MedservRegis p.l.c.

Annual Report

2023

Disclaimer:

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MedservRegis p.l.c.

Annual Report

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Chairman's Statement

For the Year Ended 31 December 2023

This year I would like to start my annual statement by thanking all stakeholders all of whom play such a vital role in both the development and progress of our Group. Be it our esteemed clients, shareholders, bond holders, executive management and all staff members, it is the strong belief in the vision and the stronger execution of the plans put in place to deliver sustainable professional service across the globe that has characterised 2023. I have to commend my Board of Directors who participated strongly but independently with executive management to deliver the results being reviewed in the Report for 2023.

Next year our Group shall be celebrating its 50th anniversary. It is a well-known fact that to forecast the future one must also look at the past too. The resilience shown by the Group, despite the many international and natural challenges it had to face is a testament to the strong goodwill developed by our company in the industry over the years. It also validates the sound long term strategic decisions adopted.

It is unbelievable that it has only been two years since the newly formed MedservRegis was born. The results as well as the new opportunities being reviewed in our CEO's report clearly demonstrate a successful merger of the two Groups, creating an exciting and strong future ahead of us.

The development of a company never stops. Discussions are ongoing on how best to position our Group in the broadest manner possible. Be it restructuring of the Group, management evolution, cost optimisation, investment in technology and even divestment of business units if circumstances demand. All of this to be aligned with the aim to deliver, in a constant manner, value to stakeholders.

MedservRegis p.l.c is looking forward to the future with enthusiasm and confidence. Onwards to another 50 years of activity.

Thank you.

Anthony S. Diacono
Chairman

26 April 2024

CEO's Statement

For the Year Ended 31 December 2023

"Moving From Consolidation to Expansion "

Dear Shareholders, Employees and Stakeholders,

I am happy to share with you the promising and positive results achieved by the MedservRegis Group in the fiscal year 2023. This year marks our second full year of consolidation and integration, and I am proud to report that we have made significant strides towards solidifying our foundation and enhancing our capabilities.

Operational Expansion:

Our relentless focus on consolidation and integration has enabled us to expand our operations successfully. We now boast a robust presence in 14 different locations, allowing us to better serve our clients and meet their evolving needs. This expanded footprint, coupled with our experienced and committed team, positions us well to drive the business forward and deliver exceptional value to our stakeholders.

Navigating the Energy Transition:

As the energy transition unfolds and noting that our existing client base being the major drivers of this transition, we recognize the complexities and challenges it presents to our industry. Despite the growing consensus that this transition will take longer and be more intricate than anticipated, we remain steadfast in our commitment to support our clients through this journey. Our agility and adaptability will continue to be instrumental in addressing the challenges posed by the energy transition and positioning ourselves as a trusted partner to our clients.

Strategic Evolution:

Our strategic focus on integration, consolidation and profitability, which was launched in 2022, continues to evolve with a forward-looking outlook towards 2030. We are dedicated to elevating our margins and returns to shareholders while delivering significant long-term value. By cementing our position as a reliable, cost-effective, and safe solutions provider, we are confident in our ability to capitalise on emerging opportunities and drive sustainable growth.

Integration and Optimisation:

Central to our strategy is the optimisation of our group's structure, internal processes, and technology infrastructure. Through our integration policy, we are streamlining operations, enhancing efficiency and maximising profitability. By upgrading our systems and technology, we are laying the groundwork for a more agile, responsive and profitable organisation poised for future success.

Looking Ahead:

As we embark on the journey ahead, I am filled with optimism about the opportunities that lie ahead for the MedservRegis Group. With a strong foundation, a dedicated team and a clear strategic direction, we are well-positioned to navigate the complexities of the evolving market landscape and emerge as a leader in our industry. Recent industry reports are reflecting a resurgence in market appetite for investing in oil and gas developments after years in the doldrums.

CEO's Statement (continued)

For the Year Ended 31 December 2023

According to a report by Wood Mackenzie ("WoodMac"), a global provider of data and analytics for the energy transition, up to 30 major oil and gas projects with a total investment of $125 billion and potential resources of 14 billion barrels of oil equivalent are expected to be approved in 2024[1].

Key points from WoodMac's report, "Class of 2024: Benchmarking this year's upstream FIDs," include:

- Final investment decisions (FIDs) worth $125 billion anticipated on major upstream projects in 2024, marking a substantial increase from previous years.
- Projections of up to 30 projects, each with resources exceeding 50 million barrels of oil equivalent, being sanctioned this year.
- Increased activity expected from national oil companies (NOCs) in the Middle East and major industry players, particularly in deepwater resources.
- Lower project break-evens and improved returns (IRRs) compared to 2023 due to higher long-term price assumptions and focus on advantaged deepwater projects. The report says that these projects require an average of $47 per barrel to generate a 15% IRR which is slightly lower than $49 per barrel required by the 2023 projects while payback periods are expected to be less than eight years from FID.
- The average emissions intensity for identified projects noted to be below the global upstream average, reflecting a commitment to meeting emission reduction goals[1].

The Group's total revenues for year 2023 amounted to €73.9 million compared with 2022 total revenues of €66.9 million, an increase of almost 11%.

Adjusted Earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) amounted to €17.5 million (2022: €11.4 million).

David S. O'Connor
CEO

26 April 2024

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[1] Esau I. Bonanza: 30 oil and gas projects costing $125 billion lined up for sanction in 2024, says report. Upstream Online. 14 March 2024. Available from: https://www.upstreamonline.com/field-development/bonanza-30-oil-and-gas-projects-costing-125-billion-lined-up-for-sanction-in-2024-says-report/2-1-1612666

Statement of Corporate Social Responsibility

For the Year Ended 31 December 2023

As the Company grows, from the Mediterranean and the Middle East, to now spanning the African continent, MedservRegis recognises the impact of its global reach and scale. As the Company broadens its geographic footprint, it does so with increased recognition of the responsibility to its network of stakeholders including partners, regulators, employees and the broader communities in which we all live and work.

Corporate governance

Maintaining integrity, ethical responsibility and reputation is a top priority at MedservRegis p.l.c, one that is reliant on sound corporate governance. The Board of Directors sets high standards for the Company's employees, officers and directors. In addition, it serves as the prudent fiduciary for the Company's shareholders and is responsible for overseeing the management of the Company's business. At MedservRegis, management ensures strict adherence to all applicable laws and practices fundamental to the business in every country it operates. As part of the Company's risk framework, MedservRegis' Financial Risk Committee reports quarterly to the Audit Committee and has oversight over risk management governance, risk management procedures and risk control infrastructure for the Company's business and operations.

Environmental impact

Climate change is one of the defining issues of the time. MedservRegis p.l.c strives for continual improvement of the environmental management system to conserve water and other natural resources, eliminate toxic and hazardous materials, prevent pollution, recover, reuse, and recycle materials. It addresses climate change by reducing the carbon footprint of its operations and services. The Company will continue to invest in conservation and work to reduce environmental footprint through renewable energy of photovoltaic panels, use water efficiently and responsible handling and disposal of hazardous waste.

Philanthropy

MedservRegis p.l.c has engaged in a variety of philanthropic efforts to improve the local communities. The Group supports several global charitable organisations and has participated in volunteer opportunities related to environmental stewardship, reducing global hunger, promoting education and supporting equality.

For further information, please refer to the section "Social and Community Activities" within the "Statement by the Directors on non-financial information".

Looking ahead

The Company's approach to Corporate Social Responsibility is rooted in its core values and is applicable to the planet, people, and communities. MedservRegis p.l.c considers each a key stakeholder to its business and remains focused on embedding sustainability throughout the organisation and beyond. Whether it's reducing the carbon footprint of customers, supporting the development and inclusion of the global workforce, or giving back to the communities, the Company continues to believe that long-term sustainability is not simply being held responsible or benefiting the business, but is a requirement.

Directors' Report

The directors have prepared this directors' report for MedservRegis p.l.c. ("the Company") in accordance with Article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta) ("the Act") including the further provisions as set out in the Sixth Schedule to the Act together with the financial statements of the Company for the year ended 31 December 2023.

Board of directors

Anthony S. Diacono
Carmelo (a.k.a. Karl) Bartolo
Laragh Cassar
David S. O'Connor
Olivier N. Bernard
Keith Grunow
Monica De Oliveira Vilabril
Jean Pierre Lhote

Principal activities

The Group's principal activities, through its subsidiaries, consist of providing shore base logistics and engineering services to the offshore oil and gas industry and supply chain management for Oil Country Tubular Goods (OCTG) to support the onshore oil and gas industry. It also provides equipment, procurement, and specialised services to a wide range of customers, including national and international energy companies, drilling and mining companies, as well as product and equipment manufacturers and other heavy industry-related contractors across the globe, reaching the Mediterranean countries, Middle East, South America, sub-Saharan Africa including a number of emerging markets such as Mozambique, Uganda, and Angola.

The Group operates under three trading names, namely 'Medserv' in the Mediterranean basin, 'METS' being Middle East Tubular Services in the Middle East region and 'Regis' in sub-Saharan market.

Review of business development

Besides the successful completion of a project in Morocco, 2023 saw most of the business development taking place in its existing bases. In the Middle East, a new base was set-up in Abu Dhabi to further its presence in the UAE.

The Group's performance has improved significantly in the second half of 2023. Turnover in the second half of 2023 increased from €32.0 million generated in the first half to €41.9 million (+31%) generated in the second half.

The Group generated a profit after tax for the year amounting to €1.29 million (2022 profit: €0.54 million), resulting in an adjusted EBITDA of €17.5 million (2022: adjusted EBITDA €11.4 million) and operating cash inflows of €12.4 million (2022: €20 million). Adjusted EBITDA remained consistent, amounting to €8.99 million in the first half and €8.51 million in the second half of the year.

The Company, which primarily acts as a treasury vehicle for the Group, generated a loss for the year amounting to €0.59 million (2022 profit: €2.72 million).

The Group's business in Uganda for the reporting year was a start-up and has started to gain momentum.

The Integrated Logistics Support Services (ILSS) business segment of the Group in the Eastern Mediterranean region provided services to five international energy companies, compared to a maximum of two clients in previous years.

This segment continues to secure the existing business pipeline through contract renewals and tendering. Business development is expected to continue to increase for the ILSS segment as the business pipeline remains strong.

The Group's ILSS segments in Malta/Libya, Mozambique and Caribbean region remained subdued during the reporting year. The Group continued experiencing a slowdown in activity in Mozambique due to the force majeure imposed by TotalEnergies in northern Mozambique. Likewise, Libya continues to experience very low activity due to the unresolved political situation in the country which has caused further delays in announcing expected mega offshore energy projects. The Group expects significant turnaround to be registered in the short to medium term from both Mozambique and Libya. Mega project activity in both countries are poised to resume and the Group is well positioned to secure business from these markets.

Business Model

The Company's main objectives are focused around sustainable growth and registering profits. The strategy being adopted by the Company to achieve these objectives is a combination of securing growth opportunities in its core business, unlocking value with other key players in the supply chain as well as streamlining the business by increasing automation within its operations.

This operating culture is implemented through the Board of Directors' oversight of management's implementation of corporate strategy and financial objectives by reference to several criteria, including revenue, Adjusted EBITDA, projected earnings, country by country analysis and other anticipated criteria.

The Board of Directors sets the policy which then defines the requirement of the corporate management standards. Presently the Company's corporate management system consists of fourteen key standards which are to be followed by its employees in their day-to-day operations.

The Board of Directors continues to instil a drive for growth within a business environment where our employees need to act in an exemplary manner in the following areas: health, safety, security, environment, social and governance in all their forms. It is through strict adherence to these values and to this course of action that the Company intends to build strong and sustainable growth for itself and for all its stakeholders.

Additionally, the Board sets non-financial smart objectives and targets on an annual basis to support continuous improvement of its Business Model. Progress and oversight of these non-financial smart objectives and targets is carried out through an internal audit programme and a reporting environment.

In order to evaluate the business management system, the Company is certified by international standards including ISO9001 Quality Management System, ISO14001 Environmental Management Systems, ISO28001 Security Management System, ISO45001 Health Safety Management System, and which are part of a surveillance audit plan by an external accredited body.

Principal risks and uncertainties

The Board considers the nature and the extent of the risk profile that is acceptable to the Board and the impact these risks pose to the Group. The most important strategic, corporate and operational risks, as well as uncertainties identified together with the actions taken by the Group to reduce these risks, are listed below:

Concentration risk: The Group's business is heavily dependent on relatively few customers both in the shore base logistics and OCTG. The Group's objective continues to be to increase client spread within the oil and gas industry. The strategic development team is continuously working to secure business with new International Energy Companies (IECs) and in new countries. The acquisition of METS by Medserv in 2016 and the share for share exchange transaction with Regis in 2021 were both significant measures taken to reduce client concentration risk.

The Company is also marketing its services to various energy industries and using its key assets to service non-oil and gas business in order to reduce its concentration on the oil and gas industry.

Political risk: The Group's results may be significantly impacted positively or negatively as a result of political decisions. Regulatory and environmental decisions, as well as political instability can delay, disrupt or cancel projects. The fiscal and economic conditions in Libya remained fragile during the year, characterised by inflation and a persistent political strife. In Iraq, the political and security situation has been improving. Mozambique continues to remain a major security risk. The Group now operates in fourteen jurisdictions, mainly in Europe, Africa and the Middle East, with the intention of increasing its operational footprint in these regions and others to continue to minimise this risk. The war in Ukraine to date had no material impact on the Company's operational capacity, financial performance and financial position, nor has it sustained any threats of any nature on the Company's modus operandi. The directors do not foresee any direct or indirect impact on its business arising from the war in Ukraine. Furthermore, the Group's activities have remained mostly unaffected by the ongoing conflict in the Gaza Strip and the escalating tensions in the Middle East. Recent incidents involving attacks on vessels in the Gulf of Aden have led to some delays in our supply chain. However, this has also sparked a growing interest in our Group's OCTG repair and maintenance capabilities in the region, highlighting our resilience and adaptability in challenging circumstances.

Regulatory and environmental risk: The Group operates in fourteen jurisdictions which are highly regulated, and all have their own unique compliance frameworks. Environmental risks arise from exposures to activities that may cause or are affected by environmental degradation, such as pollution. An infringement in any of these laws and regulations may have significant liabilities and tarnish the Group's brands, being Medserv, Regis and METS.

Oil price: Oil service companies tend to have greater volatility of earnings than oil majors, given their sensitivity to the capital spending plans of oil explorers, which wax and wane with oil prices. Similar to other players in the industry, an increase in oil prices would directly benefit the Group from increased services required by oil companies in preparation of the oil exploration, development and production. On the other hand, as oil prices decline, energy production companies focus their efforts on increasing operating efficiencies, these actions apply downward pressure on the rates charged by drillers, oilfield services companies, and other suppliers such as the group entities. Accordingly, the Group's profit margins may be tightened due to such weakened demand for the services offered and heightened industry competition to maintain market share. The Group is always striving to reduce this risk by investing in countries where cost of oil production is low, primarily in the Middle East and Africa. Also, the Group's strategy is to increase the number of services offered.

Financial risk management: The Group has exposure to a variety of financial risks, namely credit risk, liquidity risk, market risk (including changes in foreign exchange rates, interest rates and market prices) and operational risk arising from the Group's international operations. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. A detailed review of the risk management policies employed by the Group is included in Note 31 to the financial statements.

Financial performance

The Group's turnover for the year amounted to €73,926,336. The Adjusted EBITDA of the Group amounted to €17,504,355. After recognising depreciation amounting to €8,205,843, amortisation of intangible assets of €1,357,499, and net impairment loss on property, plant and equipment amounting to €78,852, the Group sustained an operating profit amounting to €7,862,161. After deducting the net finance cost amounting to €6,190,329, the

Group registered a profit before tax of €1,671,832. Profit for the year after accounting for taxation amounted to €1,294,394.

Cash generation from operations remained stable across the entire Group and during the year amounted to €12,404,366.

Adjusted EBITDA remained consistent, amounting to €8,992,633 in the first half and €8,511,722 in the second half of the year.

Revenue

The Group's revenue was generated as follows:

Operating Segment	%
Integrated Logistics Support Services (ILSS)	62%
Oil Country Tubular Goods (OCTG)	37%
Photovoltaic income	1%

Cost of sales and administrative expenses

The cost of sales of the Group for the year amounted to €54,606,343. Cost of sales also include amortisation of intangible assets of €1,357,499, and net impairment loss on property, plant and equipment amounting to €78,852.

Other income amounting to €987,871 is mainly made up of the foreign exchange differences during the year and an increase in the fair value of the financial assets at fair value through profit or loss. In addition, during the year, the Group continued its investment in its business development with the objective of participating in new tenders as opportunities presented themselves.

The Group - Financial key performance indicators from continuing operations

	Year 2023 € Million	Year 2022 € Million
Total turnover	**73.93**	66.94
- Integrated Logistics Support Services (ILSS)	**46.13**	42.99
- Oil Country Tubular Goods (OCTG)	**27.31**	23.43
- Photovoltaic Farm	**0.49**	0.52
Adjusted EBITDA	**17.50**	11.4
Profit from continuing operations	**1.29**	0.54
Net cash generated from operating activities	**12.40**	20.02
Cash and cash equivalents	**13.90**	18.66
Total Equity	**58.05**	60.36
Balance sheet total	**145.17**	151.73
Capital expenditure	**(2.68)**	(2.65)
Adjusted EBITDA margin in %	**23.67%**	17.03%
Net debt to Adjusted EBITDA	**3.11**	4.69
Debt to total Equity ratio*	**1.22**	1.21
EPS	**0.0106**	0.0057
Average number of employees for the year	**771**	716

*Debt to total equity ratio is the proportion of the total of loans and borrowings, lease liabilities and bank overdraft to total equity

Financial position

The consolidated equity attributable to the owners of the Company as at 31 December 2023 amounted to €56.86 million. The equity attributable to the owners of the Company as at 31 December 2023 amounted to €20.72 million.

Dividends

No reserves are available for distribution as at 31 December 2023.

Reserves

Retained earnings amounting to €25.1 million and €nil million for the Group and the Company, respectively, are being carried forward.

On 16 November 2023, following approval at an extraordinary general meeting of the shareholders, the share premium account of the Company was reduced by €28,634,512 for the purpose of offsetting losses of the Company as at 31 December 2022 and by a second reduction of €2,131,115 creating a new reserve called "Loss Offset Reserve" for the purpose of offsetting any eventual losses that may be incurred by the Company from time to time.

On 31 December 2023, the directors of the Company unanimously resolved to utilize such amount of the Loss Reserve Account as is equivalent to the Company's losses as at the 31 December 2023, for the purposes of offsetting the said losses. As a result, the amount of €594,519 was transferred from the Loss Offset Reserve to Retained Earnings. The remaining balance of €1,536,596 is being retained under the Loss Offset Reserve for the offsetting of any eventual losses that the Company may incur in the future.

Future developments

The Group's strategy remains to continue with its growth trajectory in geographic markets, client base and product offering. Particular emphasis and investments will be made in the METS operations by way of increasing capacity in the UAE by installing a third machine in Sharjah and expanding the new facility in Abu Dhabi to increase its service offering.

The Group is participating in several tenders and evaluating projects in both existing and new markets, particularly in Africa, South America and the Middle East, most of which are being driven by the Group's existing clients.

Events occurring after the end of the accounting period

In January 2024, the Company has entered into an agreement with its subsidiary Medserv M.E. Limited to transfer its investment in Middle East Tubular Services Holdings Limited to the Company payable by way of set-off against the loan agreements dated 5 September 2016, individually comprising loans in the principal sums of €20,840,518, €9,074,410 and USD 9,033,749 respectively.

In February 2024, the Company paid an interim dividend of €1 million, representing an interim dividend of €0.0098389 per share. The said dividend represents profits generated by the Company arising from dividends distributed within the Group during January 2024.

In February 2024, Medserv Operations Limited has been awarded a new contract with Mellitah Oil & Gas B.V Libyan Branch for the provision of logistics and marine services in Malta in support of the upcoming projects offshore Libya.

Regis Holdings Limited secured a loan from a private bank in February 2024, amounting to USD 1,900,000. The loan is interest bearing, currently at 6.32% p.a., renewable on a quarterly basis and secured by the investment portfolio held and managed by the same bank.

On 6 March 2024, the Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the overnight deposit and lending rates and the Central Bank's main operation rate by 600 basis points, reaching 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rates were also raised by 600 points, reaching 27.75%, and adopting a flexible exchange rate system so that the exchange rate reflects the value of the Egyptian pound against other foreign currencies through the forces of supply and demand, which led to a decline in the exchange rate of the Egyptian pound. The potential impact of the decline in the Egyptian pound exchange rate on the Group's performance remains uncertain as of the date of this report. However, management continues to monitor the situation closely.

Outlook

Four major forces are constantly reshaping the energy industry: geopolitics, economic factors, changing regulations, and new technologies. These forces can dramatically affect how much oil and gas is produced, bought, and sold. For instance, the recent decision by OPEC+ to cut production by 2.5 million barrels per day (mbpd) helped push Brent oil prices above $90 per barrel in early November 2023. Similarly, natural gas prices in the US (Henry Hub) rebounded to $3.50 per million British thermal unit (MMBtu) around the same time.

Despite ongoing challenges, the world's demand for oil has reached a record high of over 100 mbpd for the first time ever in 2023. Growth will continue in 2024, albeit with less momentum. According to the International Energy Agency (IEA), the pace of expansion is set to decelerate to 1.2 mb/d in 2024, compared with 2.3 mb/d last year. China, India and Brazil will continue to dominate gains. Interestingly, electric vehicle (EV) sales also surged globally in 2023, with one out of every seven new cars sold being an EV. This seemingly contradictory trend highlights the significant variations across different regions. These variations include factors like energy consumption patterns, infrastructure development, how widely EVs are adopted, government regulations, and economic considerations.

Based on publicly available information, the oil and gas industry is poised for a good start in 2024, thanks to its healthy finances and strong oil prices. This strong position allows companies to invest in new projects while still rewarding shareholders. For instance, upstream companies (those involved in exploration and production) are expected to maintain their 2023 investment levels of around $580 billion (which was an 11% increase from the previous year).

The other favourable factor is the continued geopolitical tensions: The ongoing war in Ukraine has highlighted the importance of energy security, potentially leading to a temporary slowdown in the shift towards renewable energy and increased reliance on oil and gas in the short term. The war also triggered a renewed scramble by International Energy Companies (IECs) for oil and gas reserves in the Mediterranean region. This surge in interest stems from Europe's urgent need to diversify its energy supplies away from dependence on Russia.

The Mediterranean's allure lies in its estimated vast gas reserves, offering a potential solution to Europe's energy crisis. The discovery of large gas fields like Leviathan in Israel and Zohr in Egypt has only bolstered this optimism. However, the path forward is not without its challenges.

Geopolitical tensions simmer between countries bordering the Mediterranean, particularly regarding exclusive economic zones (EEZs) and resource rights. Turkey's claims often clash with those of Greece and Cyprus, creating a complex political landscape that could hinder exploration efforts. Additionally, exploiting these reserves requires significant investment in pipelines and liquefaction facilities to transport the gas to European markets.

Despite the challenges, the Mediterranean is likely to witness increased exploration and development activity in the coming years. The success of this endeavour hinges on the ability to resolve geopolitical disputes, develop necessary infrastructure, and strike a delicate balance between energy security and climate change concerns. European countries are actively involved in facilitating dialogue and promoting regional cooperation to unlock the potential of the Mediterranean's gas resources. Major international companies stand ready to invest, while regional players like

Israel and Egypt see an opportunity to become energy exporters. The future of the Mediterranean energy scene promises to be a complex dance between economic necessity, geopolitics, and environmental responsibility.

The Group's performance in year 2024 is expected to improve further. Margins should remain stable or improve further with new contractual rates being negotiated. Focus will remain in the growth of margins as opposed to the growth in revenues. The financial exposure of the group remains as high as in 2023, but management is still focusing on the reduction of these risks.

Going concern

As required by Capital Markets Rule 5.62, upon due consideration of the Group's and Company's performance and statement of financial position, capital adequacy and solvency, the directors remain confident about the Group's and Company's ability to continue operating as a going concern for the foreseeable future.

Auditors

PricewaterhouseCoopers Malta expressed their willingness to continue in office. A resolution proposing the reappointment of PricewaterhouseCoopers as auditors of the Company will be submitted at the forthcoming annual general meeting.

DISCLOSURE IN TERMS OF THE CAPITAL MARKETS RULES

The Company's authorised share capital amounts to 120,000,000 shares of €0.10 each (2022: 120,000,000 ordinary shares of €0.10 each). The Company's issued share capital amounts to 101,637,634 shares of €0.10 each (2022: 101,637,634 ordinary shares of €0.10 each), which have been subscribed for and fully paid up. All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *pari passu* between themselves.

On 16 November 2023, an extraordinary general meeting of the Company approved the reduction of the share premium account of the Company as follows:

1) to reduce the share premium account of the Company be reduced by an amount of €28,634,512 for the purpose of offsetting losses of the Company as at the 31 December 2022; and
2) the share premium account of the Company be further reduced by €2,131,115, with the said amount being transferred to a new reserve to be known as the "Loss Offset Reserve" for the purpose of offsetting any eventual losses that may be incurred by the Company from time to time.

The said reductions were effective as of 6 December 2023, being the date of registration of the relevant resolutions with the Registrar of Companies.

No further modifications were made to the structure of the Company's share capital during the year and no share issues were made. The Company did not acquire ownership of or any rights over any portion of its issued share capital.

The following are highlights of the rights attaching to the shares:

<table>
<tr><td>Dividends:</td><td>The shares carry the right to participate in any distribution of dividend declared by the Company.</td></tr>
<tr><td>Voting rights:</td><td>Each share shall be entitled to one vote at meetings of shareholders.</td></tr>
<tr><td>Pre-emption rights:</td><td>Subject to the limitations contained in the memorandum and articles of association, shareholders in the Company shall be entitled, in accordance with the provisions of the Company's memorandum and articles of association, to be offered any new shares to be issued by the Company, a right to subscribe for such shares in proportion to their then current shareholding, before such shares are offered to the public or to any person not being a shareholder.</td></tr>
<tr><td>Capital distributions:</td><td>The shares carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise.</td></tr>
<tr><td>Transferability:</td><td>The shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time.</td></tr>
<tr><td>Other:</td><td>The shares are not redeemable and not convertible into any other form of security.</td></tr>
<tr><td>Mandatory takeover bids:</td><td>Chapter 11 of the Capital Market Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Capital Market Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Capital Market Rules may be viewed on the official website of the Malta Financial Services Authority – www.mfsa.com.mt.</td></tr>
<tr><td>Holdings in excess of 5% of the share capital:</td><td>On the basis of the information available to the Company as at the 31 December 2023, the following persons hold 5% or more of its issued share capital:
<table>
<tr><th><i>Shareholder</i></th><th><i>%</i></th><th><i>No of Ordinary Shares</i></th></tr>
<tr><td>DOCOB Limited</td><td>49.995%</td><td>50,813,817</td></tr>
<tr><td>Anthony J. Duncan</td><td>16.726%</td><td>17,000,000</td></tr>
<tr><td>Anthony S Diacono</td><td>13.227%</td><td>13,443,654</td></tr>
<tr><td>Rizzo Farrugia & Co (Stockbrokers) Limited obo clients</td><td>5.110%</td><td>5,193,590</td></tr>
</table>
As far as the Company is aware, no other person holds any direct or indirect shareholding in excess of 5% of its total issued share capital.</td></tr>
<tr><td>Appointment/Replacement of Directors:</td><td>In terms of the memorandum and articles of association of the Company, the directors of the Company shall be appointed by the shareholders in the annual general meeting as follows:

(a) Any shareholder/s who, in the aggregate, holds not less than 0.5% of the total shares having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company. The directors themselves or a committee thereof may make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting.</td></tr>
</table>

(b) Shareholders are granted a period of at least fourteen (14) days to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least two (2) daily newspapers. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time and shall reach the Office not later than fourteen (14) days after the publication of the said notice (the "**Submission Date**"); provided that the Submission Date shall not be less than fourteen (14) days prior to the date of the meeting appointed for such election. Nominations to be made by the Directors or any sub-committee of the Directors appointed for that purpose shall also be made by not later than the date established for the closure of nominations to shareholders.

(c) In the event that there are either less nominations than there are vacancies on the Board or if there are as many nominations made as there are vacancies on the Board, then each person so nominated shall be automatically appointed a director.

(d) In the event that there are more nominations made, then an election shall take place. After the date established as the closing date for nominations to be received by the Company for persons to be appointed directors, the directors shall draw the names of each candidate by lot and place each name in a list in the order in which they were drawn. The list shall be signed by the Chairman and the Company Secretary for verification purposes.

(e) On the notice calling the annual general meeting at which an election of directors is to take place there shall be proposed one resolution for the appointment of each candidate in the order in which the names were drawn, so that there shall be as many resolutions as there are candidates. The Directors shall further ensure that any Member may vote for each candidate by proxy.

(f) At the general meeting at which the election of directors is to take place the Chairman shall propose the name of each candidate as a separate resolution and the shareholders shall take a separate vote for each candidate (either by a show of hands or through a poll). Each shareholder shall be entitled, in the event of a poll, to use all or part only of his votes on a particular candidate.

(g) Upon a resolution being carried, the candidate proposed by virtue of that resolution shall be considered elected and appointed a Director. No further voting shall take place once enough resolutions have been passed to ensure that all vacancies on the Board have been filled, even if there are still candidates with respect to whom a resolution has not yet been called.

(h) Shareholders may vote in favour or against the resolution for the appointment of a director in any election, and a resolution shall be considered carried if it receives the assent of more than 50% of the shareholders present and voting at the meeting.

(i) Unless a shareholder demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed directors.

	(j) Subject to the above, any vacancy among the directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board of Directors and shall be valid until the conclusion of the next annual general meeting. (k) Any director may be removed, at any time, by the Member or Members by whom he was appointed. The removal may be made in the same manner as the appointment. (l) Any director may be removed at any time by the Company in general meeting pursuant to the provisions of section 140 of the Act.
Amendment to the Memorandum and Articles of Association:	In terms of the Companies Act, Cap 386 of the laws of Malta, the Company may by extraordinary resolution at a general meeting alter or add to its memorandum or articles of association. An extraordinary resolution is one where: (a) it has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principle purpose thereof has been duly given; (b) it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty-one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting. If one of the aforesaid majorities is obtained but not both, another meeting shall be duly convened within 30 days to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than 75% in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.
Board Members' Powers:	The Directors are vested with the management of the Company, and their powers of management and administration emanate directly from the memorandum and articles of association and the law. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the memorandum and articles of association they may do all such things that are not by the memorandum and articles of association reserved for the Company in general meeting. In particular, the Directors are authorised to issue shares in the Company with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors may from time to time determine, as long as such issue of Equity Securities falls within the authorised share capital of the Company. Unless the shareholders otherwise approve in a general meeting, the Company shall not in issuing and allotting new shares: (a) allot any of them on any terms to any person unless an offer has first been made to each existing shareholder to allot to him at least on the same terms, a proportion of the new shares which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate shares in issue in the Company immediately prior to the new issue of shares; and

(b) allot any of them to any person upon the expiration of any offer made to existing shareholders in terms of a) above. Any such shares not subscribed for by the existing shareholders may be offered for subscription to the general public under the same or other conditions which however cannot be more favourable to the public than offer made under (a).
Furthermore, the Company may, subject to such restrictions, limitations and conditions contained in the Companies Act, acquire its own shares.

Pursuant to Capital Markets Rules 5.64.2, 5.64.4, 5.64.5, 5.64.7, 5.64.10 and 5.64.11 it is hereby declared that, as at 31 December 2023, none of the requirements apply to the Company.

Pursuant to Capital Market Rule 5.64.6

The MedservRegis Group is required to obtain the consent of its bankers prior to any declaration of dividends.

Pursuant to Capital Market Rule 5.70.1

There were no material contracts to which the Company, or any of its subsidiaries was a party, and in which anyone of the Company's Directors was directly or indirectly interested.

Pursuant to Capital Market Rule 5.70.2

Company Secretary:	Dr Laragh Cassar LL.D.
Registered Office of Company:	Port of Marsaxlokk Birzebbugia BBG 3011 Malta
Company Registration Number:	C28847
Telephone:	(+356) 2220 2000

Approved by the Board of Directors on 26 April 2024.

Statement of the Directors pursuant to Capital Markets Rule 5.68

To the best of the knowledge of the directors:

(i) the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(ii) the Directors' report includes a fair review of the performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 26 April 2024 by Anthony S. Diacono (Chairman) and David S. O'Connor (Director and CEO) as per Directors' Declaration on ESEF Annual Report submitted in conjunction with the Annual Report 2023.

Statement by the Directors on non-financial information

Non-financial disclosures in terms of the requirements of the Sixth Schedule to the Maltese Companies Act (Cap. 386)

Introduction

This report details the various actions taken by MedservRegis p.l.c. (the ‘Company’) as the parent company, and its subsidiaries (the ‘Group’) to enhance sustainability in terms of its operations and its activities related to corporate responsibility.

As described in more detail in the annual report, the Group provides onshore logistics services and engineering for Oil and Gas under ILSS and supply chain management for Oil Country Tubular Goods (OCTG).

The Group strives to integrate all aspects of sustainability into its operations, considering:

1. Environmental impacts, and the actions that can be taken to reduce them.
2. Social responsibility; and
3. Governance to oversee the implementation of practices in relation to the above.

The Group aims and strives to achieve the highest sustainability standards in the best way possible. It ensures that the resulting benefits are shared by its shareholders, clients and the community at large.

This report will delve into the ways the Group implements policies related to environmental protection, social responsibility, treatment of employees, respect for human rights, anti-corruption and bribery.

Sustainability

The Group considers value creation beyond its shareholders, capturing also its customers and the community at large, with the intention of delivering the highest standards to all stakeholders.

The Group is working to progressively enhance both its sustainability practices, and its continued awareness about the importance of such matters throughout its operations worldwide.

The concept of sustainability is firmly becoming a key part of the business, fully understood by its employees.

Governance

In order to successfully implement the designed sustainability practices across the Group and achieve the desired goals, the Group believes that strong governance processes are necessary. Appropriate governance oversight ensures that sustainability topics are fully integrated into the manner in which the Group conducts its business; as opposed to being seen as a separate matter.

The Board is responsible for determining the strategic priorities of the Group and considers sustainability issues as an integral part of the business review.

The Audit Committee assists the Board in providing focused oversight for the Group’s policies and related risks.

The Audit Committee met 6 times during 2023 with detailed minutes being kept of all proceedings and decisions taken.

Statement by the Directors on non-financial information (continued)

Risk Management

The Group is committed to conducting business in a safe and responsible manner, whilst also achieving customer, stakeholder and interested party feedback and satisfaction.

To ensure this, the Group implemented its Corporate Health, Safety, Security, Environment and Quality ('HSSEQ') Management System which outlines the required performance standards for the systems, processes, and procedures to effectively manage and implement HSSEQ within the Group. These HSSEQ standards also establish the required performance objectives which enable the Group to achieve this commitment and to ensure that all activities are conducted consistently. The HSSEQ standards also define our risk management processes and responsible officials.

Business risk mitigation

The Group's business model is based on the International Oil and Gas Producers Operating Management System Standards ('IOGP'). This operating system is an industry specific Global Oil and Gas Operating System that is adopted by many industry majors and other suppliers and contractors that are part of the supply chain. Due to the nature of our services and risks associated with our operating activities, the focus is on health, safety, environmental, security and quality standards.

Throughout the various continents in which the Group operates, it provides hazardous and high-risk services such as lifting operations and movement and handling of dangerous substances. The business risk focus area is on our high-risk areas of operations and is what drives our management system standards.

The current management system is considered an integrated operating management system. This means it has many management systems within an integrated framework. These include occupational health system, environmental system, security system, quality system, competency system and all feed our ESG reporting requirements.

The management system is also implemented at each of the Group's operating entities. This provides standardization across the entire portfolio of operations which also brings efficiencies across the whole Group. It also supports collaborative planning and the sharing of positive and negative business failures and supports continual improvement by providing results of performance across the whole Group. This allows for review of the decisions to be taken in respect of improvements and SMART objectives.

The below list provides the corporate management standards for HSSEQ within the Group.

STANDARD 1 – LEADERSHIP & COMMITMENT
STANDARD 2 – POLICY & STRATEGIC OBJECTIVES
STANDARD 3 – ORGANISATION & COMMUNICATION
STANDARD 4 – HAZARDS & EFFECTS MANAGEMENT
STANDARD 5 – PURCHASING & CONTRACTOR MANAGEMENT
STANDARD 6 – DESIGN, OPERATIONS & MAINTENANCE
STANDARD 7 – INCIDENT INVESTIGATION & REPORTING
STANDARD 8 – EMERGENCY MANAGEMENT
STANDARD 9 – OCCUPATIONAL HEALTH & SAFETY
STANDARD 10 – ENVIRONMENTAL MANAGEMENT
STANDARD 11 – SECURITY MANAGEMENT
STANDARD 12 – DOCUMENT CONTROL & LEGAL REQUIREMENTS
STANDARD 13 – CHANGE MANAGEMENT
STANDARD 14 – PERFORMANCE MONITORING ASSESSMENT & REVIEW

Statement by the Directors on non-financial information (continued)

The purpose of these standards is to:

- Implement the HSSEQ Policy,
- Formalise the expectations for the development and implementation of a specific and detailed HSSEQ management system,
- Provide a risk based HSSEQ framework consistent with ISO 9001, ISO 14001, ISO 45001 and IOGP HSE System Guidelines,
- Provide auditable criteria against which the HSSEQ Management System across MedservRegis can be measure,
- Drive continual improvement of the HSSEQ Management System.

Risk Management responsibilities are as follows:

Executive Officers:

- Ensure MedservRegis HSSEQ Policy is followed.
- Provide the required infrastructure and commitment for resourcing to effectively manage HSSEQ throughout the MedservRegis Group.

MedservRegis HSSEQ Executive Committee, Group HSSEQ Manager:

- Approve MedservRegis Group HSSEQ organization chart and Group level HSSEQ resourcing strategies.
- Develop and organize the MedservRegis HSSEQ Group HSSEQ Roles and Responsibilities.
- Develop and approve the RACI Chart.
- Overview of the MedservRegis HSSEQ Group Roles and Responsibilities.

MedservRegis Managers:

- Identify resource staffing strategies and requirements.
- Approve personal HSSEQ requirements.
- Approve staffing plans, organisational charts and position profiles.
- Ensure organisational charts are developed and maintained current.
- Monitor and ensure customer and interested party satisfaction.

HSSEQ Managers/Coordinators, Leaders and Specialists:

- Review and audit position profiles and changes of HSSEQ requirements.

Human Resources Department:

- Ensure that position profiles are prepared and maintained.
- Provide recruitment and qualified candidates.
- Communicating the position profiles to employees.

Ethical Conduct

Whistleblower policy

The Group’s set of values underpins its high standards of ethical conduct. It respects human rights, embraces diversity and stands firm against corruption. The Group’s Whistleblower Policy was prepared during 2022 and has been in force and effect since Q2 2023, across all jurisdictions in which the Group operates. The Whistleblower Policy defines what is considered improper practice, procedures for employees to submit a disclosure, and other considerations including anonymity, confidentiality, protection provided by the policy and under the law. The Whistleblower Policy outlines a Whistleblowing Reporting Officer and their specific responsibilities under the Whistleblower Policy.

The primary objective of the policy is to establish procedures and protection which allows employees of the Group and members of the public to act on suspected fraud or corruption, which is also considered to comprise any instances of bribery, with potentially adverse ramifications and to achieve the legitimate business objectives of the Group for the benefit of its shareholders.

