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COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by 1923 Investments p.l.c. (the "Company") in terms of Listing Rule 5.16.20

QUOTE

The Company hereby announces that the Board of Directors approved the Company's half yearly financial report and unaudited Interim Financial Statements for the period ending 30 June 2021.

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

https://www.1923investments.com/financial-statements/

UNQUOTE

By order of the Board

Dr Melanie Miceli Demajo
Company Secretary

11 August 2021

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Interim Financial Report (Unaudited)

For the period 1 January 2021 to 30 June 2021

Contents

The directors present their interim report, together with the unaudited interim condensed financial statements (the "condensed interim financial statements") of the company and its subsidiaries (the "group") for the period from 1 January 2021 to 30 June 2021.

Principal activities

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

The group is engaged in (i) the sale and distribution of Apple Products and third party electronic products as an Apple Premium Reseller, (ii) the sale, maintenance and servicing of information technology solutions, security systems and provides electronic payment solutions, (iii) providing road, sea and air logistics services including the provision of ship-to-ship transfer services and LNG terminal management.

Business review

The group

During the period under review, the group registered an operating profit of Eur4,302,750 (June 2020: *Eur1,734,789*) on revenues of Eur70,881,704 (June 2020: *Eur63,671,730*).

After accounting for the investment income and finance costs, the group registered a profit before tax of Eur2,940,409 (June 2020: *Eur505,566*).

The overall improvement of these results was due to better performance by iSpot Sp. z.o.o. ('iSpot') which has achieved a profit before tax of Eur1,106,399 (June 2020: *Eur45,039*).

By virtue of the results published by Harvest Technology p.l.c. on 3 August 2021, Harvest Technology and its subsidiaries have registered a consolidated profit before tax of Eur1,933,284 (June 2020: *Eur1,864,967).*

Hili Logistics Limited has also performed better when compared to the first half of 2021, with a profit before tax amounting to Eur1,212,029 (June 2020: *Eur346,661).*

The group's net assets for the period under review amounted to Eur48,344,783 compared to *Eur45,574,056* as at 31 December 2020.

The company

During the period under review, the company registered an operating profit of Eur262,667 (June 2019: *Eur101,666*). After accounting for investment income and finance costs, the company registered a pre-tax loss of Eur263,208 (June 2020 – *Eur1,213,427*).

The net assets of the company as at 30 June 2021 amounted to Eur49,505,343 compared to *Eur49,718,592* as at 31 December 2020.

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2021 and its comparative period in 2020.

Business Update

The results for the period 1 January to 30 June 2021 show that the Group has exceeded last year's results. As noted above, iSpot improved its profit before tax by €1,061,360. This is mainly due to sustained increased demand for Apple products as well as better mix of products which led to a higher profit margin on revenue which reached €47,727,000 in the first half of 2021 (2020 results: €43,729,000) which is an increase of 9% over the same period last year.

The logistics business reported an improvement in performance in relation to the warehousing business, agency services as well as the joint venture with CMA CGM. ALLcom achieved stable profits similar to the first half of 2020.

STS Marine Solutions Limited performed large contracts in the LNG STS sector during the first half of 2021 whilst the Oil STS business was impacted by travel restrictions and a slow ramp up of the global economy.

Harvest Technology achieved slightly better results compared to the same period last year due to a stable performance of its subsidiaries.

Effects of the Financial Action Task Force decision

On 25 June 2021, the Financial Action Task Force (FATF) placed Malta on its "grey list". It is pertinent to note that through its subsidiaries and internationalisation efforts, 1923 Investments is present in a number of jurisdictions outside Malta, primarily Poland, Hungary and the UK. Nevertheless, the board of directors will actively watch the developments of the impact of the FATF listing, both at a national as well at an international front. This to ensure that any immediate action required to this extent is taken should it be required.

Effects of the Covid-19 pandemic

Following the outbreak of the Covid-19 pandemic, the directors have continued to actively monitor all developments currently taking place both locally and internationally in order to take any immediate action to safeguard the interest of the Group as necessary. Although the Group managed to improve on actual results of the previous reporting period and on budgeted figures, such events might still have an impact on the performance and financial position of the Group in the future due to any unforeseen effects that such pandemic might have on the economies and industries in which the Group operates.

Whilst the situation remains fluid and future events may have an adverse effect on the Group's future profitability, liquidity and financial position, the outlook remains cautiously optimistic.

During the first few months of the year, the Group has, to a great degree where applicable, implemented a work-from-home approach in order to protect its staff from unnecessary travel and has required its workforce to use protective equipment in line with Government guidelines for essential on-site visits to customers due to the nature of its operations. This strategy proved to be successful with minimal disruptions to clients and other business partners.

Wherever possible, the Group has utilised the Government's wage supplement which has assisted in creating stability and peace of mind to its employees while at the same time giving management the ability to further invest in a safer work environment that will be beneficial to its workforce in the longer term.

Post balance sheet events

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

Preparation of the Condensed Consolidated Interim Financial Statements

This report is being published in terms of the Listing Rule 5.75 issued by the Listing Authority, and has been prepared in accordance with the applicable listing Rules and International Accounting Standard 34 - Interim Financial Reporting. The financial statements published in this half-yearly report have been condensed in accordance with the requirements of IAS 34. The comparative statements have been extracted from the audited financial statements for the year ended 31 December 2020 and the management accounts for the period ending 30 June 2020. In terms of the Listing Rule 5.75.5, the Directors are stating that these condensed interim financial statements have not been audited or reviewed by the company's independent auditors.

