9HCAPITAL P.L.C. (formerly ANCHOVY STUDIOS PLC)

Annual Report and Financial Statements

31 December 2023

Company Registration Number: C 57419

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the Company, which has been unchanged since last year, is to provide digital marketing services through the integration of creative approaches, cutting-edge technology, and augmented services.

Review of business

2023 Performance

2023 has been a critical year for the Company which continued to grow and expand its operations. This is a testament to the hard work and dedication of the team which achieved significant milestones and surpassed the set targets for the year under review.

The Company experienced another year of strong growth compared to the previous year. Revenues increased by 12% and operating profits increased by 43%. This growth has been driven by the continued demand for digital marketing, tech, ecommerce, and technology services, as well as successful expansion into new markets.

The Company's strategic focus on client offering, including the creation of a centre of excellence, deployment of local resources in the Middle East through the investment in TAYB, and investment in key alliances, has helped to drive momentum and accelerate the growth trajectory.

During 2023, the Company concluded the acquisition of NIU Limited, which was renamed 9HDigital Limited.

2023 has been an exceptional year for the Company as it continued to grow and expand operations. The Company is excited about the opportunities that lie ahead and remains committed to delivering exceptional value to all stakeholders.

2024 Outlook

Following the finalization of the acquisition in late 2023, the Board moved to reorganize and rationalize the Group's operations and continue with the implementation of cost optimisation measures, setting a solid foundation for the Company's future endeavors.

From a governance perspective, the finalisation of the acquisition was accompanied by a planned change in board composition. On 1st February 2024, Dr. Lawrence Gonzi resigned as Chairman and non-executive director, and Mr. Joseph Sultana was appointed in his stead. Mr. Julian Mamo also resigned as Chair of the audit committee and non-executive director on 1st February 2024 and Dr. Etienne Borg Cardona was appointed in his stead, ensuring continuity from an oversight and corporate governance perspective.

The Company's commitment to growth remains unwavering, with continued focus on the lucrative Saudi Arabia market through the investment in TAYB. The Company's expansion efforts in Saudi Arabia continue to gain momentum as more contractsare concluded and the Company continues to solidify partnerships in the region. This expansion is a pivotal component of the Company's growth plan for 2024 and beyond.

Despite global economic challenges, the Company's strategy for 2024 remains clear: the Company will continue its pursuit of opportunities in Malta, while offering innovative services tailored to empower proactive people in growth focused businesses. This aligns seamlessly with the Company's long-term vision and its dedication to providing solutions that facilitate business growth.

Directors' report – continued

2024 Outlook – *continued*

The board of directors has updated the 2024-2027 roadmap to ensure that the Company is well positioned to capitalise on the opportunities that lie ahead. Ambitious targets have been set for the coming years, and the Board is confident that the Company has the required expertise and resources in place to achieve these targets.

As the Company moves forward, it remains committed to delivering exceptional service and value to its clients. The Company will continue investing in people, processes, and technology to ensure that it remains at the forefront of the digital industry. The Board will also remain vigilant in monitoring the impact of external factors, such as geopolitical risks, and take appropriate actions to mitigate any risks.

Looking ahead, the Board is optimistic about the opportunities that lie ahead and remains committed to driving sustainable growth while navigating the ever-evolving global landscape. The management team is poised to tackle challenges head-on, ensuring that the Company capitalizes on opportunities for success in the year ahead.

Going Concern

The directors have considered the Company's operating performance, the statement of financial position at year end, as well as the business plan for the coming year, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

Events subsequent to statement of financial position date

Following the restructuring of the group which was finalized in 2024 the company has transferred its operations to one of its subsidiaries and will continue to operate as a finance and holding company.

Financial results

The Company's revenue and other income for the year amounted to €2,313,860 (2022: €2,065,835) representing an increase of 12%. The operating profit for the year amounted to €181,541 (2022: €127,568), representing an increase of approximately 43%. The profit before tax for the year amounted to €119,064 (2022: €62,660).

Depreciation and amortisation for the year amounted to €30,775 (2022: €23,747) and finance costs were €62,477 (2022: €64,908). Finance costs for 2023 and 2022 mainly include the bond interest payable.

The Company's total asset base stands at €2,212,306 (2022: €2,259,528), which represents a decrease of approximately 2% principally due to a decrease in the Company's trade and other receivables.

Total non-current liabilities amounted to €1,376,942 (2022: €1,094,325) and mainly comprise the bond issue of €1,000,000 less bond issue costs.

Directors' report – continued

Principal risks and uncertainties

The Company is exposed to risks inherent to its operation and can be summarised as follows:

1. Strategy risk

Risk management falls under the responsibility of the Board of Directors. The Board is continuously analysing its risk management strategy to ensure that risk is adequately identified and managed. The Audit Committee regularly reviews the risk profile adopted by the Board of Directors.

2. Operational risks

The Company's revenue is mainly derived from services of digital marketing, design and production. Demand for such services is closely linked to the performance of the economic outlook, both locally and on a global scale. The Company's management is actively involved in spreading its client base to eliminate dependence on a particular industry or territory.