The Policy also outlines the systems that facilitate reporting of misconduct and the procedures to investigate and resolve malpractices. As a Group which values good governance, we remain committed to ensuring that staff act with utmost integrity through training and well-defined guidelines and procedures.

GDPR Policy

The Group’s GDPR policy extends the scope of EU data protection law to all foreign companies processing data of EU residents. It provides for a harmonization of the data protection regulations throughout the EU, thereby making it easier for non-European companies to comply with these regulations.

The Group considers personal data as any information relating to an individual, whether it relates to the individual’s private, professional or public life. It can be anything from a name, a home address, a photo, an email address, bank details, posts on social networking websites, medical information, or a computer’s IP address.

The Group’s GDPR policy outlines key responsibilities for individuals throughout the Group, principally lying with the data protection officer but also extending to all employees across various teams. The GDPR policy is based on key data protection principles which govern the collection, use, retention, transfer, disclosure, and destruction of personal data. The policy further comprises a GDPR compliance framework with procedures for notifying data subjects with information on the processing of their personal data, the processing of special categories of data, data retention, and data subject requests transfers between Group entities, amongst others.

The governance around data privacy is expected to be strengthened with Board reporting on data protection responsibilities, risks and issues, and the consolidation of control structures established to ensure that the Group, its employees and third parties are aware of their respective obligations under the GDPR and other data protection legislation.

The conditions for consent have been expanded in terms of GDPR. In particular, the Group needs to be able to demonstrate clearly how the individual provided consent to data processing. Mechanisms for obtaining and documenting consent are thoroughly reviewed and amended as appropriate to reflect the additional requirements of GDPR.

The information disclosure requirements have expanded considerably, and in particular, individuals need to be informed of the legal basis for processing their data, their rights as data subjects, data retention periods and that they have a right to complain to The Office of the Information and Data Protection Commissioner if they believe there is a problem with the way their data is being handled. Privacy notices are reviewed and amended to reflect the additional requirements of the GDPR.

Social and Employee matters:

Employees

In 2023, the Group employed 771 (2022: 716) individuals, comprising both full-time employees ('FTE') and temporary employees ('PTE'), excluding the Board of Directors. Of these, FTEs totalled 763 (2022: 710) individuals, with PTEs amounting to 8 (2022: 6) individuals. Male staff members in 2023 amounted to 714 (2022: 661) individuals, accounting for 93% (2022: 92%) of the FTE workforce for the year.

In terms of gender representation across various positions, management roles in 2023 were occupied by 12% female employees (compared to 8.9% in 2022), while administrative and clerical positions saw 38% female representation (down from 44.8% in 2022). In operational roles (yard, drivers, security, and cleaning workers), female representation stood at 1% (increase from 0.4% in 2022), making up a total female workforce of 7.4% (8.2% in 2022).

The historically male-dominated nature of the oil and gas services industry, combined with fewer women entering relevant programs or qualifications, has resulted in a smaller female candidate pool. Additionally, remote work locations and physically demanding environments may deter female applicants, while operational positions often require long hours and time away from home, which can be less compatible with traditional caregiving responsibilities typically shouldered by women.

Among Maltese nationals employed in 2023, comprising both FTE and PTE roles and across various jurisdictions, 68 individuals were employed (consistent with 68 in 2022), with males accounting for 77% of this workforce (78% in 2022). Foreign national employees during the year numbered to 703 (648 in 2022), with males representing 94% of this demographic (94% in 2022).

Employees – Training and competency

The Group values all of its employees’ contribution to the services provided and fully embraces and values the growth of skills, knowledge, training, and experience.

The Group’s Competency Management System consists of the following pillars:

- Recruitment Process to engage the best candidates for the role
- Detailed Job Descriptions providing the essential competencies required for the position
- Site specific training matrices identifying the competency requirements at each site
- Onboarding and Induction to the Group
- Personal development plans (annual appraisal) for each employee
- Competency Standards (on job training and assessment) for ensuring safety or process competency through various means such as skill checks are achieved.

By investing in our employees and being a firm believer in developing and promoting within, this encourages longevity of employees within the Group through job satisfaction.

This is achieved by ensuring employees are mentored, valued, rewarded with career progression, well-paid and challenged. Employee retention in the oil and gas industry will be an issue in the future as there is already evidence of a global reduction in the amount of young people joining the industry, shifting towards the renewable energy sector instead.

This is an area where the Group will be looking to strengthen by ensuring the work environment meets expectations and remains appealing. The Group strives to remain an exemplary and leading employer by providing its employees with the right development opportunities to cultivate their abilities and enable them to grow within the Group.

Being operational in over 12 countries, employees are able to gain valuable experience by means of cross-cultural programs and job rotations in different aspects of the Group's business. Training programs are being implemented in various departments which further enhance employees' skills and expertise.

Equal opportunity is given to all employees through continuous staff training & development and benchmarking techniques at all levels, including operational staff, heads of department, managers, and senior personnel.

	2023	2022
Average hours of training that the organisation's employees have undertaken during the reporting period		
Total no. of hours of training	**6,904**	7,764
Total no. of labour hours	**1,561,530**	1,541,954
Total no. of hours of training vs. total number of hours	**0.44%**	0.5%
Percentage of employees receiving regular performance and career development reviews (based on eligibility)		
Number of employees receiving regular performance and career development reviews (based on eligibility)	**433**	582
% employees receiving regular performance and career development reviews (based on eligibility)	**65%***	81%

* 35% of the employees were not eligible for a performance and career development review since they were either engaged on a definite contract for a short-term drilling campaign or had just been recruited as part of the Group's ongoing expansion plan and therefore their review was not yet due, resulting in a lower percentage compared to previous year.

Diversity

The Group is committed to providing an inclusive and harmonious workplace to its employees regardless of gender, age, nationality, religion, sexual orientation, disability, or other aspects of diversity. We are dedicated to cultivating a diverse and inclusive workforce that represents various backgrounds, experiences, and perspectives. Currently we have 15 different nationalities employed within the group, and our diversity and inclusive initiatives encompass unbiased recruitment processes, ongoing training, and fostering a culture of respect and collaboration.

The Group supports parents by facilitating parenting through family-friendly measures, including parental leave to both males and females.

Health and Safety

The Group continues to improve its health and safety performance year-on-year which is measured through the Group HSSEQ reporting system. The reporting system measures data, including leading and lagging indicators, which provide analysis of trends and improvements and allow for programs to be developed for required focus areas.

Lagging indicators (reactive) include areas such as incidents and their types and risk severity such as vehicle incidents, quality incidents, security incidents, environmental incidents, asset damage incidents, medical treatment cases, first aid cases, lost time incidents, and fatalities.

Leading indicators (proactive) provide important information on how the Group is improving on areas of HSSEQ by reviewing performance against previous years. Leading indicators include corrective actions raised versus closed, safety observations raised, audits undertaken, leadership tours completed, near misses recorded, and HSSEQ meetings completed.

2023 Objectives & Targets were set by the Executive Management Team at the start of the year, and these are shown below.

1. Quality
    1.1. Achieve CAPA management objective of 90% of actions closed by year end across the Group
    1.2. Achieve ISO 9k, 14k, 45k Multisite Certification for all MedservRegis business units
2. Leadership
    2.1. Increase Leadership Tours conducted across the Group over prior year
    2.2. Complete Leadership Training program for all Senior and Country Managers
3. Human Factors
    3.1. 10% increase in safety observations across the Group when compared to prior year
4. Incidents
    4.1. Reduce driving related incidents by 15% across the Group when compared to 2022
5. Document Control
    5.1. Capture full year of HSSEQ data from all sites upon the new EHS System to indicate implementation
    5.2. Amend group HSSEQ procedures to include EHS work instructions for the associated modules
6. Environmental
    6.1. Measure 2023 paper usage against 2022 paper usage across the Group to provide starting measurement with the introduction of the online EHS system from 21st April 2022

Statement by the Directors on non-financial information (continued)

MedservRegis Data Bank HSSEQ for previous 5 years

Leading Indicators	2019	2020	2021	2022	2023*	Total
HSE Action Items Opened	513	504	872	441	2,375	**4,705**
HSE Action Items Closed	839	423	1,028	366	2,094	**4,750**
HSE Meetings	1,202	1,341	233	188	238	**3,202**
Leadership Tours	99	65	233	251	251	**899**
HSE Audit per Schedule	11	5	13	9	14	**52**
Safety Observations	2,421	1,119	5,676	5,200	3,295	**17,711**
Near Miss Incidents	23	3	4	4	12	**46**

Lagging Indicators	2019	2020	2021	2022	2023	Total
Fatalities	0	0	0	0	0	**0**
Lost Time Injury (LTIF)	4	3	0	0	1	**8**
Medical Treatment Case	1	1	2	4	2	**10**
First Aid Cases	2	4	6	1	8	**21**
Security Incidents	4	1	5	4	3	**17**
Environmental Accidents	1	2	3	3	3	**12**
Assets Damage	20	5	15	9	21	**70**
Vehicle Incidents	9	4	15	13	5	**46**
Non-Tab	0	0	3	2	2	**7**
Quality	0	1	0	3	3	**7**

Man-Hours Worked	2019	2020	2021	2022	2023	Total
MedservRegis man hours worked	680,266	752,571	1,235,506	1,529,363	1,610,446	5,808,152
MedservRegis Contractors manhours worked	862,944	194,715	158,758	221,364	412,814	1,850,595
Total manhours worked	**1,543,210**	**947,286**	**1,394,264**	**1,750,727**	**2,023,260**	**7,658,747**

Frequency & Rates	2019	2020	2021	2022	2023	Total
Quantity LTIF	4	3	0	0	1	**8**
LTIF Rate	2.59	3.17	0.00	0.00	0.49	**1.04**
Quantity of total recordable incident (TRI)	6	4	0	0	1	**11**
TRI Rate	3.89	4.22	0.00	0.00	0.49	**1.43**

* Following the introduction of the EHS (environment, health and safety) system during 2023, all actions started being captured in one central repository integrating all the sites. The number of actions have also increased due to the increase in the Group's operations during the year.

Environment

When it comes to environmental issues and practices, the oil and gas service industry is continuously looking at ways to improve its environmental impacts and aspects. Within MedservRegis this is managed within the Group's Environmental Management System.

This consists of procedures that are in place within each operating site to ensure at a local level environmental programs are in place to support consumption and waste reduction and good sustainability practices.

The Group also provides environmental awareness to all employees and contractors to ensure all are aware of the environmental responsibilities required to support consumption reduction strategies as well as waste reduction strategies.

MedservRegis Environmental Management Procedures are as follows:

- Environmental Management Planning.
- Pollution Waste Management.
- Environmental Implementation and Operational Requirements.
- Environmental Monitoring Requirements.

The following are the Group environmental programs implemented for 2023 and designed to contribute to lowering MedservRegis Carbon Footprint.

- 2023: Reverse Osmosis Mains Fed Water Installation within Malta Operations to remove the need for the use of plastic water bottles contributing to consumption reduction.
- 2023: Undertake assessment of Duqm Diesel consumption for options on how to reduce Emissions.
- 2023: Undertake assessment of Duqm Waste management processes on how to reduce waste disposal emissions.
- 2023: Implement waste management improvement plan at Uganda Buliisa Camp to reduce waste disposal emissions.
- 2023: Replacement of Malta Client Services Department Diesel Fleet with Electric fleet to reduce emissions.
- 2023: Group wide objective to reduce paper consumption across all sites with the introduction of digital processes using Smart Phones and Tablets.

The following are the environmental statistics currently being measured and monitored by the Group:

Year	Water Usage (m3)	Spills	
		Ltrs	Kg
2022	11,164	230	83
2023	17,435	245	60

Water Usage relates to metered water used by all MedservRegis operational sites across the whole group.

Spills relates to the estimated loss of fluids or materials that have happened during operational activities. Each spill has an investigation completed to identify the root cause and put in place corrective actions. The number of spills that have occurred across the group can be viewed in the Lagging Indicator Data Table.

The increase in volume compared to the previous year for water usage is due to the increased activity across the group, including Uganda and the well campaign in Morocco that took place between February and December 2023. The spill volume has increased slightly compared to the previous year, but when measured against the increase in operational hours worked, this increase can be considered a reduction, reflecting the growth in operational activity.

Statement by the Directors on non-financial information (continued)

Year		Waste Data (m3*)	
	Landfill	Hazardous	Recycled
2022	1,971	4,245	6,388

Year		Waste Data (Tons*)	
	Landfill	Hazardous	Recycled
2023	1,027	18	55

Landfill, hazardous waste volumes have decreased compared to 2022 due to campaigns across the group which focus on prevention, re-using, recycling, recovery, and disposal of waste.

*Since the Group is mandated to report carbon footprint starting from 2025 for the Corporate Sustainability Reporting Directive (CSRD), a shift has been made to compile data in tons, instead of cubic meters (m3). Given that historical data was presented in cubic meters and the absence of a conversion metric from cubic meters to tons, the Group disclosed the results in two separate tables.

Year	Electricity (kWh)	Fuel (litres)
2022	681,200	690,603
2023	591,196	727,290

Several environmental programmes were implemented during 2023 across the group. This included areas such as replacing lights with LEDs and campaigns to turn off electrical equipment when not being used. The programs have contributed to a reduction in electricity consumption across the group. Fuel usage is up on last year due to increased operations specifically with the Morocco campaign.

Quality

MedservRegis places a lot of focus on the quality aspects of our business. To ensure the quality of our processes and services there are a number of areas within the Group that are considered the main factors for ensuring the Plan, Do, Check, Act cycle of continual improvement is a constant part of our business practices. Quality aspects are managed and implemented upon the business management system or referred to as the MedservRegis Intranet. The following are areas where quality process is managed within the Group.

The following are the 2023 results of actions raised on the system that also show the sources of actions, indicating full use of the management system.

Actions By Site	Egypt	Morocco	Malta	Cyprus	Oman	Uganda	Mozambique	UAE	Other	Total
Total	**1,653**	**351**	**142**	**108**	**99**	**67**	**61**	**17**	**5**	**2,503**

Document Management

Control of records and documents - MedservRegis has two document registers that host all controlled documents. The two registers are the corporate document register and the local document register. The corporate document register is where all corporate procedures and associated documents are available to view, download and use if required. This ensures employees are using or referring to approved documents, which is vital for ensuring process safety is adhered to. The local document register is where all country specific procedures and documents are hosted.

This also allows other business units to access similar procedures that may be required and aids efficiency as it prevents document owners creating procedures from scratch.

Internal Audit Program

Annual corporate full system HSSEQ audits are carried out in each operation and results reported to the executive team during annual review meetings. The audit ensures compliance with the Group standards and creates scorecards and action plans agreed with Country Managers. These are then measured against previous year's results to check for continual improvement and ensure corrective action is taken where there are shortfalls.

Action Management

MedservRegis Corrective and Preventive Action Management System (CAPA) is implemented in each operating site and is the local tool used for managing continual improvement. This system is where all actions resulting from areas such as audits, investigations, observation cards, meetings, leadership tours and customer feedback are captured. The system is designed to manage the action process by ensuring custodians close out actions in specified timelines and check that they have been effective, and the issue should not happen again (close the loop). This is a valuable tool to the Group as it shows commitment to ensuring quality is maintained and improved and is how the Group demonstrates continual improvement across all operating entities.

Quality Certification

MedservRegis places importance on international certification of the management system. MedservRegis achieved Multi-site ISO Certification during 2023 across all operating sites for ISO 9001 Quality, 14001 Environmental and 45001 Occupational Health & Safety. Multi-site Certification has both Advantages and Disadvantages, and these are summarised as follows:

Advantages of Multi-site Certification

Strengthen Reputation and Market Position: Presenting our certification as the "gold standard" as it is embedded across all sites within a single certificate and offers a powerful image to our business stakeholders. A multi-site certificate gives our customers confidence as it demonstrates our commitment to excellence in every area of our organization.

Improve Performance: Success is about performance at every level in our organization. A multi-site certification process assesses and reflects our company's activity consistently at every site to ensure established processes and procedures of our management system are properly implemented and achieving the desired results, making it easier to encourage innovation and growth and decide on areas of focus for improvement.

Conserve Resources: We have invested internally on a system structure (SAI EHS and SharePoint), along with necessary maintenance and management of consistent, integrated processes and procedures within our organization. This will achieve a broad external oversight and evaluation of our system at significant cost savings from reduced audit days.

Streamline Operations: Business data used to measure the performance of multiple sites is centrally controlled and managed by us, then evaluated and reported to management. This will facilitate our efforts to: determine the effectiveness of our implemented policies and procedures, identify weaknesses in performance at site level or trends throughout our company, and determine and implement actions required to improve the effectiveness of our management system.

The disadvantages of a Multi-site ISO certification

The main disadvantage for multi-site certification is that if one site fails badly it can impact on the rest of the sites and put certification at risk. This is unlikely as the purpose of the certification is to improve areas of the business that require it.

Safety awards

MedservRegis and its business operational site in Malta have won an International Safety Award from the British Safety Council in recognition of its commitment to keeping its workers and workplaces healthy and safe during the 2022 calendar year. The Group is one of 342 organizations to win a Pass in the International Safety Awards 2023.

Customer Feedback

The management system customer feedback system allows for clients receiving services from MedservRegis to provide feedback on our performance. Feedback areas include emails received, phone calls taken, and feedback forms completed. Each local operation continually reviews the feedback to check for areas of corrective action. The feedback progress is provided to the client to ensure they are happy with our outcome and feel their contribution added value to our business. Overall customer satisfaction is reviewed by the executive team during the annual review to analyse if there are any areas of improvement required and recognize positive feedback.

Management of Change 2023

MedservRegis Board approved the purchase of an online HSSEQ/training & Competency/Environmental, Social and Governance reporting tool mid-year 2022. The new system was rolled out during 2023 and was considered fully operational as of the 1st of November 2023 across all sites. This system also allows for future improvements to the Management System in areas such as Digital forms and ESG Reporting and Management.

An overview of the system:

- Efficiency savings: Reduce HSSEQ Dept time (and other contributors to the HSSEQ-MS) spent across the Group on admin and reporting duties to allow more time to focus on operational oversight such as process and human factor safety.
- Environmental Impact: Reduce carbon footprint across the Group by assisting with reduction of paper and printer usage and monitoring of Env KPI and Objectives in an easier way
- Communication: Support the integration of the three sub-Groups within the Group of Medserv, Regis and METS making sharing and communication easier as well as ensuring efficiency through standardized processes.
- Reporting: Allow for easier review of reports to identify areas for improvement and highlight areas of strength allowing efficient management of resources and expenditure.
- Manage risk: Highlight areas where employees are performing well or not performing well and allow for early intervention to mitigate bigger issues taking place and ensure recognition is provided to top performing business units.

Continual Improvement: Keep the Group competitive in our industry by moving forward with new technology, increasing our employees' ICT skills, and ensuring corrective actions are managed to support our continual improvement objectives.

Consolidated disclosures pursuant to Article 8 of the Taxonomy Regulation

Introduction

In order to achieve the targets established by the European Union of reaching net zero greenhouse gas ('GHG') emissions by 2050, with an interim target of reducing GHG emissions by 55%, compared to 1990 levels, by 2030, the European Commission ('EC') has developed a taxonomy classification system, by virtue of EU Regulation 2020/852, ('the Taxonomy Regulation' or 'the EU Taxonomy'), which establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable.

The EU Taxonomy establishes criteria in terms of six environmental objectives, against which entities will be able to assess whether economic activities qualify as environmentally sustainable. In order to qualify as such, an economic activity must be assessed to substantially contribute to at least one of these environmental objectives, whilst doing no significant harm ('DNSH') to the remaining objectives. This is achieved by reference to technical screening criteria established in delegated acts to the EU Taxonomy. The economic activity is also required to meet minimum safeguards established in the EU Taxonomy.

The six environmental objectives considered by the EU Taxonomy are the following:

i. Climate change mitigation;
ii. Climate change adaptation;
iii. Sustainable use and protection of water and marine resources;
iv. Transition to a circular economy;
v. Pollution prevention and control; and
vi. Protection and restoration of biodiversity and ecosystems.

The EC subsequently adopted a Delegated Act supplementing Article 8 of the Taxonomy Regulation ('the Disclosures Delegated Act') in 2021, which establishes the disclosure requirements of entities within the scope of the Taxonomy Regulation. At this stage, this solely comprises entities subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU (being those entities subject to the Non-Financial Reporting Directive, 'NFRD'). The Non-Financial Reporting Directive (NFRD) will be replaced by the Corporate Sustainability Reporting Directive (CSRD), which was signed on 21 June 2022 and approved by the European Parliament in November 2022.

In the following section, the Group, as a non-financial parent undertaking, presents the share of its turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period ended 31 December 2023, which are associated with taxonomy-eligible economic activities for all six environmental objectives, and taxonomy-aligned economic activities related only to the first two environmental objectives (namely, climate change mitigation and climate change adaptation) in accordance with Article 8 of the Taxonomy Regulation. The four environmental objectives were adopted by the EC in November 2023, and therefore the Group is exempt from reporting on alignment for these new objectives for the first year. The Group will therefore continue to monitor market regulation and guidance in respect of this aspect of its Taxonomy reporting, given the imminent nature of such reporting requirements.

Statement by the Directors on non-financial information (continued)

Our Activities

Overview

Proportion of taxonomy-eligible and taxonomy-aligned economic activities in total turnover, CapEx and OpEx in FY 2023				
FY 2023	**Total €000**	**Proportion of taxonomy-eligible (non-aligned) economic activities**	**Proportion of taxonomy-aligned economic activities**	**Proportion of taxonomy non-eligible economic activities**
Turnover	73,926	2.1%	0%	97.9%
CapEx	10,895	8.0%	0%	92.0%
OpEx	2,017	60.2%	0%	39.8%

The comparative periods are as follows:

Proportion of taxonomy-eligible and taxonomy-aligned economic activities in total turnover, CapEx and OpEx in FY 2022				
FY 2022	**Total €000**	**Proportion of taxonomy-eligible (non-aligned) economic activities**	**Proportion of taxonomy-aligned economic activities**	**Proportion of taxonomy non-eligible economic activities**
Turnover	66,939	1.7%	0%	98.3%
CapEx	5,028	28.5%	0%	71.5%
OpEx	1,744	56.5%	0%	43.5%

Definitions

‘Taxonomy-eligible economic activity’ means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (that is, the Climate Delegated Act and Environmental Delegated Act as of now), irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

The Climate Delegated Act is structured such that Annex I contains a list of activities and the respective technical screening criteria in relation to the Climate Change Mitigation objective, whereas Annex II relates to the Climate Change Adaptation objective, with potentially different activities being considered in both annexes.

The recently published Environmental Delegated Act is structured such that Annexes I, II, III, and IV contain lists of activities and the respective technical screening criteria related to Water, Circular Economy, Pollution Prevention, and Biodiversity, respectively.

A ‘taxonomy-aligned economic activity’ refers to a taxonomy-eligible activity which:

i. complies with the technical screening criteria as defined in the Climate Delegated Act, where such criteria comprise:
    a) substantial contribution to one or more environmental objectives; and also
    b) ‘do no significant harm’ to any of the remaining environmental objectives;

ii. is carried out in compliance with minimum safeguards regarding human and consumer rights, anti-corruption and bribery, taxation, and fair competition.

‘Taxonomy-non-eligible economic activity’ means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

Taxonomy-eligible but not aligned economic activity’ means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation but does not comply with any or all of the technical screening criteria laid down in those delegated acts.

Taxonomy-eligible and Taxonomy-aligned economic activities

The Group has examined all economic activities to determine both taxonomy eligibility and alignment in accordance with Annexes I and II of the Climate Delegated Act, and subsequently assessed taxonomy eligibility against the newly published Annexes I, II, III, and IV of the Environmental Delegated Act. The table below indicates the activities performed by the Group which have been identified as taxonomy-eligible and the environmental objective to which the activity may be associated with. Information on the extent to which the economic activities are also taxonomy-aligned is provided in the KPI templates further below.

Taxonomy-eligible activities were identified by extracting the total turnover, CapEx and OpEx required to be captured in the denominators of the respective KPIs and assessing the NACE code of the activities to which the amounts relate. The Group then assessed which of the identified NACE codes relate to activities included within the annexes to the Climate Delegated Act. In the case of the identified eligible activities, the Group then began the process of assessing them against the technical screening criteria. However, this process is still currently ongoing (no activities presently being classified as taxonomy-aligned).

Through the activities highlighted in the table below, the Group generates turnover, and may incur both CapEx and OpEx for these activities.

Taxonomy-eligible economic activities

Economic activity as per Climate Delegated Act	Description	Turnover (%) *	CapEx (%) *	OpEx (%) *	Climate change mitigation	Climate change adaptation	Water	Circular Economy	Pollution prevention	Biodiversity	Activity Codes
Electricity generation using solar photovoltaic technology	The generation and sale of electricity through PV panels installed by the Group	0.7	-	1.3	✓	✓					**CCM 4.1**, CCA 4.1
Transport by motorbikes, passenger cars and light commercial vehicles	The transportation services provided by the Group through electric vehicles leased and designated as category M1.	0.0	1.1	-	✓	✓					**CCM 6.5**, CCA 6.5
Sea and Coastal freight water transport, vessels for port operations and auxiliary activities	Freight forwarding services performed by the Group	1.2	-	-	✓	✓					CCM 6.10, **CCA 6.10**
Acquisition and ownership of buildings	Rental income generated from office premises owned by the Group	0.2	-	-	✓	✓					CCM 7.7, **CCA 7.7**

*% of the total turnover, CapEx and OpEx included in the denominator of the respective KPI

Taxonomy eligibility

Economic activities classified under activity 4.1 ‘Electricity generation using solar photovoltaic technology’ relates to the generation of electricity through solar photovoltaic (‘PV’) panels which is fed into the public electrical grid. Amounts in this respect have been allocated to activity 4.1 due to the electricity generated from the panels being fed into the public electrical grid, as opposed to being used exclusively for internal consumption within the Group’s premises. Had the latter been the case, the Group would have classified such activities under 7.6 ‘Installation, maintenance and repair of renewable energy technologies.

Economic activities classified under activity 6.10 ‘Sea and Coastal freight water transport, vessels for port operations and auxiliary activities’ relates to turnover generated from freight forwarding services that the Group performs on behalf of its customers. Despite the Group not performing the freight activity itself, revenues from such an activity have been considered as taxonomy-eligible in accordance with the Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (second Commission Notice)’, particularly FAQ 20 ‘When should an undertaking be required to report under the Disclosures Delegated Act an economic activity that has not been performed by the reporting entity itself but by a subcontractor’.

The Commission Notice states that “Reporting entities must report turnover from the activities performed by a subcontractor in accordance with the accounting treatment referred to in Section 1.1.1. of Annex I of the Disclosures Delegated Act. Therefore, the reporting entity should determine whether it recognises revenue arising from that activity as its own revenue under the principles set out in the applicable IFRS 15. Where revenue generated by a subcontractor is recognised as the revenue of the reporting entity, it must be included in the calculation of the turnover KPI”. Accordingly, the Group has included such revenue in the calculation of the turnover KPI.

Economic activities classified under activity 7.7 ‘Acquisition and ownership of buildings’ relates to turnover generated from office space that is owned by the Group and is rented out to third parties.

In the current year, the group leased 3 electric vehicles to provide transportation services to third parties and for in-house use, related to economic activities classified under activity 6.5 'Transport by motorbikes, passenger cars, and light commercial vehicles'. Furthermore, in the case of repairs and maintenance costs incurred in relation to the Group’s buildings, given the lack of granularity in the data available, the Group have allocated the full amount to investment activities not directly related to turnover-generating activities (presented further below) given that the Group is not able to identify the costs which relate to the part of a building which is being rented out to third parties.

Other turnover-generating activities performed by the Group classified as taxonomy non-eligible

The Group’s taxonomy non-eligible economic activities largely relate to:

- The provision of warehousing and handling services for client’s equipment,
- Waste treatment and disposal,
- Facility management services and
- The provision of cargo handling operation

The Group’s cargo handling services relate to the loading and offloading of cargo from vessels through the operation of mobile cranes. Whilst the Climate Delegated Act does not establish technical screening criteria in relation to such an activity, and therefore the revenue generated would not be considered as taxonomy-eligible, the technical screening criteria established under activity 6.6 ‘Freight transport services by road’ may be viewed as a manner in which to assess the sustainability of the Group’s cargo handling services.

This view is predicated on the fact that the technical screening criteria established for the activity pertain to specifications of the vehicle utilised to perform the operation, and not the transportation of goods themselves. Therefore, whilst the Company’s vehicles are not utilised for the purposes of ‘freight transport services by road’, the technical screening criteria (as well as the ‘do no significant harm’ criteria) may be used to assess the sustainability of the vehicles operated by the Group in performing cargo handling operations.

Due to the lack of clear guidance on how such a situation should be treated, the Group has opted to classify the revenue generated from the provision of such services as taxonomy non-eligible. However, going forward, as further clarity may be provided on such circumstances by the EC, the view adopted by the Group may change, resulting in such activities being considered as taxonomy-eligible. The view adopted by the Group also applies to any CapEx and OpEx associated with the activity.

Other taxonomy non-eligible activities also include:

- Identification of suppliers that may provide clients with services/goods they require, and
- Repairs and maintenance of machinery (the machinery of which does not relate to taxonomy-eligible activities).

Statement by the Directors on non-financial information (continued)

Taxonomy eligibility of investment activities not directly related to turnover-generating activities

Further to the activities from which the Group generates turnover, and generally incurs both CapEx and OpEx, the Group also engages in investment activities not directly related to its turnover-generating activities as highlighted below.

Individually taxonomy-eligible CapEx/OpEx and the corresponding economic activities

Economic Activity	Description of the taxonomy-eligible purchased output or individual measure	CapEx (%)*	OpEx (%)*	Climate change mitigation	Climate change adaptation	Water	Circular Economy	Pollution prevention	Biodiversity	Activity Codes
Transport by motorbikes, passenger cars and light commercial vehicles	The acquisition of motor vehicles designated as category M1	1.0	15.2	✓	✓					**CCM 6.5**, CCA 6.5
Freight transport services by road	The acquisition of vehicles designated as category NI, N2 and N3	5.4	39.8	✓	✓					**CCM 6.6**, CCA 6.6
Construction of new buildings	Development of new premises by the Group	0.1	-	✓	✓		✓			**CCM 7.1**, CCA 7.1, CE 3.1
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Charging the battery of the leased electric vehicle through an electric charging station installed by the Group.	0.5	-	✓	✓					**CCM 7.4**, CCA 7.4
Acquisition and ownership of buildings	General repairs and maintenance of buildings utilised by the Group for its own activities	-	3.9	✓	✓					CCM 7.7, **CCA 7.7**

*% of the total CapEx and OpEx included in the denominator of the respective KPI

Included in the above are amounts that relate to the acquisition of vehicles utilised by the Group to perform its cargo handling operations, classified under activity 6.6 ‘Freight transport services by road’. Such CapEx is classified under investment activities not directly related to its turnover-generating activities given that the Group is currently considering the cargo-handling operation as taxonomy non-eligible.

However, as previously stated, should such activities be considered as taxonomy-eligible in the future, then the CapEx in this respect will be associated with turnover-generating activities of the Group.

CapEx relating to activities 6.5 ‘Transport by motorbikes, passenger cars and light commercial vehicles’ pertains to the acquisition of motor vehicles utilised in the ordinary course of business by Group employees. Furthermore, the group leased electric vehicles to provide transportation services to third parties, as well as for internal usage within the group.

CapEx relating to activities 7.1 ‘Construction of new buildings’ relates to the development of new office premises.

Statement by the Directors on non-financial information (continued)

Taxonomy alignment

Determining whether an activity meets the requirements to be classified as taxonomy-aligned requires considerable detailed information about the activity to properly assess it against the established technical screening criteria and minimum social safeguards.

The Group is currently in the process of gathering the necessary information to conclude that activities may be considered as taxonomy-aligned and verifying its accuracy. As a result of the ongoing process, the Group has not been able to substantiate the alignment of any of its activities in the current year.

Despite not being able to fully substantiate the alignment of any of its activities, the Group has identified an instance of partial alignment in the current year.

Economic activities classified as 4.1 'Electricity generation using solar photovoltaic technology' have been assessed to meet the substantial contribution criteria under the climate change mitigation objective, being that the activity generates electricity using solar PV technology. However, the Group is still in the process of assessing certain elements of the DNSH criteria. In relation to climate change adaptation, the Group is yet to undertake a physical climate risk assessment on the location in which the PV panels are installed and is still to assess the durability and recyclability of the components utilised by the manufacture of the PV panels to ensure no significant harm towards the transition to a circular economy. With respect to the protection and restoration of biodiversity and ecosystems, the Group is confident that the DNSH criteria have been met, given the approvals obtained surrounding the project location.

As further progress is made in the Group's internal assessment process, certain activities may be identified as taxonomy-aligned without the need for further capital investments.

However, as a result of no activities being considered as taxonomy-aligned in the current year, disclosure requirements surrounding the assessment of taxonomy-alignment in accordance with section 1.2.2.1 of the Disclosures Delegated Act are not deemed to be applicable to the Group.

Our KPIs and accounting policies

The key performance indicators ('KPIs') comprise the turnover KPI, the CapEx KPI and the OpEx KPI. In presenting the Taxonomy KPIs, the Group uses the templates provided in Annex II to the Disclosures Delegated Act. Since the KPIs need to include an assessment of taxonomy-alignment of Annex I and II for the first time for the reporting period 2023, the Group does present comparative figures on taxonomy alignment for Annex I and II. The taxonomy alignment assessment for the four new environmental objectives becomes applicable as of 1 January 2024. Moreover, since the Group itself is not performing any of the activities related to natural gas and nuclear energy (activities 4.26-4.31), the Group is only disclosing the dedicated template I and such requirement emanating from Annex XII of the Disclosures Delegated Act.

Statement by the Directors on non-financial information (continued)

Turnover KPI template for financial year 2023

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code(s)	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1	Category (enabling activity)	Category (transitional activity)
		EUR, 000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	**0.0%**	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	0.0%		
Of which enabling		-	**0.0%**	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	0.0%	-	
Of which transational		-	**0.0%**	0.0%						-	-	-	-	-	-	-	0.0%		-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
4.1 Electricity generation using solar photovoltaic technology	**CCM 4.1**, CCA 4.1	492	0.7%	*EL*	*EL*	-	-	-	-								0.8%		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5**, CCA 6.5	16	0.0%	*EL*	*EL*	-	-	-	-								0.0%		
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10, **CCA 6.10**	907	1.2%	*EL*	*EL*	-	-	-	-								0.8%		
7.7 Acquisition and ownership of buildings	CCM 7.7, **CCA 7.7**	117	0.2%	*EL*	*EL*	-	-	-	-								0.1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,532**	**2.1%**	0.7%	1.4%	-	-	-	-								1.7%		
Total (A.1+A.2)		1,532	2.1%	0.7%	1.4%	-	-	-	-								1.7%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**72,394**	**97.9%**																
Total (A+B)		73,926	100.0%																

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.7%
CCA	0%	1.4%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Statement by the Directors on non-financial information (continued)

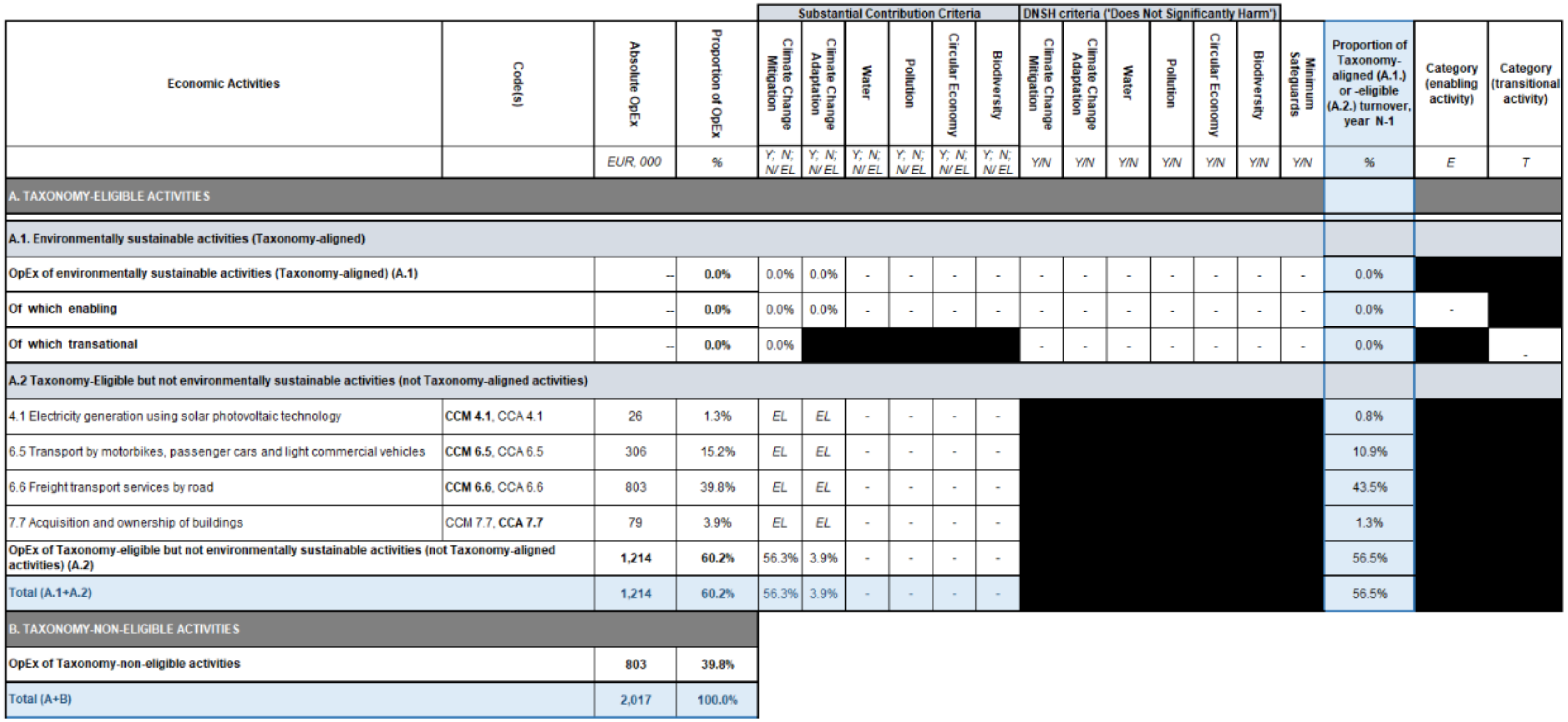
CapEx KPI template for financial year 2023

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1	Category (enabling activity)	Category (transitional activity)
		EUR, 000	%	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	0.0%		
Of which enabling		–	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	0.0%	-	
Of which transational		–	0.0%	0.0%						-	-	-	-	-	-	-	0.0%		-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5**, CCA 6.5	227	2.1%	EL	EL	-	-	-	-								2.1%		
6.6 Freight transport services by road	**CCM 6.6**, CCA 6.6	584	5.4%	EL	EL	-	-	-	-								18.3%		
7.1 Construction of new buildings	**CCM 7.1**, CCA 7.1, CE 3.1	7	0.1%	EL	EL	-	-	EL	-								8.1%		
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	**CCM 7.4**, CCA 7.4	50	0.5%	EL	EL	-	-	-	-								0.0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**868**	**8.0%**	8.0%	0.0%	-	-	-	-								28.5%		
Total (A.1+A.2)		868	8.0%	8.0%	0.0%	-	-	-	-								28.5%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		**10,027**	**92.0%**																
Total (A+B)		10,895	100.0%																

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	8.0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Statement by the Directors on non-financial information (continued)

OpEx KPI template for financial year 2023



				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1	Category (enabling activity)	Category (transitional activity)
		EUR, 000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	**0.0%**	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	0.0%		
Of which enabling		–	**0.0%**	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	0.0%	-	
Of which transational		–	**0.0%**	0.0%						-	-	-	-	-	-	-	0.0%		-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
4.1 Electricity generation using solar photovoltaic technology	**CCM 4.1**, CCA 4.1	26	1.3%	*EL*	*EL*	-	-	-	-								0.8%		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5**, CCA 6.5	306	15.2%	*EL*	*EL*	-	-	-	-								10.9%		
6.6 Freight transport services by road	**CCM 6.6**, CCA 6.6	803	39.8%	*EL*	*EL*	-	-	-	-								43.5%		
7.7 Acquisition and ownership of buildings	CCM 7.7, **CCA 7.7**	79	3.9%	*EL*	*EL*	-	-	-	-								1.3%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,214**	**60.2%**	56.3%	3.9%	-	-	-	-								56.5%		
Total (A.1+A.2)		**1,214**	**60.2%**	56.3%	3.9%	-	-	-	-								56.5%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**803**	**39.8%**																
Total (A+B)		**2,017**	**100.0%**																

	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	56.3%
CCA	0%	3.9%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

EU Taxonomy templates - Annex XII

The following is the template to be disclosed by the Group, such requirement emanating from Annex XII of the Disclosures Delegated Act.