Approved by the Board of Directors on 11th August 2021 and signed on its behalf by:

Charles Borg
Chairman

Dorian Desira
Director

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Condensed Statements of Profit or Loss and Other Comprehensive Income

Period ended 30 June 2021

	Group		Company	
	1 January to 30 June 2021	1 January to 30 June 2020	1 January to 30 June 2021	1 January to 30 June 2020
	Eur	Eur	Eur	Eur
Revenue (note 4)	70,881,704	63,671,730	505,000	333,333
Cost of sales	(57,660,193)	(53,758,216)	-	-
Gross profit	13,221,511	9,913,514	505,000	333,333
Administrative expenses	(8,918,761)	(8,178,725)	(242,333)	(231,667)
Operating profit	4,302,750	1,734,789	262,667	101,666
Investment income	-	93,936	415,928	(38,703)
Finance costs	(1,700,753)	(1,529,765)	(941,803)	(1,276,390)
Share of profits in associates	338,412	206,606	-	-
Share of loss in joint ventures	-	-	-	-
Profit before tax	2,940,409	505,566	(263,208)	(1,213,427)
Income tax (expense)/credit	(1,082,876)	(662,669)	49,959	69,180
Loss for the period	1,857,533	(157,103)	(213,249)	(1,144,247)
Other comprehensive income items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	1,082,027	(1,542,555)	-	-
Total comprehensive loss for the period	2,939,560	(1,699,658)	(213,249)	(1,144,247)
Profit attributable to :				
Owners of the company	1,566,337	(452,868)		
Non-controlling interests	291,196	295,765		
	1,857,533	(157,103)		
Total comprehensive loss attributable to :				
Owners of the company	2,648,364	(1,995,423)		
Non-controlling interests	291,196	295,765		
	2,939,560	(1,699,658)		

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Condensed Statements of Financial Position
at 30 June 2021

	Notes	Group		Company	
		30 June 2021 Unaudited	31 December 2020 Audited	30 June 2021 Unaudited	31 December 2020 Audited
		Eur	Eur	Eur	Eur
Assets and liabilities					
Non-current assets					
Goodwill	5	**62,359,732**	61,690,558	**-**	-
Intangible assets	6	**11,868,360**	11,689,473	**-**	-
Property, plant and equipment		**10,981,227**	10,056,907	**2,855**	3,960
Right-of-use assets	7	**7,943,645**	8,554,777	**-**	-
Investments in subsidiaries		**-**	-	**66,832,577**	66,832,577
Investments in associates		**369,105**	496,191	**-**	-
Investment in joint venture		**914,084**	965,831	**682,375**	682,375
Other investments		**50,000**	50,000	**-**	-
Loans and receivables		**3,001,254**	1,846,537	**29,378,487**	26,091,177
Deferred tax assets		**1,720,558**	1,607,884	**351,212**	301,262
		99,207,965	96,958,158	**97,247,506**	93,911,351
Current assets					
Inventories		**10,925,057**	9,692,000	**-**	-
Loans and receivables		**388,838**	531,667	**1,024,746**	4,512,200
Contract assets		**1,736,496**	1,749,577	**-**	-
Other assets		**85,562**	1,013,114	**-**	25,868
Trade and other receivables	8	**12,842,134**	12,616,602	**184,414**	371,380
Cash and cash equivalents		**9,695,824**	11,380,270	**2,117,673**	416,990
Current tax assets		**1,160,623**	1,550,171	**608,989**	958,322
		36,834,534	38,533,401	**3,935,822**	6,284,760
Total assets		**136,042,499**	135,491,559	**101,183,328**	100,196,111
Current liabilities					
Trade and other payables	9	**24,031,652**	22,602,848	**1,738,288**	710,393
Contract liabilities		**1,546,436**	1,315,246	**-**	-
Other financial liabilities	10	**214,707**	239,536	**182,650**	-
Bank overdraft	11	**590,456**	4,719,247	**-**	-
Bank loans		**212,092**	586,790	**212,092**	294,593
Lease liability	7	**2,442,355**	2,302,930	**-**	-
Current tax liabilities		**2,009,633**	1,287,032	**-**	-
		31,047,331	33,053,629	**2,133,030**	1,004,986
Non-current liabilities					
Debt securities in issue	12	**35,717,820**	35,677,368	**35,717,826**	35,677,368
Trade and other payables	9	**351,703**	185,927	**-**	-
Other financial liabilities	10	**11,215,975**	11,402,552	**11,814,451**	11,983,385
Bank loans		**2,012,678**	1,811,780	**2,012,678**	1,811,780
Lease liability	7	**6,113,833**	6,536,682	**-**	-
Deferred tax liabilities		**1,238,376**	1,249,565	**-**	-
		56,650,385	56,863,874	**49,544,955**	49,472,533
Total liabilities		**87,697,716**	89,917,503	**51,677,985**	50,477,519
Net assets		**48,344,783**	45,574,056	**49,505,343**	49,718,592

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Condensed Statements of Financial Position (Continued)
at 30 June 2021

	Group		Company	
	30 June 2021 Unaudited	31 December 2020 Audited	30 June 2021 Unaudited	31 December 2020 Audited
	Eur	Eur	Eur	Eur
Equity				
Share capital	**52,135,000**	49,575,000	**52,135,000**	49,575,000
Other equity	**(4,741,736)**	(2,181,736)	**154,629**	2,714,629
Exchange reserve	**(4,641,538)**	(5,723,565)	-	-
Retained Earnings /Accumulated losses	**997,971**	(568,366)	**(2,784,286)**	(2,571,037)
Equity attributable to owners of the company	**43,749,697**	41,101,333	**49,505,343**	49,718,592
Non-controlling interests	**4,595,086**	4,472,723	-	-
Total equity	**48,344,783**	45,574,056	**49,505,343**	49,718,592