3. Legislative risks

The Company is governed by a number of laws and regulations. Failure to comply could have financial and reputational implications and could materially affect the Company's ability to operate. The Company has embedded operating policies and procedures to ensure compliance with existing legislation.

Financial risk management

Information relating to the Company's financial risk management is disclosed in Note 2 to the financial statements.

Results, dividends and reserves

The financial results are set out in the statement of profit or loss and other comprehensive income on page 12. The Directors did not distribute a dividend in 2023 (2022: Nil). Retained earnings carried forward at the end of the financial reporting period amounted to €319,734 (2022: €242,036).

Directors

The Directors of the Company who held office during the year were:

Dr. Lawrence Gonzi – Chairman (resigned 1 February 2024)
Mr. Benjamin Borg
Mr. Zachary Borg
Mr. Julian Mamo (resigned 1 February 2024)
Mr. Christopher Mifsud
Mr. James Abela (appointed on 2 November 2023)
Mr. Matthew Sammut (appointed on 2 November 2023)
Mr. Joseph Sultana – Chairman (appointed 1 February 2024)
Dr. Etienne Borg Cardona (appointed 1 February 2024)

The Board meets on a regular basis to discuss performance, position and other matters. The Company's Articles of Association do not require any director to retire.

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Companies Act, (Cap 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

Directors' report - continued

Statement of Directors' responsibilities for the financial statements – continued

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing, and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, (Cap 386). They arealso responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of 9HCapital P.L.C. (formerly ANCHOVY STUDIOS PLC) for the year ended 31 December 2023 are included in the Annual Report 2023, which is published in hard-copy printed form and may be made available on the Company's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Auditors

Mazars Malta have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Statement by the Directors on the financial statements and other Information included in the annual report

The Directors declare that to the best of their knowledge, the financial statements included in the Annual Report are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit of the Company and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Joseph Sultana
Chairman

Etienne Borg Cardona
Director

Registered office:
53, Triq Tigne',
Sliema, SLM 3173,
Malta

26 April 2024

Corporate Governance - Statement of compliance

Preliminary

The Prospect MTF Rules issued by the Malta Stock Exchange require qualifying companies admitted to the listing venue to observe relevant corporate governance standards, in this case the Code of Principles of Good Corporate Governance (the “Code”).

Although the adoption of the Code is not obligatory, companies are required by Prospects MTF Rules to include, in their Annual Report, a Directors’ Statement of Compliance which deals with the extent to which the Company has adopted the Code, accompanied by a report of the auditors thereon.

Part 1: Compliance with the Code

The Board of Directors (the “Board") of the Company believe in the adoption of the Code and has endorsed it except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. Accordingly, some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

Principle 1 and 4: The Board

The Board of Directors of the Company is responsible for the overall long-term direction and strategy of the Company, assessing and evaluating the performance of the Company's executive functionaries, ascertaining that control systems suitable to the Company are implemented, that financial reporting is carried out to the highest attainable standards and to ascertain that the Company maintains open communication channels with the market and stakeholders. The Board is also responsible for decisions relating to the redemption of the Bond, and for monitoring that its operations are in conformity with the Company Admission Document and all relevant rules and regulations.

Clear internal and external reporting lines are established with a view to ensuring that the Board can properly discharge its obligation to take decisions in the best interests of the Company. In fact, throughout the year under review, the Board has provided the necessary leadership in the overall direction of the Company and the administration of its resources to enhance the prosperity of the business over time, and therefore the value of the shareholders' investment.

The Company has a structure that ensures a mix of executive and non-executive directors and that enables the Board to have direct information about the Company's performance and business activities. The Directors, individually and collectively, are of the appropriate caliber, with the necessary skills and experience to contribute effectively to the decision-making process. All directors have access to independent professional advice, at the expense of the Company, should they so require.

The Directors have determined the Company's strategic aims and organisational structure and always ensure that the Company has the appropriate mix of financial and human resources to meet its objectives.

Corporate Governance – Statement of compliance – continued

Part 1: Compliance with the Code – continued

Principle 2: Chairman and Chief Executive

The Board of Directors is responsible to set the Company's strategic direction and governance framework, and providing oversight over the Management of the Company. The day-to-day management of the Company is vested in the Chief Executive Officer. The Chairman of the Board is responsible to lead the Board and set its agenda and also ensures that the Directors of the Board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company.

Principle 3: Composition of the Board

The Board is composed of a mix of executive directors and non-executive directors, and considers that the size of the Board, whilst not being too large as to be unwieldy, is appropriate, taking into account the size of the Company, its operations, its business risks and key performance indicators. The combined and varied knowledge, experience and skills of the Board members provide a balance of competences thatare required and add value to the proper functioning of the Board and gives direction to the Company.

