,000*. The SPA became effective on 28th April 2023.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

## 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 54 to 153 which comprise the statements of financial position as at 31 December 2022, 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 2022, 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 38 to 52 and the Statement of directors' responsibilities on page 53, 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 'Non-Financial Reporting – Environment, Social and Governance' paragraph 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 'Non-Financial Reporting – Environment, Social and Governance' paragraph 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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18 May 2023

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