Condensed Statements of Changes in Equity

for the period ended 30 June 2021

Group

	Share capital	Other equity	Retained Earnings / (Accumulated losses)	Translation reserve	Attributable to equity holders of the parent	Non-controlling interests	Total equity
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Balance as at 1 January 2020	49,575,000	(4,741,736)	(2,861,061)	(745,327)	41,226,876	3,835,897	45,062,773
Transactions with owners:							
Dividend paid to minority interest	-	-	-	-	-	(489,649)	(489,649)
	-	-	-	-	-	**(489,649)**	**(489,649)**
Profit for the year	-	-	2,292,695	-	2,292,695	1,126,475	3,419,170
Other comprehensive loss for the year	-	-	-	(4,978,238)	(4,978,238)	-	(4,978,238)
Total comprehensive income	-	-	**2,292,695**	**(4,978,238)**	**(2,685,543)**	**1,126,475**	**(1,559,068)**
Loan from parent	-	**2,560,000**	-	-	**2,560,000**	-	**2,560,000**
Balance as at 31 December 2020	**49,575,000**	**(2,181,736)**	**(568,366)**	**(5,723,565)**	**41,101,333**	**4,472,723**	**45,574,056**
Transactions with owners:							
Dividend paid to minority interest	-	-	-	-	-	(168,833)	(168,833)
	-	-	-	-	-	**(168,833)**	**(168,833)**
Profit for the period	-	-	1,566,337	-	1,566,337	291,196	1,857,533
Other comprehensive loss for the period	-	-	-	1,082,027	1,082,027	-	1,082,027
Total comprehensive income for the period	-	-	1,566,337	1,082,027	2,648,364	291,196	2,939,560
Capitalisation of loan	**2,560,000**	**(2,560,000)**	-	-	-	-	-
Balance as at 30 June 2021	**52,135,000**	**(4,741,736)**	**997,971**	**(4,641,538)**	**43,749,697**	**4,595,086**	**48,344,783**

Holding company

	Share capital	Other equity	Retained earnings / (accumulated losses)	Total
	Eur	Eur	Eur	Eur
At 1 January 2020	49,575,000	154,629	(1,024,672)	48,704,957
Loss for the year	-	-	(1,546,365)	(1,546,365)
Total comprehensive income	**-**	**-**	**(1,546,365)**	**(1,546,365)**
Loan from parent	**-**	**2,560,000**	**-**	**2,560,000**
At 31 December 2020	**49,575,000**	**2,714,629**	**(2,571,037)**	**49,718,592**
Loss for the period	-	-	(213,249)	(213,249)
Total comprehensive income	-	-	(213,249)	(213,249)
Capitalisation of loan	**2,560,000**	**(2,560,000)**	**-**	**-**
At 30 June 2021	**52,135,000**	**154,629**	**(2,784,286)**	**49,505,343**

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Condensed Statements of Cash Flows
for the period ended 30 June 2021

	The group 1 January to 30 June 2021 Eur	The group 1 January to 30 June 2020 Eur	The company 1 January to 30 June 2021 Eur	The company 1 January to 30 June 2020 Eur
Operating activities				
Profit /(loss) before tax	2,940,409	505,566	(263,208)	(1,213,427)
Adjustments	2,817,582	2,698,913	601,035	(356,025)
Net changes in working capital	(1,644,138)	5,238,011	378,686	463,802
Interest paid	(244,335)	(260,577)	(235,068)	(8,395)
Net tax (paid)/refunded	(51,022)	(54,828)	509,680	279,891
Net cash generated from/(used in) operating activities	**3,818,496**	**8,127,085**	**991,125**	**(834,154)**
Investing activities				
Payments to acquire plant and equipment	(1,971,238)	(364,234)	-	-
Payments to acquire intangible assets	(312,063)	(234,867)	-	-
Payments to acquire investment	-	(13,393,831)	-	(13,393,831)
Proceeds from disposal of plant and equipment	3,841	15,837	-	-
Repayments to parent company		-	(30,650)	(549,158)
Payments from subsidiaries		-		
Proceeds from related companies	2,562,832	19,053,438	296,256	13,550,162
Payments to related companies	(611,480)	(6,259,207)	-	(18,963)
Dividends received from subsidiaries	-	-	287,090	258,311
Net cash (used in)/generated from investing activities	**(328,108)**	**(1,182,864)**	**552,696**	**(153,479)**

Condensed Statements of Cash Flows
for the period ended 30 June 2021

	The group 1 January to 30 June 2021 €	The group 1 January to 30 June 2020 €	The company 1 January to 30 June 2021 €	The company 1 January to 30 June 2020 €
Financing activities				
Proceeds from bank loan	430,000	2,646,509	430,000	2,250,000
Repayments of bank loans	(565,335)	(50,000)	(273,138)	-
Payments for lease obligations	(811,829)	(1,182,166)	-	-
Interest paid on leasing arrangements	(98,879)	(211,156)	-	-
Net cash (used in)/generated from financing activities	**(1,046,043)**	**1,203,187**	**156,862**	**2,250,000**
Net change in cash and cash equivalents	**2,444,345**	**8,147,408**	**1,700,683**	**1,262,367**
Cash and cash equivalents, beginning of year	6,661,023	14,379,388	416,990	10,624,983
Cash and cash equivalents, end of period	**9,105,368**	**22,526,796**	**2,117,673**	**11,887,350**

1. Basis of preparation

The condensed consolidated interim financial statements as at end of 30 June 2021 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, "Interim Financial Reporting"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS as adopted by the EU.

2. Significant accounting policies

2.1 Statement of compliance with IFRS

The condensed interim financial statements have been prepared under the historic cost convention, except for financial instruments at fair value through profit or loss and available-for-sale financial assets, which are stated at their fair values. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the group's and company's annual financial statements for the year ended 31 December 2020.

2.2 New standards, amendments and interpretations adopted as at 1 January 2021

Some accounting amendments which have become effective from 1 January 2021 and have been adopted by the Group and the company do not have a significant impact on the Group and Company's financial results or position. Accordingly, the Group and the Company have made no changes to its accounting policies in 2021.

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

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

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

3. Segmental reporting

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

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

Throughout the period, the group operated in three principal geographical areas – Malta (country of domicile), Poland and UK.