The board is composed as follows:

Benjamin Borg – Executive Director
Zachary Borg – Executive Director
Christopher Mifsud – Non-Executive Director
Dr Lawrence Gonzi – Chairman and Non-Executive Director (resigned 1 February 2024)
Julian Mamo – Non-Executive Director (resigned 1 February 2024)
James Abela – Executive Director (appointed on 2 November 2023)
Matthew Sammut – Executive Director (appointed on 2 November 2023)
Joseph Sultana – Chairman and Non-Executive Director (appointed on 1 February 2024)
Dr Etienne Borg Cardona –Non-Executive Director (appointed on 1 February 2024)

The Company has a majority of Non-Executive Directors on the Board. The non-executive directors, Mr Christopher Mifsud, Mr Joseph Sultana, and Dr Etienne Borg Cardona are independent within the meaning provided by the Code.

None of the Independent Non-Executive Directors:

a) are or have been employed in any capacity by the Company;
b) have, or had within the last three years, a significant business relationship with the Company;
c) have received or receive significant additional remuneration from the Company;
d) have close family ties with any of the executive members of the Board;
e) have served on the Board for more than twelve consecutive years; or
f) have been within the last three years an engagement partner or a member of the audit team of the present or past external auditors of the Company.

The process of appointment of Directors is transparent, is set out in the Company's Articles of Association and it is conducted during the Company's AGM where all the shareholders of the Company are entitled to participate in the voting process to elect the Board of Directors. Furthermore, in terms of the Company's Memorandum and Articles of Association, a Director is prohibited from voting on any contract or arrangement or any other proposal in which he has a material interest.

Corporate Governance - Statement of compliance - continued

Part 1: Compliance with the Code – continued

Principle 5: Board Meetings

Board meetings concentrate mainly on strategy, operational performance, and financial performance of the Company. The Chairperson ensures that all relevant items are set on the agenda and ensures that all board members partake in discussions of complex and contentious issues. Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting reading materials, which are circulated well in advance of the meeting. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the directors.

The Board aims to meet a minimum of four times every calendar year. It is currently composed of seven individuals, with a majority of non-executive directors, three of whom are completely independent of the Company or any other related companies. The Board met four times during the period under review. The number of board meetings attended by directors for the year under review is as follows:

Benjamin Borg	four times
Zachary Borg	four times
Christopher Mifsud	four times
Lawrence Gonzi	four times
Julian Mamo	four times

Board meetings are attended by Grant Thornton Limited, the Corporate Advisors of the Company, the Company Secretary and the Company's financial advisors. The Company ensures that sufficient information is provided to the attendees to effectively contribute during meetings of the board, and to take informed decisions on the manner in which the Company's affairs are being administered.

Principle 6: Information and Professional Development

On joining the Board, a Director is provided with briefings by the Executive Directors on the activities of the Company. From time to time, the Executive Directors may meet other Board members or organise information briefing sessions to ensure that the Directors are made aware of the general business environment and the Board's expectations, to ensure that it provides directors with relevant information to enable them to effectively contribute to board decisions. Consequently, each director is made aware of the Company's on-going obligations in terms of the Companies Act, the Prospects MTF Rules and other relevant legislation.

Principle 8: Committees

Audit Committee

The Audit Committee's primary objective is to assist the board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board.

The members of the Audit Committee have discussed various matters during the meetings held in 2023 and have formally set out the Terms of Reference of the Audit Committee. The purpose of the Committee is to set parameters of its remit as well as the basis for the process that it is required to comply with, such that it protects the interest of the Company's share and bond holders and assists the directors in conducting their role effectively. The Audit Committee also monitors the financial reporting process, the effectiveness of internal control and the audit of the annual financial statements. Additionally, it is responsible for monitoring the performance of the trade debtors of the Company, to ensure that budgets are achieved and if not that corrective action is taken as necessary. It also scrutinises and supervises related party transactions for materiality and ensures that these are carried out on an arm's length basis.

Corporate Governance – Statement of compliance - continued

Part 1: Compliance with the Code – continued

Principle 8: Committees – continued

Audit Committee – *continued*

The Malta Stock Exchange reviewed the Audit Committee's Terms of Reference as part of the admission process with respect to the Bonds issued by the Company.

During the financial period under review, the Audit Committee met four times. The Audit Committee is composed of a mixture of executive and non-executive directors as follows:

Executive Director

Zachary Borg (resigned 1 February 2024)
Benjamin Borg (appointed 1 February 2024)

Non-Executive Director

Julian Mamo (Chairman of the Audit Committee) (resigned 1 February 2024)
Etienne Borg Cardona (Chairman of the Audit Committee) (appointed 1 February 2024)
Dr Lawrence Gonzi (resigned 1 February 2024)
Christopher Mifsud (resigned 1 February 2024)
Jospeh Sultana (appointed 1 February 2024)

The Board considers the Chairman of the Audit Committee to be independent and competent in financial knowledge.

Internal Control

While the Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness, the authority to determine day-to-day non-material operational aspects that fall within the ordinary course are delegated to the Executive Directors.

Systems and procedures are in place to control, monitor, report and assess risks and their financial implications. Management accounts, budgets and strategic plans are prepared on a regular basis and are presented to the Board to monitor the performance of the Company on an on-going basis.