Template 1: Nuclear and fossil gas related activities

Template 1 indicates whether, or not, the Group has exposures to nuclear energy and fossil gas related activities. In the current financial year, the Group does not have any exposures which carry out nuclear energy and fossil gas related activities and that are also required to disclose templates relating to the Complementary Climate Delegated Act. The Group consequently does not disclose the remainder of the nuclear and fossil gas related templates found in Annex XII of the Disclosures Delegated Act (Templates 2 - 5).

Row	**Nuclear energy related activities**	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

The specification of the KPIs is determined in accordance with Annex I to the Disclosures Delegated Act. The Group adopts the methodology to determine taxonomy-alignment in accordance with the legal requirements and describes its policies in this regard as follows:

Turnover KPI

Definition

The proportion of taxonomy-aligned economic activities of the total turnover has been calculated as the part of net turnover derived from products and services associated with taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1 January 2023 to 31 December 2023. Given that the Group has not identified any taxonomy-aligned economic activities, the current proportion of alignment is 0%.

The denominator of the turnover KPI is based on the consolidated net turnover in accordance with paragraph 82(a) of IAS 1. For further details on our accounting policies regarding the Group's consolidated net turnover, refer to disclosure note 4.15 'Revenue' in the Group's consolidated financial statements included in this Annual Report.

Reconciliation

The Group's consolidated net turnover captured in the denominator of the KPI of €73,926,336 (2022: €66,939,160) reconciles with the amount disclosed in the 'Revenue' financial statement line item included in the statement of profit or loss and other comprehensive income in the consolidated financial statements included in this annual report. Additionally, the amount also reconciles to the revenue disclosure note 8.

2023 **Revenue reconciliation**	**Amount (€000)**	**Amount (€000)**	
Turnover as per KPI denominator		73,926	
Turnover as per the consolidated financial statements relating to:			
Integrated logistics support services	46,128		
Oil country tubular goods	27,306		
Photovoltaic farm	492	73,926	*Disclosure note 8*
Difference		-	

2022 **Revenue reconciliation**	**Amount (€000)**	**Amount (€000)**	
Turnover as per KPI denominator		66,939	
Turnover as per the consolidated financial statements relating to:			
Integrated logistics support services	42,990		
Oil country tubular goods	23,425		
Photovoltaic farm	524	66,939	*Disclosure note 8*
Difference		-	

Statement by the Directors on non-financial information (continued)

The following is a detailed breakdown of the turnover generated by the Group in accordance with the 3 categories of revenue disclosed in the consolidated financial statements in Note 8, amongst the different activities disclosed in the Turnover KPI.

2023 **Detailed breakdown of 'Integrated logistics support services'**	**Amount (€000)**	**Amount (€000)**
Integrated logistics support services turnover as per the consolidated financial statements		46,128
Allocation of services in the turnover KPI		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	16	
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	907	
7.7 Acquisition and ownership of buildings	117	
Taxonomy non-eligible	45,088	46,128
Difference		-

2022 **Detailed breakdown of 'Integrated logistics support services'**	**Amount (€000)**	**Amount (€000)**
Integrated logistics support services turnover as per the consolidated financial statements		42,990
Allocation of services in the turnover KPI		
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	532	
7.7 Acquisition and ownership of buildings	76	
Taxonomy non-eligible	42,382	42,990
Difference		-

2023 **Detailed breakdown of 'Oil country tubular goods'**	**Amount (€000)**	**Amount (€000)**
Oil country tubular goods turnover as per the consolidated financial statements		27,306
Allocation of services in the turnover KPI		
Taxonomy non-eligible	27,306	27,306
Difference		

2022 **Detailed breakdown of 'Oil country tubular goods'**	**Amount (€000)**	**Amount (€000)**
Oil country tubular goods turnover as per the consolidated financial statements		23,425
Allocation of services in the turnover KPI	-	
Taxonomy non-eligible	23,425	23,425
Difference		-

Statement by the Directors on non-financial information (continued)

2023 Detailed breakdown of 'Photovoltaic farm'	Amount (€000)	Amount (€000)
Photovoltaic farm turnover as per the consolidated financial statements		492
Allocation of services in the turnover KPI		
4.1 Electricity generation using solar photovoltaic technology	492	
Taxonomy non-eligible	-	492
Difference		**-**

2022 Detailed breakdown of 'Photovoltaic farm'	Amount (€000)	Amount (€000)
Photovoltaic farm turnover as per the consolidated financial statements		524
Allocation of services in the turnover KPI		
4.1 Electricity generation using solar photovoltaic technology	524	
Taxonomy non-eligible	-	524
Difference		**-**

CapEx KPI

Definition

The CapEx KPI is defined as taxonomy-aligned CapEx (numerator) divided by the Group's total CapEx (denominator). Given that the Group has not identified any taxonomy-aligned economic activities, the current proportion of alignment is 0%.

Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation, and any remeasurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38) and right-of-use assets (IFRS 16). Acquisitions of investment properties (IAS 40) and additions as a result of business combinations would also be captured, however, the Group had no such CapEx in the current year. For further details on our accounting policies regarding the Group's CapEx, refer to disclosure notes 4.5 'Property plant and equipment', 4.6 'Intangible assets and goodwill' and 4.9 'Leases', in the Group's consolidated financial statements included within this annual report.

The Disclosures Delegated Act established three categories under which to classify CapEx:

a. CapEx related to assets or processes that are associated with Taxonomy-aligned economic activities ("category a"). In this case, the Group considers that assets and processes are associated with Taxonomy-aligned economic activities where they are essential components necessary to execute an economic activity.

   The Group follows the generation of external revenues as a guiding principle to identify economic activities that are associated with CapEx under this category (a).

   In the current year, the Group has identified only one eligible CapEx, which comprises the lease of three electric vehicles under this category.

b. CapEx that is part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity (“category b”).

   The Group has currently not developed such a plan, and therefore, no CapEx is considered to be eligible under this category.

c. CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to GHG reductions (“category c”).

The Group distinguishes between the purchase of output and individual measures as follows:

- ‘Purchase of output’ relates to when the Group just acquires the product or service that is mentioned in the activity description
- ‘Individual measure’ refers to when the Group acquires a product through an activity that is regularly performed by the supplier, but where the Group controls the content and design of the product in detail.

Eligible CapEx under this category has been disclosed in the table named ‘Individually taxonomy-eligible CapEx/OpEx and the corresponding economic activities’ in the ‘Taxonomy eligibility of investment activities not directly related to runover generating activities’ section above. The full amount of CapEx considered under this category relates purely to ‘purchase of output’.

Purchases of output qualify as taxonomy-aligned CapEx in cases where it can be verified that the respective supplier performed a taxonomy-aligned activity to produce the output that the Group acquired. Since taxonomy-alignment also includes DNSH criteria and minimum safeguards, the Group is not able to assess the Taxonomy-alignment on its own. For the purchased output in 2023, we were not able to obtain any conclusive confirmation of taxonomy-alignment.

Given that no CapEx was incurred by the Group in the current year in relation to “category a”, which relates to turnover-generating activities, the Group considers there to be no risk of double counting in the CapEx KPI between categories “a” and “c” with the amount being allocated in full to “category c”.

Reconciliation

The Group’s total CapEx captured in the denominator of the KPI can be reconciled to the consolidated financial statements of the Group included in this annual report, by reference to the respective disclosures capturing the additions for intangible assets, right-of-use assets and property, plant and equipment.

2023 **CapEx Reconciliation**	**Amount (€000)**	**Amount (€000)**	
CapEx as per KPI denominator		10,895	
Additions as per the consolidated financial statements relating to:			
Property, plant and equipment	2,680		Disclosure note 14
Intangible assets	-		Disclosure note 15
Right-of-use assets	8,215	10,895	Disclosure note 32
Difference		-	

Statement by the Directors on non-financial information (continued)

2022 **CapEx Reconciliation**	**Amount (€000)**	**Amount (€000)**	
CapEx as per KPI denominator		5,028	
Additions as per the consolidated financial statements relating to:			
Property, plant and equipment	2,647		Disclosure note 14
Intangible assets	-		Disclosure note 15
Right-of-use assets	2,381	5,028	Disclosure note 32
Difference		-	

The following is a detailed breakdown of the property, plant and equipment, intangible assets and right of use assets amongst the different activities disclosed in the CapEx KPI.

2023 **Detailed breakdown of property, plant and equipment additions**	**Amount (€000)**	**Amount (€000)**
PPE additions as per the consolidated financial statements		2,680
Allocation of PPE in the CapEx KPI		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	110	
6.6 Freight transport services by road	584	
7.1 Construction of new buildings	7	
7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	50	
Taxonomy non-eligible	1,929	2,680
Difference		-

2022 **Detailed breakdown of property, plant and equipment additions**	**Amount (€000)**	**Amount (€000)**
PPE additions as per the consolidated financial statements		2,647
Allocation of PPE in the CapEx KPI		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	106	
6.6 Freight transport services by road	919	
7.1 Construction of new buildings	406	
Taxonomy non-eligible	1,216	2,647
Difference		-

2023 **Detailed breakdown of right of use asset additions**	**Amount (€000)**	**Amount (€000)**
Right of use asset additions as per the consolidated financial statements		8,215
Allocation of ROU in the CapEx KPI		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	117	
Taxonomy non-eligible	8,098	8,215
Difference		-

2022 **Detailed breakdown of right of use asset additions**	**Amount (€000)**	**Amount (€000)**
Right of use asset additions as per the consolidated financial statements		2,381
Allocation of ROU in the CapEx KPI		
Taxonomy non-eligible	2,381	2,381
Difference		-

No detailed breakdown in relation to intangible assets is deemed necessary given that no additions occurred during the year.

Statement by the Directors on non-financial information (continued)

OpEx KPI

Definition

The OpEx KPI is defined as taxonomy-aligned OpEx (numerator) divided by the Group's total OpEx (denominator).

Total OpEx consists of direct non-capitalised costs that relate to building renovation measures, short-term leases as well as all forms of maintenance and repair. In general, this includes staff costs, costs for services and material costs for daily servicing and well as for regular and unplanned maintenance and repair measures.

The OpEx considered by the Group does not include expenses relating to the day-to-day operation of PPE, such as raw materials, cost of employees operating any equipment and electricity or fluids that are necessary to operate the PPE. Amortisation and depreciation are also not included in the OpEx KPI.

The Group also excludes direct costs for training and other human resources adaptation needs from the denominator and the numerator. This is because Annex I to the Disclosures Delegated Act lists these costs only for the numerator, which does not allow a mathematically meaningful calculation of the OpEx KPI.

The OpEx of the Group recognised during the financial year ended December 2023 is disclosed further in the Group's consolidated financial statements included within this annual report in disclosure note 10 'Expenses by nature'.

Given that the Group has not identified any CapEx as being taxonomy-aligned, naturally, no OpEx is able to be considered as taxonomy-aligned.

Social and Community Activities

MedservRegis Plc continued to support the non-profit organizations which we have supported in the past, as well as to support new initiatives as driven and supported by the staff and management alike.

MALTA

In Malta, Medserv Operations Limited arranged a Food and Toy drive in which food and toys were donated to several different social NGOs working with vulnerable persons, such as various orphanages across the country, the Malta Food Bank, The Richmond Foundation's KIDS programme, Fondazzjoni Sebh and others.

The annual Pink October fundraising activity for the Marigold Foundation, in support of breast cancer, was organised by the HR department with a fun event selling beautifully decorated pink muffins.

MAURITIUS

In Mauritius, Regis Holdings Ltd continued to support PAWS, an animal welfare NGO in Mauritius with two shelters and clinics who focus on sterilization, education and rehoming of dogs and cats.

Regis has a relationship with several non-profit organisations in Mauritius, including Ti Rayons Soleil, Livina Foundation, and I61 Foundation, where they support and allocate Corporate Social Responsibility funding to uplift those oppressed of poverty and social injustice. This year they assisted a local "Kool Kids" project which provided a well-ventilated area for 75 children and staff by installing an air conditioner, two air curtains, and three ventilators (fans) in an office used as a computer room and an afterschool class.

Statement by the Directors on non-financial information (continued)

They furthermore supported 44 of Ti Rayons Soleil under the Sun Kids Afterschool Program with assistance on flood repairs - as there was flood damage to the water damaged roof and floor damage where the Sun Kids Afterschool Program operates in containers as classrooms.

Regis Holdings also assisted with the Functional Needs Project at the Beau Bassin with equipment for the “I can Special Needs School” which assists special needs children with basic life skills, arts and crafts, mathematics, cooking, and gardening.

CYPRUS

Medserv Cyprus has been actively involved in numerous CSR events.

Medserv Cyprus has demonstrated a strong commitment to Corporate Social Responsibility (CSR) through various activities:

- International Women's Day: Celebrated with an event honoring female employees, where women were gifted pink roses and sweatshirts with "Girl Power" to inspire daily empowerment. Funds raised through breast cancer awareness initiatives were donated to Europa Donna Cyprus to support women with breast cancer.

- Limassol Marathon: Employees participated in the 5km race, even in poor weather, to raise funds for the Karaiskakio Foundation, which supports leukemia patients and runs a bone marrow donor registry.

- World Down Syndrome Day: The company joined the Lots of Socks Campaign, encouraging the celebration of uniqueness and making a donation to the Pancyprian Down Syndrome Organization to help integrate children with Down Syndrome into society.

- Easter Donation to Limassol Orphanage 'House of Child': Medserv Cyprus provided support to children during Easter with special donations, emphasizing the joy and significance of the holiday.

- World Children’s Day Donation to Limassol Orphanage 'House of Child': Significant funds were raised and used for gifts to support the children's need for love, care, and education.

- Breast Cancer Awareness Campaign: Female staff wore pink to symbolize support for breast cancer awareness, with proceeds from fundraising efforts going to Europa Donna Cyprus, which provides a range of support services to cancer patients.

- Movember Campaign: The company supported Movember Cyprus in its efforts to combat male cancer, with a focus on improving patient quality of life and promoting early diagnosis and treatment.

- Christmas Donation to Limassol Orphanage 'House of Child': Funds were raised for Christmas presents for the orphanage, emphasizing the spirit of giving and making others happy.

UGANDA, OMAN

In Uganda, the office made donations of shredded paper to Outreach Uganda for crafting paper beads reflecting their commitment to local community and socially responsible practices. And in Oman, staff celebrated their diversity during a traditional harvest festival. This festival is celebrated by many cultures, and beautiful arrangements of flowers were created by the staff, which adorned the reception followed by a traditional Oman lunch.

Statement by the Directors on non-financial information (continued)

OVERALL

The year 2023 was a true reflection of a strong mutual support amongst our employees. This positive spirit has strongly emerged together and is now reflected in the whole MedservRegis Group.

Approved by the Board of Directors on 26 April 2024.

Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance

Introduction

Pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority, MedservRegis p.l.c. (the "**Company**") as a company whose equity securities are listed on a regulated market, should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 of the Capital Markets Rules (the "**Code**"). In terms of Capital Market Rule 5.94, the Company is obliged to prepare a report explaining how it has complied with the Code. For the purposes of the Capital Markets Rules, the Company is hereby reporting on the extent of its adoption of the recommended Code.

The directors all share the conviction that the practices recommended by the Code are in the best interests of the MedservRegis plc group of companies (the "**Group**") and its shareholders generally and that compliance therewith is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

Good corporate governance is the collective responsibility of the Board of Directors of the Company (the "**Board**"). As demonstrated by the information set out in this statement, the Company believes that it has, save as indicated in the section entitled "Non-Compliance with the Code", throughout the accounting period under review, applied the principles and complied with the provisions of the Code. In the Non-Compliance section, the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

Part 1: Compliance with the Code

Principle 1: The Board

The Board's principal purpose is to provide the required leadership of the Company, to set the present and future strategy of the Company and to ensure proper oversight and accountability.

During 2023, the Board was composed of the following directors:

Name	Position
Anthony S. Diacono (Chairman)	Executive Director until 30 July 2023. Non-Executive Director as from 31 July 2023
Carmelo (a.k.a Karl) Bartolo	Executive Director
Laragh Cassar	Non-Executive Director
David S. O'Connor	Executive Director
Olivier N. Bernard	Executive Director
Keith Grunow	Non-Executive Independent Director
Monica Vilabril	Non-Executive Independent Director
Jean Pierre Lhote	Non-Executive Independent Director

All the directors were nominated by the shareholders and appointed automatically with effect from the annual general meeting held on the 26 May 2023.

The Board is composed of persons who have the necessary characteristics and experience to render them fit and proper to direct the business of the Company.

The Board is of view that the directors have the requisite elements of honesty, competence and integrity to qualify as fit and proper persons. The presence of the executive directors on the Board is designed to ensure that the Board has direct access to the individuals having the prime responsibility for the executive management of the Company and the implementation of approved policies. Each director is provided with the information and explanations as may be required by any particular agenda item.

Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

The Board delegates specific responsibilities to an Audit Committee, to a Remuneration Committee and to a Financial Risk Committee. Further details in relation to the said committees and the responsibilities of the Board are found in Principles 4 and 5 of this Statement.

The directors and Restricted Persons (as defined in the Capital Markets Rules) are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Capital Markets Rules. Each such Director and Senior Officer has been provided with the Market Abuse Procedure policy required in terms of Capital Markets Rule 5.106. During 2023, the Company provided training to the Board on the duties of directors, including those arising in terms of the Companies Act, the Civil Code, Cap 16 of the laws of Malta and the Capital Markets Rules.

Principle 2: Chairman and Chief Executive

The Chairman of the Company (which position is occupied by Anthony S. Diacono) leads the Board and sets its agenda. In addition, the Chairman ensures that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company and that effective communication with shareholders is maintained. The Chairman also encourages active engagement by all directors for discussion of complex or contentious issues. Working hand in hand with the Chairman is the Chief Executive Officer (CEO) (which position is occupied by David S. O'Connor), who leads the executive management of the Group. The CEO is assisted by two Deputy CEOs – Deputy CEO for Business and Operations occupied by Carmelo (a.k.a Karl) Bartolo and Deputy CEO for Finance, Administration, Investment and Trade, occupied by Olivier Bernard.

The CEO has the primarily task of leading the development and execution of the Company's long-term strategy as well as providing direction and leadership toward the achievement of the Company's philosophy, mission, strategy and its annual goals and objectives.

As set out in Part 2: Non-Compliance with the Code, Principle 2 - Code Provision 2.3, whilst considering Anthony S. Diacono as duly fulfilling the role required of Chairman in terms of the Capital Markets Rules, Anthony S. Diacono is not considered to meet the independence criteria set out in the Capital Markets Rules.

Principle 3: Composition of the Board

The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate, taking into account the size of the Company and its operations. The combined and varied knowledge, experience and skills of the Board members provides the balance of competences that are required, adds value to the functioning of the Board and gives direction to the Company. The competencies of the Directors ranges from industry, financial and legal expertise. Each of the directors has applied the necessary time and attention for the performance of his/her duties to the Company.

As set out above, the board is composed of a mix of executive and non-executive directors. The presence of Non-Executive Directors on the Board serves to, *inter alia,* constructively challenge the Executive Directors and management of the Company, and particular focus is made on strategy and the integrity of financial performance and management.

Keith Grunow (Non-Executive Director), Monica Vilabril (Non-Executive Director) and Jean Pierre Lhote (Non-Executive Director) are considered to be independent within the meaning provided by the Code. Laragh Cassar acts as the Company Secretary and legal counsel of the Company and is therefore not considered as independent.

Each presently appointed non-executive director has declared to the Board as stipulated under the Code Provision 3.4 undertaking:

a) to maintain in all circumstances his/her independence of analysis, decision and action;

b) not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
c) to clearly express his/her opposition in the event that he/she finds that a decision of the board may harm the Company.

Principle 4: The Responsibilities of the Board

The Board has the first level responsibility for executing the four basic roles of Corporate Governance, namely accountability, monitoring, strategy formulation and policy development. The four basic corporate governance principles, regulatory obligations and general ethical market practices are implemented and exercised through the internal Company policies such as its Company Code of Conduct policy, Anti-Bribery policy and Anti-Money laundering Policy. Moreover, in order to avoid implications of regulatory arbitrage when dealing with third party market participants, the Company requires reciprocity in terms of level of standards. The Board has established a clear internal and external reporting system so that it has access to accurate, relevant and timely information and ensures that management constantly monitor performance and report to its satisfaction. The Board, at least on a quarterly basis, evaluates management's implementation of corporate strategy and financial objectives by reference to a number of criteria, including Adjusted EBITDA, revenue, projected earnings, country by country analysis and other anticipated criteria.

The Board has an active succession plan in place in respect of the responsibilities assumed by the Executive Directors for which the Chairman holds key responsibility. The Company has implemented a number of measures aimed at strengthening the Company's management structure. In addition, the Board organises information sessions including statutory and fiduciary duties, the Company's operations and prospects, the skills and competence of senior management, the general business environment and the board's expectations for Directors from time to time. The Company ensures that all incoming Directors of the Company are provided with the necessary information and explanations on the corporate and regulatory aspect of their roles, individually as part of their induction (upon the on-boarding and appointment process) and collectively during Board and Audit Committee meetings wherein the legal advisor of the Company provided explanations and updates on legal and regulatory matters.

Principle 5: Board Meetings

As a matter of practice, each board meeting to be held throughout the year is scheduled well in advance of their due date and each director is provided with detailed Board papers relating to each agenda item in good time prior to the actual meetings. Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the directors.

Directors’ Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

During 2023, the Board of Directors met eight (8) times*.

Name	Attendance during 2023
Anthony S. Diacono (Chairman)	8
Laragh Cassar	8
Carmelo (a.k.a Karl) Bartolo	8
David S. O’Connor	8
Olivier Bernard	8
Keith Grunow	8
Monica Vilabril	8
Jean Pierre Lhote	7

** four of which were in the form of written resolutions*

The Board also delegates specific responsibilities to the management team of the Company, the Audit Committee, the Remuneration Committee and the Financial Risk Committee, which Committees operate under their formal terms of reference.

Audit Committee

The Board delegates certain responsibilities to the Audit Committee, the terms of reference of which, reflect the requirements stipulated in the Capital Markets Rules and under applicable law, including the roles set out in Capital Markets Rules 5.127 to 5.130. In addition, unless otherwise dealt with in any other manner prescribed by the Capital Markets Rules, the Audit Committee has the responsibility to, *inter alia,* monitor and scrutinise, and, if required, approve Related Party Transactions, if any, falling within the ambits of the Capital Markets Rules and to make its recommendations to the Board of any such proposed Related Party Transactions. The Audit Committee establishes internal procedures and monitors these on a regular basis. The terms of reference for the Audit Committee are designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee. The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Company’s external auditors. PWC, as external auditors of the Company, were invited to attend each of the Company’s audit committee meetings. During 2021, the internal audit function within the Company was made redundant. The Company continues to keep the matter under observance with a view to resuming internal audit functions within the Group at the earliest opportunity.

The Chairman of the Audit Committee was appointed by the Board of Directors.

During 2023, the Audit Committee met six (6) times.

Name	Attendance during 2023
Keith Grunow (Chairman)	6
Monica Vilabril	6
Laragh Cassar	4

Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

The board considers Mr Keith Grunow to be independent of the Company, its management and controlling shareholder and competent in accounting and/or auditing. Such determination was based on his substantial experience in various audit, accounting and risk management roles throughout his career.

When examining the independence criteria of an Audit Committee member, the Board assesses whether an individual has any business, family or other relationships, including with any of the controlling shareholder or management of the Company which may give rise to a conflict of interest. Moreover, and in line with the Capital Markets Rules, the Board also determines whether an Audit Committee member has been an executive officer or employee of the Company, has had a significant business relationship with the Company, received any additional remuneration from the Company apart from the engaged director's fees and whether the individual has been within the last three years an engagement partner or a member of the external audit team of the Company.

The Board is confident that the Audit Committee Members, as a whole, have competence relevant to the sector in which the Issuer is operating, which competence was garnered over the years as a result of their involvement with the MedservRegis Group.

Financial Risk Committee

The Board has set up a Financial Risk Committee with a view to manage the Group's currency, interest rates, liquidity and foreign exchange risks and to manage the Group's own financial investments. The Committee operates under specific terms of reference approved by the Board. The financial controllers within the MedservRegis Group are invited to attend each meeting of the Financial Risk Committee.

During 2023, the Financial Risk Committee met twice (2).

Name	Attendance during 2023
Olivier Bernard (Chairman)	2
Carmelo (a.k.a Karl) Bartolo	2
Silvio Camilleri	2
Salman Manjoo	2
Alessandro Roca	2

Remuneration Committee

This is considered under Principle 8.

Principle 6: Information and Professional Development

The Board appoints the Chief Executive Officer. Appointments and changes to senior management are the responsibility of the CEO and Executive Directors and are approved by the Board. The Board actively considers the professional and technical development of the Board itself, all senior management and staff members. The CEO also has systems in place to monitor management and staff morale. Management prepares detailed reviews for each Board meeting covering all aspects of the Company's business.

On joining the Board, a new director is provided with the opportunity to consult with the executive directors and senior management of the Company in respect of the operations of the Group. Each director is made aware of the Company's on-going obligations in terms of the Companies Act, the Capital Markets Rules and other relevant legislation.

Directors’ Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

Directors have access to the advice and services of the Company Secretary and to the legal counsel of the Company. The Company is also prepared to bear the expense incurred by the directors requiring independent professional advice should they judge it necessary to discharge their responsibilities as directors.

Principle 7: Evaluation of the Board’s Performance

With respect to the year under review, the Board undertook an evaluation of its own performance, the Chairman’s performance and that of its committees. The Board did not *per se* appoint a committee to carry out this performance evaluation but the evaluation exercise was conducted through a questionnaire, copies of which were sent to the Chairman of the Audit Committee and the results were reported to the Chairman of the Board. No material changes were made to the Company’s structures as a result of the Board evaluation.

Principle 8: Remuneration Committee

The Board has set up a Remuneration Committee commissioned with overseeing the development and implementation of the remuneration and related policies of the MedservRegis Group.

During the year under review, the Committee was composed of Keith Grunow (Chairman), Laragh Cassar and Monica Vilabril. All of the said members (other than Laragh Cassar) are considered to be independent directors. The Remuneration Committee met once (1) during FY 2023.

Principle 9: Relations with Shareholders and with the Market & Principle 10: Institutional Investors

The Board is of the view that, over the period under review, the Company has communicated effectively with the market through a number of company announcements that it published informing the market of significant events happening within the Company.

The Company also communicates with its shareholders through its Annual General Meeting (further detail is provided under the section entitled General Meetings). The Chairman arranges for all directors to attend the annual general meeting and for the Chairman of the Audit Committee and Remuneration Committee to be available to answer questions, if necessary.

Apart from the annual general meeting, the Company intends to continue with its active communication strategy in the market and shall accordingly continue to communicate with its shareholders and the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year and through the directors’ statements published on a six-monthly basis, and by company announcements to the market in general. During 2023, the Company also communicated to the market through brokers on one occasion. The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner.

The Company’s website (https://medservregis.com/) also contains information about the Company and its business which is a source of further information to the market.

In terms of the Companies Act, Cap 386 of the laws of Malta, any shareholder/s having 10% or more of the issued share capital of the Company can call a general meeting. This is also reflected in Article 34 of the Company’s Articles of Association.

Principle 11: Conflicts of Interest

The directors are aware that their primary responsibility is always to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to the Board. Acting in the interest of the Company includes an obligation to avoid conflicts of interest. In such instances, the Company has strict policies in place which allow it to manage such conflicts, actual or potential, in the best interest of the Company. Each director's service contract contains provisions which require the director to:

a) ensure that his/her personal interests do not conflict with the interests of the Company;
b) not carry on, directly or indirectly, business in competition with the Company;
c) not make personal gains or profits from his/her post without the consent of the Company, or from confidential information;
d) not use any property, information or opportunity of the Company for his/her own benefit or for the benefit of any third party,
e) not obtain any benefit in connection with the exercise of his/her powers, except with the consent of the Company in general meeting.

Furthermore, any director that has a conflict (actual or potential) is required to disclose and record the conflict in full and in time to the Board and is also precluded from participating in a discussion concerning matters in such conflicted matters (unless the Board finds no objection to the presence of such director). Moreover, each director must disclose his or her beneficial or non-beneficial interest in the share capital of the Company and is only permitted to deal in such shares as allowed by law. Under no circumstance is the conflicted director, permitted to vote on the matter. This requirement is reflected in Article 68.2 of the Company's Articles of Association.

Principle 12: Corporate Social Responsibility

The Company places substantial importance on its corporate social responsibility to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large.

The Company is fully aware of its obligation to preserving the environment and continues to implement policies aimed at respecting the natural environment and to avoiding/minimising pollution. During the year, the Company's Solar Farm generated 3,054,200 kwh and avoided 1,640,869 kg of CO2 emissions over the year.

The Company promotes open communication with its workforce, responsibility and personal development.

The Company maintains a staff development programme aimed at providing training to staff to assist their development with an aim to improve the Company's competitiveness.

The Company's Health, Safety, Security, Environment & Quality (HSSEQ) team as well as our HR and management teams were essential in supporting the staff and ensuring operations were carried out in strict adherence to the HSSEQ processes in place.

Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

Part 2: Non-Compliance with the Code

Principle 2 - Code Provision 2.3

Whilst steps have been taken by the Company to segregate the office of Chairman and Chief Executive Officer through the appointment of a Chief Executive Officer of the Group, the Chairman of the Company is not considered to meet the independence criteria set out in the Capital Markets Rules largely due to his significant shareholding in the Company. During the year under review, Mr Diacono's contract as executive director expired and he now occupies the position of Chairman and non-executive director. The Board considers that Anthony S. Diacono duly fulfils the role required of a Chairman in terms of the Capital Markets Rules, notwithstanding his lack of formal independence.

Principle 6: Information and Professional Development

Code Provision 6.4.4 recommends that the CEO establishes a succession plan for senior management. The Company identified its successors for existing senior management within the existing staff and a formal succession plan, in coordination with the Company's on-going integration exercise, will be formulated and implemented within this financial year in coordination with the Chief HR Officer.

Principle 7 – Code Provision 7.1 Evaluation Committee

The Board has not appointed an *ad hoc* committee to evaluate its own performance. As set out above, the evaluation was conducted through a questionnaire and considers this to be a process sufficient to evaluate the performance of the Board.

Principle 8B (Nomination Committee)

Pursuant to the Company's Articles of Association, the appointment of directors to the Board is reserved exclusively to the Company's shareholders (in line also with general and commonly accepted practice in Malta). Any shareholder/s who in the aggregate hold not less than 0.5% of the total number of issued shares having voting rights in the Company is entitled to nominate a fit and proper person for appointment as a director of the Company. Furthermore, in terms of the memorandum and articles of association of the Company, the directors themselves are entitled to make recommendations and nominations to the shareholders for the appointment of directors at the following annual general meeting.

Within this context, the Board believes that the setting up of a Nomination Committee is not required since the Board itself has the authority to recommend and nominate directors. Notwithstanding this, the Board will retain the matter under review.

Code Provision 9.3

The Company does not have a formal mechanism in place as required by Code provision 9.3 to resolve conflicts between minority shareholders and controlling shareholders. No such conflicts have arisen to date and in view of the relatively small shareholder base of the Company, the Board does not consider it necessary to establish a formal mechanism for this process.

Directors’ Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

Internal Control

The Board is ultimately responsible for the Company’s system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss. Included with the Company’s internal control system are procedures to identify, control and report major risks within a relevant timeframe. Financial reporting is prepared monthly and consolidated quarterly performance is analysed against budgets and shared with senior management and directors. The Board reviews the effectiveness of the Company’s system of internal controls. The Company strengthens this function through the Audit Committee that has initiated the process of a business risk plan, the implementation of which will be regularly monitored.

The key features of the Company’s system of internal control are as follows:

Organisation

The Company operates through the Chief Executive Officer with clear reporting lines and delegation of powers. Whilst members of the senior management of the Group are in constant contact, formal management meetings are scheduled on a monthly basis. They are attended by the Chief Executive Officer, their deputies and senior executive management and other members of staff, upon invitation.

Control environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

Company executives participate in periodic strategic reviews, which include consideration of long-term projections and the evaluation of business alternatives. Annual budgets and strategic plans are prepared. Performance against these plans is actively monitored and reported to the Board, at minimum on a quarterly basis.

Risk identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. The mandate of the Audit Committee and the Financial Risk Committee also includes the continuous assessment and oversight of such key risks.

General Meetings and Shareholders’ Rights

Conduct of general meetings

It is only shareholders whose details are entered into the register of members on the record date that are entitled to participate in the general meeting and to exercise their voting rights. In terms of the Capital Markets Rules, the record date falls 30 days immediately preceding the date set for the general meeting to which it relates. The establishment of a record date and the entitlement to attend and vote at general meeting does not, however, prevent trading in the shares after the said date.

In order for business to be transacted at a general meeting, a quorum must be present. In terms of the Articles of Association, 51% of the nominal value of the issued equity securities entitled to attend and vote at the meeting constitutes a quorum. If within half an hour, a quorum is not present, the meeting shall stand adjourned to the same day the next week, at the same time and place or to such other day and at such other time and place as the directors may determine. In any event, the adjourned meeting must be held at least ten days after the final convocation is issued and no new item must be put on the agenda of such adjourned meeting. If at the adjourned meeting a quorum is not yet present within half an hour from the time appointed for the meeting, the member or members present shall constitute a quorum. Generally, the Chairman of the Board presides as Chairman at every general meeting of the Company. At the commencement of any general meeting, the Chairman may, subject to applicable law, set the procedure which shall be adopted for the proceedings of that meeting. Such procedure is binding on the members.

If the meeting consents or requires, the Chairman shall adjourn a quorate meeting to discuss the business left unattended or unfinished. If a meeting is adjourned for 30 days or more, notice of the quorate meeting must be given as in the case of an original meeting. Otherwise, it is not necessary to give any notice of an adjourned meeting or of the business to be transacted at such quorate meeting.

At any general meeting, a resolution put to a vote shall be determined and decided by a show of hands, unless a poll is demanded before or on the declaration of the result of a show of hands by:

(i) the Chairman of the meeting; or

(ii) by at least three (3) members present in person or by proxy; or

(iii) any member or members present in person or by proxy and representing not less than one tenth of the total voting power of all members having the right to vote at that meeting; or

(iv) a member or members present in person or by proxy holding equity securities conferring a right to vote at the meeting, being equity securities on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the equity securities conferring that right.

Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost together with an entry to that effect in the minute book, shall constitute conclusive evidence of the fact without need for further proof. If a resolution requires a particular majority in value, in order for the resolution to pass by a show of hands, there must be present at that meeting a member or members holding in the aggregate at least the required majority. A poll demanded on the election of the Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at the discretion of the Chairman. In the case of equality of votes, whether on a show of hands or on a poll, the chairman has a second or casting vote. On a show of hands every member present in person or by proxy shall have one vote for each equity security carrying voting rights of which he is the holder, provided that all calls or other sums presently payable by him in respect of equity securities have been paid.

Directors’ Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

Proxy

Every member is entitled to appoint one person to act as proxy holder to attend and vote at a general meeting instead of him. The proxy holder shall enjoy the same rights to participate in the general meeting as those to which the member thus represented would be entitled. If a member is holding shares for and on behalf of third parties, such member shall be entitled to grant a proxy to each of his clients or to any third party designated by a client and the said member is entitled to cast votes attaching to some of the shares differently from the others. In the case of voting by a show of hands, a proxy who has been mandated by several members and instructed to vote by some shareholders in favour of a resolution and by others against the same resolution shall have one vote for and one vote against the resolution.

The instrument appointing a proxy must be deposited at the office or by electronic mail at the address specified in the notice convening the meeting not less than forty-eight (48) hours before the time for holding the meeting or, in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll. The same applies to the revocation of the appointment of a proxy.

A form of instrument of proxy shall be in such form as may be determined by the directors and which would allow a member appointing a proxy to indicate how he would like his proxy to vote in relation to each resolution.

Including items on the agenda

A shareholder or shareholders holding not less than 5% of the issued share capital may include items on the agenda of the general meeting and table draft resolutions for items included on the agenda of a general meeting. Such right must be exercised by the shareholder at least 46 days before the date set for the general meeting to which it relates.

Questions

Shareholders have the right to ask questions which are pertinent and related to the items on the agenda.

Electronic voting

In terms of the Articles of Association of the Company, the directors may establish systems to:

a) allow persons entitled to attend and vote at general meetings of the Company to do so by electronic means in accordance with the relevant provisions of the Capital Markets Rules; and
b) allow for votes on a resolution on a poll to be cast in advance.

Where a shareholder requests the Company to publish a full account of a poll, the Company is required to publish the information on its website not later than 15 days after the general meeting at which the result was obtained.

Further details on the conduct of a general meeting and shareholders’ rights are contained in the Memorandum and Articles of Association of the Company and in line with chapter 12 of the Capital Markets Rules.

Approved by the Board of Directors on 26 April 2024.

Remuneration Statement and Report

THIS STATEMENT AND REPORT ON THE REMUNERATION OF MEDSERVREGIS PLC'S (THE "**COMPANY**") BOARD OF DIRECTORS, INCLUDING THE EXECUTIVE DIRECTORS, HAS BEEN DRAWN UP IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER 5 AND 12 OF THE CAPITAL MARKETS RULES AND CONTAINS INFORMATION REQUIRED BY THE PROVISIONS OF APPENDIX 12.1 OF THE CAPITAL MARKETS RULES.

1. *The Remuneration Committee*

The Remuneration Committee (**RemCom**) is required to devise the appropriate packages needed to attract, retain and motivate directors, whether executive or not, as well as senior executives with the right qualities and skills for the proper management of the Company. The RemCom issues recommendations to the Board for its consideration.

The Committee's terms of reference establish the composition, role and function of the Committee, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Committee is a sub-committee of the Board and directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time subject to the requirements of the Maltese law.