Measurement of operating segment profit or loss, assets and liabilities

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

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

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

Profit or loss before tax

	1 January to 30 June 2021 Unaudited	1 January to 30 June 2020 Unaudited
	Eur	Eur
Total profit for reportable segments	**4,028,445**	2,407,443
Other unallocated amounts	**(1,088,036)**	(1,901,877)
Profit before tax	**2,940,409**	505,566

Assets

	30 June 2021 Unaudited	31 December 2020 Audited
	Eur	Eur
Total assets for reportable segments	**91,493,980**	93,721,442
Elimination of receivables	**(70,499,427)**	(69,008,703)
Unallocated amounts		
Property, plant and equipment	**1,967,335**	1,968,093
Right-of-use assets	**179,094**	208,944
Goodwill	**62,359,732**	61,690,558
Intangible assets	**11,868,360**	10,140,355
Loans and receivables	**30,853,233**	31,309,188
Deferred tax assets	**462,245**	410,470
Trade and other receivables	**1,927,563**	1,881,222
Cash and cash equivalents	**3,287,478**	661,779
Current tax assets	**1,041,428**	1,253,782
Other unallocated amounts	**1,101,478**	1,254,429
	136,042,499	135,491,559

3. Segmental reporting (continued)

Liabilities

	30 June 2021 Unaudited	31 December 2020 Audited
	Eur	Eur
Total liabilities for reportable segments	68,391,944	71,806,127
Elimination of liabilities	(38,297,162)	(38,899,233)
Unallocated amounts		
Bank loans	2,224,770	
Other financial liabilities	15,402,011	20,017,785
Lease liabilities	168,250	193,096
Deferred tax liabilities	-	371,910
Debt securities in issue	35,717,826	35,677,368
Trade and other payables	4,037,043	750,450
Other unallocated amounts	53,034	-
	87,697,716	89,917,503

3. Segmental reporting (continued)

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

	Retail and IT Solutions (Poland) 2021	Payment processing services 2021	IT solutions and security systems 2021	Logistics 2021 (Malta, UK and Poland)	Total 2021	Unallocated 2021	Eliminations and adjustments 2021	Consolidated 2021
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	50,113,280	3,483,799	5,024,090	15,200,743	73,821,912	834,161	(3,774,369)	70,881,704
Profit/(loss) before tax	1,123,183	1,756,240	635,036	513,986	4,028,445	2,560,889	(3,648,925)	2,940,409
Depreciation and amortisation	1,973,410	206,584	170,579	585,864	2,936,437	35,650	(13,546)	2,958,541
Segment assets	61,170,645	4,505,406	8,247,657	17,570,272	91,493,980	154,492,737	(109,944,218)	136,042,499
Capital expenditure	472,965	130,797	10,475	1,306,143	1,920,380	3,014	-	1,923,394
Segment liabilities	40,536,842	2,964,101	6,303,609	18,587,392	68,391,944	57,134,554	(37,828,782)	87,697,716
Income tax expense/(credit)	247,100	620,017	224,528	355,897	1,447,542	954,998	(1,319,664)	1,082,876

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3. Segmental reporting (continued)

	Retail and IT Solutions (Poland) 2020	Payment processing services 2020	IT solutions and security systems 2020	Logistics 2020 (Malta and Poland)	Total 2020	Unallocated 2020	Eliminations and adjustments 2020	Consolidated 2020
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	45,195,853	3,780,326	5,991,195	10,647,873	65,615,247	829,287	(2,772,804)	63,671,730
Profit/(loss) before tax	(3,422)	1,927,043	161,651	322,171	2,407,443	(193,109)	(1,708,768)	505,566
Depreciation and amortisation	2,108,173	190,696	186,774	265,242	2,750,885	3,932	(18,329)	2,736,488
Segment assets	63,704,393	4,911,707	8,081,387	17,023,955	93,721,442	141,586,985	(99,816,868)	135,491,559
Capital expenditure	1,084,173	360,060	73,230	6,973,432	8,490,895	17,578	-	8,508,473
Segment liabilities	44,121,370	2,723,732	6,547,846	18,413,179	71,806,127	56,542,231	(38,430,855)	89,917,503
Income tax expense/(credit)	(753)	674,473	56,570	68,865	799,155	318,136	(454,622)	662,669

4. Revenue

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

	The group June 2021 €	The group June 2020 €	The company June 2021 €	The company June 2020 €
Sale and distribution of Apple products	47,311,843	42,536,408	-	-
Logistics and transport services	15,274,243	10,707,873	-	-
Sale of IT related products	1,683,084	3,127,314		
Rendering of services and development	2,067,488	2,746,870	-	-
Maintenance, support and servicing	1,688,745	1,550,073	-	-
Payment gateway services	2,856,301	3,003,192	-	-
Management fees	-	-	505,000	333,333
	70,881,704	**63,671,730**	**505,000**	**333,333**

5. Goodwill

Group

	Eur
At 01.01.2020	50,977,993
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	(3,641,494)
Amounts recognised on acquisition of a subsidiary within the group	14,354,059
At 31.12.2020	61,690,558
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	669,174
At 30.06.2021	62,359,732

5. Goodwill (continued)

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

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

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

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

At 30 June 2021, goodwill was allocated as follows:

1. €20,058,446 (31 December 2020: €21,368,026) to the polish subsidiary iSpot Poland Sp. z.o.o. which operates the Apple Premium Reseller Business;
2. €3,860,898 (31 December 2020: €3,860,898) to APCO Systems Limited which operates the electronic payment gateway.
3. €2,168,112 (31 December 2020: €2,168,112) to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
4. €1,464,476 (31 December 2020: €1,464,476) to PTL Limited which operates in the business of selling and maintenance of IT solutions and security systems.
5. €34,807,800 (31 December 2020: €32,829,046) to Hili Logistics group which operates in the business of providing road, sea and air logistics services, as well as to STS Marine Solutions Limited which operates in oil STS and LNG STS business.