Controls are designed to manage risk, to achieve business objectives and to provide reasonable assurance against normal business risks.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls.

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

Organisation

The Company operates through the Executive Directors with clear reporting lines and delegation of powers.

Corporate Governance – Statement of compliance – continued

Part 1: Compliance with the Code – continued

Principle 8: Committees – continued

Control Environment

The Company is committed to strong standards of business conduct and seeks to maintain these across allof its operations.

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

Risk Identification

The Executive Directors and Company management are responsible for the identification and evaluation of key risks applicable to their respective areas of business - this is sufficient, given the nature and scale of the Company's operations.

The Company has an appropriate organisational structure for planning, executing, controlling, and monitoring business operations in order to achieve its objectives, given its size and the nature of its activities to date.

Principles 9: Relations with Shareholders and with the Market

The Company recognises the importance of keeping investors informed to ensure that they are able to make informed investment decisions. The Company communicates with the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year, and by way of Company announcements to the market in general when necessary.

These reports are also available on the Company's website which also contains information about the Company. The Company's website also contains an 'Investor relations' section which includes press releases and investor information sub-sections.

Principle 10: Institutional Shareholders

The Directors are of the view that this Principle is not applicable to the Company.

Principle 11: Conflicts of Interest

Mr Zachary Borg, Mr Benjamin Borg, Mr James Abela and Mr Matthew Sammut are executive officers of the Company and also have a direct beneficial interest in the share capital of the Company, and as such are susceptible to conflicts arising between the potentially diverging interests of the shareholders and the Company. All the Directors of the Company recognise their responsibility to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to serve on the Board. It is the practice of the Board that when a potential conflict of interest arises in connection with any transaction or other matter, the potential conflict of interest is declared so that steps may be taken to ensure that such items are appropriately dealt with. Directors who have a conflict of interest do not participate in discussions concerning such matters unless the Board finds no objection to the presence of such Directors. The Directors are obliged to keep the Board advised, on an on-going basis, of any interest that could potentiallyconflict with that of the Company. In any event, Directors refrain from voting on the matters where conflicts of interest arise. There were no such matters in the year under review.

Corporate Governance – Statement of compliance – continued

Part 1: Compliance with the Code – continued

Principle 11: Conflicts of Interest – continued

The Directors are informed of their obligations on dealing in securities of the Company within the parameters of the law and subsidiary legislation, as well as the Prospects MTF Rules.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Furthermore, in accordance with the provisions of article 145 of the Companies Act (Cap. 386 of the Laws of Malta), every Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company is under the duty to fully declare his interest in the relevant transaction to the Board at the first possible opportunity and he will not be entitled to vote on matters relating to the proposed transaction and only parties who do not have any conflict in considering the matter will participate in the consideration of the proposed transaction (unless the Board finds no objection to the presence of such Director with conflict of interest).

Principle 12: Corporate Social Responsibility

The Directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of employees and their families as well as the local community and society at large.

Part 2: Non-Compliance with the Code

Principle 7 and 8: Remuneration and Nomination Committees

Under the present circumstances the Company does not consider it necessary to appoint a Remuneration Committee and a Nomination Committee as decisions on these matters are more adequately taken by the Company's Board and at shareholders' level.

The maximum annual aggregate emoluments that may be paid to the Directors is, pursuant to the Company's Memorandum and Articles of Association, approved by the shareholders in general meeting.

The fee payable to directors is not a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

None of the directors is employed or had a service contract with the Company at year end.

Total fees of €227,545 (2022: €193,592) were paid to directors during the year under review.

Principle 9: Relations with Shareholders and with the Market

Currently there is no established mechanism disclosed in the Company's Memorandum and Articles of Association, as recommended in Code Provision 9(k), to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. The Board believes, considering the current shareholder profile, the measures currently available for shareholders, such as the right to ask questions, and the continuous dialogue with shareholders provide the necessary safeguards.

Approved by the Board of Directors on 26 April 2024 and signed on its behalf by:

Joseph Sultana
Chairman

Etienne Borg Cardona
Director

Statement of financial position

	Notes	**As at 31 December 2023 €**	As at 31 December 2022 €
ASSETS			
Non-current assets			
Property, plant & equipment	4	**15,639**	24,323
Right of use asset	20	**434,379**	123,437
Deferred tax asset	12	**-**	6,906
Intangible assets	5	**30,778**	36,051
Investments in subsidiaries	6	**72,948**	60,964
Investment in joint venture	7	**12,081**	-
Total non-current assets		**565,825**	251,681
Current assets			
Trade and other receivables	8	**1,048,762**	1,252,822
Current tax asset		**5,465**	10,106
Cash and cash equivalents	9	**592,254**	744,919
Total current assets		**1,646,481**	2,007,847
Total assets		**2,212,306**	2,259,528
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	**23,968**	11,984
Retained earnings		**319,734**	242,036
Total equity		**343,702**	254,020
Non-current liabilities			
Deferred tax liability	12	**5,045**	-
Borrowings	11	**989,372**	986,213
Lease liability	20	**382,525**	108,112
Total non-current liabilities		**1,376,942**	1,094,325
Current liabilities			
Borrowings	11	**3,669**	2,142
Trade and other payables	13	**441,515**	894,735
Lease liability	20	**46,478**	14,306
Total current liabilities		**491,662**	911,183
Total liabilities		**1,868,604**	2,005,508
Total equity and liabilities		**2,212,306**	2,259,528

The notes on pages 14 to 43 are an integral part of these financial statements.