2. *RemCom Membership & Meetings*

The members of the Committee are appointed by the Board and comprise of the three non-executive directors with no personal financial interest other than as shareholders in the Company. One of these members shall be an independent director who chairs the Committee. The Committee may co-opt additional members as they think fit to provide specialist advice, provided that any member so co-opted must also be fully independent of management. The Committee may ask the members of senior management to attend meetings either regularly or by invitation, but the invitees have no right of attendance and no vote. The Company Secretary or their nominee acts as the Secretary of the Committee.

As at 31 December 2023, the Committee was composed of Keith Grunow (Chairman), Laragh Cassar, and Monica Vilabril. The RemCom met once (1) during 2023.

3. *Remuneration Policy*

The Company's remuneration of its Board of Directors and executive management is based on the Remuneration Policy adopted and approved by shareholders at the annual general meeting of 11 June 2021. This policy may be viewed on the Company's website at https://medservregis.com/remuneration-policy.

The Remuneration Policy is designed to ensure that the Company can attract, motivate and retain the right individuals to implement the Company's strategy. The main parameters and rationale for any annual bonus scheme and any other non-cash benefits are the discretion of the Company with the exception of the bonus payable to the CEO and the Deputy CEO for Finance, Administration, Investment and Trading as further detailed in section 5. During 2023, there were no changes implemented to the Remuneration Policy. The Policy is applicable for a period of four years. The Company's Remuneration Policy is in line with the policy for the remuneration paid to Directors and senior executives in the preceding financial period.

No changes to the Remuneration Policy are being proposed for the approval of the shareholders at the Company's next Annual General Meeting. The Company has complied with the procedure for the implementation of the Remuneration Policy as set out in Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority.

4. Non-Executive Directors' Remuneration

The Board believes that, in line with local practice, the fixed honorarium for non-executive directors is the principal component that compensates directors for their contribution as members of the Board. None of the non-executive directors have employment contracts with the Company and each non-executive director serves from one annual general meeting to the next, when the appointment of directors is conducted at the annual general meeting.

Accordingly, none of the non-executive directors are entitled to any compensation if they are removed from office. Such removal would require an ordinary resolution of the shareholders at a general meeting. The directors are entitled to be paid travelling and other reasonable expenses incurred by them in the performance of their duties as directors. Other than the payment for legal and company secretarial services rendered by Dr Laragh Cassar, the Company does not remunerate the non-executive directors in any other manner, nor does it provide any loans or other guarantees to them. In this regard, the non-executive directors' remuneration are all fixed in nature and the ratio of the fixed and variable remuneration was 100%-0% in 2023 (2022: 100%-0%).

The actual directors' fees paid to the non-executive directors during the financial year ended 31 December 2023 was €125,968 (2022: €111,722).

The table below shows the total annual remuneration applicable to the non-executive directors during the financial year ended 31 December 2023. The year-on-year percentage increase for Keith Grunow is due to the new responsibility as the new chairman of the Audit and Remuneration Committee following the resignation of Joseph Zammit Tabona. The year-on-year percentage decrease for Monica Vilabril is due to her resignation as director in Regis Holdings Limited in July 2022 for which she was earning a separate director's fee.

Non-Executive Directors	***Fixed Remuneration***	***Remuneration For Committee/ Group Directorships***	***Total Remuneration 2023***	***Total Remuneration 2022***	***YoY Percentage Difference****
	€	**€**	**€**	**€**	**%**
Joseph Zammit Tabona[1]	n/a	n/a	n/a	17,500	n/a
Anthony S. Diacono[2]	20,968	n/a	20,968	n/a	n/a
Laragh Cassar	25,000	n/a	25,000	25,000	0.0%
Keith Grunow	35,000	n/a	35,000	32,608	7.3%
Monica Vilabril	25,000	n/a	25,000	28,065	(10.9%)
Jean Pierre Lhote[3]	20,000	n/a	20,000	8,549	0.0%
Total	**125,968**	**n/a**	**125,968**	**111,722**	

** For calculating the annual change of remuneration for a director ("YoY Percentage Difference") whose mandate began or ended during the reported financial year, the respective remuneration has been annualised to allow a meaningful comparison.*

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[1] Resigned on 29 July 2022

[2] Expiry of his contract as executive director on 30 July 2023, becoming non-executive as from 31 July 2023

[3] Appointed on 29 July 2022

5. *Senior Management*

The Company has three senior executives (as per the definition in the Code of Principles of Good Corporate Governance) at year end, all of which are also appointed members of the Board.

The executive directors are:

a. David S. O'Connor (CEO),
b. Carmelo (a.k.a Karl) Bartolo (Deputy CEO for Business and Operations) and
c. Olivier Bernard (Deputy CEO for Finance, Administration, Investment and Trading),

each of whom have service contracts with the Group entitling them to a fixed salary. The CEO and the Deputy CEOs are employed on an indefinite basis. Up until 30 July 2023, Anthony S. Diacono (Chairman) was employed on a definite contract as an executive director. Thereafter, Anthony S. Diacono occupied the role of a non-executive Chairman of the Company. None of the said service contracts include provisions for termination payments and other payments linked to early termination or supplementary pensions/retirement schemes.

Fixed Remuneration – Salary

The executive directors of the Company are entitled to receive directors' fees for the remuneration as directors and a salary for their executive role within the Group. The total directors' fees paid to the executive directors during the year was €71,669 (2022: €80,000).

The following table shows the overall annual remuneration of executive directors of the Company and its subsidiary companies for the financial year ended 31 December 2023 (and includes comparative information for 2022, where relevant):

Executive Director	**Directors' Fee**		**Gross Salary**		**Fringe Benefits**		**Total Fixed Remuneration**		**YoY Percentage Difference***
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**%**
Anthony S. Diacono**	11,669	20,000	135,908	235,059	n/a	n/a	147,577	255,059	(42.1%)
David S. O'Connor	20,000	20,000	249,016	199,245	37,612	54,838	306,628	274,083	11.9%
Olivier Bernard	20,000	20,000	250,822	199,245	36,997	50,679	307,819	269,924	14.0%
Carmelo (a.k.a Karl) Bartolo	20,000	20,000	300,000	242,283	5,250	2,856	325,250	265,139	22.7%
Total	**71,669**	**80,000**	**935,746**	**875,832**	**79,859**	**108,373**	**1,087,274**	**1,064,205**	

** For calculating the annual change of remuneration for a director ("YoY Percentage Difference") whose mandate began or ended during the reported financial year, the respective remuneration has been annualised to allow a meaningful comparison.*

*** Determined up to the 30 July 2023, being the expiry of his contract as executive director.*

The CEO and the Deputy CEO for Finance, Administration, Investment and Trade are entitled to a car cash allowance. They are also entitled to health insurance for themselves and their spouses and children and life insurance equivalent to four years' basic salary.

Remuneration Statement and Report (continued)

Variable remuneration

Any bonus payable to the Chairman is payable entirely at the discretion of the Company and based on personal and company results achieved. No bonus was paid to the Chairman during 2023. The Deputy CEO for Business and Operations is entitled to a bonus which is calculated by reference to the Company's earnings over a specified threshold. The CEO and the Deputy CEO for Finance, Administration, Investment and Trading were entitled to a bonus equivalent to one months' salary (mandatory in terms of the laws of Mauritius, which is the law regulating their employment).

The present variable remuneration payable by the Company does not contemplate the possibility of it being reclaimed. Moreover, share options are currently not part of the Company's remuneration policy.

During the 2023 financial year, the following bonuses were paid to the members of the executive management:

Executive Director	Variable Remuneration	Variable Remuneration	Total Remuneration	Total Remuneration	YoY Percentage Difference	Proportion of fixed to variable remuneration 2023	Proportion of fixed to variable remuneration 2022
	2023	**2022**	**2023**	**2022**			
	€	**€**	**€**	**€**	**%**	**%**	**%**
Anthony S Diacono	NIL	NIL	147,577	255,059	(42.1%)	100 / 0	100 / 0
David O'Connor	6,807	7,032	313,435	281,115	11.5%	98 / 2	97 / 3
Olivier Bernard	6,807	7,032	314,626	276,956	13.6%	98 / 2	97 / 3
Carmelo (a.k.a Karl) Bartolo	37,500	NIL	362,750	265,139	36.8%	90 / 10	100 / 0
Total	**51,114**	**14,064**	**1,138,388**	**1,078,269**			

The total remuneration package complies with the adopted remuneration policy, which has been designed to ensure that the Company can attract, motivate and retain the right individuals to contribute to the long-term performance of the Company by implementing the Company's strategy. The performance criteria applied includes the use of the Company's financial metrics such as revenue and Adjusted EBITDA as well as the individual's performance against set targets.

During the year, there were no deviations from the procedure for the implementation of the remuneration policy.

The total actual directors' fees paid to the executive and non-executive directors during the financial year ended 31 December 2023 was €197,637 (2022: €191,722), falling within the amount approved by the shareholders in general meeting in 2014, that is €450,000.

Remuneration Statement and Report (continued)

6. Company's *Performance*

Performance Indicators:

	2023 €	2022 €	2021 €	2020 €	2023 vs 2022 Change %	2022 vs 2021 Change %	2021 vs 2020 Change %
Adjusted EBITDA	17,504,355	11,404,765	5,359,013	5,565,272	53.5%	112.8%	(3.7%)
Turnover	73,926,336	66,939,160	29,924,554	32,411,788	10.4%	123.7%	(7.7%)
No of Operating Countries	14	10	10	7	40%	0%	42.9%

Average remuneration on full-time equivalent basis of employee:

	2023*	2022	2021	2020	2023 vs 2022 Change %	2022 vs 2021 Change %	2021 vs 2020 Change %
Employees of the Group	14,559	17,949	18,343	23,065	(18.9%)	(2.2%)	(20.5%)

** The decrease in the average remuneration on full-time equivalent basis of employee over the previous year is mainly resulting due to the retirement of a senior key management personnel in 2023 as well as the devaluation of the Egyptian pound during the year which resulted in the average remuneration to reduce when converted to the reporting currency.*

The year-on-year percentage difference of the directors' remuneration is disclosed in the tables under sections 4 and 5 of this report which can allow a meaningful comparison against the Company's performance as disclosed in the table above.

Remuneration Statement and Report (continued)

The Company does not have any employees. All employees are employed and remunerated by the main operating subsidiaries, including the executive and non-executive directors of the Company.

The foregoing Remuneration Report is being put forward to an advisory vote of the 2024 AGM in accordance with the requirements of the MFSA Capital Markets Rule 12.26L.

This remuneration report has been prepared by the directors and is signed by the Chairman of the RemCom, as authorised by the board.

The contents of the remuneration report have been reviewed by the external auditors to ensure that it conforms with the requirements of Appendix 12.1 to Chapter 12 of the Capital Market Rules.

Approved by the Board of Directors on 26 April 2024.

MedservRegis p.l.c.

Financial Statements

2023

MedservRegis p.l.c.

Annual Financial Report

31 December 2023

MedservRegis p.l.c.

Statements of Financial Position

As at 31 December

		The Group		The Company	
		2023	2022	**2023**	2022
	Notes	**€**	**€**	**€**	**€**
ASSETS					
Property, plant and equipment	14	**30,754,668**	33,334,709	**-**	-
Right-of-use assets	32.1.1	**52,349,165**	48,506,978	**-**	-
Intangible assets and goodwill	15	**15,547,484**	16,904,983	**-**	-
Investment in subsidiaries	20	**-**	-	**47,622,803**	47,622,803
Loans receivable from subsidiaries	19	**-**	-	**14,217,067**	15,585,529
Financial assets at fair value through profit or loss	22	**3,608,948**	2,759,727	**-**	-
Total non-current assets		**102,260,265**	101,506,397	**61,839,870**	63,208,332
Inventories	17	**533,910**	731,316	**-**	-
Contract assets	8.2	**3,381,677**	183,335	**1,600,000**	-
Loans receivable from subsidiaries	19	**-**	-	**9,593,098**	10,446,257
Current tax assets		**430,936**	429,563	**175**	78
Trade and other receivables	18	**22,123,781**	29,424,076	**1,961,424**	7,558,842
Financial asset	33	**150,000**	-	**-**	-
Cash at bank and in hand	23	**16,293,444**	19,454,683	**79,696**	170,729
Total current assets		**42,913,748**	50,222,973	**13,234,393**	18,175,906
Total assets		**145,174,013**	151,729,370	**75,074,263**	81,384,238

MedservRegis p.l.c.

Statements of Financial Position

As at 31 December

		The Group		The Company	
		2023	2022	**2023**	2022
	Notes	**€**	**€**	**€**	**€**
EQUITY					
Share capital	24.1	**10,163,764**	10,163,764	**10,163,764**	10,163,764
Share premium	24.2	**27,778,073**	27,778,073	**9,016,275**	39,781,902
Reverse acquisition reserve	24.4	**(1,394,906)**	(1,394,906)	**-**	-
Translation reserve	24.3	**(4,756,708)**	(2,821,838)	**-**	-
Loss offset reserve	24.2	**-**	-	**1,536,596**	-
Retained earnings/(accumulated losses)		**25,068,136**	23,904,158	**-**	(28,634,512)
Equity attributable to owners of the Company		**56,858,359**	57,629,251	**20,716,635**	21,311,154
Non-controlling interest	26	**1,192,382**	2,727,252	**-**	-
Total equity		**58,050,741**	60,356,503	**20,716,635**	21,311,154
LIABILITIES					
Loans and borrowings	27	**47,632,994**	48,624,669	**46,260,210**	46,768,855
Lease liabilities	32.1.2	**16,442,067**	12,431,270	**-**	-
Deferred tax liabilities	16	**3,828,282**	4,627,880	**-**	-
Employee benefits obligations	28	**1,368,909**	1,400,299	**-**	-
Total non-current liabilities		**69,272,252**	67,084,118	**46,260,210**	46,768,855
Bank overdraft	23, 27	**2,396,811**	792,534	**-**	-
Trade and other payables	29	**10,867,022**	12,304,336	**7,703,668**	5,232,985
Contract liabilities	8.2	**113,196**	90,267	**-**	-
Current tax liabilities		**105,145**	10,829	**-**	-
Loans and borrowings	27	**1,319,053**	9,171,917	**393,750**	8,071,244
Lease liabilities	32.1.2	**3,000,597**	1,876,675	**-**	-
Employee benefits obligations	28	**49,196**	42,191	**-**	-
Total current liabilities		**17,851,020**	24,288,749	**8,097,418**	13,304,229
Total liabilities		**87,123,272**	91,372,867	**54,357,628**	60,073,084
Total equity and liabilities		**145,174,013**	151,729,370	**75,074,263**	81,384,238

The notes on pages 8 to 129 are an integral part of these financial statements.

These financial statements on pages 1 to 129 were approved by the Board of Directors and authorised for issue on 26 April 2024 and signed on its behalf by Anthony S. Diacono (Chairman) and David S. O'Connor (Chief Executive Officer) as per Directors' declaration on ESEF Annual Report submitted in conjunction with Annual Report 2023.

MedservRegis p.l.c.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

		The Group		The Company	
		2023	2022	**2023**	2022
	Notes	**€**	**€**	**€**	**€**
Revenue	8	**73,926,336**	66,939,160	**2,000,000**	6,863,500
Cost of sales	10	**(54,606,343)**	(55,437,915)	**-**	-
Gross profit		**19,319,993**	11,501,245	**2,000,000**	6,863,500
Other income	9	**987,871**	1,095,755	**-**	-
Administrative expenses	10	**(13,208,197)**	(13,074,676)	**(1,635,516)**	(2,509,268)
Net reversal of/(impairment) losses on financial and contract assets	31.4	**762,494**	(463,092)	**-**	-
Results from operating activities		**7,862,161**	(940,768)	**364,484**	4,354,232
Finance income	12	**1,010,728**	4,979,509	**1,525,610**	1,476,763
Finance costs	12	**(7,201,057)**	(4,015,370)	**(2,484,563)**	(3,114,027)
Net finance (cost)/income		**(6,190,329)**	964,139	**(958,953)**	(1,637,264)
Profit/(loss) before income tax		**1,671,832**	23,371	**(594,469)**	2,716,968
Tax (expense)/credit	13	**(377,438)**	521,505	**(50)**	(147)
Profit/(loss) from continued operations		**1,294,394**	544,876	**(594,519)**	2,716,821
Profit/(loss) for the year		**1,294,394**	544,876	**(594,519)**	2,716,821
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Re-measurement of post-employment benefit obligations	28	**82,932**	175,927	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Reclassification of foreign currency differences on liquidation of subsidiary	9	**(396,502)**	(513,479)	**-**	-
Net gain/(loss) on net investment hedge	31.6	**305,269**	(496,651)	**-**	-
Exchange differences on translating foreign operations		**(1,813,907)**	(2,172,654)	**-**	-
Other comprehensive income for the year, net of tax		**(1,822,208)**	(3,006,857)	**-**	-
Total comprehensive income for the year		**(527,814)**	(2,461,981)	**(594,519)**	2,716,821
Profit/(loss) attributable to:					
Owners of the Company		**1,081,046**	577,383	**(594,519)**	2,716,821
Non-controlling interests	26	**213,348**	(32,507)	**-**	-
Profit/(loss) for the year		**1,294,394**	544,876	**(594,519)**	2,716,821
Other comprehensive income attributable to:					
Owners of the Company		**(1,851,938)**	(2,977,700)	**-**	-
Non-controlling interests	26	**29,730**	(29,157)	**-**	-
Other comprehensive income		**(1,822,208)**	(3,006,857)	**-**	-
Total comprehensive income attributable to:					
Owners of the Company		**(770,892)**	(2,400,317)	**(594,519)**	2,716,821
Non-controlling interests	26	**243,078**	(61,664)	**-**	-
Total comprehensive income for the year		**(527,814)**	(2,461,981)	**(594,519)**	2,716,821
Earnings per share					
Basic earnings per share	25	**0.0106**	0.0057		
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	6	**17,504,355**	11,404,765		

The notes on pages 8 to 129 are an integral part of these financial statements.

MedservRegis p.l.c.

Statement of Changes in Equity – The Group

For the year ended 31 December

	Share capital	Share premium	Translation reserve	Reverse acquisition reserves	Retained earnings	Total attributable to owners of the Company	Non-controlling interest	Total
	€	€	€	€	€	€	€	€
Balance at 1 January 2022	10,163,764	27,778,073	331,789	(1,394,906)	23,150,848	60,029,568	2,788,916	62,818,484
Total comprehensive income								
Loss for the year	-	-	-	-	577,383	577,383	(32,507)	544,876
Other comprehensive income	-	-	(3,153,627)	-	175,927	(2,977,700)	(29,157)	(3,006,857)
Total comprehensive income	-	-	(3,153,627)	-	753,310	(2,400,317)	(61,664)	(2,461,981)
Balance at 31 December 2022	10,163,764	27,778,073	(2,821,838)	(1,394,906)	23,904,158	57,629,251	2,727,252	60,356,503
Balance at 1 January 2023	**10,163,764**	**27,778,073**	**(2,821,838)**	**(1,394,906)**	**23,904,158**	**57,629,251**	**2,727,252**	**60,356,503**
Total comprehensive income								
Profit for the year	**-**	**-**	**-**	**-**	**1,081,046**	**1,081,046**	**213,348**	**1,294,394**
Other comprehensive income	**-**	**-**	**(1,934,870)**	**-**	**82,932**	**(1,851,938)**	**29,730**	**(1,822,208)**
Total comprehensive income	**-**	**-**	**(1,934,870)**	**-**	**1,163,978**	**(770,892)**	**243,078**	**(527,814)**
Transactions with owners of the Company								
Transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(1,777,948)**	**(1,777,948)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**(1,777,948)**	**(1,777,948)**
Balance at 31 December 2023	**10,163,764**	**27,778,073**	**(4,756,708)**	**(1,394,906)**	**25,068,136**	**56,858,359**	**1,192,382**	**58,050,741**

Statements of Changes in Equity – The Company

For the year ended 31 December

	Note	Share capital	Share premium	Retained earnings / (accumulated losses)	Loss offset reserve	Total equity
		€	€	€	€	€
Balance at 1 January 2022		10,163,764	39,781,902	(31,351,333)	-	18,594,333
Total comprehensive income						
Profit for the year		-	-	2,716,821	-	2,716,821
Total comprehensive income for the year		-	-	2,716,821	-	2,716,821
Balance at 31 December 2022		10,163,764	39,781,902	(28,634,512)	-	21,311,154
Balance at 1 January 2023		**10,163,764**	**39,781,902**	**(28,634,512)**	-	**21,311,154**
Total comprehensive income						
Loss for the year		-	-	**(594,519)**	-	**(594,519)**
Total comprehensive income for the year		-	-	**(594,519)**	-	**(594,519)**
Share premium reduction	24.2	-	**(30,765,627)**	**28,634,512**	**2,131,115**	-
Transfers	24.2	-	-	**594,519**	**(594,519)**	-
Balance at 31 December 2023		**10,163,764**	**9,016,275**	-	**1,536,596**	**20,716,635**

The notes on pages 8 to 129 are an integral part of these financial statements.

MedservRegis p.l.c.

Statements of Cash Flows

For the year ended 31 December

		The Group		The Company	
		2023	2022	**2023**	2022
	Notes	**€**	**€**	**€**	**€**
Cash flows from operating activities					
Profit/(loss) for the year		**1,294,394**	544,876	**(594,519)**	2,716,821
Adjustments for:					
Depreciation and amortisation	14, 32, 15	**9,563,342**	9,683,582	**-**	-
Net impairment on goodwill and intangible asset	15	**-**	2,146,741	**-**	-
Net impairment and other write off on property, plant and equipment	14	**78,852**	515,210	**-**	-
Net impairment on investment in subsidiaries, joint venture and associates	20	**-**	-	**44,763**	1,545,615
Net movements in expected credit losses	31	**(762,494)**	463,092	**-**	-
Loss on disposal of property, plant and equipment	9	**29,635**	325,303	**-**	-
(Increase)/decrease in fair value of financial assets at FVTPL	22	**(441,326)**	1,105,875	**-**	-
Interest income	12	**(1,010,728)**	(343,864)	**(1,390,633)**	(1,476,763)
Interest expense	12	**4,192,410**	4,015,370	**2,484,563**	2,832,342
Dividend income	8	**-**	-	**(400,000)**	(6,863,500)
Loss on lease modification	32	**-**	141,784	**-**	-
Exchange differences and release of translation differences to profit and loss	9,12	**2,755,733**	(7,304,362)	**(134,976)**	281,685
Tax expense/(credit)	13	**377,438**	(521,505)	**50**	147
		16,077,256	10,772,102	**9,248**	(963,653)
Changes in:					
Inventories		**163,087**	495,496	**-**	-
Trade and other receivables and contract assets		**126,974**	2,821,478	**(1,636,266)**	(17,401)
Trade and other payables and contract liabilities		**(3,841,749)**	5,832,380	**145,630**	(459,498)
Related party balances	34	**-**	-	**2,978,440**	1,159,064
Cash generated from/(used in) operating activities		**12,525,568**	19,921,456	**1,497,052**	(281,488)
Bank interest received	12	**488,730**	343,864	**-**	-
Interest on bank overdraft	12	**(115,410)**	(90,944)	**-**	-
Taxation (paid)/received		**(494,522)**	(158,457)	**(147)**	280
Net cash generated from/(used in) operating activities		**12,404,366**	20,015,919	**1,496,905**	(281,208)

MedservRegis p.l.c.

Statements of Cash Flows (continued)

For the year ended 31 December

		The Group		The Company	
		2023	2022	**2023**	2022
	Notes	**€**	€	**€**	€
Cash flows from investing activities					
Payments for FVTPL financial assets	22	**(1,673,901)**	(843,995)	**-**	-
Payments for property, plant and equipment	14	**(2,680,468)**	(2,647,142)	**-**	-
Advance payments for capital expenditure		**-**	(332,696)	**-**	-
Net proceeds from disposal of FVTPL financial assets	22	**1,126,682**	1,253,152	**-**	-
Capitalisation of loans to subsidiaries	19,20	**-**	-	**(44,763)**	(28,634)
Net proceeds from disposal of property, plant and equipment	14	**313,280**	1,649,710	**-**	-
Proceeds received and repayments of loans from related parties	19	**-**	4,376,803	**-**	-
Dividend received	8	**-**	-	**-**	6,863,500
Loan repayments by subsidiaries		**-**	-	**1,295,750**	-
Interest received		**-**	-	**31,070**	49,168
Net cash (used in)/generated from investing activities		**(2,914,407)**	3,455,832	**1,282,057**	6,884,034 -
Cash flows from financing activities					
Proceeds from loans and borrowings	27	**7,488,178**	3,600,000	**7,488,178**	3,600,000
Repayment of bonds	27	**(7,772,019)**	(6,999,400)	**(7,772,019)**	(6,999,400)
Repayment of bank loans	27	**(1,179,150)**	(1,625,345)		-
Cash pledged as guarantee	33	**(150,000)**	-	**-**	-
Loan payments to subsidiary	27	**-**	-	**(236,250)**	(78,750)
Repayment of capital portion of lease liabilities	32	**(3,772,421)**	(3,720,045)	**-**	-
Transactions with non-controlling interest	29.3	**(1,295,040)**	-	**-**	-
Interest paid	27,32	**(3,665,100)**	(3,887,411)	**(2,352,193)**	(2,885,505)
Net cash used in financing activities		**(10,345,552)**	(12,632,201)	**(2,872,284)**	(6,363,655)
Net (decrease)/increase in cash and cash equivalents		**(855,593)**	10,839,550	**(93,322)**	239,171
Cash and cash equivalents at beginning of year		**18,662,149**	9,107,124	**170,729**	(68,442)
Effect of exchange rate fluctuations on cash held		**(3,909,923)**	(1,284,525)	**2,289**	-
Cash and cash equivalents at end of year*	**23**	**13,896,633**	18,662,149	**79,696**	170,729
Cash at bank and in hand	23	**16,293,444**	19,454,683	**79,696**	170,729
Bank overdraft	23, 27	**(2,396,811)**	(792,534)	**-**	-
Cash and cash equivalents at end of year	**23**	**13,896,633**	18,662,149	**79,696**	170,729

* Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management.

The notes on pages 8 to 129 are an integral part of these financial statements.

1 Reporting company

MedservRegis p.l.c. (the "Company") is a public liability company domiciled and incorporated in Malta. The principal activity of the Company is that of a holding company (see note 20).

The consolidated financial statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as 'the Group' and individually 'Group entities'). The Group is primarily involved in providing shore base logistics and engineering services to the offshore oil and gas industry and supply chain management for Oil Country Tubular Goods (OCTG) to support the onshore oil and gas industry. It also provides equipment, procurement, and specialised services to a wide range of customers, including national and international energy companies, drilling and mining companies, as well as product and equipment manufacturers and other heavy industry-related contractors across the globe, reaching the Mediterranean countries, Middle East, South America, sub-Saharan Africa including a number of emerging markets such as Mozambique, Uganda, and Angola.

2 Basis of preparation

2.1 Statement of compliance

These consolidated and separate financial statements as at and for the year ended 31 December 2023 have been prepared in accordance with International Reporting Standards (IFRS) as adopted by the EU. All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. These financial statements have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act").

Article 4 of Regulation 1606/2002/EC requires that, for each financial year starting on or after 1 January 2005, companies governed by the law of an EU Member State shall prepare their consolidated financial statements in conformity with IFRS as adopted by the EU if, at their reporting date, their securities are admitted to trading on a regulated market of any EU Member State.

Details of the Group's material accounting policy information is included in Note 4.

2.2 Going concern

The Group generated a profit after tax for the year amounting to €1.3 million (2022 profit: €0.5 million), it reported an adjusted EBITDA (note 6) of €17.5 million (2022: adjusted EBITDA €11.4 million) and generated operating cash inflows of €12.4 million (2022: €20 million). The Group's net asset value amounted to €56.9 million (2022: €57.6 million) and positive working capital amounted to €25.1 million (2022: €25.9 million).

2 Basis of preparation (continued)

2.2 Going concern (continued)

The Company, which primarily acts as a treasury vehicle for the Group, generated a loss for the year amounting to €0.6 million (2022 profit: €2.7 million), had a net asset value of €20.7 million (2022: €21.3 million) and had a working capital of €5.1 million (2022: working capital of €4.9 million). The Group has €17.5 million of resources comprising cash and cash equivalents, unused credit lines and investments at FVTPL as at reporting date. The Group's cash and cash equivalents include an amount of €4.7 million held by a subsidiary and which are subject to exchange controls on remittance outside of the jurisdiction in which it operates (note 23).

The reverse acquisition between the Company and Regis Holdings Limited in June 2021 further strengthened the Group's financial and liquidity position and improved its capability of delivering value to all stakeholders. The recovery in oil and gas pricing is encouraging the major international energy companies to start revisiting their drilling programmes and future investment projects. As global oil markets progressively recover from the effects of the pandemic and the related unprecedented declines in demand, the Group and the Company are well positioned to pursue growth opportunities in both existing and new markets and participate in many of the largest energy projects scheduled over the next five years.

Considering the factors and circumstances as described above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investments at FVTPL.

2.4 Functional and presentation currency

These financial statements are presented in euro (€), which is the Company's functional currency and the Group's presentation currency.

3 Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and the Group based its assumptions and estimates on parameters available at the reporting date. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates are recognised prospectively.

Information about areas involving a higher degree of judgements or complexity in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties at 31 December 2023 and 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 14 and 32 – impairment test of property, plant and equipment and right-of-use assets of the Group: key assumptions underlying recoverable amounts;

3 Use of judgements and estimates (continued)

- Note 19 and Note 20 – impairment test of loans receivable from, and investments in, subsidiaries: key assumptions underlying recoverable amounts;
- Note 15 – impairment test of goodwill and intangible assets: key assumptions underlying recoverable amount;
- Note 16 – recognition of deferred tax assets: availability of future taxable profit against which investment tax credits can be utilised;
- Note 31.4 – measurement of expected credit loss (ECL) allowance for trade receivables: key assumptions in determining the loss given default and macro-economic adjustments; and
- Note 32 – determining the lease term and the discount rate: Key assumptions in determining extension option and estimating the incremental borrowing rate.

4 Material accounting policy information

4.1 Basis of consolidation

4.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note 4.1.2). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 4.3.3). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

4.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are shown in the statement of financial position of the Company at cost less any accumulated impairment losses. Cost includes directly attributable costs of the investment. Provisions are recorded when, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

4 Material accounting policy information (continued)

4.1 Basis of consolidation (continued)

4.1.3 Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity.

Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.1.5 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence or joint control ceases. Where the Group's share of loss in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

4.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.2 Foreign currency

4.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

4 Material accounting policy information (continued)

4.2 Foreign currency (continued)

4.2.1 Foreign currency transactions (continued)

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of financial liabilities denominated in a foreign currency and designated as a hedge of the net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective and is accumulated in the translation reserve (see note 4.4).

4.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's presentation currency at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the translations).

Foreign currency differences are recognised in OCI and presented within equity in the translation reserve, except to the extent that the translation difference is allocated to NCI. However, if the operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

4.2.3 Foreign currency gains and losses

Foreign currency gains and losses relating to operating activities are recognised in profit or loss and reported on a net basis within "Other income/(expenses)". Foreign currency gains and losses relating to investing activities and financing activities are recognised in profit or loss and are reported on a net basis within "finance income" or "finance costs" respectively. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges (see note 4.2.1) or are attributable to part of the net investment in a foreign operation.

4.3 Financial instruments

4.3.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

4 Material accounting policy information (continued)

4.3 Financial instruments (continued)

4.3.1 Recognition and initial measurement

A financial asset (unless it is a trade receivable with an insignificant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs are directly attributable to its acquisition or issue. A trade receivable with an insignificant financing component is initially measured at the transaction price. Transaction costs of financial assets carried at FVTPL are expensed in profit and loss.

4.3.2 Classification and subsequent measurement

4.3.2.1 Financial assets

On initial recognition, the Group's financial assets are classified as measured at: amortised cost; or at Fair Value Through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Debt instruments

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin that is consistent with a basic lending arrangement.

Equity instruments

The group subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

4 Material accounting policy information (continued)

4.3 Financial instruments (continued)

4.3.2 Classification and subsequent measurement (continued)

4.3.2.2 Financial assets – Subsequent measurement and gains and losses

The Company's financial assets comprise loans to subsidiaries, cash and cash equivalents and trade and other receivables. The Group's financial assets comprise loans to related companies, cash and cash equivalents, trade and other receivables and investments in equity and debt instruments.

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses and expected credit losses are recognised in profit or loss.

For financial assets at FVTPL, these are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

4.3.2.3 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. The Group's financial liabilities which include loans, borrowings and trade and other payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Where the Group designates a financial liability such as a loan in a hedging relationship for a net investment in a foreign operation, the effective portion of the exchange gains or losses are recognised in other comprehensive income (see note 4.2.3).

4.3.3 Impairment

4.3.3.1 Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 120 days past due.

4 Material accounting policy information (continued)

4.3.3 Impairment *(continued)*

4.3.3.2 Measurement of ECLs

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses were measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expected to receive).

The mechanics of the ECL calculations applied up to 31 December 2022 are outlined below and the key elements were as follows:

- PD: The Probability of Default was an estimate of the likelihood of default over a given time horizon. A default may only have happened at a certain time over the assessed period, if the financial asset had not been previously derecognized.
- EAD: The Exposure at Default was an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.
- LGD: The Loss Given Default was an estimate of the loss arising in the case where a default occurs at a given time. It was based on the difference between the contractual cash flows due and those that the Group was expected to receive.

In the ECL models, the Group relied on a broad range of forward-looking information as economic inputs such as annual speculative-grade corporate default rates by geographic region, inflation (average consumer prices), price index of crude oil, gross domestic product (GDP), growth rate and unemployment rate.

ECLs were discounted at the effective interest rate of the financial asset.

As from 1 January 2023, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period ranging from 36 to 60 months before 1 January 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

4 Material accounting policy information (continued)

4.3.3 Impairment *(continued)*

4.3.3.3 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

4.3.3.4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the Statement of Profit or loss and OCI.

4.3.3.5 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off on its financial assets based on whether there is a reasonable expectation of recovery and with reference to its historical experience of recoveries. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.3.4 Derecognition

4.3.4.1 Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

4.3.4.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4 Material accounting policy information (continued)

4.3 Financial instruments (continued)

4.3.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a current legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.4 Hedge accounting – Net investment hedge

The Group's hedging activities consist of hedges of a net investment in a foreign operation. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries, including a hedge of a monetary item that is accounted for as part of the net investment. Any gain or loss on the hedging instrument relating to the effective portion is recognised in other comprehensive income and accumulated in the translation reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance cost.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

4.5 Property, plant and equipment

4.5.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (significant components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within "other income(expenses)" in profit or loss.

4 Material accounting policy information (continued)

4.5 Property, plant and equipment (continued)

4.5.2 Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

4.5.3 Depreciation

Deprecation is based on the cost of an asset less its residual value. Significant components of individual assets having a useful life that is different from the remainder of that asset, are depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Property developed and related improvements made on leased land are depreciated over the shorter of the land's lease term and the useful lives of the building and improvements unless it is reasonably certain that the Group will obtain ownership of the land by the end of the lease term. Depreciation commences when the item is available for use.

The estimated useful lives for the current and comparative periods are as follows:

	2023 **Years**	2022 Years
• Buildings and base improvements*	20 – 50	20 – 50
• Furniture and fittings	10	10
• Office equipment	4-5	4-5
• Computer equipment	5	5
• Plant and equipment	10-15	10-15
• Motor vehicles	4-10	4-10
• Cargo carrying units	10	10
• Photovoltaic farm	20	20

**The useful life of buildings and base improvements on leased property is based on the lower of the useful life of the asset and lease term.*

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.6 Intangible assets and goodwill

4.6.1 Recognition and measurement

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. Goodwill that arises upon the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in profit or loss. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

4 Material accounting policy information (continued)

4.6 Intangible assets and goodwill (continued)

4.6.1 Recognition and measurement (continued)

Intangible assets include the trade names, trademarks and related assets, customer contracts and non-contractual customer relationships. Intangible assets acquired as part of a business combination are measured at fair value at the date of acquisition less accumulated amortisation and any accumulated impairment losses. Subsequent to initial recognition, these intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The tradenames, trademarks and related assets comprise the “Medserv” and the “METS” brands. These are regarded as having an indefinite life, since based on all relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows. The “Medserv” and “METS” brands have existed for over 40 and 15 years respectively which is comparable to other brands in the oil and gas industry.

The customer contracts acquired by the Group have finite useful lives.

4.6.2 Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

4.6.3 Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill and the brands and trademarks having indefinite life are not amortised and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

The estimated useful lives for the current period are as follows:

• customer contracts	2-9 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4 Material accounting policy information (continued)

4.7 Leases (continued)

4.7.1 As a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Entity-specific details about the group’s leasing policy are provided in note 32.

4.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.9 Impairment of non-financial assets

Goodwill and intangible assets having indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The carrying amounts of the Group’s other non-financial assets, with exceptions to deferred tax assets, inventories, contract assets and investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

4 Material accounting policy information (continued)

4.9 Impairment of non-financial assets (continued)

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets in which case the assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating units (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by fair value indicators such as replacement cost.

The Group’s corporate assets such as office building and computer equipment do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment loss recognised on a CGU or group of CGUs is first allocated to reduce the carrying amount of any goodwill allocated to the CGU or group of CGUs and then to the other assets of the CGU or group of CGUs pro rata on the basis of the carrying amount of each asset in the CGU or group of CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

4.10 Employee benefits

4.10.1 Defined contribution plans

The Group contributes towards the State defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of fixed contributions. Obligations for contributions to the defined contribution plan are recognised in profit or loss as incurred.

4 Material accounting policy information (continued)

4.10 Employee benefits (continued)

4.10.2 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on German Government Bonds that have maturity dates approximating the terms of the Group's obligations.

4.10.3 Severance payments

Pursuant to United Arab Emirates (U.A.E.) and Sultanate of Oman labour regulations, severance payments have to be paid on termination of employment by the employer. The Group's net obligation in respect of this defined benefit obligation is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of the liability is performed annually at each reporting date using the projected unit credit method. Re-measurement of the liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the interest expense on the liability for the period by applying the discount rate used to measure the obligation at the beginning of the annual period to the then-net liability, taking into account any changes in the liability during the period as a result of payments. Interest expense is recognised in profit or loss. The Group recognises gains and losses on the settlement of a liability when the settlement occurs.

4.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of discount is recognised as finance cost.

4.12 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a product or service to a customer.

4.12.1 Performance obligations and revenue recognition policies

The following is a description of the principal activities – separated by reportable segments – from which the Group generates its revenue. For more detailed information about reportable segments, see note 7. The Group is engaged in providing integrated logistics support services (ILSS) to the offshore oil and gas industry and OCTG services to the onshore oil and gas market and as such is involved in providing support services that span over a term. Services and support provided to the offshore oil and gas industry consists of integrated offshore logistics, engineering and technical services, supply of goods and management services. OCTG services to the onshore oil and gas market consist of handling and storage, and machine shop services for premium threading, inspection and repair services for OCTG and other ancillary services. The Group also produce and supply electricity through its photovoltaic plant.