CGU – Retail and IT solutions (Poland)

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

5. Goodwill (continued)

Following the assessment that the directors carried out on this CGU's goodwill as at 31 December 2020 and after registering significantly better than expected performance in the first six months of 2021 against the same period last year despite the COVID-19 pandemic, the directors are comfortable with the current headroom and thus decided not to carry out a thorough assessment for these interim unaudited financial statements. In fact the directors note that profit before tax at iSpot increased from €45,039 in January to June 2020 to €1,106,399 during the period being reported. This positive momentum continues to date.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

CGU – Payment Processing Services

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

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- Forecasted cash flow projections for the next three years and the projection of terminal value using the perpetuity method;
- Growth rates to perpetuity of 0.01% - 30 June 2021 (31 December 2020: 0.1%); and
- Use of 16% (pre-tax) – 30 June 2021 (31 December 2020: 17.9% - pre-tax) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

CGU – IT Solutions and Security Systems

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

5. Goodwill (continued)

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- Forecasted cash flow projections for the next three years and the projection of terminal value using the perpetuity method;
- Growth rates to perpetuity of 0.01% - 30 June 2020 (31 December 2020: 0.1%); and
- Use of 14.2% - 22.6% (pre-tax) – 30 June 2020 (31 December 2020: 14.8% - 25.6% - pre-tax) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

CGU – Logistics

The directors of Hili Logistics Limited consider that the logistics business represents one single, consistent, and homogenous operating segment. In defining this assumption for the purpose of testing goodwill for impairment, the directors consider that although the entity has essentially three operating interests, each component on its own is not representative of a separate component of the group's operations. Moreover, decisions about resource allocation are made for the logistics operations of Malta, UK, Jersey and Poland as a whole. We note that the STS business recently acquired is closely aligned to the Maltese operations which Carmelo Caruana Co. Limited considers as its core function. The STS business which is carried out in Malta is dependent on the shared expertise, business development and on going collaboration between the unit at Carmelo Caruana Co. Limited and STS Marine Solutions Limited. Without this collaboration, the carrying out of operations at Malta level as well in other parts of the Mediterranean as determined from time to time may not be viable, competitive or even possible given the fact that the costs which both entities incur would be higher. In view of this the directors consider the logistics business to be one cash-generating unit (CGU).

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

5. Goodwill (continued)

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- Forecasted cash flow projections for the next three years and the projection of terminal value using the perpetuity method;
- Growth rates to perpetuity of 0.1% - 30 June 2021 (31 December 2020: 0.1%); and
- Use of 9.1% - 11.3% (pre-tax) – 30 June 2021 (31 December 2020: 10.4% - 12.7% - pre-tax) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

6. Intangible assets

Group

	Eur
Cost	
At 01.01.2020	13,096,576
Additions	630,097
Disposals	(868)
Effect of foreign exchange differences	(731,311)
At 31.12.2020	12,994,494
Additions	312,063
Effect of foreign exchange differences	84,682
At 30.06.2021	13,391,239
Amortisation	
At 01.01.2020	919,527
Provision for the period	384,648
Released on disposal	(868)
Effect of foreign exchange differences	1,714
At 31.12.2020	1,305,021
Provision for the period	217,431
Effect of foreign exchange differences	427
At 30.06.2021	1,522,879
Carrying amount	
At 31.12.2020	**11,689,473**
At 30.06.2021	**11,868,360**

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

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

Based on the assessments carried out as disclosed in note 5, the directors expect the carrying amount of intangible assets with an indefinite useful life to be recoverable.

7. Right of use asset

	Buildings	Motor vehicles	IT equipment	Total
	Eur	Eur	Eur	Eur
Gross carrying amount				
At 1 January 2020	12,960,802	526,997	48,110	13,535,909
Additions	1,888,266	23,691	-	1,911,957
Termination of leases	(208,323)	(10,013)	-	(218,336)
Foreign currency exchange differences	(715,091)	(643)	-	(715,734)
At 31 December 2020	13,925,654	540,032	48,110	14,513,796
At 1 January 2021	13,925,654	540,032	48,110	14,513,796
Additions	476,482	457,033	-	933,515
Disposals	(30,144)	-	-	(30,144)
Adjustment	(1,139,683)	(97,321)	-	(1,237,004)
At 30 June 2021	13,232,309	899,744	48,110	14,180,163
Depreciation				
At 1 January 2020	3,079,535	127,038	34,839	3,241,412
Provision for the year	2,787,133	108,198	10,564	2,905,895
Foreign currency exchange differences	(185,717)	(257)	(2,314)	(188,288)
At 31 December 2020	5,680,951	234,979	43,089	5,959,019
At 1 January 2021	5,680,951	234,979	43,089	5,959,019
Provision for the period	1,330,689	188,249	2,511	1,521,449
Adjustment	(1,146,029)	(97,321)	-	(1,243,350)
Effect of foreign exchange differences	(583)	(17)	-	(600)
At 30 June 2021	5,865,028	325,890	45,600	6,236,518
Carrying amount				
At 31 December 2020	**8,244,703**	**305,053**	**5,021**	**8,554,777**
At 30 June 2021	**7,367,281**	**573,853**	**2,510**	**7,943,645**

7. Right of use asset (continued)

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

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

The weighted average incremental borrowing rates applied to lease liabilities recognised under IFRS 16 was 3% on leases in Poland for the retail and IT solutions and 3.93% on leases in Malta and Poland for all other operations. Additions to right-of-use assets during 2020 amounting to Eur 135,422 have been recognised using the rate of 3.93% as these were additions for leases in Malta and there were no changes in such rate on the date when the new leases came into effect. Additions amounting to Eur 1,752,844 made during 2020 comprise of additions in the Apple retail business in Poland at a rate of 3.93%. Additions to right-of-use assets during January to June 2021 amounted to Eur 154,157 have been recognised using the rate of 3.93% as these were additions for leases in Malta and there were no changes in such rate on the date when the new leases came into effect. Additions amounting to Eur 322,324 made during 2021 comprise of additions in the Apple retail business in Poland at a rate of 3.93%.