The financial statements on pages 11 to 43 were authorised for issue by the Board on 26 April 2024 and were signed on its behalf by:

Joseph Sultana
Director

Etienne Borg Cardona
Director

Statement of profit or loss and other comprehensive income

	Notes	**Year ended 31 December 2023 €**	Year ended 31 December 2022 € (As restated)
Revenue	14	**2,283,887**	2,043,567
Personnel expenses	15	**(1,607,704)**	(1,518,305)
Depreciation and amortisation		**(30,775)**	(23,747)
Other operating expenses	16	**(513,147)**	(418,756)
(Loss) / gain on lease modification		**(2,186)**	28,561
Net impairment gains / (losses) on financial assets		**21,493**	(6,020)
Total operating expenses		**(2,132,319)**	(1,938,267)
Other Income		**29,973**	22,268
Operating profit		**181,541**	127,568
Net investment costs	17	**(62,477)**	(64,908)
Profit before tax		**119,064**	62,660
Tax expense	18	**(41,366)**	(10,136)
Profit for the year after tax – total comprehensive income for the year		**77,698**	52,524

The notes on pages 15 to 43 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2022	11,984	189,512	201,496
Comprehensive income			
Profit for the year - total comprehensive income	-	52,524	52,524
Balance at 1 January 2023	**11,984**	**242,036**	**254,020**
Transactions with owners			
Issuance of shares	11,984	-	11,984
Comprehensive income			
Profit for the year - total comprehensive income	-	77,698	77,698
Balance at 31 December 2023	**23,968**	**319,734**	**343,702**

The notes on pages 15 to 43 are an integral part of these financial statements.

Statement of cash flows

	Notes	**Year ended 31 December 2023 €**	Year ended 31 December 2022 €
Cash flows from operating activities			
Cash (used in)/generated from operations	19	**(44,848)**	61,155
Interest paid		**(58,304)**	(59,699)
Foreign tax paid		**(5,592)**	-
Income tax paid		**(19,182)**	(21,230)
Net cash used in operating activities		**(127,926)**	(19,774)
Cash flows from investing activities			
Acquisition of property, plant, and equipment	4	**(2,726)**	(10,651)
Proceeds from disposal of property, plant, and equipment	4	**1,090**	-
Expenditure on intangible assets capitalised	5	**(2,262)**	(36,416)
Net cash used in investing activities		**(3,898)**	(47,067)
Cash flows from financing activities			
Lease payments	20	**(22,368)**	(15,294)
Net cash used in financing activities		**(22,368)**	(15,294)
Net movement in cash and cash equivalents		**(154,192)**	(82,135)
Cash and cash equivalents at beginning of year		**742,777**	824,912
Cash and cash equivalents at end of year	9	**588,585**	742,777

The notes on pages 15 to 43 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap 386). These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the Directors to exercise their judgment in the process of applying the Company's accounting policies (see Note 3 - Critical accounting estimates and judgments).

1.1.1 Initial Application of an International Financial Reporting Standard

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective on 1 January 2023)

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in the Material accounting policies (2022 – Significant accounting policies) in certain instances in line with these amendments.

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective on 1 January 2023)

The amendments to IAS 8 focus entirely on accounting estimates with the definition of a change in accounting estimates being replaced with a definition of accounting estimates. Accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty".

Accounting estimates arise when accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error and that the effects of a change in an input or a measurement method used to derive an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

1.1.2 International Financial Reporting Standards in issue but not yet effective – continued

The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The application of these amendments did not have a material effect on the company's financial statements.

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective on 1 January 2023)

The amendments narrow the scope of the recognition exemption in paragraph 15 of IAS 24 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

- Amendments to IAS 12, Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023) (effective on 1 January 2023)

The amendment introduces a temporary, mandatory exemption from accounting for deferred taxes resulting from the introduction of the global minimum taxation and targeted disclosures in the notes for effected entities.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

1.1.3 Standards, interpretations, and amendments to published standards as adopted by the EU in issue but not yet effective for financial periods beginning on 1 January 2023:

- Amendments to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020), Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-Current Liabilities with Covenants (issued on 31 October 2020) (effective on 1 January 2024)

The amendments require that a right to defer settlement for at least 12 months must exist at the reporting date and have substance. This right may be subject to compliance with conditions specified in a loan arrangement and only those existing at the reporting date are to be considered. However, information about conditions or covenants that apply in future periods are to be disclosed. Also, liabilities relating to convertible debt may become current. The amendments apply retrospectively.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.1 Basis of preparation - continued

1.1.3 Standards, interpretations, and amendments to published standards as adopted by the EU in issue but not yet effective for financial periods beginning on 1 January 2023 – continued

- Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback (issued on 22 September 2022) (effective on 1 January 2024)

The narrow scope amendment impact how a seller-lessee accounts for variable payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and requires seller-lessees to reassess and potentially restate retrospectively as from date of application of IFRS 16.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

1.1.4 Standards, interpretations, and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union

- Amendments to IAS 7, Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023

- Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued 15 August 2023)

The Directors are assessing the impact that the adoption of these Financial Reporting Standards will have in the financial statements of the Company in the period of initial application.