4 Material accounting policy information (continued)

4.12 Revenue (continued)

4.12.1 Performance obligations and revenue recognition policies (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

4.12.1.1 Integrated Logistics Support Services (ILSS)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Logistic support services	The Group performs and provides logistics services to international oil companies carrying out offshore drilling campaigns. The Group delivers fully integrated supply base services which connect all the elements of the clients' logistics and materials management activities. Logistics support services include provision of equipment, personnel, warehousing, quays and land in a certified facility aimed at supporting offshore oil and gas drilling activities. Invoices are issued on a monthly basis and are usually payable within 30 to 90 days. Uninvoiced amounts are presented as contract assets.	Logistic support services provided are routine or recurring in nature and span over a period of time. These services have been identified as a series of distinct services transferred to the customer in the same pattern. The customer simultaneously receives the benefits provided as the services are being rendered. Revenue is recognised over time as the services are provided.
Engineering and technical services	The Group through its engineering division carries out a full range of essential, non-critical engineering and technical services for the offshore platforms and drilling rigs. Services range from fabric maintenance, corrosion protection, riser inspection services, rig repair, technical services and general fabrication and maintenance. Invoices are issued according to contractual terms and are usually payable within 30 to 60 days. Uninvoiced amounts are presented as contract assets.	Engineering services have been identified as a bundle of distinct goods or services that form one single obligation. This creates or enhances an asset controlled by the customer in terms of repairs and maintenances. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue is assessed based on surveys of work performed. If the services are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on customer-specific contract or based on the list prices at which the Group sells the services in separate transactions. .

4 Material accounting policy information (continued)

4.12 Revenue (continued)

4.12.1 Performance obligations and revenue recognition policies (continued)

4.12.1.1 Integrated Logistics Support Services (ILSS) (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Supply of goods	The Group is involved in procuring various goods and supplies to its customers for use on the offshore rigs and their supply vessels. Clients obtain control of goods when the goods are delivered to and have been accepted at their specified location. Invoices are generated at that point in time. Invoices are usually payable within 30 - 90 days.	Revenue from supply of goods is recognised when the goods are delivered as this is the point in time that the consideration is unconditional since only the passage of time is required before payment is due. Delivery occurs when the goods have been shipped to the specific location or loaded onto the client's vessel, the risks and rewards have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Generally, for such goods, the customer has no right of return.

4.12.1.2 Photovoltaic income

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Supply of electricity	Revenue from the supply of electricity is generated from the Group's investment in the Photovoltaic farm. Invoices are issued on a monthly basis. Prices are based on the published Feed-in-Tariffs. Invoices are issued on receipt of the monthly statement issued by the counterparty and are payable within 15 days.	Revenue is recognised over time based on the monthly readings of kWh of energy supplied as per monthly statements issued by the counterparty.

4 Material accounting policy information (continued)

4.12 Revenue (continued)

4.12.1 Performance obligations and revenue recognition policies (continued)

4.12.1.3 Oil country tubular goods (OCTG)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Storage and handling	This includes the provision of yard storage and handling of OCTG. Invoices for storage and handling are issued on a monthly basis and are usually payable within 30 days. .	Revenue is recognised over time as the services are provided. If the services are rendered in different reporting periods, then the consideration is allocated based on their relative standalone selling prices. The standalone selling prices are determined based on the agreed selling prices as per customer-specific contract or based on the list prices at which the Group sells the services in separate transactions.
Inspection	This includes the provision of inspection services of OCTG. Invoices for inspection are issued on a monthly basis and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. If the services under a single arrangement which include both inspection and handling charges for inspection are rendered in different reporting periods, then the consideration is allocated based on their relative standalone selling prices. The standalone selling prices are determined based on the agreed selling prices as per customer-specific contract or based on the list prices at which the Group sells the services in separate transactions.
Repairs of pipes	This involves the provision of repairs of pipes using the Group's machine shops in UAE and Iraq. Invoices for repair of pipes are issued on a monthly basis and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative standalone selling prices. The standalone selling prices are determined based on the agreed selling prices as per customer-specific contract or based on the list prices at which the group sells the services in separate transactions.

4 Material accounting policy information (continued)

4.12 Revenue (continued)

4.12.2 Determining transaction price and allocation to performance obligations

The Group's amount of consideration which it expects to be entitled to in exchange for transferring of services to a customer is determined on a per-service usage basis and is payable in accordance with customary payment terms. Accordingly, a transaction price is determined separately for each performance obligation.

4.12.3 Dividend income

Dividend income and management fees are recognised in profit or loss on the date on which the Company's right to receive payment is established.

4.12.4 Management fees

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.

4.13 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income recognised on financial assets;
- interest expense on borrowings; and
- exchange gains or losses arising from the Group's investing and financing activities.

Interest income or expense is recognised as it accrues in profit or loss, using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4 Material accounting policy information (continued)

4.14 Government grants

The Group recognises government grants that are related to assets as deferred income at fair value if there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In that case, the grant is recognised when it becomes receivable.

Government assistance in the form of a guarantee from the government for loans from financial institutions is considered part of the unit of account in determining the fair value of the loan. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments (see note 4.3). The benefit of the below-market rate of interest as a result of the guarantee from the government is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The Group considers the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

4.15 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

4 Material accounting policy information (continued)

4.15 Income tax (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.16 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. This EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, the calculation of EPS for all periods presented shall be adjusted retrospectively.

4.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors, the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Company's assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire non-current assets other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts.

5 New standards, amended standards and interpretations

5.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately – disclosures are required for annual periods beginning on or after 1 January 2023)

The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies impacting the financial performance and position.

5.2 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted any of the forthcoming new or amended standards in preparing these financial statements. The following sets out the effective date and impact of forthcoming amendments to standards and new standards on the Group's financial statements:

	EU effective date (financial period on or after)	Impact assessment
Standards available for early adoption		
Amendments to IAS 1 Presentation of Financial Statements: - Classification of Liabilities as Current or Noncurrent; - Classification of Liabilities as Current or Noncurrent - Deferral of Effective Date; and - Non-current Liabilities with Covenants	1 January 2024	No significant impact
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024	No significant impact
Standards not / not yet endorsed by the EU		
Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Not yet endorsed	No significant impact
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	Not yet endorsed	No significant impact

The Group is of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

6 Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

The Directors have presented the performance measure adjusted EBITDA because they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance income/(costs), depreciation, amortisation and impairment losses related to goodwill, intangible assets, and property, plant and equipment.

Adjusted EBITDA is not a defined performance measure in IFRS standards and as a result, the Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations.

		The Group	
		2023	2022
	Notes	**€**	€
Profit for the year from continuing operations		**1,294,394**	544,876
Tax expense /(credit)	13	**377,438**	(521,505)
Profit before tax		**1,671,832**	23,371
Adjustments for:			
- Net finance income	12	**6,190,329**	(964,139)
- Depreciation	14, 32	**8,205,843**	7,627,211
- Amortisation of intangible assets	15	**1,357,499**	2,056,371
- Net impairment loss on property, plant and equipment	14	**78,852**	515,210
- Impairment loss on intangible assets	15	-	1,774,446
- Impairment loss on goodwill	15	-	372,295
Adjusted EBITDA		**17,504,355**	11,404,765

7 Operating segments

7.1 The Group has three (2022: three) reportable operating segments, as described below, which represent the Group's strategic divisions. These divisions offer different products and services and are managed separately because they require different resources and marketing strategies. For each of the strategic divisions, the Board of Directors, which is the chief operating decision maker, reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

Integrated logistics support services	Includes the provision of comprehensive logistical support services to the offshore oil and gas industry from the Group's bases in Malta, Cyprus, Egypt, South America and Africa.
Oil country tubular goods	Includes the provision of an integrated approach to OCTG handling, inspection, repairs and other ancillary services based in three Middle East locations, namely U.A.E., Southern Iraq and Sultanate of Oman.
Photovoltaic farm	Involves the generation of electricity which is sold into the national grid for a twenty-year period at a price secured under the tariff scheme regulated by subsidiary legislation S.L. 423.46 in Malta.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment adjusted EBITDA as included in the internal management reports that are reviewed by the Board of Directors. Segment adjusted EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

7 Operating segments (continued)

7.2 Information about reportable segments

2023	Integrated logistics support services	Oil country tubular goods	Photovoltaic farm	Total
	€	€	€	€
External revenue	46,128,080	27,306,637	491,619	73,926,336
Segment revenue	46,128,080	27,306,637	491,619	73,926,336
Reportable segment profit/(loss) before tax	(3,755,165)	5,360,816	66,181	1,671,832
Net finance costs	4,826,152	1,136,445	227,732	6,190,329
Depreciation on property, plant and equipment	2,433,245	1,590,138	197,706	4,221,089
Depreciation on right-of-use assets	2,812,208	1,172,546	-	3,984,754
Other material non-cash items:				
Amortisation of intangible assets	-	1,357,499	-	1,357,499
Net impairment on property, plant and equipment	78,852	-	-	78,852
Adjusted EBITDA	6,395,292	10,617,444	491,619	17,504,355
Reportable segment assets	107,095,896	35,975,322	2,102,795	145,174,013
Capital expenditure during 2023	1,532,491	1,147,977	-	2,680,468
Reportable segment liabilities	74,330,863	9,507,409	3,285,000	87,123,272

7 Operating segments (continued)

7.2 Information about reportable segments (continued)

2022	Integrated logistics support services	Oil country tubular goods	Photovoltaic farm	Total
	€	€	€	€
External revenue	42,990,491	23,425,191	523,478	66,939,160
Segment revenue	42,990,491	23,425,191	523,478	66,939,160
Reportable segment profit (loss) before tax	2,372,837	(2,565,427)	215,961	23,371
Net finance costs/(income)	(4,653,119)	3,579,175	109,805	(964,139)
Depreciation on property, plant and equipment	2,307,684	1,468,755	197,712	3,974,151
Depreciation on right-of-use assets	2,537,309	1,115,752	-	3,653,060
Other material non-cash items:				
Amortisation of intangible assets	-	2,056,371	-	2,056,371
Net impairment on property, plant and equipment	515,210	-	-	515,210
Impairment loss on intangible assets	-	1,774,446	-	1,774,446
Impairment loss on goodwill	372,295	-	-	372,295
Adjusted EBITDA	3,452,216	7,429,071	523,478	11,404,765
Reportable segment assets	117,836,126	31,617,381	2,275,863	151,729,370
Capital expenditure during 2022	1,490,702	1,156,440	-	2,647,142
Reportable segment liabilities	76,661,682	8,297,697	6,413,488	91,372,867

7 Operating segments (continued)

7.3 Reconciliation of information on reportable segments to the amounts reported in the financial statements

	2023	2022
	€	€
Revenues		
Total revenues for reportable segments	**73,926,336**	66,939,160
Consolidated revenues	**73,926,336**	66,939,160
Profit or loss		
Profit before income tax for reportable segments	**1,671,832**	23,371
Consolidated profit before income tax	**1,671,832**	23,371
Assets		
Total assets for reportable segments	**145,174,013**	151,729,370
Consolidated total assets	**145,174,013**	151,729,370
Liabilities		
Total liabilities for reportable segments	**87,123,272**	91,372,867
Consolidated total liabilities	**87,123,272**	91,372,867
Adjusted EBITDA		
Total adjusted EBITDA for reportable segments	**17,504,355**	11,404,765
Consolidated adjusted EBITDA	**17,504,355**	11,404,765

7.4 Geographical information

7.4.1 The ILSS segment is managed from Malta with a satellite office in Mauritius and operates base facilities and/or offices in Malta, Cyprus, Egypt, Morocco, Suriname, Libya, Mozambique and Uganda. The OCTG segment is managed from U.A.E. and operates base facilities in U.A.E., Southern Iraq and Sultanate of Oman. The photovoltaic farm is managed and operated in Malta.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

7 Operating segments (continued)

7.4.1 Geographical information (continued)

	Revenues	Non-current assets
	€	€
2023		
Cyprus	**8,840,784**	**8,641,322**
Malta	**8,402,101**	**61,084,398**
Egypt	**7,318,332**	**3,924,037**
Middle East	**29,816,637**	**18,399,188**
South America	**22,798**	-
Morocco	**8,973,609**	-
Sub-Saharan Africa	**10,552,075**	**10,361,320**
	73,926,336	**102,410,265**
2022		
Cyprus	19,690,007	2,261,286
Malta	7,351,916	65,664,479
Egypt	7,975,728	4,254,231
Middle East	23,425,191	19,061,332
South America	28,286	-
Sub-Saharan Africa	8,468,032	10,265,069
	66,939,160	101,506,397

7.4.2 Major customers

Revenues from two (2022: two) major external customers during the year amounted to approximately €33.2 million (2022: €28.55 million) of the Group's total revenues.

7.4.3 Situation in Mozambique and Libya

The Group has experienced a slowdown in its business activities in Mozambique due to the force majeure imposed by TotalEnergies in northern Mozambique. This has led to significant delays in the development of a major liquefied natural gas (LNG) project.

The political instability in Libya has caused delays in announcing the upcoming mega offshore energy projects. The Group services this market through its shorebase in Malta. In addition, the clients' operations are mainly offshore Libya, which are located 120 kilometres north of the Libyan coast.

The projects in Mozambique and Libya are expected to resume in the short to medium term.

8 Revenue

8.1 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 7).

The Group

2023	Integrated logistics support services	Oil country tubular goods	Photovoltaic farm	Total
	€	€	€	€
Malta	7,910,482	-	491,619	8,402,101
Middle East	2,510,000	27,306,637	-	29,816,637
Cyprus	8,840,784	-	-	8,840,784
Egypt	7,318,332	-	-	7,318,332
Sub-Saharan Africa	10,552,075	-	-	10,552,075
South America	22,798	-	-	22,798
Morocco	8,973,609	-	-	8,973,609
	46,128,080	27,306,637	491,619	73,926,336

8 Revenue (continued)

8.1 Disaggregation of revenue from contracts with customers (continued)

	The Group				The Company
2023	Integrated logistics support services	Oil country tubular goods	Photovoltaic farm	Total	Total
	€	€	€	€	€
Major service lines					
Logistic support services	30,433,096	-	-	30,433,096	-
Supply of goods	9,779,701	-	-	9,779,701	-
Engineering and technical services	495,002	-	-	495,002	-
Storage and handling	5,420,281	18,108,819	-	23,529,100	-
Inspection	-	2,412,528	-	2,412,528	-
Repairs of pipes	-	6,785,290	-	6,785,290	-
Supply of electricity	-	-	491,619	491,619	-
Management fees	-	-	-	-	1,600,000
Dividends	-	-	-	-	400,000
	46,128,080	27,306,637	491,619	73,926,336	2,000,000
Timing of revenue recognition					
Transferred over time	36,348,379	27,306,637	491,619	64,146,635	1,600,000
Point in time	9,779,701	-	-	9,779,701	400,000
	46,128,080	27,306,637	491,619	73,926,336	2,000,000

8 Revenue (continued)

8.1 Disaggregation of revenue from contracts with customers (continued)

The Group

2022	Integrated logistics support services	Oil country tubular goods	Photovoltaic farm	Total
	€	€	€	€
Malta	6,828,438	-	523,478	7,351,916
Middle East	-	23,425,191	-	23,425,191
Cyprus	19,690,007	-	-	19,690,007
Egypt	7,975,728	-	-	7,975,728
Sub-Saharan Africa	8,468,032	-	-	8,468,032
South America	28,286	-	-	28,286
	42,990,491	23,425,191	523,478	66,939,160

8 Revenue (continued)

8.1 Disaggregation of revenue from contracts with customers (continued)

2022	The Group Integrated logistics support services	Oil country tubular goods	Photovoltaic farm	Total	The Company Total
	€	€	€	€	€
Major service lines					
Logistic support services	36,234,896	-	-	36,234,896	-
Supply of goods	3,500,618	-	-	3,500,618	-
Engineering and technical services	354,178	-	-	354,178	-
Storage and handling	2,900,799	16,115,381	-	19,016,180	-
Inspection	-	1,760,382	-	1,760,382	-
Repairs of pipes	-	5,549,428	-	5,549,428	-
Supply of electricity	-	-	523,478	523,478	-
Dividends	-	-	-	-	6,863,500
	42,990,491	23,425,191	523,478	66,939,160	6,863,500
Timing of revenue recognition					
Transferred over time	39,489,873	23,425,191	523,478	63,438,542	-
Point in time	3,500,618	-	-	3,500,618	6,863,500
	42,990,491	23,425,191	523,478	66,939,160	6,863,500

8 Revenue (continued)

8.2 Contract balances

The following table provides information about assets and liabilities from contracts with customers.

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Current contract assets relating to unbilled revenue, net of loss allowances	**3,381,677**	183,335	**1,600,000**	-
Current contract liabilities relating to payment made in advance by customers	**113,196**	90,267	**-**	-

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

8.3 Revenue recognized in relation to contract liabilities

The table below shows how much revenue recognized in the reporting period relates to carried-forward contract liabilities.

	2023	2022
	€	€
Revenue recognized that was included in the contract liability balance at the beginning of the period	**90,267**	193,853

8.4 Revenue recognised in the Company comprises of dividend income amounting to €400,000 (2022: €6,863,500) and management fees charged to subsidiaries of €1,600,000 (2022: €Nil).

9 Other income and other expenses

		The Group	
		2023	2022
	Notes	**€**	**€**
Release of translation reserve to profit and loss		**396,502**	513,479
Exchange differences arising from operating activities		**(143,588)**	2,155,238
Net change in fair value of financial assets at fair value through profit or loss	22	**441,326**	(1,105,875)
Loss on disposal of property, plant and equipment		**(29,635)**	(325,303)
Loss on lease modification	32	**-**	(141,784)
Cashback on credit card		**147,267**	-
Income from investments at FVTPL		**77,349**	-
Other income		**98,650**	-
		987,871	1,095,755

10 Expenses by nature

10.1

		The Group		The Company	
	Notes	**2023**	2022*	**2023**	2022
		€	€	**€**	€
Direct cost of services		**35,142,696**	30,598,802	**-**	-
Consumables		**28,299**	34,313	**-**	-
Employee benefits	11	**12,372,672**	14,405,639	**1,082,416**	443,727
Depreciation	14, 32	**8,205,843**	7,627,211	**-**	-
Amortisation of intangible assets	15	**1,357,499**	2,056,371	**-**	-
Administration fees		**499,868**	503,435	**48,387**	9,236
Professional fees		**2,386,775**	2,616,652	**329,749**	377,985
Listing expenses		**39,319**	89,533	**39,319**	89,533
Rental expense	32	**1,298,485**	727,028	**14,955**	-
Travelling and telecommunications		**1,068,795**	537,574	**30,761**	12,562
Impairment loss on intangible assets	15	**-**	1,774,446	**-**	-
Impairment loss on goodwill	15	**-**	372,295	**-**	-
Impairment losses on investments in subsidiaries	20	**-**	-	**44,763**	1,545,615
Net impairment loss on PPE	14	**78,852**	515,210	**-**	-
Reversal of impairment losses on amounts due by joint venture		**-**	-	**-**	(378)
Repairs and maintenance		**1,847,456**	1,764,976	**-**	-
Insurance		**897,333**	1,111,740	**28,148**	30,866
Security services		**367,835**	360,873	**-**	-
Staff welfare		**1,117,578**	1,453,558	**-**	-
Other		**1,105,235**	1,962,935	**17,018**	122
Total cost of sales and administrative expenses		**67,814,540**	68,512,591	**1,635,516**	2,509,268
Categorised as follows:					
Cost of sales		**54,606,343**	55,437,915	**-**	-
Administrative expenses		**13,208,197**	13,074,676	**1,635,516**	2,509,268
Total cost of sales and administrative expenses		**67,814,540**	68,512,591	**1,635,516**	2,509,268

*The Group has elected to present certain wages and salaries from direct cost services to employee benefits. Prior year comparative information for the year ended 31 December 2022 has been restated by reclassifying the amount of EUR 670,837 from direct cost of services to employee benefit expense.

10 Expenses by nature (continued)

10.2 The total fees charged to the Group and the Company by the independent auditors during 2023 and connected network firms can be analysed as follows:

2023	**The Group**	**The Company**
	€	**€**
Auditors’ remuneration	**490,250**	**134,550**
Tax compliance and advisory services	**10,528**	**-**
Other non-audit services	**4,213**	**-**
	504,991	**134,550**

2022	**The Group**	**The Company**
	€	**€**
Auditors’ remuneration	466,000	130,000
	466,000	130,000

11 Employee benefit expense

Employee benefit expense incurred by the Group during the year are analysed as follows:

	The Group		**The Company**	
	2023	2022	**2023**	2022
	€	€	**€**	€
Wages and salaries	**10,553,509**	12,750,341	**748,871**	233,426
Social security contributions	**475,297**	366,033	**-**	-
Maternity fund	**5,370**	4,867	**-**	-
Other statutory contributions	**74,140**	94,407	**-**	-
	11,108,316	13,215,648	**748,871**	233,426
Directors' emoluments:				
Salaries	**1,066,719**	998,269	**135,908**	24,710
Fees	**197,637**	191,722	**197,637**	185,591
	1,264,356	1,189,991	**333,545**	210,301
	12,372,672	14,405,639	**1,082,416**	443,727

The monthly average number of persons employed by the Group during the year was as follows:

	2023	2022
	No.	No.
Operating	**712**	660
Management and administration	**59**	56
	771	716

The Company had no employees during the current and comparative year. Employee benefits represent salaries recharged to the Company by one of its subsidiaries.

12 Finance income and finance costs

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Interest receivable from banks	**1,010,728**	343,864	**-**	-
Interest receivable from subsidiaries	**-**	-	**1,390,633**	1,476,763
Foreign exchange gain on non-operating activities	**-**	4,635,645	**134,977**	-
Finance income	**1,010,728**	4,979,509	**1,525,610**	1,476,763
Interest payable on bank loans	**(424,538)**	(105,781)	**-**	-
Other bank interest payable	**(115,410)**	(90,944)	**-**	-
Interest payable to note holders	**(2,554,313)**	(2,853,702)	**(2,256,831)**	(2,763,524)
Interest payable to subsidiaries	**-**	-	**(227,732)**	(68,818)
Interest on leases	**(1,098,149)**	(964,943)	**-**	-
Foreign exchange loss on non-operating activities	**(3,008,647)**	-	**-**	(281,685)
Finance costs	**(7,201,057)**	(4,015,370)	**(2,484,563)**	(3,114,027)
Net finance (costs)/income	**(6,190,329)**	964,139	**(958,953)**	(1,637,264)

13 Tax (expense)/credit

13.1 Recognised in the statement of profit or loss

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Current tax expense	**(1,177,036)**	(168,448)	**(50)**	(147)
Deferred tax credit	**799,598**	689,953	**-**	-
Tax (expense)/credit	**(377,438)**	521,505	**(50)**	(147)

13.2 The tax expense for the year and the result of the accounting loss multiplied by the tax rate applicable in Malta, the Company's country of incorporation, are reconciled as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Profit/(loss) before tax	**1,671,832**	23,371	**(594,469)**	2,716,968
Tax using the domestic tax rate	**(585,141)**	(8,180)	**208,064**	(950,939)
Tax effect of:				
Non-deductible expenses	**(3,981,373)**	2,517,937	**(355,089)**	(1,451,975)
Difference in overseas tax rates	**1,807,881**	4,897,736	**(50)**	541
Tax-exempt income	**1,585,708**	(6,146,017)	**140,000**	2,402,226
Utilised tax losses	**-**	-	**7,025**	-
Unrecognised deferred tax asset	**795,487**	(739,971)	**-**	-
Tax (expense)/credit	**(377,438)**	521,505	**(50)**	(147)

13 Tax (expense)/credit (continued)

13.3 Recognised in the income statement

The applicable tax rate during the current year is the statutory local income tax rate of 35% for income generated in Malta.

The results from operations in Cyprus and Egypt are subject to the statutory local income tax of 12.5% and 22.5% respectively.

The Company's subsidiary in the Sohar Free Zone in the Sultanate of Oman is exempt from income tax for a period of 5 years starting from 15 January 2022 and it is permissible to extend the exemption for consecutive periods of five years up to a maximum of twenty-five years until 2037 according to the procedures set in the concession agreement and subject to achieving the required Omanisation levels. Management is confident that it will be able to obtain and claim tax exemption for the aforementioned and following tax periods. Hence, no provision for income tax has been made in these financial statements.

The Company's subsidiary in the Special Economic Zone in Duqm in the Sultanate of Oman is exempt from income tax for a period of 30 years starting from 1 November 2017. The Company's subsidiaries in the U.A.E. and Southern Iraq are exempt from income tax.

The Company's subsidiary, Medserv Operations Limited is eligible to the incentives provided by regulations 5, 31 and 32 of the Business Promotion Regulations, 2001 ("BPRs") and regulation 4 of the Investment Aid Regulations ("IARs") in Malta (see note 16.4).

The results from operations in Mauritius, Mozambique, Uganda, Angola and South Africa are subject to income tax at the rates of 15%, 32%, 30% 25% and 27% respectively.

14 Property, plant and equipment

14.1 Reconciliation of carrying amount

	Total	Buildings	Base improvements	Plant and equipment	Photovoltaic farm	Cargo carrying units	Furniture and fittings	Office and computer equipment	Motor vehicles	Equipment for installation
	€	€	€	€	€	€	€	€	€	€
Cost										
Balance at 1 January 2022	49,139,573	13,077,315	3,303,764	27,878,832	2,525,884	683,349	316,576	168,090	1,185,763	-
Additions	2,647,142	221,847	33,559	1,456,882	-	-	56,098	33,762	106,285	738,709
Disposals	(3,200,997)	-	(3,500)	(3,177,290)	-	-	-	-	(20,207)	-
Exchange differences	1,632,316	229,817	87,265	1,244,318	-	-	3,723	3,611	63,582	-
Balance at 31 December 2022	50,218,034	13,528,979	3,421,088	27,402,742	2,525,884	683,349	376,397	205,463	1,335,423	738,709
Balance at 1 January 2023	**50,218,034**	**13,528,979**	**3,421,088**	**27,402,742**	**2,525,884**	**683,349**	**376,397**	**205,463**	**1,335,423**	**738,709**
Additions	**2,680,468**	**512,399**	**259,059**	**1,456,058**	**-**	**-**	**49,882**	**48,409**	**109,613**	**245,048**
Transfers	**-**	**-**	**33,437**	**246,089**	**-**	**-**	**-**	**-**	**-**	**(279,526)**
Write-off	**(238,768)**	**-**	**-**	**(205,051)**	**-**	**-**	**(13,965)**	**(19,752)**	**-**	**-**
Disposals	**(619,048)**	**-**	**-**	**(598,661)**	**-**	**-**	**-**	**(13,336)**	**(7,051)**	**-**
Exchange differences	**(1,146,893)**	**(155,818)**	**(55,661)**	**(836,780)**	**-**	**-**	**(6,054)**	**(8,282)**	**(50,141)**	**(34,157)**
Balance at 31 December 2023	**50,893,793**	**13,885,560**	**3,657,923**	**27,464,397**	**2,525,884**	**683,349**	**406,260**	**212,502**	**1,387,844**	**670,074**

14 Property, plant and equipment (continued)

14.1 Reconciliation of carrying amount (continued)

	Total	Buildings	Base improvements	Plant and equipment	Photovoltaic farm	Cargo carrying units	Furniture and fittings	Office and computer equipment	Motor vehicles
	€	€	€	€	€	€	€	€	€
Depreciation and impairment losses									
Balance at 1 January 2022	13,087,847	1,879,568	655,626	9,135,405	52,310	108,051	81,049	98,070	1,077,768
Charge for the year	3,974,151	607,215	478,315	2,341,573	197,712	193,614	30,757	33,242	91,723
Impairment loss	986,695	358,015	-	628,680	-	-	-	-	-
Reversal of impairment loss	(471,485)	-	-	(471,485)	-	-	-	-	-
Disposals	(1,225,984)	-	(3,194)	(1,212,777)	-	-	-	-	(10,013)
Exchange differences	532,101	60,337	15,593	414,542	-	-	(1,973)	(13,940)	57,542
Balance at 31 December 2022	16,883,325	2,905,135	1,146,340	10,835,938	250,022	301,665	109,833	117,372	1,217,020
Balance at 1 January 2023	**16,883,325**	**2,905,135**	**1,146,340**	**10,835,938**	**250,022**	**301,665**	**109,833**	**117,372**	**1,217,020**
Charge for the year	**4,221,089**	**611,872**	**537,445**	**2,542,703**	**197,706**	**198,630**	**49,926**	**36,018**	**46,789**
Impairment loss	**78,852**	**13,486**	**-**	**62,397**	**-**	**-**	**-**	**2,969**	**-**
Disposals	**(276,133)**	**-**	**-**	**(255,745)**	**-**	**-**	**-**	**(13,336)**	**(7,052)**
Write-off	**(246,863)**	**-**	**-**	**(212,529)**	**-**	**-**	**(14,254)**	**(20,080)**	**-**
Exchange differences	**(521,145)**	**(59,618)**	**(35,899)**	**(374,097)**	**-**	**-**	**(2,374)**	**(5,249)**	**(43,908)**
Balance at 31 December 2023	**20,139,125**	**3,470,875**	**1,647,886**	**12,598,667**	**447,728**	**500,295**	**143,131**	**117,694**	**1,212,849**

14 Property, plant and equipment (continued)

14.1 Reconciliation of carrying amount (continued)

	Total	Buildings	Base improvements	Plant and equipment	Photovoltaic farm	Cargo carrying units	Furniture and fittings	Office and computer equipment	Motor vehicles	Equipment for installation
	€	€	€	€	€	€	€	€	€	€
Carrying amounts										
At 1 January 2022	36,051,726	11,197,747	2,648,138	18,743,427	2,473,574	575,298	235,527	70,020	107,995	-
At 31 December 2022	33,334,709	10,623,844	2,274,748	16,566,804	2,275,862	381,684	266,564	88,091	118,403	738,709
At 31 December 2023	**30,754,668**	**10,414,685**	**2,010,037**	**14,865,730**	**2,078,156**	**183,054**	**263,129**	**94,808**	**174,995**	**670,074**

14 Property, plant and equipment (continued)

14.2 Certain Group's buildings and base improvements having a carrying amount of €8,018,208 (2022: €8,446,649) are situated on land held under title of temporary emphyteusis (see note 32.1.1).

14.3 Commitments

At 31 December 2023, the Group had no contractual commitments (2022: €nil).

14.4 Security

The Group's emphyteutical rights on the Medserv site at the Malta Freeport at the Port of Marsaxlokk (refer to note 32) are subject to general and special hypothecs in relation to the bank borrowings by the Group (refer to note 27.3) and the Company's secured notes (see note 27.5).

14.5 Reversal of previously recognised impairment loss and disposal of property, plant and equipment

In 2022, the Group sold plant and equipment, including a vessel. An amount of €471,485 relating to previously recognised impairment loss on this vessel was reversed and recognised in cost of sales on disposal in 2022. Property, plant and equipment with a carrying value of €342,915 (2022: €1,975,013) was disposed of for a cash consideration of €313,280 (2022: €1,649,710). The net loss on these disposals were recognised in other income and other expense in profit or loss.

14.6 Impairment test

At reporting date, indicators of impairment were identified on the property, plant and equipment pertaining to the operations of Medserv Operations Limited ("Medserv Operations"). These indicators include losses sustained in the current and/or comparative years as well as other risk factors, such as the global and regional political and economic uncertainties, particularly the increasing inflationary environment and the concentration risk due to the dependency on a few customers.

In 2022, indicators of impairment were identified on the property, plant and equipment pertaining to the operations of the following subsidiaries:

(i) Medserv Operations Limited ("Medserv Operations")
(ii) Regis Mozambique Limitada ("Regis Mozambique")
(iii) Regis Uganda Limited ("Regis Uganda")
(iv) Medserv Egypt Oil and Gas Services J.S.C. ("Medserv Egypt")
(v) Middle East Tubular Services (Iraq) Limited ("METS Iraq")
(vi) Middle East Tubular Services Limited ("METS UAE")

The recoverable amounts of individual assets tested for impairment are determined using fair value less costs of disposal (FVLCD) or value in use (depending on which assessment resulted in a higher recoverable amount) and are allocated to the Cash Generating Units (CGU) or groups of CGUs to which they form part.

14 Property, plant and equipment (continued)

14.6 Impairment test (continued)

The table below provides information about the CGUs and the subsidiaries to which the individual assets are allocated in determining the recoverable amounts.

Subsidiaries	CGU	Descriptions
Regis Mozambique	Mozambique Logistics	Plant and equipment comprising heavy lifting equipment and transport vehicles for ILSS in Mozambique
Regis Uganda	Uganda Logistics	Plant and equipment comprising heavy lifting equipment and transport vehicles for ILSS in Uganda
Medserv Operations	Logistics Hub	Building, property improvements, plant and equipment comprising heavy lifting equipment and transport vehicles for ILSS in Malta
	Photovoltaic Farm	Over 8,000 roof mounted solar panels installed over an area of 22,000 sqm with a capacity of 2.01 MWp in Malta
	Gases Filling Plant	Building, property improvements and furniture and fittings in Malta
METS UAE	UAE Materials Management	Plant and equipment comprising heavy lifting equipment in UAE
	Machine shop	Building, property improvements, plant and equipment comprising machine shop and lifting equipment and transport vehicles in UAE
METS Iraq	Iraq Yard Hub	Property improvements
Medserv Egypt	Egypt logistics	Plant and equipment comprising heavy lifting equipment and transport vehicles in Egypt
	Egypt Materials management	Plant and equipment comprising heavy lifting equipment in Egypt
Medserv Cyprus	Cyprus Logistics Contract 2	Base improvements for a particular ILSS customer in Cyprus

14 Property, plant and equipment (continued)

14.6 Impairment test (continued)

As a result of the impairment assessments carried out by management on the respective CGU at a subsidiary level, the following impairment losses were recognised during 2023. The table below provide information on CGUs where the recoverable amount approximates the carrying amount of the CGU at the reporting date.

2023 Base	Assets class impaired	Operating segment	CGU	Carrying amount (gross of impairment) €	Impairment €	Carrying amount (net of impairment) €	Recoverable amount €	Methodology
Medserv Operations Ltd	Buildings and property improvements	ILSS	Logistics hub	11,861,989	78,852	11,783,137	11,783,137	FVLCD
	Photovoltaic farm	PV	Photovoltaic Farm	2,078,156	-	2,078,156	2,078,156	VIU
	Buildings and property improvements, furniture and fittings	ILSS	Gases Filling Plant	456,386	-	456,386	1,581,029	VIU
Regis Mozambique	Buildings and plant and equipment	ILSS	Mozambique Logistics	4,305,324	-	4,305,324	4,725,117	FVLCD
Regis Uganda	Plant and equipment	ILSS	Uganda Logistics	2,184,377	-	2,184,377	2,636,156	FVLCD
Medserv Egypt	Buildings, base improvements, plant and equipment, motor vehicles	ILSS	Egypt logistics	3,203,980	-	3,203,980	3,804,905	FVLCD
		ILSS	Egypt materials management	728,145	-	728,145	919,084	FVLCD
Medserv Cyprus	Base improvements	ILSS	Cyprus Logistics Contract 2	5,099	-	5,099	294,478	VIU
METS Iraq	Buildings, base improvements, plant and equipment, motor vehicles	OCTG	Iraq Yard Hub	318,892	-	318,892	742,198	VIU
METS UAE	Buildings, base improvements, plant and equipment, motor vehicles	OCTG	UAE machine shop	1,600,660	-	1,600,660	2,525,850	VIU
		OCTG	UAE materials management	522,265	-	522,265	1,784,761	VIU
Total				**27,265,273**	**78,852**	**27,186,421**	**32,874,871**	

14 Property, plant and equipment (continued)

14.6 Impairment test (continued)

Consequently, these assets were tested for impairment. The following impairment losses were recognised in 2022:

2022

Base	Assets class impaired	Operating segment	CGU	Carrying amount (gross of impairment) €	Impairment €	Carrying amount (net of impairment) €	Recoverable amount €	Methodology
Medserv Operations Ltd	Buildings and property improvements	ILSS	Logistics hub	12,272,072	339,981	11,932,091	11,932,091	FVLCD
Regis Mozambique	Buildings and plant and equipment	ILSS	Mozambique Logistics	5,765,927	337,529	5,428,398	5,428,398	FVLCD
Regis Uganda	Plant and equipment	ILSS	Uganda Logistics	1,293,128	309,185	983,943	983,943	FVLCD
Medserv Egypt	Buildings, base improvements, plant and equipment, motor vehicles	ILSS	Egypt logistics	4,033,443	-	4,033,443	4,033,443	VIU
		ILSS	Egypt materials management	852,108	-	852,108	852,108	VIU
METS Iraq	Buildings, base improvements, plant and equipment, motor vehicles	OCTG	Iraq Yard Hub	527,050	-	527,050	527,050	VIU
METS UAE	Buildings, base improvements, plant and equipment, motor vehicles	OCTG	UAE machine shop	1,892,187	-	1,892,187	1,892,187	VIU
		OCTG	UAE materials management	1,727,100	-	1,727,100	1,727,100	VIU
Total				28,363,015	986,695	27,376,320	27,376,320	

14 Property, plant and equipment (continued)

14.6 Impairment test (continued)

A total impairment loss of €78,852 (2022: €986,695) was recognised as per above table and recorded in 'cost of sales'.

Fair value less cost of disposal (FVLCD)

In determining the FVLCD, the fair value of the individual assets was categorised as Level 2 for plant and equipment and Level 3 for buildings in the fair value hierarchy. For plant, equipment and buildings, management has estimated the recoverable amount of these assets by using the Depreciated Replacement Cost (DRC) valuation model. In addition, management has estimated the fair value for material plant and equipment with reference to market price for comparable assets. The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The key inputs used by management in determining the recoverable amounts using FVLCD were:

- the economic useful life of the non-current assets;
- the inflation rate; and
- market prices for comparable assets.

The table below sets out the key assumptions used by management in determining the recoverable amount of the CGU to which the assets were allocated where significant impairment was recognised or indicators of impairment were identified during 2023.

CGU	Recoverable amounts €	Key Inputs	
		Economic Useful life on acquisition	Average Inflation rate
Logistics hub	**11,783,137**	**6-50 years**	**2.16%**
Mozambique Logistics	**4,305,324**	**5 years**	**N/A**
Uganda Logistics	**2,184,377**	**10 years**	**N/A**
Egypt Logistics	**3,804,905**	**15 years**	**N/A**
Egypt materials management	**919,084**	**15 years**	**N/A**

14 Property, plant and equipment (continued)

14.6 Impairment test (continued)

The table below provides information about the key inputs and assumptions used by management in determining the recoverable amount of the CGUs or group of CGUs to which the assets were allocated during 2022.

CGU	**Recoverable amounts** €	**Key Inputs**	
		Economic Useful life	**Average Inflation rate**
Logistics hub	11,932,091	6-50 years	1.2%
Mozambique Logistics	5,428,398	5 years	N/A
Uganda Logistics	983,943	10 years	N/A

The table below provides a sensitivity of the recoverable amounts of the CGU using the FVLCD to possible shifts in key assumptions as at 31 December 2023 and 31 December 2022 for those CGU where an impairment was recognised or indicators of impairment was identified.

CGU	**Key Inputs**	
	Depreciation rate (+/- 10 %)	**Inflation rate (+/- 0.5%)**
	€	**€**
31 December 2023		
Logistics hub	- / + 1.18 mil	+ 4.3 / + 12.3 mil
Mozambique Logistics	- / + 4.30 mil	N/A
Uganda Logistics	- / + 2.18 mil	N/A
Egypt Logistics	- / + 0.38 mil	N/A
Egypt materials management	- / + 0.09 mil	N/A

CGU	**Key Inputs**	
	Depreciation rate (+/- 10%)	**Inflation rate (+/- 0.5%)**
	€	€
31 December 2022		
Logistics Hub	- / + 1.19 mil	+ / - 4.0 mil
Mozambique Logistics	- / + 0.55 mil	N/A
Uganda Logistics	- / + 0.10 mil	N/A

14 Property, plant and equipment (continued)

14.6 Impairment test (continued)

Value in use (VIU)

The key inputs under the VIU assessment comprise future cash flows, growth rates and discount rates. The client has developed models which estimate the recoverable amount for each asset factoring these inputs. The resulting fair values are also challenged and approved by the Board before being reflected in the Group consolidated financial statements. The valuation models and related inputs are complex, unobservable and subject to inherent estimation uncertainty and therefore, require significant judgement.