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

Most of the buildings leased by the group in Malta and the logistics business in Poland had similar remaining lease terms and utilised in a similar economic and commercial environment. For leases of the outlets pertaining to the retail and IT solutions in Poland, the group has applied the discount rate of 3.93% applicable for each lease agreement and according to the lease duration due to the number of outlets occupied by this division in that country.

In addition, the group has financed all of its obligations internally and has therefore not been subject to market fluctuations in the interest rate from its borrowings with third-parties. The group does not expect these rates to vary significantly in the foreseeable future. Motor vehicles and IT equipment classified under right-of-use assets, are not considered by the group to be significant and therefore their initial measurement was not subject to a high degree of uncertainty.

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

	30 June 2021 Unaudited	31 December 2020 Audited
	Eur	Eur
Current:		
Lease liability	**2,442,355**	2,302,930
Non-current:		
Lease liability	**6,113,833**	6,536,682
	8,556,188	8,839,612

7. Right of use asset (continued)

The group has leases for its buildings, motor vehicles and IT equipment. With the exception of short-term leases and variable lease payments, each lease is included in the statement of financial position as a right-of- use asset and a lease liability. The group does not have any leases of low-value underlying assets which do not depend on an index or a rate (such as lease payments based on a percentage of group sales). The company classifies its right-of-use assets in a consistent manner to its plant and equipment as applicable.

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

8. Trade and other receivables

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

	Group		Company	
	30 June 2021 Unaudited	**31 December 2020 Audited**	**30 June 2021 Unaudited**	**31 December 2020 Audited**
	Eur	**Eur**	**Eur**	**Eur**
Trade receivables	**8,886,390**	8,134,172	-	-
Amounts owed by ultimate parent	**4,080**	16,025	-	-
Amounts owed by associates	-	383,250	-	-
Amounts owed by related parties	**17,661**	1,428,486	-	-
Other receivables	**466,266**	436,065	**34,414**	21,380
Prepayment and accrued income	**263,591**	400,144	**150,000**	150,000
Financial assets	**9,637,988**	10,798,142	**184,414**	171,380
Other receivables	**3,204,146**	1,818,460	-	200,000
Trade and other receivables – current	**12,842,134**	12,616,602	**184,414**	371,380

No interest is charged on trade and other receivables.

8. Trade and other receivables (continued)

Allowance for estimated irrecoverable amounts

Trade receivables are stated net of an allowance for expected credit loss from trade receivables amounting to Eur 9,115,846 (2020 – Eur 8,626,471).

9. Trade and other payables

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

	Group		Company	
	30 June 2021 Unaudited	**31 December 2020 Audited**	**30 June 2021 Unaudited**	**31 December 2020 Audited**
	Eur	Eur	**Eur**	Eur
Trade payables	**13,246,517**	13,064,770	**7,430**	54,637
Amounts payable to related parties	**813**	400,074	**-**	-
Other payables	**551,830**	952,885	**120,580**	172,797
Accruals and deferred income	**3,288,114**	2,623,755	**1,610,278**	482,959
	17,087,274	17,041,484	**1,738,288**	710,393
Other creditors	**6,728,582**	4,971,790	**-**	-
Deferred income	**567,499**	775,501	**-**	-
Trade and other payables	**24,383,355**	22,788,775	**1,738,288**	710,393
Comprising:				
Long term payables				
Trade and other payables	**351,703**	185,927	**-**	-
	351,703	185,927	**-**	-
Current payables				
Trade and other payables	**24,031,652**	22,602,848	**1,738,288**	710,393
	24,031,652	22,602,848	**1,738,288**	710,393

10. Other financial liabilities

	The Group June 2021 Eur	The Group 2020 Eur	The Company June 2021 Eur	The Company 2020 Eur
Amounts owed to ultimate parent	192,432	957,853	4,173	35,033
Amounts owed to joint venture	-	-	-	155,717
Amounts owed to other related parties	11,238,250	10,684,235	11,000,000	11,000,000
Amounts owed to subsidiaries	-	-	992,928	792,635
	11,430,682	**11,642,088**	**11,997,101**	**11,983,385**
Comprising:				
Non-current liabilities				
Other financial liabilities	11,215,975	11,402,552	11,814,451	11,983,385
Current liabilities				
Other financial liabilities	214,707	239,536	182,650	-

11. Bank overdrafts and loans

Group

The group's bank loans and overdraft facilities bear effective interest at a floating rate of 4.58% (December 2020 – 5.09%) p.a.

Bank overdraft balances amounting to Eur590,456 relate to a subsidiary within Harvest Technology plc.

Bank overdraft usage at 30 June 2021 amounted to Eur 590,456 across group companies.

Bank loans as at 30 June 2021 amounted to Eur 2,224,770 as follows:

	Eur
1923 Investments p.l.c.	2,224,770

11. Bank overdrafts and loans (continued)

As at 31 December 2020, a subsidiary of Harvest Technology plc had a facility of USD 1,000,000 and the outstanding loan from this facility amounted to € 292,197. The loan bore an interest of 2.5% per annum over 3-month LIBOR and was secured by a first general hypothec over the company's assets and a guarantee by the parent company. The loan was fully repaid by the end of January 2021.

Harvest Technology plc has three overdraft facilities in two of its subsidiaries. One of the overdraft facilities bears interest at 4.85% per annum and is secured by a second general hypothec over the one of the subsidiaries' assets. The other overdraft facility available to the same subsidiary bears interest at 5.5% per annum and is unsecured. Another bank overdraft facility is available in another subsidiary which bears interest at 3.5% per annum and is secured by a first general hypothec over the assets of that subsidiary.

During 2020, 1923Investments p.l.c. obtained a loan with a local bank for €2,250,000 which was increased by €430,000 in June 2021. The loan bears interests at a variable interest rate that amounted to 3.75% (2020: 3.75%) at 30 June 2021.

The group's other overdraft facilities in Malta bear effective interest at a floating rate of 4.58% (2020: 5.09%) per annum. These are secured by first and second general and special hypothecary guarantees over the assets of Carmelo Caruana Company Limited.