1.1.5 Consolidation of subsidiaries

Consolidated financial statements have not been prepared for the group comprising the Company and its subsidiaries on the grounds that the Company is exempt from drawing up consolidated financial statements in terms of Section 173 of the Companies Act, (Cap 386). Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Euro is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.1 Property, plant, and equipment

All property, plant and equipment is initially recorded at historical cost and subsequently carried at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	%
Improvements to premises	10
Furniture and fittings	10
Computer and office equipment	25
Air conditioners	16.67

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end ofeach reporting period.

Property, plant, and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount bywhich the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

1.2 Intangible assets

1.2.1 Acquired intangible assets

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

An intangible asset is initially measured at cost. Cost comprises the purchase price and any directly attributable costs of preparing the asset for its intended use, when the asset is acquired separately. When the asset represents a contribution in kind made by the shareholder, the cost represents the fair value of the asset at the date of the contribution.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.4 Intangible assets - continued

1.4.1 Acquired intangible assets - continued

Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

1.4.2 Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset is recognised only if all of the following can be demonstrated by the Company:

- the technical feasibility, the availability of resources and the intention and ability of completing the asset so that it will be available for use or sale;
- how the asset will generate probable future economic benefits, and;
- the ability to measure reliably the expenditure attributable to the asset during its development.

Internally generated intangible assets are initially measured at cost, being the sum of the expenditure incurred from the date when the recognition criteria are met.

After initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. When the intangible asset will become available for use, it will be amortised on a straight-line basis over its estimated useful life.

1.4.3 Estimated useful lives of intangible assets

The following are the classes of intangible assets for the financial period in question, as well as their estimated useful lives from the date of acquisition.

	%
Trademarks	20
Software development	20

Amortisation is calculated on a pro-rata basis.

1.5 Investments in subsidiaries

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in subsidiary is initially measured at cost. After initial recognition, the investment in subsidiary is measured using the cost method, which is at cost less impairment. Under the cost method, cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Provisions for impairment are recorded where, in the opinion of the Directors, there is an impairment in the value of the investment.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.5 Investments in subsidiaries - continued

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 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.

1.6 Investment in joint venture

A joint arrangement is an arrangement of which two or more parties have a joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in joint ventures are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses.

1.7 Financial Instruments

A financial asset or a financial liability is recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset, or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

1.8 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.5 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each period.

1.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held with banks and the bank overdraft.

Subsequent to initial recognition, interest bearing bank overdrafts are carried at their face value due to their short-term maturities.

1.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the issue proceeds.

1.8 Borrowings

Borrowings are recognised initially at the fair value of proceeds received; net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

1.9 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.10 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.11 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is 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. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit willbe available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.12 Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of timeis recognised as interest expense.

1.13 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer arises from the provision of services (performance obligations) and is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax, rebates, and discounts, where applicable. Revenue is recognised when it is probable that future economic benefits will flow to the company and the amount of revenue, and the associated costs can be measured reliably.

Notes to the financial statements (continued)

1. Summary of material accounting policies - continued

1.14 Revenue recognition - continued

(a) Rendering of services

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

(b) Interest income

Interest income is recognised as the interest accrued using the effective interest method, unless collectability is in doubt.

1.15 Leases

At the inception of a contract, the Company 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant, and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal period that the Company is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets within non-current assets and lease liabilities within current and non-current liabilities accordingly in the statement of financial position.

Notes to the financial statements (continued)

2. Financial risk management

2.1 Financial risk factors - continued

(i) Cash flow and fair value interest rate risk

The Company's significant instruments which are subject to fixed interest rates represent the bonds issued to the general public (Note 11). In this respect, the Company is exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

The Directors consider that the Company is not significantly exposed to cash flow interest rate risk since financial instruments subject to variable interest rates are not material. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments and considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

(a) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, which include outstanding debtors and amounts receivable from related parties.

The Company has two types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables;
- Cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company banks only with financial institutions with high quality standing or ratings. At 31 December 2023 and 31 December 2022, cash and cash equivalents are held with reputable counterparties and are callable on demand. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	At 31 December 2023 €	At 31 December 2022 €
Trade and other receivables	**837,439**	1,080,335
Cash and cash equivalents	**592,254**	744,919
	1,429,693	1,825,254

Notes to the financial statements (continued)

2. Financial risk management – continued

2.1 Financial risk factors – continued

(b) Credit risk – continued

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Company does not hold significant collateral as security in this respect.