The projected free cash flows are based on budgets approved by the directors and are based on a period which is determined with reference to the term of the underlying direct contracts with specific customers. The free cash flows have been projected for a period ranging between 2 to 5 years based on contracts' terms. Management have determined that the inclusion of the terminal value is not relevant as the free cash flows are determined based on the contract term with the customers.

The following table sets out the key assumptions used in determining the recoverable amount of the CGUs which were subject to an impairment assessment during the year 2023.

CGU **31 December 2023**	**Recoverable amounts**	**Key Assumptions**	
		EBITDA Margin	**Discount rate**
	€	**%**	**%**
Cyprus Logistics Contract 2	**5,099**	**68%**	**7%**
Photovoltic farm	**2,078,156**	**60%**	**5%**
Gases Filling Plant	**1,581,029**	**66%**	**22%**
Iraq Yard Hub	**822,080**	**56%**	**22%**
UAE Machine Shop	**2,869,812**	**19%**	**12%**
UAE Materials Management	**1,935,813**	**23%**	**12%**

CGU **31 December 2022**	**Recoverable amounts**	**Key Assumptions**	
		EBITDA Margin	**Discount rate**
	€	%	%
Egypt Logistics	4,033,443	30%	26.5%
Egypt Materials Management	852,108	10%	26.5%
Iraq Yard Hub	527,050	30%	24%
UAE Machine Shop	1,892,187	22%	12%
UAE Materials Management	1,727,100	23%	12%

14 Property, plant and equipment (continued)

14.6 Impairment test (continued)

Management has determined the values assigned to each of the above key assumptions as follows:

EBITDA Margins – Based on past performance and management's expectations for the future;

Discount rates – Reflect specific risks relating to the relevant CGUs, the industry and the countries in which they operate;

The table below provides a sensitivity on the recoverable amounts of the CGUs using the VIU to possible shifts in key assumptions as at 31 December 2023 and 2022 for those CGUs where an impairment was recognised or indicators of impairment were identified.

CGU	**Key Inputs**	
	EBITDA Margin +/- 3 %	**Discount rate +/- 1 %**
	€	**€**
31 December 2023		
Cyprus Logistics Contract no 2	**-/+3k**	**-2k/+2k**
Photovoltic farm	**-/+6k**	**-126k/ +52k**
Gases Filling Plant	**-/+72k**	**-36k/+38k**
Iraq Yard Hub	**- / + 44k**	**-21k / +22k**
UAE Machine shop	**- / + 342k**	**-104k / +109k**
UAE Materials management	**- / + 253k**	**-22k / +23k**

CGU	**Key Inputs**	
	EBITDA Margin +/- 3 %	**Discount rate +/- 1 %**
	€	€
31 December 2022		
Egypt Logistics	- / + 71k	-15k / +16k
Egypt Materials Management	- / + 62k	-19k / +11k
Iraq Yard Hub	- / + 91k	-10k / +11k
UAE Machine shop	- / + 488k	-75k / +78k
UAE Materials management	- / + 157k	-34k / +35k

15 Intangible assets and goodwill

15.1 Reconciliation of carrying amount

	Notes	Total €	Goodwill €	Trademarks, Tradenames and related assets €	Customer contracts €
Cost					
Balance at 1 January 2022		24,194,809	10,240,341	1,138,936	12,815,532
Balance at 31 December 2022		24,194,809	10,240,341	1,138,936	12,815,532
Balance at 1 January 2023		**24,194,809**	**10,240,341**	**1,138,936**	**12,815,532**
Balance at 31 December 2023		**24,194,809**	**10,240,341**	**1,138,936**	**12,815,532**
Amortisation and impairment losses					
Balance at 1 January 2022		3,086,714	1,031,280	-	2,055,434
Impairment	15.3	2,146,741	372,295	201,934	1,572,512
Amortisation	10	2,056,371	-	-	2,056,371
Balance at 31 December 2022		7,289,826	1,403,575	201,934	5,684,317
Balance at 1 January 2023		**7,289,826**	**1,403,575**	**201,934**	**5,684,317**
Amortisation	10	**1,357,499**	**-**	**-**	**1,357,499**
Balance at 31 December 2023		**8,647,325**	**1,403,575**	**201,934**	**7,041,816**

15 Intangible assets and goodwill (continued)

15.1 Reconciliation of carrying amount (continued)

	Total	Goodwill	Trademarks, Tradenames and related assets	Customer contracts
	€	€	€	€
Carrying amounts				
Balance at 1 January 2022	21,108,095	9,209,061	1,138,936	10,760,098
Balance at 31 December 2022	16,904,983	8,836,766	937,002	7,131,215
Balance at 31 December 2023	**15,547,484**	**8,836,766**	**937,002**	**5,773,716**

15 Intangible assets and goodwill (continued)

15.2 Amortisation

The amortisation charge and impairment of intangible assets are included in 'cost of sales' in the statement of profit or loss and other comprehensive income.

15.3 Impairment test

15.3.1 Impairment test for goodwill and intangible assets arising from business combination

Goodwill and intangible assets allocated to CGUs within the Group's operating segments

Goodwill arising from the reverse acquisition of the Medserv group of companies ('the Medserv subgroup') is mainly attributable to future customer contracts, the synergies expected to be achieved from combining the operations of the Medserv subgroup with the Regis group and the skills and technical talent of the Medserv subgroup's work force. Identifiable intangible assets also arising from the reverse acquisition comprise the Medserv and METS trademarks, tradenames and related assets with an indefinite useful life initially measured at a fair value of €1,138,936 and customer contracts initially measured at a fair value of €12,815,532 relating to the OCTG and ILSS segments of the Medserv subgroup. Management has determined trademarks, tradenames and related assets to have an indefinite useful life since based on all relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash flows. The customer contracts have finite useful lives and are amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

On the date of the reverse acquisition, the gross carrying amount of goodwill of €10,240,341 has been allocated to the group of CGUs making up the OCTG and ILSS segments based on the fair value of the identified assets and liabilities on business combination since goodwill is monitored by management at the level of the operating segments. For the purposes of testing the impairment of goodwill and intangible assets, CGUs are grouped based on geographic area. Malta, Cyprus, Egypt and Morocco are grouped under the 'ILSS segment'. Oman, Iraq and UAE are grouped under the 'OCTG segment'.

Goodwill has been capitalised as an intangible asset, and an impairment assessment is carried out at least annually for the core goodwill and the trademarks, tradenames and related assets with an indefinite useful life, and whenever there is an indicator of impairment on all intangibles including the customer contracts. For the purposes of impairment testing, a segment-level summary of the goodwill and the intangible assets allocation before any impairment during the year is presented as follows.

The core goodwill subject to the impairment assessment excludes the goodwill amounting to €5,446,525 (2022: €5,446,525) resulting from the recognition of the deferred tax liabilities arising on the reverse acquisition. This deferred-tax related goodwill does not represent the "core goodwill", i.e. the fair value of the going concern element of the acquiree's existing business and the fair value of the expected synergies and other benefits from combining the acquirer's and acquiree's net assets and businesses. As a result, this portion of goodwill was not subject to the impairment testing.

15 Intangible assets and goodwill (continued)

15.3 Impairment test for goodwill and intangible assets arising from business combination (continued)

Goodwill and intangible assets allocated to CGUs within the Group's operating segments (continued)

Goodwill and intangible assets subject to impairment testing in 2023:

	ILSS segment **€**	**OCTG segment** **€**	**Total** **€**
Goodwill (core)	**1,507,792**	**1,882,449**	**3,390,241**
Trademarks, tradenames and related assets	**589,634**	**347,368**	**937,002**
Customer contracts	**291,368**	**5,482,348**	**5,773,716**
	2,388,794	**7,712,165**	**10,100,959**

Goodwill and intangible assets subject to impairment testing in 2022:

	ILSS segment **€**	**OCTG segment** **€**	**Total** **€**
Goodwill (core)	1,880,087	1,882,449	3,762,536
Trademarks, tradenames and related assets	791,568	347,368	1,138,936
Customer contracts	1,906,463	6,797,264	8,703,727
	4,578,118	9,027,081	13,605,199

15.3.2 Valuation approaches

Value in use ('VIU')

The Group tests whether goodwill has suffered any impairment on an annual basis. For both the current and comparative reporting periods, the recoverable amount of the ILSS and OCTG segments was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections that are based on financial budgets and business plans prepared by management and approved by the Board of Directors. The budgets and business plans are updated to reflect the most recent developments as at the reporting date. Management's expectations reflect performance to date and are based on its experience and consistent with the assumptions that a market participant would make.

The VIU is determined by discounting the expected future cash flows to be generated from the continuing use of the individual CGUs within the ILSS and OCTG segments.

15 Intangible assets and goodwill (continued)

15.3 Impairment test (continued)

15.3.2 Valuation approaches (continued)

Value in use ('VIU') (continued)

Key assumptions and inputs

The businesses of the CGUs underlying the ILSS and OCTG segments are subject to the following risks:

- global and regional political and economic uncertainties, the current geopolitical situation in Europe, inflationary pressure, currency and interest rate volatility;
- the concentration risk due to dependency on a few customers; and
- the volatility in oil and gas prices and related demand for oil and gas and their impact on the customers business activity.

Due to the increase in the level of uncertainty, the VIU was estimated using a discounted cash flow (DCF) analysis applying the expected cash flow approach. This approach uses multiple cash flow projections taking into consideration assumed probabilities of future events and/or scenarios instead of a single cash flow scenario.

While many scenarios and probabilities may exist, management believes that three scenarios (base case, upside and downside) generally reflect a representative sample of possible outcomes under the VIU approach.

For each scenario, management has assigned probability weights. The recoverable amount was estimated by calculating the present value of the probability-weighted expected cash flows.

For the base case, the cash flow projections for projects-related CGUs considered specific estimates for the expected duration of the projects. The other CGUs' cash flow projections included specific estimates up to 2060.

- *Scenarios and probability weights:* Management has subjectively assigned probability weights to each scenario based on its experience and its expectations for the economy. Management believes that the probability weight assignment presents a reasonable assessment of the likelihood of the scenarios, taking into account the potential of improved market conditions on the upside and an extended inflationary pressure, currency and interest rate volatility and reduced level of business activity assuming volatility in oil and gas prices and related demand for oil and gas, on the downside.
- *Discount rates:* The discount rates used are the weighted-average cost of capital (WACC). The discount rate does not reflect risks for which the estimated cashflow have been adjusted. The discount rate under the VIU is a pre-tax measure based on the CGU-specific, adjusted for currency and country risk relevant to the individual CGU. The discount rate under the FVLCD was a post-tax measure estimate based on the weighted-average cost of capital.

15 Intangible assets and goodwill (continued)

15.3 Impairment test (continued)

15.3.2 Valuation approaches (continued)

Value in use ('VIU') (continued)

- *Revenue growth rate:* This was projected taking into account estimates of sales volumes and price growth for the duration of the projections including probability-weighted expectations for large accounts and uncontracted business.
- *EBITDA margin:* EBITDA margin was based on management's expectations of market developments and future outcomes, taking into account past performance. It was assumed that sales prices would increase in line with forecasted inflation over the projected period.

15.3.3 Goodwill

The key assumptions used in the estimation of VIU are as follows.

	2023	
Goodwill	**ILSS segment VIU**	**OCTG segment VIU**
Discount rates, range	16.0% - 36.4%	12.0% - 22.0%
Weighted average discount rates	28.5%	15.2%
Weighted average EBITDA margin	33.4%	39.7%
Extrapolation growth rate	2.0%	2.0%
Weighted average annual revenue growth rate	12.4%	1.6%

15 Intangible assets and goodwill (continued)

15.3 Impairment test (continued)

15.3.3 Goodwill (continued)

The probability weights for the applied scenarios are as follows:

	2023	
Goodwill	**ILSS segment VIU**	**OCTG segment VIU**
Base case scenarios range	50%-80%	60%
Base case scenarios average	60.8%	60.0%
Upside scenarios range	10% - 25%	20%-30%
Upside scenarios average	19.6%	21.4%
Downside scenarios range	10% - 25%	10%-20%
Downside scenarios average	19.6%	18.6%

Impairment losses

The estimated recoverable amount of the group of CGUs under the ILSS segment exceeded their carrying amount by approximately €1.9 million and thus no impairment loss was recognised. In prior year, the recoverable amount of the group of CGUs under the ILSS segment was lower than their carrying amount by approximately €372,295 and therefore an impairment loss was recognised in profit or loss during 2022. The impairment loss of €372,295 was fully allocated to goodwill and is included in 'cost of sales'.

The estimated recoverable amount of the group of CGUs under the OCTG segment exceeded their carrying amount by approximately €14.4 million (2022: €12.4 million) and thus no impairment loss was recognised.

Sensitivity analysis

The following table shows the amount by which these assumptions would need to change individually across the CGUs within the ILSS and OCTG segments for the estimated recoverable amount of those CGUs to be equal to the carrying amount.

31 December 2023	**Change required**	
	CGUs under ILSS segment	**CGUs under OCTG segment**
Goodwill		
Discount rate	+1.95%	+11.66%
EBITDA margin	-1.20%	-7.70%
Pessimistic scenario increase/ base scenario decrease	+18.63%/-18.63%	+173.46%/-173.46%

Therefore, any further adverse movement in the above key assumptions would lead to impairment on the goodwill allocated to the CGUs under the ILSS and OCTG segments.

15 Intangible assets and goodwill (continued)

15.3 Impairment test (continued)

15.3.4 Trademarks, tradenames and other related assets

The key assumptions used in the estimation of VIU are as follows.

	2023	
Trademark and Tradenames and other related assets	**ILSS segment VIU**	**OCTG segment VIU**
Discount rates, range	12.0% - 27.4%	12.0% - 22.0%
Weighted average discount rates	16.9%	14.9%
Extrapolation growth rate	2.0%	2.0%

The probability weights for the applied scenarios are as follows:

	2023	
Trademark and Tradenames and other related assets	**ILSS segment VIU**	**OCTG segment VIU**
Base case scenarios range	50%-80%	60%
Base case scenarios average	60.8%	60.0%
Upside scenarios range	10% - 25%	20%-30%
Upside scenarios average	19.6%	21.4%
Downside scenarios range	10% - 25%	10%-20%
Downside scenarios average	19.6%	18.6%

Impairment losses

The estimated recoverable amount of the group of CGUs under the ILSS and OCTG segments with respect to the trademark and tradenames and other related assets was equal to their carrying amount in 2023 and thus no impairment loss was recognised.

In prior year, the recoverable amount of the group of CGUs under the ILSS segment with respect to the trademark and tradenames and other related assets was lower than their carrying amount by approximately €201,934 and therefore an impairment loss was recognised in profit or loss during 2022. The impairment loss of €201,934 was included in ‘cost of sales’.

15 Intangible assets and goodwill (continued)

15.3 Impairment test (continued)

15.3.5 Customer contracts

The estimated recoverable amount of the customer contracts allocated to the group of CGUs under the ILSS and OCTG segments was not subject to impairment assessment as there were no indicators of impairment during 2023.

In 2022, the customer contracts allocated to Cyprus Logistics CGU and Egypt Facilities Management CGU were assessed for impairment by determining the recoverable amount of the CGUs to which it was allocated. The Cyprus Logistics CGU comprises an offshore logistics support services contract in Cyprus with a major international energy company while Egypt Facilities Management CGU comprises an integrated facilities management service contract in Egypt with a major international energy company. Both CGUs form part of the ILSS segment. The recoverable amount of the customer contracts allocated to Cyprus Logistics CGU and Egypt Facilities Management CGU was lower than their carrying amount by approximately €48,337 and €1,524,175, and therefore an impairment loss was recognised in profit or loss during 2022. The impairment loss of €1,572,512 was included in 'cost of sales'.

15.3.6 Comparative disclosures

In the prior year, the recoverable amount of the goodwill, trademark and tradenames and other related assets and customer contracts were assessed for impairment using VIU as follows.

Key assumptions and inputs

	2022	
Goodwill	**ILSS segment VIU**	**OCTG segment VIU**
Discount rates, range	16.0% - 34.8%	12.0% - 24.0%
Weighted average discount rates	26.0%	16.1%
Weighted average EBITDA margin	31.4%	41.9%
Extrapolation growth rate	2.0%	2.0%
Weighted average annual revenue growth rate	10.5%	1.5%

	2022	
Trademark and Tradenames and other related assets	**ILSS segment VIU**	**OCTG segment VIU**
Discount rates, range	14.0% - 28.5%	14.0% - 26.0%
Weighted average discount rates	16.9%	18.0%
Extrapolation growth rate	2.0%	2.0%

15 Intangible assets and goodwill (continued)

15.3 Impairment test (continued)

15.3.6 Comparative disclosures (continued)

	2022	
Goodwill and Trademark and Tradenames and other related assets	**ILSS segment VIU**	**OCTG segment VIU**
Base case scenarios range	50%-80%	60%
Base case scenarios average	60.4%	60.0%
Upside scenarios range	10% - 25%	20%
Upside scenarios average	19.8%	20.0%
Downside scenarios range	10% - 25%	20%
Downside scenarios average	19.8%	20.0%

	2022	
Customer contracts	**Cyprus Logistics CGU VIU**	**Egypt Facilities Management CGU VIU**
Discount rates	16.8%	34.8%
Weighted average EBITDA margin	88.0%	30.0%
Extrapolation growth rate	2.0%	0.0%
Weighted average annual revenue growth rate	(45.4%)	1.1%

The probability weights for the applied scenarios are as follows:

	2022	
Customer contracts	**Cyprus Logistics CGU VIU**	**Egypt Facilities Management CGU VIU**
Base case scenarios	60.4%	60.0%
Upside scenarios	19.8%	20.0%
Downside scenarios	19.8%	20.0%

16 Deferred tax assets and liabilities

16.1 Deferred tax assets and liabilities are attributable to the following:

The Group	**Assets**		**Liabilities**		**Net**	
	2023	2022	**2023**	2022	**2023**	2022
	€	€	**€**	€	**€**	€
Property, plant and equipment	**-**	-	**(1,967,538)**	(2,220,955)	**(1,967,538)**	(2,220,955)
Employee benefits	**109,681**	101,082		-	**109,681**	101,082
Provision for exchange fluctuations	**-**	-	**(450,054)**	(850,424)	**(450,054)**	(850,424)
Impairment loss on receivables	**333,229**	313,156	**-**	-	**333,229**	313,156
Investment tax credits	**9,066,217**	9,066,217	**-**	-	**9,066,217**	9,066,217
Unabsorbed capital allowances and unutilised tax losses	**1,044,455**	1,350,575	**-**	-	**1,044,455**	1,350,575
Right-of-use assets		-	**(15,108,881)**	(14,779,530)	**(15,108,881)**	(14,779,530)
Lease liabilities	**3,441,952**	2,704,246		-	**3,441,952**	2,704,246
Intangible assets	**-**	-	**(308,351)**	(323,255)	**(308,351)**	(323,255)
Others	**11,008**	11,008	**-**	-	**11,008**	11,008
Tax assets/(liabilities)	**14,006,542**	13,546,284	**(17,834,824)**	(18,174,164)	**(3,828,282)**	(4,627,880)
Set-off of tax	**(14,006,542)**	(13,546,284)	**14,006,542**	13,546,284	**-**	-
Net tax liabilities	**-**	-	**(3,828,282)**	(4,627,880)	**(3,828,282)**	(4,627,880)

16 Deferred tax assets and liabilities (continued)

16.2 Movement in temporary differences during the year - The Group

	Balance 01.01.23	Recognised in profit and loss	Balance 31.12.23
	€	€	€
Property, plant and equipment	(2,220,955)	**253,417**	**(1,967,538)**
Employee benefits	101,082	**8,599**	**109,681**
Provision for exchange fluctuations	(850,424)	**400,370**	**(450,054)**
Impairment loss on receivables	313,156	**20,073**	**333,229**
Investment tax credits	9,066,217	-	**9,066,217**
Unabsorbed capital allowances and unutilised tax losses	1,350,575	**(306,120)**	**1,044,455**
Right-of-use assets	(14,779,530)	**(329,351)**	**(15,108,881)**
Lease liabilities	2,704,246	**737,706**	**3,441,952**
Intangible assets	(323,255)	**14,904**	**(308,351)**
Other	11,008	-	**11,008**
	(4,627,880)	**799,598**	**(3,828,282)**

	Balance 01.01.22	Recognised in profit and loss	Balance 31.12.22
	€	€	€
Property, plant and equipment	(2,028,759)	(192,196)	(2,220,955)
Employee benefits	92,798	8,284	101,082
Provision for exchange fluctuations	(920,165)	69,741	(850,424)
Impairment loss on receivables	326,599	(13,443)	313,156
Investment tax credits	9,066,217	-	9,066,217
Unabsorbed capital allowances and unutilised tax losses	1,491,887	(141,312)	1,350,575
Right-of-use assets	(15,149,443)	369,913	(14,779,530)
Lease liabilities	2,659,909	44,337	2,704,246
Intangible assets	(867,884)	544,629	(323,255)
Other	11,008	-	11,008
	(5,317,833)	689,953	(4,627,880)

16.3 Set-off

In accordance with accounting policy 4.15, deferred tax assets and liabilities are offset only if certain criteria are met. The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax 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.

As a result, the tax effect of taxable temporary differences in the current year are being offset against deferred tax assets in the statement of financial position.

16 Deferred tax assets and liabilities (continued)

16.4 Recognition of deferred tax asset on investment tax credits

As at 31 December 2023, the Company's subsidiary, Medserv Operations Limited recognised a deferred tax asset of €9,006,217 to the extent of investment tax credits expected to be utilised in the future. Based on the subsidiary's profit forecasts for the foreseeable period, and with reference to historical taxable profits and trading levels registered in the past years, the Directors believe that the subsidiary will have sufficient taxable profits in the future against which this deferred tax asset can be utilised. These profit forecasts were based on reasonable assumptions of business growth, including the expected volume of business arising from maintenance projects and the provision of logistic support services to the offshore oil and gas industry during the forecast period. Historic values of similar projects were used to support and quantify the net result of the future projects and services. The extent of utilization of the investment tax credits was based on the assumption that the profit forecasts will be subject to the current tax rate of 35%. The investment tax credits are available in terms of regulation 5 of the BPRs and regulation 4 of the IARs in Malta. None of these investment tax credits, unutilised tax losses and unabsorbed capital allowance are subject to an expiration date.

16.5 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of:

- Unutilised tax losses and investment tax credits carried forward amounting to €8,515,222 (2022: €10,348,189) generated during prior years available to the Group subsidiaries. Certain countries allow tax losses to be carried forward for a maximum period of five years. The tax losses carried forward are available for offset against future tax profits as follows:

Financial year ending	**Tax year ending**	**2023** **€**	2022 €
31 December 2024	2024/2025	**-**	243,252
31 December 2025	2025/2026	**617,404**	811,798
31 December 2026	2026/2027	**54,283**	110,608
31 December 2027	2027/2028	**32,559**	640,001
31 December 2028	2028/2029	**3,892**	-
No expiry		**7,622,134**	8,542,530
		8,330,272	10,348,189

No deferred tax asset has been recognized with respect to these tax losses since management are of the opinion that these subsidiaries will not be able to generate sufficient taxable profit against which these losses can be utilized.

17 Inventories

	2023	2022
	€	€
Goods for resale	-	49,017
Spares and accessories	**289,974**	311,180
Work in progress	**111,529**	189,398
Raw materials	**132,407**	181,721
Inventories	**533,910**	731,316

In 2023, inventories amounting to €4,711,860 (2022: €3,314,562) relating mainly to goods for resale and raw materials were recognised as an expense and included in 'cost of sales'.

18 Trade and other receivables

18.1

		The Group		**The Company**	
	Notes	**2023**	2022	**2023**	2022
		€	€	**€**	€
Current assets					
Trade receivables		**17,537,988**	17,422,498	-	-
Amounts due by subsidiaries	18.2	-	-	**1,894,632**	40,133
Other receivables	18.3	**2,892,759**	9,498,489	**820**	7,489,215
Prepayments		**1,227,544**	1,386,040	**64,232**	29,494
VAT and other tax assets		**465,490**	1,117,049	**1,740**	-
Total trade and other receivables		**22,123,781**	29,424,076	**1,961,424**	7,558,842

18.2 The amounts due by subsidiaries at reporting date are unsecured, interest-free and repayable on demand. Transactions with related parties are set out in note 34 to these financial statements.

18.3 As at 31 December 2022, other receivables included an amount of €7.5 million receivable from the security trustee in respect of the issue of the €13 million, 5% secured bonds 2029. This amount was received from the security trustee in January 2023 and utilised to redeem the 2023 6% Secured Notes bearing ISIN MT0000311218 (see note 27).

18.4 The Group's and the Company's exposure to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in note 31.

19 Loans receivable from subsidiaries

19.1 The Company

Loans receivables from subsidiaries have the following terms and conditions:

	Currency	**Nominal interest rate**	**Year of maturity**	**2023** **€**	2022 €
Unsecured loan	EUR	4.50%	2026	**20,207,761**	20,839,337
Unsecured loan	USD	5.75%	2026	**8,230,594**	8,562,087
Unsecured loan	EUR	6.00%	2024	**9,593,098**	9,536,093
Unsecured loan	EUR	6.25%	2023	**-**	910,164
Unsecured loan	EUR	6.00%	2025	**1,222,197**	1,627,590
				39,253,650	41,475,271
Recognition of expected credit losses under IFRS 9 (see note 31.4)				**(15,443,485)**	(15,443,485)
				23,810,165	26,031,786
Non-current				**14,217,067**	15,585,529
Current				**9,593,098**	10,446,257

19.2 The Company's exposure to credit and currency risks are disclosed in note 31.

19.3 The two loans with a gross carrying value of €28,438,355 (2022: €29,401,424) and maturing in 2026 were considered to be credit impaired and classified as stage 3. The expected credit losses on these loans amounted to €15,443,485 (2022: €15,443,485) and the net carrying value amounted to €12,994,870 (2022: €13,957,939).

During the year, intercompany balances between the subsidiaries amounting to €38,608 (2022: €405,632) were assigned to the Company by way of assignment agreements entered into between the Company and its subsidiaries. A total of €44,763 (2022: €28,364) were capitalized during the year (see note 20).

Loans receivable which are in default, are considered to be credit impaired and are classified as Stage 3 for impairment assessment purposes in accordance with IFRS 9. Any credit losses are measured at the present value of all cash shortfalls. In estimating any shortfalls (and therefore any expected credit loss) on these loans receivable, the Company applied the same projections used in value-in-use analysis prepared in estimating the recoverable amount of the related Company's investments in subsidiaries as the recoverability of these loans receivable is supported by the same projections and subject to the same risk factors and key assumptions as those underlying the calculation of the recoverable amount of the related investments in subsidiaries. The key assumptions used in assessing the recoverability of these loans receivable and the expected credit losses at the reporting date are disclosed in note 20.4.

Movements in the Company's credit loss allowances with respect to loans receivables from subsidiaries are provided in Note 31.

20 Investment in subsidiaries

20.1

	Capital subscribed	Capital Contributions	Total
	€	€	€
At 1 January 2022	32,911,729	16,228,324	49,140,053
Write-off	-	(68,378)	(68,378)
Capitalisation of loans to subsidiaries	-	28,364	28,364
Reversal of Impairment loss	-	68,379	68,379
Impairment losses	(1,517,251)	(28,364)	(1,545,615)
At 31 December 2022	31,394,478	16,228,325	47,622,803
At 1 January 2023	**31,394,478**	**16,228,325**	**47,622,803**
Capitalisation of loans to subsidiaries	**-**	**44,763**	**44,763**
Impairment losses	**-**	**(44,763)**	**(44,763)**
At 31 December 2023	**31,394,478**	**16,228,325**	**47,622,803**

20.2 Capital contributions to subsidiaries relate to loans which were subsequently treated as part of the subsidiaries' equity by way of support to the subsidiaries. These amounts are unsecured, interest free, with no fixed date of repayment and are repayable at the option of the counterparty. The loans represent the net investments made by the Company in the subsidiaries and are considered equity investments.

20.3 List of subsidiaries and sub-subsidiaries

The subsidiaries and sub-subsidiaries consist of the following:

	Registered office	Ownership interest 31.12.23	Ownership interest 31.12.22	Nature of business	Paid up
		%	%		%
Subsidiaries					
Medserv International Limited	Port of Marsaxlokk Birzebbugia Malta	100.00	100.00	Logistical support and other services	25
Medserv Eastern Mediterranean Limited	Port of Marsaxlokk Birzebbugia Malta	100.00	100.00	Holding company and rental of cargo carrying units	20
Medserv Libya Limited	Port of Marsaxlokk Birzebbugia Malta	100.00	100.00	Logistical support and other services	20

20 Investment in subsidiaries (continued)

20.3 List of subsidiaries and sub-subsidiaries (continued)

	Registered office	Ownership interest 31.12.23	Ownership interest 31.12.22	Nature of business	Paid up
		%	%		%
Subsidiaries (continued)					
Medserv M.E. Limited	Port of Marsaxlokk Birzebbugia Malta	100.00	100.00	Holding company	100
Medserv Operations Limited	Port of Marsaxlokk Birzebbugia Malta	100.00	100.00	Logistical support and other services	100
Regis Holdings Limited	C/o ICECAP (Mauritius) Limited, Block 1C Uniciti Business Park, Cascavelle, Mauritius.	100.00	100.00	Holding company	100
Sub-subsidiaries					
Medserv (Cyprus) Limited	Karaiskakis Street Limassol, Cyprus	80.00	80.00	Logistical support and other services	100
Medserv Energy TT Limited	18, Scott Bushe Street Port of Spain Trinidad & Tobago, W.I.	100.00	100.00	Logistical support and other services	100
Medserv Egypt Oil & Gas Services J.S.C	51, Tanta Street Cairo, Egypt	60.00	60.00	Logistical support and other services	100
Middle East Tubular Services Holdings Limited	Belmont Chambers Road Town Tortola, British Virgin Islands	100.00	100.00	Holding company	100
Middle East Tubular Services Limited	Belmont Chambers Road Town Tortola, British Virgin Islands	100.00	100.00	OCTG services in U.A.E.	100
Middle East Tubular Services LLC (FZC)	PO Box 561 PC322 Al Falaj-Al Qabail Sohar Sultanate of Oman	100.00	100.00	OCTG services in Sultanate of Oman	100
Middle East Tubular Services (Iraq) Limited	Belmont Chambers Road Town Tortola, British Virgin Islands	100.00	100.00	OCTG services in Southern Iraq	100

20 Investment in subsidiaries (continued)

20.3 List of subsidiaries and sub-subsidiaries (continued)

	Registered office	Ownership interest		Nature of business	Paid up
		31.12.23	31.12.22		
		%	%		%
Sub-subsidiaries (continued)					
Middle East Comprehensive Tubular Services (Duqm) L.L.C.	PO Box 45 PC102 The Special Economic Zone of Duqm Al Duqm, Al Wusta Sultanate of Oman	100.00	100.00	OCTG services in Sultanate of Oman	100
Middle East Tubular Services (Gulf) Limited	Belmont Chambers Road Town Tortola, British Virgin Islands	100.00	100.00	Holding company	100
Middle East Tubular Services Uganda SMC Limited	BMK House 4th Floor RM 402 Plot 4-5 Nyabong Road, Kololo Kampala P.O. Box 27689, Kampala	100.00	100.00	OCTG services in Uganda	100
Medserv Mozambique Limitada	Mozambique, Cidade de Maputo Distrito Kampfumo Bairro da Sommesrchield, Rua Frente de libertacao de Mozambique, n. 224	100.00	100.00	Logistical support and other services	100
Regis Shipping Lda	Estrada Nacional EN106, Muxara Pemba, Cabo Delgado Mozambique	65.00	65.00	Logistical support and other services	100
Regis Management Services Limited	C/o ICECAP (Mauritius) Limited, Block 1C Uniciti Business Park, Cascavelle, Mauritius	100.00	100.00	Logistical support and other services	100
Regis Export Trading International Proprietary Limited	343 Kent Avenue, Ranburg, Garden Mall, Ferndale, Randburg, Gauteng 2194	100.00	100.00	Trading and Exportation activities	100
Thomson & Van Eck Limited	C/o ICECAP (Mauritius) Limited, Block 1C Uniciti Business Park, Cascavelle, Mauritius	100.00	100.00	Holding company	100

20 Investment in subsidiaries (continued)

20.3 List of subsidiaries and sub-subsidiaries (continued)

	Registered office	Ownership interest 31.12.23	 31.12.22	Nature of business	Paid up
		%	%		%
Sub-subsidiaries (continued)					
Thomson & Van Eck Proprietary Limited	343 Kent Avenue, Ranburg, Garden Mall, Ferndale, Randburg, Gauteng 2194	100.00	100.00	Engineering services	100
Verger Investimentos, Lda	Rua Joaquim Kapango, Edifício Kimpa Vita Atrium, 1º andar, escritório 103, Distrito Urbano de Ingombota, Município de Luanda, Angola	100.00	100.00	Logistical support and other services	100
Regis Mozambique Limitada	Rua da Porto Nr. 94/4, Pemba, Cabo Delagado, Mozambique	100.00	100.00	Logistical support and other services	100
Regis Uganda Limited	7th Floor, Course view towers, Plot 21, Yususf Lule Road, Nakasero, P.O. Box 7166, Kampala, Uganda	100.00	100.00	Logistical support and other services	100
MedservRegis (Guyana) Inc.	Lot 78 Hadfield Street, Werk-en-Rust Georgetown Guyana	100.00	-	Logistical support and other services	100
METS Tubular Services LLC	Hamriyah Free Zone Phase-2 PO Box 42122 Sharjah. U.A.E.	100.00	-	OCTG services in U.A.E.	100

20.4 Impairment test

In the current and comparative year, the Company tested for impairment its investment in Regis Holdings Limited. Following a dividend amounting to €6.8 million in 2022 (see note 8.1) paid by Regis Holdings Limited to the Company, the carrying amount of the investment in Regis Holdings Limited in the separate financial statements of the Company exceeded the net asset value of the sub-group which gave rise to an indication of impairment since the dividend paid exceeded the total comprehensive income of the Regis sub-group.

In determining the recoverable amount of the investment in the subsidiary, management has adjusted the net asset value of the sub-group by projecting future cash flows expected to arise from the sub-group's main operating activities in Mozambique, Angola (operated from Mauritius), Guyana and other regions in Sub-Saharan Africa.

20 Investment in subsidiaries (continued)

20.4 Impairment test (continued)

These cash flow projections are based on financial budgets and business plans prepared by management and approved by the Board of Directors and are updated to reflect the most recent developments as at the reporting date.

As part of adjusting the net asset value, management has applied the following key assumptions:

	2023	2022
Discount rates, range	**15% to 28.19%**	28.19% to 29%
Inflationary increase rate, range	**from 3% to 5.50% on projected costs**	from 3% to 5% on projected costs
Period, range	**5 to 10 years**	5 to 10 years
Projects start date, range	**6 months to 1 year**	9 months

Management has adopted a baseline, upside and downside case scenarios in arriving at the adjusted net asset value. Management believes that the probability weight assignment presents a reasonable assessment of the likelihood of the scenarios, taking into account the potential of improved market conditions on the upside and reduced level of business activity assuming volatility in the oil and gas industry on the downside. The probability weightings for the applied scenarios are as follows:

	2023	2022
Baseline	**60%**	50% to 60%
Upside	**22% to 25%**	20% to 25%
Downside	**15% to 18%**	15%

No impairment loss was recognised during 2023. In 2022, an impairment loss of €1,517,251 was recognised in the statement of profit and loss in 'cost of sales'.

Management has assessed the sensitivity of the recoverable amount of the investment in the subsidiary by assigning a 100% weighting to the baseline, downside and upside case scenarios respectively.

	(Increase)/decrease in impairment loss	
	2023	2022
Calculation based solely on:	**€**	€
Baseline scenario	**-**	(63,278)
Upside scenario	**-**	1,494,383
Downside scenario	**(2,021,254)**	(1,304,548)

A twelve-month delay to the projects' start-up date would result in an impairment loss in 2023 of €1,543,706 (2022: increase in impairment of €1,529,606).

20 Investment in subsidiaries (continued)

20.4 Impairment test (continued)

As at the year ended 31 December 2023 and 2022, the investments in Medserv ME Limited and Medserv Libya Limited remain fully impaired while the investment in Medserv Eastern Mediterranean Limited and Regis Holdings Limited stood at €3,155,355 and €31,394,718 respectively.

21 Equity-accounted investees

21.1 Associates

21.1.1 The Company

Investment in FES Libya Limited (hereafter "FES")

The Company has a 25% interest in FES, a Maltese incorporated company which was registered on 28 August 2019 to act as a distributor of downhole tools and services in Libya. FES is still in the process of securing a long-term contract in Libya.

Summary of financial information for the associated entity is as follows:

	2023	2022
	€	€
Non-current assets	**382,244**	521,655
Current assets	**312,715**	85,763
Current liabilities	**(1,072,069)**	(894,895)
Net liabilities	**(377,110)**	(287,477)
Company's share of net liabilities (25%)	**(94,278)**	(71,869)
Revenue	**250,990**	-
Loss for the period (100%)	**(101,810)**	(158,851)
Company's share of loss (25%)	**-**	-

The Company's share of losses of the associate exceeds its interest in the associate and as a result, the Company has discontinued recognizing its share of further losses. As a result, the carrying amount of the associate amounting to €300 has been written down to €Nil in prior years.

21 Equity-accounted investees (continued)

21.1 Associates (continued)

21.1.2 The Group

As at 31 December 2023, the Group has a 49% interest in one associate, namely Avhold Limited (hereafter "Avhold").

Avhold, a company incorporated in Mauritius, holds an investment in a licensed domestic flight operator in Mozambique which started operating in 2022. Summary of financial information for the associated entity as at 31 December 2023 and 31 December 2022 is as follows:

	2023 **€**	2022 €
Non-current assets	**194,552**	201,575
Current assets	**719,456**	318,350
Current liabilities	**(315,652)**	(291,518)
Non current liabilities	**(1,060,642)**	(693,654)
Net liabilities (100%)	**(462,286)**	(465,247)
Company's share of net asset (49%)	**(226,520)**	(227,971)
Revenue	**-**	-
Loss from continuing operations (100%)	**(33,675)**	(79,400)
Total comprehensive income (100%)	**(33,675)**	(79,400)
Company's share of loss (49%)	**-**	-

Investment in Enermech (Mauritius) Limited

The Group's 30% investment holding in Enermech (Mauritius) Limited was disposed of during 2023 at €nil consideration as part of an agreement with the majority shareholder, in order for the Group to exit the investment which was fully impaired in prior years.

Investment in NRG MedservRegis Inc

During 2023, the Group acquired 49% interest in an associate called NRG MedservRegis Inc incorporated and registered in Guyana. The Group's business development team along with this associate's partners are jointly working together to secure work in this region. This associate is therefore non-operational as at year end.

22 Financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVTPL include the following:

The Group	**2023**	2022
	€	€
Investment in:		
Listed bonds	**1,504,302**	438,698
Listed equity securities	**1,579,861**	1,821,686
Alternative products	**524,785**	499,343
Balance at 31 December	**3,608,948**	2,759,727

Income from investments at FVTPL and fair value gain and losses recognised during the year are disclosed in note 9.