The group's overdraft facility in Poland for Allcom Sp. z.o.o. bears variable interest rate of 1.66% (2020: 1.7%) per annum. It is secured on the bank guarantee issued by Bank Gospodarstwa Krajowego from deminimis support.

The group's banking facilities for iSpot Poland Sp. z.o.o. includes an overdraft facility of PLN 8,000,000 (€1,769,872) and Import Loan facilities of PLN 25,000,000 (€5,530,851) and a receivable financing of PLN 3,000,000 (€663,702).

The above facilities are secured by corporate guarantees provided in favour of the suppliers of Apple products for an amount of PLN 72,000,000 (€15,928,851). Included within the PLN 72,000,000 there is PLN 6,000,000 guarantee line for rental payment of store outlets up to one year.

The above facilities are guaranteed by:

- Hili Ventures PLN 94,500,000 (€20,906,617);
- 1923 Investments p.l.c. PLN 49,500,000 (€ 10,951,085); and
- SAD Sp. z o.o. PLN 49,500,000 (€ 10,951,085)

12. Debt securities in issue

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

The carrying amount of the bonds is net of direct issue costs of Eur282,174 (December 2020 – *Eur322,629*) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was at Eur101.50 resulting in a market value of Eur36,540,000 (December 2020 – *Eur36,536,400*).

13. Related party transactions

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

Group

	2021			2020		
	Related party activity Unaudited	Total activity Unaudited		Related party activity Unaudited	Total activity Unaudited	
	Eur	Eur	%			%
Revenue						
Related party transactions with:						
Ultimate parent	35,944			-		
Other related parties	261,627			438,319		
	297,571	70,881,704	0.42%	438,319	63,671,730	0.69%
Cost of sales						
Related party transactions with:						
Ultimate parent	306,027			300,000		
Other related	4,683			384,949		
	310,710	57,660,193	0.54%	684,949	53,758,216	1.27%
Administrative expenses						
Related party transactions with:						
Ultimate parent	7,283			173		
Other related parties	183,819			213,710		
	191,102	8,918,761	2.14%	213,883	8,178,725	2.62%

13. Related party transactions (continued)

Holding company

	2021			2020		
	Related party activity Unaudited	Total activity Unaudited		Related party activity Unaudited	Total activity Unaudited	
	Eur	Eur	%			%
Revenue						
Related party transactions with:						
Other related parties	505,000	505,000	100%	333,333	333,333	100%
Administrative expenses:						
Related party transactions with:						
Parent company	14,032	242,333	5.8%	5,090	231,667	2.2%
Investment income						
Related party transactions with:						
Subsidiaries	415,928	415,928	100%	(38,703)	(38,703)	100%

14. Fair value of financial assets and financial liabilities

At 30 June 2021 and 31 December 2020, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than the shares in subsidiary companies that are carried at cost, and the debt securities in issue (where fair value is disclosed in note 12), are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end.

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

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

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

14. Fair value of financial assets and financial liabilities (continued)

Group

	Fair value measurement at end of reporting period using				
	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
Financial assets Loans and receivables					
Receivables from related parties	-	2,378,204	-	2,378,204	2,378,204
As at 31.12.2020	-	2,378,204	-	2,378,204	2,378,204
Receivables from related parties	**-**	**3,340,092**	**-**	**3,340,092**	**3,340,092**
As at 30.06.2021	**-**	**3,340,092**	**-**	**3,340,092**	**3,340,092**
Financial liabilities at amortised cost					
Related party loans	-	11,642,088	-	11,642,088	11,642,088
Bank overdrafts and loans	-	7,117,817	-	7,117,817	7,117,817
Debt securities	36,536,400	-	-	36,536,400	35,677,368
As at 31.12.2020	36,536,400	18,759,905	-	55,296,305	54,437,273
Related party loans	**-**	**11,430,682**	**-**	**11,430,682**	**11,430,682**
Bank overdraft and loans	**-**	**2,815,226**	**-**	**2,815,226**	**2,815,226**
Debt securities	**36,540,000**	**-**	**-**	**36,540,000**	**35,717,820**
As at 30.06.2021	**36,540,000**	**14,245,908**	**-**	**50,785,908**	**49,963,728**

14. Fair value of financial assets and financial liabilities (continued)

Holding company

	Fair value measurement at end of reporting period using				
	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
Financial assets					
Loans and receivables	-	30,603,377	-	30,603,377	30,603,377
As at 31.12.2020	-	30,603,377	-	30,603,377	30,603,377
Loans and Receivables	-	**30,403,231**	-	**30,403,231**	**30,403,231**
As at 30.06.2021	-	**30,403,231**	-	**30,403,231**	**30,403,231**
Financial liabilities at amortised cost					
Related party loans	-	11,983,385	-	11,983,385	11,983,385
Debt securities	36,536,400	-	-	36,536,400	35,677,368
As at 31.12.2020	36,536,400	11,983,385	-	48,519,785	47,660,753
Related party loans	-	**11,814,451**	-	**11,814,451**	**11,814,451**
Debt securities	**36,540,000**	-	-	**36,540,000**	**35,717,826**
As at 30.06.2021	**36,540,000**	**11,814,451**	-	**48,354,451**	**47,532,277**

15. Financial instrument risk

Risk management objectives and policies

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

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

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

15. Financial instrument risk (continued)

15.1 Market risk analysis

Foreign currency risk

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

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

Interest rate risk

The Group has loans and receivables, debt securities in issue and other financial liabilities with a fixed coupon. The Group also has cash at bank which is not subject to significant fluctuations in interest rates. During 2021, the Group has taken an additional interest bearing facilities as disclosed in note 11. The interest rates on all of the Group's bank borrowings and the terms of such borrowings are disclosed accordingly within such note.

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

15.2 Credit risk analysis

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

Credit risk management

The credit risk is managed both at the level of each individual subsidiary as well as on a Group basis, based on the Group's credit risk management policies and procedures.