The Company assesses the credit quality of its customers, considering financial position, past experience and other factors. It has policies in place to ensure that sales of services are affected with customers with an appropriate credit history. The Company's management monitors the performance of its trade and other receivables on a regular basis to identify expected credit losses, considering historical experience in the collection of accounts receivable. In measuring the expected credit losses on trade receivables, the expected loss rates are based on the payment profiles and the corresponding historical credit losses experienced within this period while also taking into consideration a forward-looking rate which was determined based on country risk. On that basis, the impairment provision as at 31 December 2023 was determined as follows for trade receivables and accrued income:

	Current	**30 to 60 days overdue**	**61 to 90 days overdue**	**91 to 120 days overdue**	**More than 120 days overdue**	**Total**
31 December 2023						
Expected loss rate	1.04%	2.17%	1.13%	1.04%	14.66%	
Gross carrying amount	318,809	116,797	29,086	4,236	76,268	545,196
Impairment provision	**3,311**	**1,277**	**328**	**44**	**11,184**	**16,144**

	Current	**30 to 60 days overdue**	**61 to 90 days overdue**	**91 to 120 days overdue**	**More than 120 days overdue**	**Total**
31 December 2022						
Expected loss rate	1.40%	1.51%	1.43%	1.46%	10.71%	
Gross carrying amount	388,357	73,855	63,175	14,057	279,650	819,094
Impairment provision	**5,453**	**1,115**	**905**	**205**	**29,959**	**37,637**

Notes to the financial statements (continued)

2. Financial risk management - continued

2.1 Financial risk factors – continued

(b) Credit risk – continued

The closing impairment provision for trade receivables as at 31 December 2023 reconciles to the opening impairment provisions as follows:

	2023	2022
	€	€
Opening impairment provision as at 1 January under IFRS 9	**37,637**	31,617
Impairment release recognised in profit or loss during the year	**(21,493)**	6,020
31 December - closing impairment provision	**16,144**	37,637

The loss allowance in relation to the other debtors and amounts due from subsidiaries was not considered to be material.

(c) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings (Note 11) and trade and other payables (Note 13). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Company's liquidity risk is actively managed taking cognizance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Company's committed bank borrowing facilities and other financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the Company as significant considering the liquidity management process referred to above.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2023 and 2022 to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	€	**€**	**€**	**€**	**€**
31 December 2023					
Bonds	55,000	55,000	1,082,500	-	1,192,500
Bank overdraft	3,669	-	-	-	3,669
Trade and other payables	441,515	-	-	-	441,515
Total	**500,184**	**55,000**	**1,082,500**	**-**	**1,637,684**

Notes to the financial statements (continued)

2. Financial risk management - continued

2.1 Financial risk factors – continued

(c) Liquidity risk – continued

31 December 2022					
Bonds	55,000	55,000	1,137,500	-	1,247,500
Bank overdraft	2,142	-	-	-	2,142
Trade and other payables	894,735	-	-	-	894,735
Total	**951,877**	**55,000**	**1,137,500**	**-**	**2,144,377**

With respect to the maturity of the Company's financial liabilities as at 31 December 2023 and 31 December 2022, the Directors disclose that the Company's trade and other payables are entirely repayable within one year from the end of the respective reporting period and bank overdraft is repayable on demand.

2.2 Fair value estimation

The fair value information of the Company's non-current interest-bearing borrowings is disclosed in Note 11.

At 31 December 2023 and 2022, the carrying amounts of cash at bank, receivables, short term borrowings, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

2.3 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to comply with requirements of the Admission document issued in relation to the 5.5% 2027 bonds.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of business. The Board of Directors monitors the return on capital, which the Company defines as the results for the year divided by total equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

In view of the nature of the Company's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the financial statements is deemed adequate by the Directors.

The Company's policy for managing capital has remained unchanged from the prior year.

Notes to the financial statements (continued)

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of affecting the reported amount of assets and liabilities within the next financial year are discussed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 2.

Notes to the financial statements (continued)

4. Property, plant, and equipment

	Improvement to premises €	Furniture & fittings €	Computer and office equipment €	Air conditioners €	Total €
At 1 January 2022					
Cost	16,911	11,597	60,235	6,173	94,916
Accumulated depreciation	(8,836)	(5,735)	(41,483)	(5,790)	(61,844)
Net book amount	**8,075**	**5,862**	**18,752**	**383**	**33,072**
Year ended 31 December 2022					
Opening net book amount	8,075	5,862	18,752	383	33,072
Additions	1,137	3,716	5,798	-	10,651
Disposals	(16,912)	(1,690)	-	(6,174)	(24,776)
Depreciation charge	(401)	(1,218)	(8,047)	(227)	(9,893)
Depreciation released on disposal	9,210	41	-	6,018	15,269
Closing net book amount	**1,109**	**6,711**	**16,503**	**-**	**24,323**
At 31 December 2022					
Cost	1,136	13,623	66,033	-	80,792
Accumulated depreciation	(27)	(6,912)	(49,530)	-	(56,469)
Net book amount	**1,109**	**6,711**	**16,503**	**-**	**24,323**
Year ended 31 December 2023					
Opening net book amount	1,109	6,711	16,503	-	24,323
Additions	-	-	2,726	-	2,726
Disposals	-	(991)	(1,989)	-	(2,980)
Depreciation charge	(114)	(1,207)	(7,109)	-	(8,430)
Closing net book amount	**995**	**4,513**	**10,131**	**-**	**15,639**
At 31 December 2023					
Cost	1,136	12,632	66,770	-	80,538
Accumulated depreciation	(141)	(8,119)	(56,639)	-	(64,899)
Net book amount	**995**	**4,513**	**10,131**	**-**	**15,639**