Information about the Group's exposure to price risk and the methods and assumptions used in determining fair value are disclosed in note 31.

The Group	**2023**	2022
	€	€
Balance at 1 January	**2,759,727**	4,006,665
Additions	**1,673,901**	843,995
Disposals	**(1,126,682)**	(1,253,152)
Fair value gains/(losses) (see note 9)	**441,326**	(1,105,875)
Effect of movements in exchange rates	**(139,324)**	268,094
Balance at 31 December	**3,608,948**	2,759,727

The Group holds a portfolio of equity shares, bonds and other securities classified as financial assets at fair value through profit and loss as these are held for trading purposes. These investments represent marketable and listed instruments which are highly liquid, and the Group uses the market closing rates for the fair valuation of these instruments at each reporting date. The investments are classified under Level 1 as per the classification of IFRS 13 *Fair Value Measurements* (see note 31.2).

The financial assets at FVTPL are classified as non-current since the Group intends to hold these investments beyond 12 months from the end of the reporting period to be used as collateral against future borrowings by the Group (see note 35).

23 Cash and cash equivalents

		The Group		The Company	
	Note	**2023**	2022	**2023**	2022
		€	€	**€**	€
Cash in hand		**261,600**	129,789		-
Bank balances		**16,031,844**	19,324,894	**79,696**	170,729
		16,293,444	19,454,683	**79,696**	170,729
Bank overdraft used for cash management purposes	27	**(2,396,811)**	(792,534)	**-**	-
Cash and cash equivalents as presented in cashflow statement		**13,896,633**	18,662,149	**79,696**	170,729

As of 31 December 2023, the Group's subsidiary, Verger Investimentos Lda, holds cash at bank amounting to €4,693,738 (2022: €8,926,815) that are subject to exchange controls on remittance outside of the jurisdiction in which it operates, and thus may limit the Group's ability to access the cash for operations, investments or distributions. The Group performed an ECL test for the cash at bank balances which resulted in a reversal of €0.68 million as at year end (2022: increase in provision of €1.4 million) (see note 31).

24 Capital and reserves

24.1 Share capital

	Ordinary shares No.
In issue at 1 January 2022 with a nominal value of €0.10 each	101,637,634
In issue at 31 December 2022 – fully paid with a nominal value of €0.10 each	101,637,634
In issue at 1 January 2023 with a nominal value of €0.10 each	**101,637,634**
In issue at 31 December 2023 – fully paid with a nominal value of €0.10 each	**101,637,634**

The Company's authorised share capital amounts to 120,000,000 shares of €0.10 each (2022: 120,000,000 ordinary shares of €0.10 each). The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

24.2 Share premium and loss offset reserve

The Company's share premium as at 31 December 2022 amounting to €39,781,902 represented:

- premium on issue of 8,744,399 ordinary shares of a nominal value of €0.10 each at a share price of €1.50, net of transaction costs of €238,330 directly attributable to the issue of ordinary shares; and
- premium on issue of 47,893,229 ordinary shares of a nominal value of €0.10 each at a share price of €0.68 each relating to the share for share exchange with Regis in 2021.

24 Capital and reserves (continued)

24.2 Share premium and loss offset reserve (continued)

On 16 November 2023, following approval at an extraordinary general meeting of the shareholders, the share premium account of the Company was reduced by €28,634,512 for the purpose of offsetting losses of the Company as at 31 December 2022 and by a second reduction of €2,131,115 creating a new reserve called “Loss Offset Reserve” for the purpose of offsetting any eventual losses that may be incurred by the Company from time to time.

On 31 December 2023, the directors of the Company unanimously resolved to utilize such amount of the Loss Offset Reserve as is equivalent to the Company’s losses as at the 31 December 2023, for the purposes of offsetting the said losses within the Company’s statement of changes in equity. As a result, the amount of €594,519 was transferred from the Loss Offset Reserve to Retained earnings. The remaining balance of €1,536,596 is being retained under the Loss Offset Reserve for the offsetting of any eventual losses that the Company may incur in the future.

The Group

As a result of the reverse acquisition by Regis during 2021, the directors have determined that the Company’s legal capital constitutes of its share capital only and does not include the share premium. As a result, the existing share premium on the 8,744,399 shares were eliminated on business combination with Regis and the share premium in the consolidated financial statements amounting to €27,778,073 as at 31 December 2022 and 2023 relates only to the share premium for the share-for-share exchange with Regis as a result of the reverse acquisition. This represents the premium on issue of 47,893,229 ordinary shares of a nominal value of €0.10 each at a share price of €0.68 each.

24.3 Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

24.4 Reverse acquisition reserve

The reverse acquisition reserve was created in accordance with IFRS 3 *Business Combinations*. Since the shareholders of Regis became the majority shareholders of the enlarged group, the acquisition is accounted for as though there is a continuation of the Regis financial statements in these consolidated financial statements.

24.5 Dividends

No reserves were available for distribution by the Company in the current and comparative year.

25 Earnings per share

25.1 Basic earnings per share

The calculation of basic EPS of the Group has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

There were no dilutive potential ordinary shares during the current and comparative year.

Profit attributable to ordinary shareholders (basic)

	The Group	
	2023	2022
	€	€
Continuing operations	**1,081,046**	577,383
Profit for the year attributable to ordinary shareholders	**1,081,046**	**577,383**

Weighted-average no of ordinary shares (basic)

		The Group	
		2023	2022
	Note		
		No.	*No.*
Issued ordinary shares at 1 January	24.1	**101,637,634**	101,637,634
Weighted-average number of ordinary shares at 31 December		**101,637,634**	101,637,634

Earnings per share of the Group for the year ended 31 December 2023 amounted to €0.0106 (2022: €0.0057).

26 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI.

	Medserv (Cyprus) Limited		**Medserv Egypt Oil & Gas Services JSC**	
Country of registration	**Cyprus**		**Egypt**	
Principal activity	**ILSS***		**ILSS***	
	2023	2022	**2023**	2022
NCI Percentage	**20%**	20%	**40%**	40%
	€	€	**€**	€
Non-current assets	**8,268,183**	2,514,679	**1,891,625**	3,942,457
Current assets	**3,773,817**	8,444,487	**3,812,529**	4,827,519
Non-current liabilities	**(5,881,312)**	(812,552)	**(1,186,637)**	(2,117,466)
Current liabilities	**(3,919,604)**	(8,266,079)	**(2,657,107)**	(774,648)
Net assets	**2,241,084**	1,880,535	**1,860,410**	5,877,862
Net assets attributable to NCI	**448,217**	376,107	**744,165**	2,351,145

**Integrated Logistics Support Services*

26 Non-controlling interest (continued)

	Medserv (Cyprus) Limited		Medserv Egypt Oil & Gas Services JSC	
	2023	2022	**2023**	2022
	€	€	**€**	€
Revenue	**8,840,784**	19,801,550	**7,318,332**	8,081,673
Profit/(loss)	**616,602**	1,061,758	**225,068**	(612,147)
OCI	**-**	-	**74,325**	(72,891)
Total comprehensive income	**616,602**	1,061,758	**299,393**	(685,038)
Profit/(loss) allocated to NCI	**123,320**	212,352	**90,028**	(244,859)
OCI allocated to NCI	**-**	-	**29,730**	(29,157)
Total comprehensive income allocated to NCI	**123,320**	212,352	**119,758**	(274,016)
Cash flows attributable to NCI				
Cash flows from operating activities	**564,417**	375,605	**(869,397)**	1,424,524
Cash flows used in investing activities	**(35,387)**	(9,270)	**31,906**	(26,156)
Cash flows used in financing activities	**(526,341)**	(460,646)	**-**	-
Net movement in cash and cash equivalents	**2,689**	(94,311)	**(837,491)**	1,398,368

27 Loans and borrowings

27.1 This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 31.

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Non-current liabilities				
Secured bank loans	**4,927,887**	6,013,127	**-**	-
Loan from subsidiary	**-**	-	**2,891,250**	3,206,250
Secured notes	**12,663,017**	12,610,550	**12,663,017**	12,610,550
Unsecured notes	**30,042,090**	30,000,992	**30,705,943**	30,952,055
	47,632,994	48,624,669	**46,260,210**	46,768,855
Current liabilities				
Secured bank loans	**1,319,053**	1,430,916	**-**	-
Loan from subsidiary	**-**	-	**393,750**	315,000
Secured notes	**-**	7,741,001	**-**	7,756,244
Bank overdrafts	**2,396,811**	792,534	**-**	-
	3,715,864	9,964,451	**393,750**	8,071,244

27.2 Terms and debt repayment schedule

The terms and conditions of outstanding loans are as follows:

	The Group				
		Carrying amount			
	Original currency	**2023 €**	2022 €	**Nominal interest rate**	**Year of maturity**
Bank loan	EUR	**3,285,000**	3,521,250	6%	2034
Bank loan	EUR	**2,961,940**	3,842,520	Bank's base rate + 3%	2026
Bank loan	OMR	**-**	80,273	5.50%	2023
Secured notes	EUR	**-**	7,741,001	6.00%	2023
Unsecured notes	EUR	**21,781,618**	21,530,312	4.50%	2026
Unsecured notes	USD	**8,260,472**	8,470,679	5.75%	2026
Secured notes	EUR	**12,663,017**	12,610,550	5.00%	2029

27 Loans and borrowings (continued)

27.2 Terms and debt repayment schedule (continued)

The Company

	Original currency	Carrying amount **2023**	2022	Nominal interest rate	Year of maturity
		€	€		
Loan from subsidiary	EUR	**3,285,000**	3,521,250	6.00%	2034
Secured notes (see note 27.4)	EUR	-	7,756,244	6.00%	2023
Unsecured notes	EUR	**22,281,731**	22,241,707	4.50%	2026
Unsecured notes	USD	**8,424,212**	8,710,348	5.75%	2026
Secured notes	EUR	**12,663,017**	12,610,550	5.00%	2029

In 2022, Medserv Operations Limited, the operating subsidiary in Malta was granted a bank loan of €3.6 million from a local bank. The loan was advanced to the Company for the purpose of early redemption of part of the 6% €20 million Secured Notes on 30 September 2022. As a result, a loan agreement was entered into between Medserv Operations Limited and the Company during the year under the same terms and conditions of the original loan with the local bank.

The USD denominated debt is designated as a hedging instrument in a net investment hedge information on the Group’s hedging activities are provided in Note 31.6.

27.3 Security on bank loans and overdraft facilities

The bank loans and overdraft facilities are secured by:

a. second general hypothec for €7,500,000 on overdraft basis over all present and future assets of Medserv Operations Limited;
b. second special hypothec for €7,500,000 on overdraft basis over temporary utile dominium of Medserv site and property of Malta Freeport;
c. fourth general hypothec on bank loan for €3,600,000 by Medserv Operations Ltd over all present and future assets;
d. fourth special hypothec on bank loan for €3,600,000 over temporary utile dominium of Medserv site and property of Malta Freeport;
e. Company guarantees for €9,073,074 and €5,044,247 given to Medserv Operations Ltd and Middle East Comprehensive Tubular Services L.L.C respectively in favour to the bankers;
f. first pledge, second and third pledge over a combined business policy for €8,568,381 and pledge of insurance cover over purchased equipment €1,334,000;

27 Loans and borrowings (continued)

27.3 Security on bank loans and overdraft facilities (continued)

g. a letter of undertaking by the Company whereby it undertakes not to declare dividends or pay shareholders' loans without the bank's written consent and to maintain the present level control and interest in Medserv Operations Limited;
h. First and third general hypothec for MDB loan of €2,961,940 over all present and future assets of Medserv Operations Limited;
i. A pledge of receivables agreement in relation to all and any rights pertaining to Medserv Operations Limited under the agreement with Enemalta p.l.c. and Automated Revenue Management Services Limited (ARMS) in relation to the payment for units of electricity generated by the photovoltaic farm situated at the Malta Freeport;
j. A letter of undertaking by Medserv Operations Limited to ensure and procure that all and any payments received from Enemalta and/or ARMS in relation to the generation of electricity units by the photovoltaic farm are at all times paid into and/or directly credited in the pledged bank account.

27.4 Issue of new €13 million 5% 2029 Secured Notes in 2022

The carrying amount of the new note issue of €13 million 5% 2029 Secured Notes ("New Notes") during 2022 in the Group and the Company is made up as follows:

	€
Proceeds receivable from issue of notes (see note 18.3)	**7,648,200**
Rollover amount from €20 6% Secured Notes maturity 2023	**5,351,800**
Total	**13,000,000**
Transaction costs	**(406,897)**
Net proceeds	**12,593,103**
Accreted interest	**17,447**
Carrying amount of liability at 31 December 2022	**12,610,550**

27 Loans and borrowings (continued)

27.5 Reconciliation of movements of loans and borrowings to cash flows arising from financing activities

	The Group			The Company	
31 December 2023	**Bank overdrafts used for cash management purposes €**	**Secured and unsecured notes €**	**Bank loans €**	**Loan from subsidiary €**	**Secured and unsecured notes €**
Balance at 1 January	**792,534**	**50,352,543**	**7,444,043**	**3,521,250**	**51,318,849**
Changes from financing cash flows					
Repayment of borrowings	**-**	**(7,772,019)**	**(1,179,150)**	**(236,250)**	**(7,772,019)**
Total changes from financing cash flows	**-**	**(7,772,019)**	**(1,179,150)**	**(236,250)**	**(7,772,019)**
Effect of changes in foreign exchange rates	**-**	**(305,269)**	**-**	**-**	**(310,240)**
Total non-cash items	**-**	**(305,269)**	**-**	**-**	**(310,240)**
Liability-related changes					
Change in bank overdrafts	**1,719,687**	**-**	**-**	**-**	**-**
Interest expense (note 12)	**-**	**2,554,313**	**424,538**	**227,732**	**2,256,831**
Interest paid	**(115,410)**	**(2,124,461)**	**(442,491)**	**(227,732)**	**(2,124,461)**
Total liability–related changes	**1,604,277**	**429,852**	**-**	**-**	**132,370**
Balance at 31 December	**2,396,811**	**42,705,107**	**6,246,940**	**3,285,000**	**43,368,960**

27 Loans and borrowings (continued)

27.5 Reconciliation of movements of loans and borrowings to cash flows arising from financing activities (continued)

	The Group			The Company	
	Bank overdrafts used for cash management purposes	Secured and unsecured notes	Bank loans	Loan from subsidiary	Secured and unsecured notes
31 December 2022	€	€	€	€	€
Balance at 1 January	2,876,904	49,490,708	5,449,763	-	50,563,570
Changes from financing cash flows					
Proceeds from loans and borrowings	-	-	3,600,000	3,600,000	-
Transaction costs (note 31.4)	-	(406,897)	-	-	(406,897)
Repayment of borrowings	-	(6,999,400)	(1,625,345)	(78,750)	(6,999,400)
Total changes from financing cash flows	-	(7,406,297)	1,974,655	3,521,250	(7,406,297)
Effect of changes in foreign exchange rates	-	582,917	19,625	-	566,539
Proceeds from issue of notes	-	7,648,200	-	-	7,648,200
Total non-cash items	-	8,231,117	19,625	-	8,214,739
Liability-related changes					
Change in bank overdrafts	(1,993,426)	-	-	-	-
Interest expense (note 12)	-	2,853,702	105,781	68,818	2,763,524
Interest paid	(90,944)	(2,816,687)	(105,781)	(68,818)	(2,816,687)
Total liability–related changes	(2,084,370)	37,015	-	-	(53,163)
Balance at 31 December	792,534	50,352,543	7,444,043	3,521,250	51,318,849

On 30 September 2022, the Company has effected a pro-rata early redemption payment of approximately €7 million (subject to rounding) to the holders of the €20 million Secured and Guaranteed Notes bearing ISIN MT0000311218 (the "Callable Notes"). The redemption was financed by a bank loan obtained from a local bank through Medserv Operations Limited (see note 27.2) and own cash reserves. The Callable Notes were fully redeemed during the year through the funds held by the security trustee (see note 18.3).

In November 2022, the Company issued New Notes for the purpose of redeeming the remaining outstanding amount of €13 million of the Callable Notes after the partial redemption in September 2022. In terms of the Prospectus dated 9 November 2022, the New Notes were available for subscription by the holders of the Callable Notes (the "Callable Noteholders"). The Callable Noteholders were given preference to subscribe for the New Notes by surrendering their respective Callable Notes, subject to a minimum application of €2,000. Callable Noteholders were also given the opportunity to apply for additional notes in the new issue.

27 Loans and borrowings (continued)

27.5 Reconciliation of movements of loans and borrowings to cash flows arising from financing activities (continued)

Total Callable Notes transferred to the Company in exchange for the New Notes amounted to €5,351,800 representing circa 41% of the total Callable Notes. This amount was allocated in full. Furthermore, the Company allocated in full applications totalling to €1,148,500 by Callable Noteholders whose holding in the Callable Notes was less than the minimum subscription of €2,000 and were required to pay the difference between their current holding in the Callable Notes and the minimum application amount of €2,000 in terms of the New Notes issue to enable them to apply for the New Notes. The remaining balance of €6,499,700 was allocated to the Callable Noteholders who have applied for additional notes based on the allocation policy in terms of the New Notes issue. These amounts were received and held by the security trustee as at year end and included in other receivables (see note 18.3).

The New Notes were admitted to listing on the Official List of the Malta Stock Exchange on 22 December 2022 with the interest starting to accrue as from this date.

The notes issued in 2016 with a carrying amount as at 31 December 2023 of €30,705,943 (2022: €30,952,055) are unsecured. The Callable Notes and the new note issue during 2022 are secured by the Company's subsidiary, Medserv Operations Limited, through a general hypothec and a special hypothec over its emphyteutical rights on the Medserv site at the Malta Freeport at the Port of Marsaxlokk (refer to note 14.4).

27.6 Furthermore, as at 31 December 2023 and 2022, the Group enjoyed general overdraft facilities of €3,000,000 at the following terms and conditions:

Bank overdraft	**Nominal Interest rate**
€2,500,000	**5.15% (bank base rate + 3%)**
€500,000	**5.15% (bank base rate + 3%)**

At 31 December 2023, the Group had unutilised bank overdraft facilities of €744,196 (2022: €2,346,903) and unutilised foreign exchange facility of €300,000 (2022: €300,000) out of the overdraft facilities listed above.

At 31 December 2023, the Group availed of credit card facilities amounting to approximately €1,882,381 (2022: €2,019,002) for OCTG customs clearance purposes.

28 Employee benefits obligation – The Group

28.1

	Notes	2023 €	2022 €
Liability for severance payments	28.2.1	**1,381,400**	1,413,239
Liability for retirement gratuities	28.2.1	**36,705**	29,251
		1,418,105	1,442,490
Non-current		**1,368,909**	1,400,299
Current		**49,196**	42,191
		1,418,105	1,442,490

28.2 Severance payments and retirement gratuities

The Group operates defined benefit pension plans through its subsidiaries in Egypt, Sultanate of Oman, Mauritius and UAE. In most cases, the benefits value is set out in the labour regulations in the jurisdictions in which the subsidiary operates. In each case, a lump sum benefit for eligible employees based on specific requirements in the country in which the subsidiary operates is payable to the employee on termination or retirement. The subsidiaries recognise a liability for any projected shortfalls of benefits based on actuarial assumptions.

Benefit payments are generally from trustee-administrated funds and for unfunded plans the subsidiary meets the benefit payment obligation as it falls due.

28.2.1 The following table shows a reconciliation for the liability for severance payments.

	2023 €	2022 €
Balance at 1 January	**1,442,490**	1,491,897
Included in profit or loss:		
Current service cost	**311,267**	399,595
Benefits paid	**(218,014)**	(187,168)
Interest cost	**92,127**	83,765
Included in OCI:		
Actuarial losses/(gains) on economic assumptions	**21,672**	(109,664)
Actuarial gains on experience	**(104,845)**	(121,110)
Translation reserve	**(126,592)**	(114,825)
Balance at 31 December	1,418,105	1,442,490

28 Employee benefits obligation – The Group (continued)

28.2 Severance payments and retirement gratuities (continued)

28.2.1 (continued)

	2023	2022
	€	€
Non-current	**1,368,909**	1,400,299
Current	**49,196**	42,191
	1,418,105	1,442,490

The components of the movement in employee benefits recognised in profit or loss is as follows:

	2023	2022
	€	€
Current Service cost	**311,267**	399,595
Interest cost	**92,127**	83,765
Past service cost		-
	403,394	483,360

The components of the movement in employee benefits recognised in other comprehensive income is as follows:

	2023	2022
	€	€
Actuarial losses/(gains) on economic assumptions	**21,672**	(109,664)
Actuarial (gains) on experience	**(104,845)**	(121,110)
Translation difference	**241**	54,847
	(82,932)	(175,927)

28 Employee benefits obligations – The Group (continued)

28.2 Severance payments and retirement gratuities (continued)

28.2.2 Actuarial assumptions

The main actuarial assumptions used for accounting purposes are as follows:

	2023	2022
Discount rate	**9.81%**	7.54%
Inflation rate	**2.10%**	3.17%
Future salary growth rate	**10.15%**	7.93%
Net pre-retirement rate	**1.74%**	2.08%

28.2.3 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2023			2022		
	Movement	**Revised**	**Impact**	Movement	Revised	Impact
	€	**€**	**€**	€	€	€
Discount rate: +1%	**71,105**	**1,347,000**	**5.01%**	102,042	1,340,448	7.07%
Discount rate: -1%	**(76,683)**	**1,494,788**	**(5.41%)**	(111,167)	1,553,657	(7.71%)
Salary increase: +1%	**(211,801)**	**1,629,906**	**(14.94%)**	(251,273)	1,693,763	(17.42%)
Salary decrease: -1%	**207,548**	**1,210,557**	**14.64%**	244,347	1,198,143	16.94%

29 Trade and other payables

29.1

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Trade payables	**6,474,678**	8,440,068	**15,082**	108,323
Amounts due to shareholders	**61,014**	61,014	**61,014**	61,014
Amounts due to note holders	**71,932**	96,454	**71,932**	96,454
Amounts due to subsidiaries	**-**	-	**7,227,557**	4,902,501
Amounts due to non-controlling interest	**448,523**	214,249	**-**	-
Indirect taxes payable	**970,103**	621,229	**-**	-
Accrued expenses	**2,552,641**	2,263,874	**328,083**	64,693
Other payables	**288,131**	607,448	**-**	-
	10,867,022	12,304,336	**7,703,668**	5,232,985
Current	**10,867,022**	12,304,336	**7,703,668**	5,232,985
Non-current	**-**	-	**-**	-
	10,867,022	12,304,336	**7,703,668**	5,232,985

29.2 Amounts due to subsidiaries and shareholders are unsecured, interest free and repayable on demand. Transactions with related parties are set out in note 34 to these financial statements.

29.3 During the year, one of the group entities paid €1.3 million against shareholder loans due to the non-controlling interest. These shareholder loans were previously considered as “non-controlling interest” within equity acquired as part of the reverse acquisition. The remaining balance of these shareholder loans were transferred from the “non-controlling interest” within equity to “amounts due to non-controlling interest” within trade and other payables since these are expected to be repaid during 2024. The amount of €214,249 included in the amounts due to non-controlling interest in 2022 was paid in full in June 2023. This amount was unsecured, bearing an interest rate of 6.25% and repayable by 30 June 2023.

29.4 The Group’s and Company’s exposure to currency and liquidity risk related to trade and other payables is disclosed in note 31.

30 Contingencies and commitments

30.1 At reporting date, the Group had the following contingent liabilities:

- Letter of guarantees issued by Group's bankers in favour of third parties amounting to €2,745,582 (2022: €1,620,289);

The Company acts as a guarantor to certain banks in respect of credit facilities granted to two of its subsidiaries (see note 27.3).

30.2 The Company has uncalled share capital on its investments in subsidiaries, namely Medserv International Limited, Medserv Libya Limited and Medserv Eastern Mediterranean Limited amounting to €36,861 (2022: €36,861) (see note 20).

31 Financial instruments – Fair values and risk management

31.1 Accounting classifications

The Group classifies non-derivative financial assets into the categories of 'amortised cost or 'fair value through profit or loss (FVTPL)'. The Group classifies non-derivative financial liabilities into the category of 'other financial liabilities'. At reporting date, the Group's financial assets at amortised cost comprised cash and cash equivalents and trade and other receivables, and the Group's financial assets at FVTPL comprised equity and debt investments. The Company's financial assets at amortised cost comprised loans receivable from subsidiaries, cash and cash equivalents and trade and other receivables. At reporting date, the Group's non-derivative financial liabilities comprised secured and unsecured notes, loans and borrowings, bank overdrafts and trade and other payables whereas the Company's non-derivative financial liabilities comprised secured and unsecured notes and trade and other payables.

31.2 Measurement of fair values

The Group is required to provide information about the fair value of its financial instruments at the report date. The fair values of financial assets, that are traded in active markets and financial liabilities are based on quoted market price or dealer price quotations. For all other financial instruments, the Group determines fair value using other valuation techniques.

31 Financial instruments – Fair values and risk management

31.2.1 *Valuation techniques and significant unobservable inputs*

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuations techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The key financial instruments measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

The Group

	31 December 2023			31 December 2022		
	Carrying amount	**Fair Value**	**Level**	Carrying amount	Fair Value	Level
	€	**€**		€	€	
Assets						
Financial assets measured at FVTPL						
Investments in listed bonds	**1,504,302**	**1,504,302**	**1**	438,698	438,698	1
Investments in listed equity securities	**1,579,861**	**1,579,861**	**1**	1,821,686	1,821,686	1
Investments in alternative products	**524,785**	**524,785**	**1**	499,343	499,343	1

The table below provides information about fair values of the Group's financial instruments which are not measured at fair value and for which the fair values are significantly different from their carrying values. Management is of the opinion that the fair value of the Group's cash and cash equivalents and trade and other receivables are not significantly different from their carrying amounts in view of the relatively short periods of maturity from the end of the reporting periods.

31 Financial instruments – Fair values and risk management (continued)

31.2 Measurement of fair values (continued)

31.2.1 *Valuation techniques and significant unobservable inputs (continued)*

	31 December 2023			31 December 2022		
	Carrying amount	**Fair Value**	**Level**	Carrying amount	Fair Value	Level
	€	**€**		€	€	
Liabilities						
Financial liabilities measured at amortised cost						
Secured notes	**(12,663,017)**	**(13,453,505)**	**2**	(20,351,551)	(20,648,000)	2
Unsecured notes	**(30,042,090)**	**(28,746,460)**	**2**	(30,000,992)	(28,508,042)	2

The Company

As at the reporting date, the Company has no financial instruments which are carried at fair value in the statement of financial position.

The table below provides information on the fair value of the Company's financial assets and liabilities which are significantly different from their carrying values at the reporting date. Management is of the opinion that the fair values of the Company's current portion of loan receivables from subsidiaries, trade and other receivables, cash and cash equivalents and trade and other payables are not significantly different from their carrying values in view of the relatively short periods of maturity from the end of the reporting periods.

	31 December 2023			31 December 2022		
	Carrying amount	**Fair Value**	**Level**	Carrying amount	Fair Value	Level
	€	**€**		€	€	
Assets						
Financial assets measured at amortised cost						
Non-current Loans receivable from subsidiaries	**14,217,067**	**14,394,327**	**3**	15,585,529	14,867,911	3
Liabilities						
Financial instruments measured at amortised cost						
Secured notes	**(12,663,017)**	**(13,453,505)**	**2**	(20,366,794)	(20,648,800)	2
Unsecured notes	**(30,705,943)**	**(28,746,460)**	**2**	(30,952,055)	(28,508,042)	2

31 Financial instruments – Fair values and risk management (continued)

31.2 Measurement of fair values (continued)

31.2.1 *Valuation techniques and significant unobservable inputs (continued)*

The fair value of financial instruments not measured at fair value was determined as follows:

Secured and unsecured notes issued

This category of liabilities is carried at amortised cost. Its fair value has been determined by reference to the market price as at 31 December 2023 and classified as Level 2 in view of the infrequent activity in the market.

Non-current loans receivables from subsidiaries

The fair value of the non-current loans receivables from subsidiaries classified as level 3 hierarchy during 2023 were calculated based on a cash flow discounted using the current lending rate for similar instruments at the reporting date. They are classified as level 3 hierarchy due to the use of unrecoverable inputs including counterparty risk. Management considers the carrying amounts of those instruments for the comparable period presented to be a reasonable estimate of their fair value due to insignificant changes in the interest rates and counterparty risks.

31.2.2 *Transfers between Level 2 and 3*

There were no transfers from Level 2 to Level 3 and vice-versa in 2023 and 2022.

31.3 Financial risk management

31.3.1 The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s capital management. The information presented in this note should be read in conjunction with the commentary in the Directors’ Report under “Principal risks and uncertainties”.

31 Financial instruments – Fair values and risk management (continued)

31.3 Financial risk management (continued)

31.3.2 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Financial Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

31.4 Credit risk

31.4.1 Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and Company's bank balances, trade and other receivables and contract assets. Credit risk for the Company also include loans receivable from subsidiaries.

The carrying amounts of financial assets represent the maximum credit exposure as follows:

	The Group		**The Company**	
	2023	2022	**2023**	2022
	€	€	**€**	€
Financial assets at fair value through profit and loss				
Investments in debt instruments	**1,504,302**	438,698	**-**	-
Financial assets at amortised cost				
Trade receivables and contract assets	**23,170,895**	20,107,545	**1,600,000**	-
Amounts due by subsidiaries	**-**	-	**1,894,632**	40,133
Loans receivable from subsidiaries	**-**	-	**39,253,650**	41,475,271
Other receivables	**2,892,759**	9,498,489	**820**	7,489,215
Cash at bank	**16,837,865**	20,887,116	**79,696**	170,729
Gross exposure	**44,405,821**	50,931,848	**42,828,798**	49,175,348
Credit loss allowances	**(3,057,251)**	(4,063,934)	**(15,443,485)**	(15,443,485)
Net exposure	**41,348,570**	46,867,914	**27,385,313**	33,731,863

Financial instruments – Fair values and risk management (continued)

31.4 Credit risk (continued)

31.4.1 (continued)

Credit loss allowances on financial assets were as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Impairment loss on:				
- Trade receivables and contract assets	**(2,251,230)**	(2,501,712)	**-**	-
- Loan receivables from subsidiaries	**-**	-	**(15,443,485)**	(15,443,485)
- Cash at bank	**(806,021)**	(1,562,222)	**-**	-
	(3,057,251)	(4,063,934)	**(15,443,485)**	(15,443,485)

Impairment losses on financial assets recognised in the profit and loss were as follows:

	The Group	
	2023	2022
	€	€
Net remeasurement of loss allowance	**(422,722)**	895,713
Reversal of/(impairment) loss on cash at bank	**681,162**	(1,482,420)
Amounts written off	**504,054**	123,615
	762,494	(463,092)

31.4.2 Trade receivables and contract assets

The Group offers logistical and OCTG services to National and International Energy Companies (IECs), their subcontractors and other companies operating in the oil and gas industry. These customers operate huge budgets and historically have sufficient funds to meet their obligations towards the Group. The Group also services mining companies as well as product and equipment manufacturers and other heavy industry-related contractors. The Group's services include the provision of heavy machinery and lifting equipment, management services as well as contracting staff to clients and provide Technical Services Agreement (TSA) facilities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in note 8.1.

31 Financial instruments – Fair values and risk management (continued)

31.4 Credit risk (continued)

31.4.2 Trade receivables and contract assets (continued)

Through the Financial Risk Committee, the Group has an internal control system which identifies at an early stage any events of default. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Most of the Group's customers have been transacting with the Group for a number of years, and losses rarely occur. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including geographic location, aging profile, maturity, trade history with the Group and existence of previous financial difficulties.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

As at 31 December 2023, the Group's two (2022: one) most significant customer/s accounted for €8 million (2022: €9.1 million) of the trade receivables net of Expected Credit Loss.

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

	The Group	
	2023	2022
	€	€
Balance at 1 January	**2,501,712**	3,521,040
Net remeasurement of loss allowance	**422,722**	(1,014,390)
Amounts written off	**(504,054)**	(123,615)
Effect of movement in foreign exchange rate	**(169,150)**	118,677
Balance at 31 December	**2,251,230**	2,501,712

31 Financial instruments – Fair values and risk management (continued)

31.4 Credit risk (continued)

31.4.2 Trade receivables and contract assets (continued)

The exposure to credit risk for trade receivables and contract assets by geographic region was as follows:

	The Group	
	2023	2022
	€	€
Gross carrying amount		
Domestic	**681,247**	595,274
Eurozone countries	**3,892,704**	8,294,489
Libya	**2,892,835**	1,673,843
Middle East	**10,532,490**	6,208,358
Angola	**2,243,543**	1,484,022
Mozambique	**89,098**	483,025
Uganda	**1,165,745**	735,475
Morocco	**1,504,842**	-
Other regions	**168,391**	633,059
	23,170,895	20,107,545

The summary quantitative data about the Group's exposure to credit risk for trade receivables and contract assets is as follows.

	The Group	
	2023	2022
	€	€
Not-credit impaired		
External credit ratings at least Baa3 from *Moody's* or BBB- from Standard & Poor's	**6,132,680**	12,296,594
Other customers:		
- Four or more years' trading history with the Group	**6,876,694**	3,357,385
- Less than four years' trading history with the Group	**7,413,260**	2,029,448
- Higher risk	**275,085**	273,953
Credit impaired		
- Past due > 90 days	**1,997,982**	1,674,971
- Fully impaired	**475,194**	475,194
Total gross carrying amount	**23,170,895**	20,107,545
Credit loss allowances	**(2,251,230)**	(2,501,712)
Carrying amount	**20,919,665**	17,605,833

31 Financial instruments – Fair values and risk management (continued)

31.4 Credit risk (continued)

31.4.2 Trade receivables and contract assets (continued)

Other customers comprise reputable international energy companies and their subcontractors who have trading history with the Group.

Expected credit loss assessment for corporate customers

On the basis of the Company's new accounting policy as of 1 January 2023 (see note 4.3.3.2), the loss allowance as at 31 December 2023 was determined as follows for both trade receivables and contract assets:

The Group **31 December 2023**	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	**2.75%**	**7.76%**	**20.31%**	**58.21%**	
	€	**€**	**€**	**€**	**€**
Gross carrying amount – trade receivables	**10,088,339**	**6,747,865**	**955,032**	**1,997,982**	**19,789,218**
Gross carrying amount – contract assets	**3,381,677**	**-**	**-**	**-**	**3,381,677**
Loss allowance	**370,425**	**523,634**	**193,967**	**1,163,204**	**2,251,230**

31 Financial instruments – Fair values and risk management (continued)

31.4 Credit risk (continued)

31.4.2 Trade receivables and contract assets (continued)

Expected credit loss assessment for corporate customers (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers as at 31 December 2022, calculated on the basis of the Company's previous accounting policies applicable till 31 December 2022 (refer to note 4.3.3.2).

The Group

31 December 2022	**Weighted-average loss rate**	**Gross carrying amount**	**Impairment loss allowance**	**Credit-impaired**
Ageing		**€**	**€**	
Current (not past due) and <30 days past due	6.77%	5,234,200	353,372	No
Past due 31 to 60 days	41.49%	263,178	109,203	No
Past due 61 to 90 days	61.69%	123,324	76,077	No
Past due > 90 days	86.57%	1,706,423	1,477,190	Yes
		7,327,125	2,015,842	
Rating				
Externally rated				
A	0.00%	633,647	-	No
BBB	0.01%	11,404,108	727	No
BB	0.05%	223,919	105	No
B	0.24%	32,028	76	No
Fully impaired	99.64%	486,718	484,962	Yes
		12,780,420	485,870	
		20,107,545	2,501,712	

31.4.3 Cash at bank

As at 31 December 2023, the Group held cash at bank gross of ECL of €16,837,865 (2022: €20,887,116) while the Company had a bank balance of €79,696 (2022: €170,729). The Group cash deposits are held with bank and financial institution which are rated A+ to B-, based on Standards & Poor's ratings.

Impairment on cash at bank has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash at bank has low credit risk based on the external credit ratings of the counterparties.

31 Financial instruments – Fair values and risk management (continued)

31.4 Credit risk (continued)

31.4.3 Cash at bank (continued)

The Group

	Gross carrying amount 2023	**Loss allowance 2023**	Gross carrying amount 2022	Loss allowance 2022
Rating	**€**	**€**	€	€
Externally rated				
A+	**6,119,823**	**-**	-	-
A	**29,242**	**-**	430,649	-
A-	**965,758**	**-**	4,208,310	-
AA	**16,175**	**-**	-	-
AA-	**-**	**-**	22,573	-
BBB	**-**	**-**	832	-
BBB-	**2,934,222**	**(79,802)**	11,339,589	(1,482,420)
BB+	**135,288**	**-**	1,011,312	-
BB	**1,787**	**-**	674,811	-
BB-	**6,354,548**	**(726,219)**	720,503	-
B+	**86,551**	**-**	45,606	-
B	**-**	**-**	2,430,528	(79,802)
B-	**194,471**	**-**	2,403	-
Total	**16,837,865**	**(806,021)**	20,887,116	(1,562,222)

The Company

	Gross carrying amount 2023	**Loss allowance 2023**	Gross carrying amount 2022	Loss allowance 2022
	€	**€**	€	€
At amortised cost				
A	**79,696**	-	**170,729**	-
Total	**79,696**	-	**170,729**	-

31.4.4 Investment in debt instruments

The Group's investments in debt instruments are not subject to IFRS 9 expected credit loss allowances since these are held for trading and are measured at fair values.

31 Financial instruments – Fair values and risk management (continued)

31.4 Credit risk (continued)

31.4.5 Other receivables

Other receivables include an amount of €Nil (2022: €7.5 million) receivable from security trustee in respect of the issue of the €13 million, 5% secured bonds 2029 (note 18) and an amount of €1.5 million (2022: €1.5 million) in respect of cash collateral held with a reputable bank. Management concludes internally that the expected credit loss on the amount is insignificant at the reporting date.

31.4.6 Amounts due by subsidiaries

Detailed Impairment methodology on the loan receivable from subsidiaries is provided in note 20.4.

	The Company	
	2023	2022
	€	€
Balance at 1 January	**15,443,485**	15,443,485
Balance at 31 December	**15,443,485**	15,443,485

31 Financial instruments – Fair values and risk management (continued)

31.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group regularly reviews the expected cashflow through cash flow forecasts in its effort to monitor its cash flow requirements. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows to meet expected operational expenses over the next 60 days, including the servicing of financing and borrowing obligations. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

At 31 December 2023, the expected cash inflows from trade and other receivables and contract assets maturing within three months were €25.5 million. The expected cash outflows due within three months were €12 million comprising trade and other payables of €10.8 million, payment of the interest on the unsecured notes of €0.7 million and loan and interest repayments of €0.5 million.

The Group's liquidity risk is accordingly actively managed taking cognisance of the matching of operational cash inflows and outflows arising from expected maturities of financial instruments, attributable to the Group's different operations, together with the Group's committed bank borrowing facilities and other financing that it can access to meet liquidity needs.