Loans and receivables and certain trade receivables comprise amounts due from related parties. The Group and company's concentration to credit risk arising from these receivables are considered limited as there were no indications that these counterparties are unable to meet their obligations. Management considers these to be of good credit quality.

15. Financial instrument risk (continued)

The Group and the company hold money exclusively with institutions having high quality external credit ratings. The cash and cash equivalents held with such banks at 30 June 2021 and 31 December 2020 are callable on demand. The banks with whom cash and cash equivalents are mainly held form part of an international group with an A credit rating by Standard and Poor's and similar high ratings by other agencies. The group also holds cash with a local bank having a credit rating of BBB- by Standard and Poor's. Cash held by the group with other local banks for which no credit rating is available are not significant. The group also holds an amount of cash and cash equivalents with an international bank, through the acquisition of a new subsidiary, whose credit rating is BBB+ by Standard and Poor's. Such amount is not however considered to be significant to the group and management considers such bank to be a reputable bank that operates in the international banking industry. Management considers the probability of default from such banks to be close to zero and the amount calculated using the 12-month expected credit loss model to be very insignificant. Therefore, based on the above, no loss allowance has been recognised by the group and the company. The Group has also considered the financial position of institutions with whom the Group holds significant cash to determine whether the impact of Covid-19 has increased the likelihood of default which may pose significant risks on the Group's cash held with them. The Group has determined that such financial institutions do not pose a significant risk on the recoverability on the Group's cash resources.

The Group assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors, such as bank references and the customers' financial position.

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

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

The Group's policy is to deal only with credit worthy counterparties. The credit terms is generally between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process as abovementioned. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries.

The Expected Credit Loss (ECL) at 30 June 2021 was estimated based on a range of forecast economic scenarios as at that date, including management's assessment of any impact from the effects of Covid-19 on the Group as explained further below.

15. Financial instrument risk (continued)

Trade receivables

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

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

The expected loss rates are based on the payment profile for sales over the past 36 months before 30 June 2021 and 31 December 2020 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In addition to the above assessments on the recoverability and expected credit loss provisions on trade and other financial assets, the Group has considered the effects of Covid-19 on all economies in which its customers are based, especially and more specific in Malta, UK and Poland, where significant business is being conducted. It has also taken into consideration the financial position of, and risk exposure to, large customers in order to determine whether the Group's credit risk has increased as a result of the pandemic. There are no particular indicators that suggest that the assessment of the expected credit risk model adopted by the Group materially varies from expectations of collectability and previous patterns of payments from such customers. Furthermore, subsequent to the end of the reporting period, the Group has received a significant amount of collections from due balances outstanding at 30 June 2021. While the Group continues to closely monitor all of its financial assets at more frequent intervals as a result of such events, management considers that the level of ECL provisions at period end remains adequate.

15.3 Liquidity risk

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

Management considers that the Group is not exposed to a significant amount of liquidity risk as it continues to efficiently manage its liquidity needs on a timely basis, even with the onset of the Covid-19 pandemic. The Group has not encountered any particular difficulties to collect amounts due from customers and collections remain within expectations as explained above.

15. Financial instrument risk (continued)

15.4 Financial instruments measured at fair value

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

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

At 30 June 2021 and 31 December 2020, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

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

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

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

16. Contingent liabilities

During 2020, one of the subsidiaries of Harvest Technology plc, issued special guarantees totalling Eur 1,394,000 in favour of third parties in relation to the major overseas technology implementation project carried out in collaboration with IBM in Mauritius. Such guarantees were still in place at 30 June 2021.

The same subsidiary also had guarantees amounting to Eur 225,300 (31 December 2020: Eur 225,300) to third parties in Malta as collateral for liabilities.

iSpot signed an agreement with HSBC on line guarantees and letters of credit in the amount of € 26,879,936 (31 December 2020: € 26,646,490).

16. Contingent liabilities (continued)

At the end of the reporting period, one of the group's subsidiaries under Hili Logistics Limited, together with other related parties provided guarantees in the amount of Eur 3,184,666 (31 December 2020: Eur 3,184,666) in relation to bank facilities granted to related undertakings. In the directors' opinion no provision is required against such amounts as the principal borrowers are either not expected to default or such facilities are secured by property, plant and equipment or other guarantors.

At 30 June 2020, the group had an overdraft facility through Allcom, one of its subsidiaries in Poland, which was secured by the promissory note and public guarantee within de minimis aid.

Allcom has provided a guarantee for a total of PLN 1,800,000, equivalent to € 398,221 (31 December 2020: PLN 1,800,000, equivalent to € 394,763) to the customs office in Poland, through a financial institution in the same country, to secure customs payments realised on behalf of its clients. There was no utilisation of the guarantee as at the end of the reporting periods.

Allcom is a party in proceedings initiated by Allcom in the District Court in Gdansk against the former owners of the Company for the return of the Corporate Income Tax equivalent resulting from the disposal of real estate located in Gdynia by Allcom. The estimated value of the dispute amount to PLN 1,273,266 (equivalent to € 281,690). Allcom is also a defendant party in a counterclaim, the subject of which is the payment by Allcom to the former owners of the Company for a contractual obligation in the amount of PLN 125,636 (equivalent to € 27,795) resulting in an adjustment to the final purchase price of Allcom. Due to the early stage of the proceedings (preceding the verdict in the first instance of the court) as at the date of signing of these financial statements, the potential consequences of the dispute are difficult to predict.

17. Events after the end of the reporting period

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

We confirm that to the best of our knowledge:

(a) the condensed interim financial statements give a true and fair view of the financial position of 1923 Investments p.l.c. (the "company") and its subsidiaries (the "group") as at 30 June 2020, and the financial performance and cash flows of the company and the group for the half year then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and

(b) the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Approved by the Board of Directors on 11th August 2021 and signed on its behalf by:

Charles Borg
Chairman

Dorian Desira
Director