In addition, the Group maintains the following other lines of credit, which remain undrawn at 31 December 2023:

- €744,196 bank overdraft facilities which bears interest at the Bank's Base Rate plus 3 per cent;
- Unutilised foreign exchange facility of €300,000;
- €1,882,381 unutilized credit card facilities used for OCTG customs clearance purposes;

31 Financial instruments – Fair values and risk management (continued)

31.5 Liquidity risk (continued)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements. Trade and other payables and bank overdrafts which are due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Group	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 – 2 years**	**2 – 5 years**	**5 – 10 years**	**More than 10 years**
	€	**€**	**€**	**€**	**€**	**€**	**€**
31 December 2023							
Financial liabilities							
Secured notes	**12,663,017**	**(16,900,000)**	**(650,000)**	**(650,000)**	**(1,950,000)**	**(13,650,000)**	**-**
Unsecured notes	**30,042,090**	**(33,920,990)**	**(1,458,791)**	**(1,463,573)**	**(30,998,626)**	**-**	**-**
Secured bank loans	**6,246,940**	**(7,223,930)**	**(1,690,899)**	**(1,529,201)**	**(2,048,112)**	**(1,955,718)**	**-**
Bank overdraft	**2,396,811**	**(2,396,811)**	**(2,396,811)**	**-**	**-**	**-**	**-**
Lease liabilities	**19,442,664**	**(36,387,906)**	**(3,877,684)**	**(3,781,053)**	**(7,948,863)**	**(2,986,080)**	**(17,794,226)**
Trade and other payables	**10,867,022**	**(10,867,022)**	**(10,867,022)**	**-**	**-**	**-**	**-**
	81,658,544	**(107,696,659)**	**(20,941,207)**	**(7,423,827)**	**(42,945,601)**	**(18,591,798)**	**(17,794,226)**

31 Financial instruments – Fair values and risk management (continued)

31.5 Liquidity risk (continued)

The Group	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 – 2 years**	**2 – 5 years**	**5 – 10 years**	**More than 10 years**
	€	**€**	**€**	**€**	**€**	**€**	**€**
31 December 2022							
Financial liabilities							
Secured notes	20,351,551	(25,318,408)	(8,418,408)	(650,000)	(1,950,000)	(14,300,000)	-
Unsecured notes	30,000,992	(35,747,819)	(1,487,810)	(1,478,064)	(32,781,945)	-	-
Secured bank loans	7,444,043	(8,855,414)	(1,672,792)	(1,573,264)	(3,244,676)	(2,364,682)	-
Bank overdraft	792,534	(792,534)	(792,534)	-	-	-	-
Lease liabilities	14,307,945	(31,912,307)	(2,654,557)	(2,200,274)	(4,867,370)	(3,453,851)	(18,736,255)
Trade and other payables	12,304,336	(12,304,336)	(12,304,336)	-	-	-	-
	85,201,401	(114,930,818)	(27,330,437)	(5,901,602)	(42,843,991)	(20,118,533)	(18,736,255)

31 Financial instruments – Fair values and risk management (continued)

31.5 Liquidity risk (continued)

The Company	Carrying amount	Contractual cash flows	Less than 1 year	1 – 2 years	2 – 5 years	5 – 10 years	More than 10 years
	€	€	€	€	€	€	€
31 December 2023							
Financial liabilities							
Secured notes	**12,663,017**	**(16,900,000)**	**(650,000)**	**(650,000)**	**(1,950,000)**	**(13,650,000)**	**-**
Unsecured notes	**30,705,943**	**(33,920,990)**	**(1,458,791)**	**(1,463,573)**	**(30,998,626)**	**-**	**-**
Trade and other payables	**7,703,668**	**(7,703,668)**	**(7,703,668)**	**-**	**-**	**-**	**-**
	51,072,628	**(58,524,658)**	**(9,812,459)**	**(2,113,573)**	**(32,948,626)**	**(13,650,000)**	**-**
31 December 2022							
Financial liabilities							
Secured notes	20,366,794	(25,302,633)	(8,402,633)	(650,000)	(1,950,000)	(14,300,000)	-
Unsecured notes	30,952,055	(35,747,819)	(1,487,810)	(1,478,064)	(32,781,945)	-	-
Trade and other payables	5,232,985	(5,232,985)	(5,232,985)	-	-	-	-
	56,551,834	(66,283,437)	(15,123,428)	(2,128,064)	(34,731,945)	(14,300,000)	-

31 Financial instruments – Fair values and risk management (continued)

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

31.6.1 Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies. The functional currencies of Group companies are primarily the Euro and US Dollar (USD). The currencies in which these transactions are primarily denominated are Euro, US Dollar (USD), Omani Rial (OMR), Egyptian Pounds (EGP), British Pounds (GBP), United Arab Emirates Dirham (AED), Mozambique New Metical (MZN), Mauritian Rupee (MUR), South African Rand (ZAR) and Ugandan Shilling (UGX). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency which would be considered a foreign currency from the entity's perspective.

Exposure to currency risk

The Group's main currency note exposure reflecting the carrying amount of assets and liabilities denominated in foreign currencies at the end of the reporting period, analysed by the functional currency of the respective entity or entities, was as follows:

31 Financial instruments – Fair values and risk management (continued)

31 Market risk (continued)

31.6.1 *Currency risk (continued)*

Functional Currency	*EUR*	*AED*	*OMR*	*USD*		*UGX*	*MZN*
31 December 2023	**USD**	**USD**	**USD**	**EGP**	**EUR**	**USD**	**USD**
	€	**€**	**€**	**€**	**€**	**€**	**€**
Trade receivables	**1,681,597**	**1,986,018**	**4,575,795**	**1,905,251**	**1,971,710**	**1,308,358**	**-**
Trade payables	**(345,973)**	**-**	**-**	**-**	**(3,445)**	**(44,599)**	**(242,954)**
Unsecured notes	**(8,427,945)**	**-**	**-**	**-**	**-**	**-**	**-**
Available funds in foreign currency	**613,392**	**5,525,931**	**469,678**	**217,172**	**1,699,294**	**33,228**	**-**
Net statement of financial position exposure - Assets/(Liabilities)	**(6,478,929)**	**7,511,949**	**5,045,473**	**2,122,423**	**3,667,559**	**1,296,987**	**(242,954)**

Functional Currency	*EUR*	*AED*	*OMR*	*USD*		*UGX*	*MZN*
31 December 2022	USD	USD	USD	EGP	EUR	USD	USD
	€	€	€	€	€	€	€
Trade receivables	16,134	1,578,125	2,329,127	558,921	1,815,716	756,371	-
Trade payables	(9,684)	-	-	(399,812)	(682)	-	(251,730)
Unsecured notes	(8,470,679)	-	-	-	-	-	-
Available funds in foreign currency	19,738	3,963,676	540,569	1,973,021	1,673,747	28,618	5,836
Net statement of financial position exposure - Assets/(Liabilities)	(8,444,491)	5,541,801	2,869,696	2,132,130	3,488,782	784,989	(245,894)

31 Financial instruments – Fair values and risk management (continued)

31.6 Market risk (continued)

31.6.1 *Currency risk (continued)*

The Company's exposure to foreign currency risk was as follows based on notional amounts in foreign currency:

	31 December 2023	31 December 2022
Denominated in USD	**€**	€
Assets		
Loan receivable from a subsidiary	**8,230,594**	8,562,087
Available funds in foreign currency	**12,442**	145,347
Liabilities		
Unsecured notes	**(8,424,212)**	(8,710,348)
Net statement of financial position exposure - (liabilities)/assets	**(181,176)**	**(2,914)**

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2023	2022	**2023**	2022
USD	**1.0816**	1.0540	**1.1051**	1.0667
GBP	**0.8699**	0.8528	**0.8668**	0.8695
OMR	**0.4160**	0.40576	**0.4249**	0.4100
AED	**3.9722**	3.89611	**4.0585**	3.9165
EGP	**33.736**	26.749	**34.1016**	26.5144
MZN	**69.2292**	67.6104	**70.4470**	68.2393
AUD	**1.62866**	1.5168	**1.61941**	1.57105
ZAR	**19.9567**	17.2094	**20.2209**	18.0955
MUR	**48.8124**	46.6287	**48.6466**	46.4378
UGX	**4032.6135**	3887.020	**4179.6809**	3958.569
AOK	**668.458**	457.254	**915.894**	545.914

31 Financial instruments – Fair values and risk management (continued)

31.6 Market risk (continued)

31.6.1 *Currency risk (continued)*

The table below provides a sensitivity analysis of a 10% strengthening or weakening in the currency rate on the Group's results and equity of the respective group entities' functional currency against the currencies in which their financial assets and/or financial liabilities are denominated at the reporting date. The analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible the end of the reporting period. This analysis assumes that all variables remain constant. Currencies AED and OMR is pegged against USD therefore, not exposed to foreign currency risk arising from financial assets and liabilities denominated in USD.

	Results and Equity The Group	
	Strengthening	**Weakening**
31 December 2023	**€**	**€**
EUR against USD	**588,994**	**(588,994)**
USD against EGP	**(192,948)**	**192,948**
USD against EUR	**(333,414)**	**333,414**
UGX against USD	**(117,908)**	**117,908**
MZN against USD	**22,087**	**(22,087)**
31 December 2022		
EUR against USD	789,469	(789,469)
USD against EGP	(170,387)	170,387
USD against EUR	(317,162)	317,162
UGX against USD	(70,073)	70,073
MZN against USD	22,354	(22,354)

A sensitivity analysis of the impact on the Company's profit and total equity has not been provided since the Company was not significantly exposed to foreign currency risk at the reporting date as a result of the natural hedge of its financial assets and financial liabilities denominated in USD.

In addition, the Group also has significant amount of intra-group balances denominated in currencies other than the group entities functional currencies. Although these balances are eliminated on consolidation, the effect of movements in exchange rates are still recognised in the individual Company's and in the consolidated income statement. When the balances are considered to be part of the Group's net investment in the foreign operation, the foreign exchange differences arising on these balances are reclassified to other comprehensive income on consolidation as part of exchange differences on translating foreign operations. During the year an amount of €2,131,300 (2022: €3,980,158) relating to exchange differences on intra-group balances was recognised in the Group's finance income and finance cost and an amount of €2,297,414 (2022: €2,609,469) was reclassified to other comprehensive income.

31 Financial instruments – Fair values and risk management (continued)

31.6 Market risk (continued)

31.6.2 Hedge of net investment in foreign entity

A foreign currency exposure arises from the Group's net investment in METS that has a USD functional currency. The risk arises from the fluctuation in spot exchange rates between the USD and the Euro, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening USD against the Euro that will result in a reduction in the carrying amount of the Group's net investment in METS.

Part of the Group's net investment in METS is hedged by a USD denominated bond of €8,260,472 (2022: €8,470,679) which mitigates the foreign currency risk arising from the sub-Group's net assets. The bond is designated as hedging instrument for the changes in the value of the net investment that is attributable to changes in the EUR/USD spot rate.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debts that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal, denominated in USD and designated as hedging instrument.

There was no ineffectiveness to be recorded from net investment in foreign entity hedges.

The amounts related to items designated as hedging instruments were as follows:

	The Group	
Net investment in foreign operation	**2023**	2022
Carrying amount (non-current borrowings)	**€ 8,260,472**	€ 8,470,679
USD carrying amount	**$9,128,671**	$9,034,639
Hedge ratio	**1:1**	1:1
Change in carrying amount of USD denominated bond as a resort of foreign currency movements since 1 January, recognised in OCI	**€ (305,269)**	€ 496,651
Change in value of hedged item used to the extent of the debt principal to determine hedge effectiveness	**€ 305,269**	€ (496,651)
Weighted average hedged rate for the year	USD 1.08: EUR 1	USD 1.05: EUR 1

31 Financial instruments – Fair values and risk management (continued)

31.6 Market risk (continued)

31.6.3 *Interest rate risk*

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rates principally through bank loans which bear variable interest rates. The Group's secured and unsecured notes as well as its investment in debt instruments classified as financial assets at fair value through profit or loss bear interest at fixed rates and expose the Group to fair value interest rate risk.

Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	Carrying amount			
	The Group		**The Company**	
	2023	2022	**2023**	2022
	€	€	**€**	€
Variable-rate instruments				
Financial assets:				
- Cash at bank	**16,293,444**	19,454,683	**79,696**	170,729
Financial liabilities:				
- Bank loans	**(6,246,940)**	(7,444,043)	**-**	-
- Loan from subsidiary	**-**	-	**(3,285,000)**	(3,521,250)
- Bank overdraft	**(2,396,811)**	(792,534)	**-**	-
Net exposure to cash flows interest rate risk	**7,649,693**	11,218,106	**(3,205,304)**	(3,350,521)

31 Financial instruments – Fair values and risk management (continued)

31.6 Market risk (continued)

31.6.3 *Interest rate risk (continued)*

	Carrying amount			
	The Group		**The Company**	
	2023	2022	**2023**	2022
	€	€	**€**	€
Fixed-rate instruments				
Financial assets:				
- Investment in debt instruments at FVTPL	**1,504,302**	438,698	**-**	-
- Loans receivable from subsidiaries	**-**	-	**23,810,165**	26,031,786
Financial liabilities:				
- Bank loan	**-**	(80,273)	**-**	-
- Secured notes	**(12,663,017)**	(20,351,551)	**(12,663,017)**	(20,366,794)
- Unsecured notes	**(30,042,090)**	(30,000,992)	**(30,705,943)**	(30,952,055)
	(41,200,805)	(49,994,118)	**(19,558,795)**	(25,287,063)

The Group manages its exposure to changes in cash flows in relation to interest rates on interest-bearing by entering into financial arrangements that are based on fixed rates on interest whenever practicable. The Group is exposed to fair value interest rate risk on its financial assets and liabilities bearing fixed rates of interest, but with the exception of the investments in bond securities which are measured at fair value, all the other instruments are measured at amortised cost and accordingly a shift in interest rates would not have an impact on profit or loss or total comprehensive income. Management does not consider a reasonable shift in interest to have a significant impact on the Group's equity and post-tax profit as a result of a change in the fair value of its investments in bond securities.

Cash flow sensitivity analysis for variable-rate instruments

The Group's interest rate risk principally arises from bank loans, bank overdraft and loan from related parties issued at variable rates which expose the Group to cash flow interest rate risk while the Company's interest rate risk principally arises on loans to subsidiaries. Floating interest rates on these instruments are linked to reference rates such as Euribor or the respective banker's base rate. While the cash at bank is also subject to interest rates which are linked to the risk-free rates, the interest on these balances is considered insignificant.

A reasonably possible change of 250 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

31 Financial instruments – Fair values and risk management (continued)

31.6 Market risk (continued)

31.6.3 *Interest rate risk (continued)*

	Impact on profit and loss and equity	
	The Group	**The Company**
	€	**€**
31 December 2023		
(+) 250 basis points	**216,094**	**82,125**
(-) 250 basis points	**(216,094)**	**(82,125)**
31 December 2022		
(+) 250 basis points	205,914	88,031
(-) 250 basis points	(205,914)	(88,031)

31.6.4 *Other market price risk*

The primary goal of the Group's investment in equity securities is to hold the investments for the long term for strategic purposes. Management is assisted by external advisors in this regard. Certain investments are designated at FVTPL because their performance is actively monitored and they are managed on a fair value basis. The Group's equity investments are marketable or listed securities classified as FVTPL. The impact of a 5% increase in the market price at the reporting date would have resulted in an increase of €187,947 (2022: €137,868) on profit or loss. An equal change in the opposite direction would have decreased profit or loss by an equal but opposite effect.

31.7 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

31 Financial instruments – Fair values and risk management (continued)

31.7 Operational risk (continued)

This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

The management team is taking actions to ensure that its Group entities' operations remain ongoing, with the lowest possible disruptions, through its business continuity plan across all the jurisdictions in which the Group is present.

31.8 Capital management

The Group defines capital as paid-in capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as cumulative translation adjustments are excluded from capital for the purposes of capital management.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as the result from operating activities divided by total shareholders' equity.

The table below provides information on the Group's equity and borrowings at the reporting date. The Group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt.

31 Financial instruments – Fair values and risk management (continued)

31.8 Capital management (continued)

	The Group		The Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Bank loans	**6,246,940**	7,444,043	**-**	-
Secured notes	**12,663,017**	20,351,551	**12,663,017**	20,366,794
Unsecured notes	**30,042,090**	30,000,992	**30,705,943**	30,952,055
Lease liabilities	**19,442,664**	14,307,945	**-**	-
Loan from subsidiary	**-**	-	**3,285,000**	3,521,250
Less:				
Cash and cash equivalents (Note 23)	**(13,896,633)**	(18,662,149)	**(79,696)**	(170,729)
Net debt	**54,498,078**	53,442,382	**46,574,264**	54,669,370
Total equity	**58,050,741**	60,356,503	**20,716,635**	21,311,154
Total capital	**112,548,819**	113,798,885	**67,290,899**	75,980,524
Net debt ratio	**48%**	47%	**69%**	72%

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the Board of Directors. There were no changes in the Group's approach to capital management during the year.

32 Leases

32.1 As a lessee

The Group has several parcels of leased land and buildings in Malta, Cyprus, Libya, UAE, Oman, Iraq and Uganda. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

32 Leases (continued)

32.1 As a lessee (continued)

32.1.1 Right-of-use assets

	Property	
	2023	2022
	€	€
Balance at 1 January	**48,506,978**	50,014,250
Additions	**8,215,130**	2,380,624
Depreciation	**(3,984,754)**	(3,653,060)
Modifications	**(206,019)**	(605,158)
Effect of movement in exchange rates	**(182,170)**	370,322
Balance at 31 December	**52,349,165**	48,506,978

The Group's leasing activities

Medserv Operations Limited, the Company's operating subsidiary in Malta, leases a quay, premises and ancillary facilities at Malta Freeport, Kalafrana and premises at Hal Far Industrial Estate under separate lease arrangements. The lease at Malta Freeport, Kalafrana runs for a period of 48 years from 5 December 2012. This lease has been granted to the subsidiary under title of temporary emphyteusis. The leases at Hal Far Industrial Estate runs for a period of thirteen years from 20 October 2014 with the option exercisable by the subsidiary to extend the lease for three further periods of 10 years each. This subsidiary is also leasing three electric light passenger vehicles for an average period of 5 years.

Medserv (Cyprus) Limited, the Company's subsidiary in Cyprus leases various yard facilities at Port of Limassol in Cyprus under different agreements as follows:

- Open yard area for 21,900 sqm and a warehouse running since 2018 until 18 June 2028;
- Open yard area for 5,000 sqm running for a period of 3 years until 14 July 2025[*];
- Land of 1,250 sqm running for a period of 3 years until 14 July 2025;

Medserv Libya Limited is leasing a warehouse with an area of 7,000 sqm and a paved yard with an area of 2,000 sqm inside the port of the Misurata Freezone until 31 December 2024.

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[*] The previous lease arrangement for 13,000 sqm has been early terminated during the year and replaced with a smaller size yard area for a period of 3 years until 14 July 2025. The lease liability and right-of-use asset was derecognised and a modification gain was recognised during the year amounting to €7,823.

32 Leases (continued)

32.1 As a lessee (continued)

32.1.1 Right-of-use assets (continued)

These agreements can be renewed depending on the clients' requirements.

In the Middle East, the Company's subsidiaries have the following lease arrangements at the reporting date:

- UAE: Middle East Tubular Services Limited (Sharjah branch) leases a plot of land of 43,196 sqm until 31 December 2025 in Hamriyah Freezone.
- Sohar: Middle East Tubular Services LLC (FZC) leases a plot of land of 49,442 sqm in the Sohar Freezone until 31 August 2029.
- Duqm: Middle East Comprehensive Tubular Services Limited leases two plots of lands of 57,500 sqm and 62,122 sqm for a period until 31 July 2027 in the Port of Duqm. The initial term may be extended or renewed for 3 further periods of 5 years by mutual agreement between the subsidiary and the lessor. This subsidiary started leasing a third plot of 25,060 sqm during the year for a period of 5 years until 18 June 2028 within the same port with the initial term extendable for a further period of 5 years by mutual agreement between the subsidiary and the lessor.
- Iraq: Middle East Tubular Services (Iraq) Limited, the right-of-use asset comprises the following facilities in Khor Al Zubair Freezone:

  - A warehouse with an area of 6,000 sqm for a period of 15 years until 22 June 2026, renewable at the request of the subsidiary and consent of the lessor; and
  - Plots of land with an area of 49,698 sqm for a period of 15 years until 22 December 2025, renewable at the request of the subsidiary and consent of the lessor. During the year, the lease arrangement was modified with a different term and rental payments.

In Uganda, the Company's subsidiary Regis Uganda Limited has the following lease arrangements at the reporting date:

- A 99-year lease of a plot of land measuring 24,000 sqm for the Group's new base for the upcoming projects in Buliisa, Uganda. The lease is renewable for another 99 years;
- A property of 4,047 sqm that is being used as the main office of the subsidiary in Uganda; and
- A residential property of 8,094 sqm being used as accommodation for the staff.

32 Leases (continued)

32.1 As a lessee (continued)

32.1.2 Lease liabilities

	2023	2022
	€	€
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**(3,877,684)**	(2,654,557)
One to five years	**(11,729,916)**	(7,067,644)
Five years to ten years	**(2,986,080)**	(3,453,851)
More than ten years	**(17,794,226)**	(18,736,255)
Total undiscounted lease liabilities at 31 December	**(36,387,906)**	(31,912,307)
Current	**3,000,597**	1,876,675
Non-current	**16,442,067**	12,431,270
Lease liabilities included in the statement of financial position at 31 December	**19,442,664**	14,307,945

The table below provide a reconciliation of the Group's lease liabilities:

	2023	2022
	€	€
Balance at 1 January	**14,307,945**	14,441,790
Modifications	**(206,019)**	(463,370)
New leases	**8,215,130**	2,256,735
Payments during the year	**(3,772,421)**	(3,289,594)
Interest charges during the year	**1,098,149**	964,943
Effect of movement in exchange rates	**(200,120)**	397,441
Balance at 31 December	**19,442,664**	14,307,945

32 Leases (continued)

32.1 As a lessee (continued)

32.1.2 Lease liabilities (continued)

Amounts recognised in profit or loss

	2023	2022
	€	€
Interest on lease liabilities (included in finance cost)	**1,098,149**	964,943
Depreciation charge (included in cost of sales)	**3,985,044**	3,653,060
Loss on lease modification (included in other expense)	**-**	141,784
Low value and short-term lease (included in cost of sales)	**1,148,674**	531,435
Low value and short-term lease (included in administrative)	**149,811**	195,593

Amounts recognised in the statement of cash flows

	2023	2022
	€	€
Total cash outflow for leases	**3,772,421**	3,720,045

32.1.3 Critical judgements, estimates and assumptions with respect to lease

Some leases contain extension options exercisable by the Group up to one year before the end of the contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Group and not by the lessors. The Group assesses at the lease commencement whether it is reasonably certain to exercise the extension options and subsequently reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The extension options provided to the Group were assessed by management and any extension options exercisable by the Group that were considered to be reasonably certain to be exercised were recognised.

The Group has estimated that the potential future cash outflows (undiscounted), should it exercise the extension options which have not been recognised would amount to approximately €14.1 million (2022: €12.8 million).

Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities.

32 Leases (continued)

32.1 As a lessee (continued)

32.1.3 Critical judgements, estimates and assumptions with respect to lease (continued)

The IBR is the rate of interest that the Group 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 Group ‘would have to pay’, which requires estimation when no observable rates are available (such as subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

33 Financial asset

The financial asset as at 31 December 2023 comprises of a fixed-term deposit with a bank in Cyprus which is credit rated as BB, and maturing in 2024. The financial asset is used as a collateral against a letter of guarantee in favour of third parties in relation to the Group’s facilities within the port of Limassol, Cyprus (see note 30.1).

34 Related parties

34.1 Significant shareholders

The Company is a public limited liability company incorporated in Malta and listed on the Malta Stock Exchange, with its registered office situated at Port of Marsaxlokk, Birzebbugia, Malta. Following the share for share exchange between the Company and Regis Holdings Limited, which was completed on 25 June 2021, 49.995% of the issued share capital of the Company were acquired by DOCOB Limited with registered office at C/o ICAECAP (Mauritius) Limited, Block 1C, Uniciti Business Park, Cascavelle, Mauritius. DOCOB Limited is ultimately owned by David S. O’Connor and his close family members (56%) and Olivier Bernard (44%). Three of the Company’s directors, namely David S. O’Connor, Olivier Bernard and Anthony S. Diacono hold 27.99% (2022: 27.99%), 21.99% (2022: 21.99%) and 13.23% (2022: 13.23%) respectively of the issued share capital of the Company either directly or indirectly.

34.2 Identity of related parties

The Group has a related party relationship with its directors (“key management personnel”), shareholders and an immediate relative of a director (“other related parties”). All transactions entered into with group companies have been eliminated in the preparation of these financial statements.

The Company has a related party relationship with its subsidiaries (see note 20), its directors and companies controlled by subsidiaries (“other related companies”).

34 Related parties (continued)

34.3 Transactions with key management personnel

There were no loans to directors during the current and comparative year. Compensation for services provided to the Group by key management personnel during the year amounted to €2,103,560 (2022: €1,990,228). The total remuneration paid to directors during the year amounted to €1,264,356 (2022: €1,189,991). In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers. Directors' remuneration is included in note 11.

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over the financial or operating policies of these companies.

34.4 Other related party transactions

In addition to the transactions disclosed in the statements of changes in equity and cash flows and notes 18, 19, 20, 21, 27, and 29 to these financial statements, there were the following related party transactions:

	The Company	
	2023	2022
	€	€
Subsidiaries		
Interest charged to	**1,390,633**	1,476,763
Interest charged by	**227,732**	68,818
Management fees	**1,600,000**	989,221
Net advances to	**1,350,824**	1,440,564
Recharges	**1,388,646**	2,499,264

	The Group	
	2023	2022
	€	€
Other related parties		
Services provided by	**92,970**	110,376
Associates and Joint ventures		
Services provided by	**133,072**	111,618
Recharges to	**57,354**	128,797
Loans advanced by	**181,218**	37,192
Other related companies		
Services provided to	**287,575**	21,619
Loan repayment from	**-**	3,953,954
Services provided by	**-**	479,271
Directors		
Services provided to	**20,456**	23,223

34 Related parties (continued)

34.5 Related party balances

Information on amounts due from or payable to related parties are set out in notes 18, 19, 20, 21, 27 and 29 to these financial statements.

35 Subsequent events

In January 2024, the Company has entered into an agreement with its subsidiary Medserv M.E. Limited to transfer its investment in Middle East Tubular Services Holdings Limited to the Company payable by way of set-off against the loan agreements dated 5 September 2016, individually comprising loans in the principal sums of €20,840,518, €9,074,410 and USD 9,033,749 respectively.

In February 2024, the Company paid an interim dividend of €1 million, representing an interim dividend of €0.0098389 per share. The said dividend represents profits generated by the Company during the current financial year arising from dividends distributed within the Group during January 2024.

In February 2024, Medserv Operations Limited has been awarded a new contract with Mellitah Oil & Gas B.V Libyan Branch for the provision of logistics and marine services in Malta in support of the upcoming projects in offshore Libya.

Regis Holdings Limited secured a loan from a private bank in February 2024, amounting to USD 1,900,000. The loan is interest bearing, currently at 6.32% p.a., renewable on a quarterly basis and secured by the investment portfolio held and managed by the same bank (see note 22).

On 6 March 2024, the Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the overnight deposit and lending rates and the Central Bank’s main operation rate by 600 basis points, reaching 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rates were also raised by 600 points, reaching 27.75%, and adopting a flexible exchange rate system so that the exchange rate reflects the value of the Egyptian pound against other foreign currencies through the forces of supply and demand, which led to a decline in the exchange rate of the Egyptian pound. The potential impact of the decline in the Egyptian pound exchange rate on the Group's performance remains uncertain as of the date of this report. However, management continues to monitor the situation closely.

36 Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year’s presentation format for the purpose of fair presentation.

Independent auditor's report

To the Shareholders of MedservRegis p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the "financial statements") of MedservRegis p.l.c. give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

MedservRegis p.l.c.'s financial statements comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2023;
- the Consolidated and Parent Company statements of profit or loss and other comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Independence

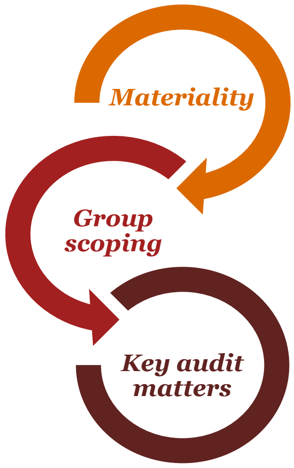
We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements 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 Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 January 2023 to 31 December 2023, are disclosed in note 10 to the financial statements.

Our audit approach

Overview



- Overall group materiality: €739,000, which represents 1% of revenue

- We conducted a full scope audit of the significant components and performed specified audit procedures on certain account balances in other components.
- The group engagement team performed oversight procedures on the work of component teams for all significant locations.

- Impairment assessment of goodwill, intangible assets, right-of-use assets and property, plant and equipment at Group level
- Recoverability of deferred tax assets at Group level
- Impairment assessments of investments in subsidiaries and loans receivable from subsidiaries at Company level

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€739,000
How we determined it	1% of revenue
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €73,900 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the Key audit matter*
Impairment assessment of goodwill, intangible assets, right-of-use assets and property, plant and equipment at Group level The Group's assets include goodwill and intangible assets amounting to €15,547,484 right-of-use assets amounting to €52,349,165 and property, plant and equipment amounting to €30,754,668 relating to businesses operating in the Oil Country Tubular Goods ("OCTG") segment (collectively referred to as "METS sub-group") and businesses operating in Integrated Logistics Support Services ("ILSS segment") (Notes 14, 15 and 32). Each of those businesses is considered by the Group to be a separate cash generating unit ("CGU" or "CGUs"). Goodwill arising from the reverse acquisition of the Medserv group of companies has been allocated to a collection of CGUs (i) the OCTG segment as a whole ("OCTG CGU") and (ii) ILSS segment as a whole ("ILSS CGU"). At each reporting date, the Group is required to determine whether there are any indications of impairment in relation to goodwill, intangible assets, right-of-use assets and property, plant and equipment. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. If such indicators exist (at the asset or separate CGU level), the Group is required to estimate the recoverable amount of that asset or that CGU of which the asset forms part. The OCTG CGU and ILSS CGU, to which the goodwill relates to, are separately tested for impairment annually.	We involved our valuation experts, as appropriate, in performing our procedures. As part of those procedures, for each individual asset, separate CGUs, the OCTG CGU and the ILSS CGU identified in this key audit matter: - we compared the Group's 2023 budgets with the actual performance of each relevant business unit for the reporting period and made enquiries as to the reasons for any significant variations identified and assessed the reasonableness of the explanations provided, by corroborating these against supporting documentation and our knowledge of the Group; - we assessed the impact of the underlying business risk factors and the assumptions applied in the value-in-use analysis, at reporting date, including projected revenue growth and EBITDA margins with reference to our understanding of the Group, historical trends, available industry information, available market data and relevant documentation on contracted and current business pipeline; - we assessed whether the discount rates applied in the discounted cash flow forecasts under the VIU model were within an appropriate range by reference to comparable market data; - through sensitivity analysis, we assessed the impact on the impairment assessment of reasonable possible changes in the key assumptions in the value-in-use analysis including discount rate, annual revenue growth rate and EBITDA margins used for estimating the recoverable amount; - we sourced independent market values and rates for comparable assets in the respective markets and compared them to the client's assessed values which in many instances were based on third party valuations;

The key risk factors identified by the Group for the businesses to which the separate CGUs, OCTG CGU and ILSS CGU relate are: (i) the global, country and macroeconomic risks; (ii)customer concentration risk and (iii)Market volatility in oil and gas prices driven by the related demand and their impact on the customers business activity in the context of geopolitical tensions and trends in the energy generation markets. The recoverable amount for each asset (tested individually) and each separate CGU, the OCTG CGU and ILSS CGU was estimated using either the Fair Value Less Costs of Disposal ('FVLCD') or Value in Use ('VIU') as per the applicable financial reporting framework. The key inputs, specific to the Group, comprise future cash flows, growth rates and discount rates for VIU assessments and market prices and rates for comparable assets under the FVLCD assessments. The client has developed models which estimate the recoverable amount for each asset factoring the above inputs as applicable to the respective method which are approved by the board of directors. The resulting fair values are also challenged and approved by the Board before being reflected in the Group consolidated financial statements. The valuation models and related inputs are complex, unobservable and subject to inherent estimation uncertainty and therefore, require significant judgement. Hence, we have identified this area as a key audit matter.	- We tested the key assumptions applied in the valuation of the right-of-use asset, including selling price per square meter (by independently sourcing property listings in the respective locations), areas, capitalization rate, inflation rate, discount rate, number of years and leasehold factor; - through sensitivity analysis, we assessed the impact on the value to reasonable possible changes in the key assumptions in the valuation, including selling rates per square meter, leasehold factor and discount rates used for estimating the recoverable amount of the right-of-use asset; - we tested the mathematical accuracy of the valuation models prepared by management to assess the recoverable amount of goodwill, intangible assets, right-of-use assets and property, plant and equipment, and; - we evaluated the adequacy of disclosures made in Notes 3, 4.5, 4.6, 4.7, 14, 15 and 32 to the financial statements, including those regarding the key assumptions. Based on the work performed, we found the value of goodwill, intangible assets, right-of-use assets and property, plant and equipment, as well as the related disclosures required by IAS 36 and IFRS 16, to be consistent with the explanations and evidence obtained.

Recoverability of deferred tax assets at Group level

At 31 December 2023, one of the Group's subsidiaries, Medserv Operations Limited, has deferred tax assets recognized on unutilized investment tax credits amounting to €9,251,167 (Note 16).

In accordance with the applicable financial reporting framework, deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which these tax benefits can be utilised. The recognition of deferred tax assets, therefore, requires significant judgement in estimating future taxable profits based on profit forecasts drawn up by management at the reporting date.

The amount of deferred tax assets recognised in the financial statements are expected to be recovered within the foreseeable future.

Such estimation uncertainty might lead to material differences between the projected period for utilization of tax credits compared with actual timing of utilization and hence we have selected this area as a key audit matter.

As part of our audit procedures:

- we compared the budget prepared for 2023 with the actual performance for the reporting period for Medserv Operations Limited and enquired about any significant variations identified. We assessed and verified the reasonableness of the explanations provided, by corroborating these against supporting documentation and our knowledge of Medserv Operations Limited;

- we reviewed the profitability projections prepared by management and evaluated the assumptions adopted in the preparation of taxable profit forecasts at the reporting date with reference to our understanding of Medserv Operations Limited's business, historical trends, available industry information and available market data and relevant documentation on its contracted and current business pipeline;

- we recomputed the utilisation of tax credits in line with the taxable profit projections and assessed whether these tax credits are expected to be utilised within a reasonable timeframe and;

- we evaluated the adequacy of disclosures made in Notes 3, 4.15 and 16 to the financial statements, including those regarding the key assumptions.

Based on the work performed, we found the value of deferred tax assets, as well as the related disclosures to be consistent with the explanations and evidence obtained.

Impairment assessments of investments in subsidiaries and loans receivable from subsidiaries at parent company level

The Company's assets include, amongst others, investments in subsidiaries and loans receivable from subsidiaries amounting to €47,622,803 and €23,810,165 (Notes 19 and 20).

Each subsidiary comprises a separate cash generating unit. At each reporting date, the Company is required to determine whether there is any indication of impairment on the investments in subsidiaries. If such indicators exist (at separate CGU level), the Company is required to estimate the recoverable amount of that CGU.

The key risk factors identified by the Company for the businesses to which the separate CGUs relate are:
(i) the global, country and macroeconomic risks;
(ii) customer concentration risk; and
(iii) market volatility in oil and gas prices driven by the related demand and their impact on the customers business activity in the context of geopolitical tensions and trends in the energy generation markets.

For loans receivable from the subsidiaries which are in default, the Company assesses whether those receivables are credit impaired. Any credit losses are measured at the present value of all cash shortfalls. In estimating any shortfalls, the Company applied the same projections used for the value-in-use analysis prepared in estimating the recoverable amount of investments in these subsidiaries. The recoverability of those receivables is supported by the same projections, and subject to the same risk factors and key assumptions as those underlying the calculation of the recoverable amount of the related investments.

In estimating the recoverable amount, as per the applicable financial reporting framework, the directors prepare a value-in-use analysis for each separate CGU. The key inputs, specific to the Company, comprise future cash flows, growth rates and discount rates. Those inputs are subject to inherent estimation uncertainty and therefore, significant judgement. Hence, we have identified this area as a key audit matter.

We involved our valuation experts, as appropriate, in performing our procedures in relation to the 'investment in subsidiaries'. As part of those procedures, for each separate CGU:

- we compared the Group's 2023 budgets with the actual performance of each relevant business unit for the reporting period and made enquiries as to the reasons for any significant variations identified and assessed the reasonableness of the explanations provided, by corroborating these against supporting documentation and our knowledge of the Group;

- we assessed the impact of the underlying business risk factors and the assumptions applied in the value-in-use analysis, at reporting date, including projected revenue growth and EBITDA margins with reference to our understanding of the Group, historical trends, available industry information, available market data and relevant documentation on contracted and current business pipeline;

- we assessed whether the discount rates applied in the discounted cash flow forecasts under the VIU model were within an appropriate range by reference to comparable market data;

- through sensitivity analysis, we assessed the impact on the impairment assessment of reasonable possible changes in the key assumptions in the value-in-use analysis including discount rate, annual revenue growth rate and EBITDA margins used for estimating the recoverable amount, and;

- we tested the mathematical accuracy of the valuation models prepared by management to assess the recoverable amount of the investment in subsidiaries.

- Our procedures, noted above in relation to the 'investment in subsidiaries' were also used to evaluate the Company's assessment of the expected credit loss of the past due loans receivable from subsidiaries.

- We evaluated the adequacy of disclosures made in Notes 3, 4.1, 4.3, 19 and 20 to the financial statements, including those regarding the key assumptions.

Based on the work performed, we found the value of investments in subsidiaries and loans receivable from subsidiaries, as well as the related disclosures to be consistent with the explanations and evidence obtained.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group includes a number of subsidiaries, mainly operating in Malta, Cyprus, Egypt, Oman, Iraq, Uganda, Mozambique and Mauritius. It also holds a number of investments in associates. The financial statements are a consolidation of all of these components.

We therefore assessed what audit work was necessary in each of these components, based on their financial significance to the financial statements and our assessment of risk and Group materiality. At the component level, we performed full scope audits in order to achieve the desired level of audit evidence on all the significant components and performed specified audit procedures on certain account balances in other components.

In establishing the overall audit approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or by component auditors. For the work performed by component auditors operating under our instructions, we determined the level of involvement we needed to have in the audit work at those locations to be satisfied that sufficient audit evidence had been obtained for the purposes of our opinion. We kept in regular communication with audit teams throughout the year with phone calls, discussions and written instructions and review of working papers where appropriate.

We ensured that our involvement in the work of our component auditors, together with the additional procedures performed at the Group level, were sufficient to allow us to conclude on our opinion on the Group financial statements as a whole. In addition, site visits in Mozambique and UAE were carried out during the year.

The Group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises all of the information in the Annual Financial 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 and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company'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 Group or the Parent Company 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 audit 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with 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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

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

Responsibilities of the directors

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

Our responsibilities

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

Our procedures included:

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

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

Opinion

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

Other reporting requirements

The *Annual Report 2023* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report 2023* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements. With respect to the information required by paragraphs 8 and 11 of the Sixth Schedule to the Act, our responsibility is limited to ensuring that such information has been provided.	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; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Area of the *Annual Report 2023* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.	We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements. We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority. We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Remuneration Statement and Report The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.	We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.	In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or 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 which, to the best of our knowledge and belief, we require for our audit. We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 29 July 2022. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of two years.

Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

26 April 2024