Notes to the financial statements (continued)

5. Intangible assets

	Internally-generated Software development €	Acquired Trademarks €	Total €
Year ended 31 December 2022			
Opening net book amount	-	304	304
Additions	36,416	-	36,416
Amortisation charge	(607)	(62)	(669)
Closing net book amount	**35,809**	**242**	**36,051**
At 31 December 2022			
Cost	36,416	315	36,731
Accumulated depreciation	(607)	(73)	(680)
Net book amount	**35,809**	**242**	**36,051**
Year ended 31 December 2023			
Opening net book amount	35,809	242	36,051
Additions	-	2,262	2,262
Amortisation charge	(7,283)	(252)	(7,535)
Closing net book amount	**28,526**	**2,252**	**30,778**
At 31 December 2023			
Cost	36,416	2,577	38,993
Accumulated depreciation	(7,890)	(325)	(8,215)
Net book amount	**28,526**	**2,252**	**30,778**

Intangible assets are made up of software and trademarks. Software includes capitalised labour incurred in the enhancement and development of software.

Notes to the financial statements (continued)

6. Investment in subsidiaries

	At 31 December 2023 €	At 31 December 2022 €
Year end 31 December		
Opening cost and carrying amount	**60,964**	60,964
Additions	**11,984**	-
Closing cost and carrying amount	**72,948**	60,964

The subsidiaries at 31 December 2023 are shown below:

Name	**Registered office**	**Percentage and class of shares held**	**Nature of business**
Onest Market Intelligence Limited	53, Triq Tigne', Sliema, SLM 3173, Malta	60% Ordinary Shares (2022: 60%)	Provision of market research and data consultancy services
Ginger Media Ltd	53, Triq Tigne', Sliema, SLM 3173, Malta	100% Ordinary Shares (2022: 100%)	Affiliate marketing
Anchovy Digital Ltd	Dubai International Financial Centre, Dubai, United Arab Emirates	60% Ordinary Shares (2022 : 60%)	Digital marketing services
9HDigital Limited (formerly NIU Limited)	53, Triq Tigne', Sliema, SLM 3173, Malta	100% Ordinary Shares (2022: nil)	Digital marketing services

As at 31 December 2023, the subsidiary's net assets/liabilities and net profits/losses for the financial year then ended amounted to:

Onest Market Intelligence Limited – Net Liabilities €20,083 and Net Loss €16,467.
Ginger Media Limited – Net Liabilities €28,661 and Net Loss of €3,772.
Anchovy Digital Ltd – Net Liabilities €194,215 and Net Losses €13,732.
9HDigital Limited (formerly NIU Limited) – Net Liabilities €306,945 and Net Profit €67,957.

Notes to the financial statements (continued)

7. Investment in joint venture

	At 31 December 2023 €
Year end 31 December	
Opening net book amount	-
Additions	12,081
Closing net book amount	12,081

	At 31 December 2023 €
Year end 31 December	
Cost/net book value	12,081

The Company's share of the results of the joint venture and its share of the assets and liabilities are as follows:

	Assets EUR	Liabilities EUR	Profit/(Loss) EUR
Year ended 31 December 2023			
TAYB Creative Digital LLC	25,925	43,687	(29,552)

The joint venture at 31 December 2023 are shown below:

Name	Registered office	Percentage and class of shares held	Nature of business
TAYB Creative Digital LLC	Central Region, Riyadh City, Kingdom of Saudi Arabia	50% Ordinary Shares	Digital marketing services

Notes to the financial statements (continued)

8. Trade and other receivables

	At 31 December 2023 €	At 31 December 2022 €
Current		
Trade net receivables	**441,438**	831,876
Other debtors	**9,274**	3,222
Amounts due from subsidiaries	**325,723**	245,237
Amounts from parent companies	**61,004**	-
Prepayments and accrued income	**211,323**	172,487
	1,048,762	1,252,822

Trade receivables above are disclosed net of provisions for impairment for doubtful debts of €16,144 (2022: €37,637).

As at 31 December 2023, amounts due from subsidiaries are disclosed net of an impairment of Nil (2022: Nil).

9. Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	At 31 December 2023 €	At 31 December 2022 €
Cash at bank and in hand	**592,254**	744,919
Bank overdraft (Note 11)	**(3,669)**	(2,142)
	588,585	742,777

The company has unutilised banking facilities amounting to €96,302 (2022: €97,878). In the prior year, an amount of €2,116 was held as collateral against the company's borrowings. This was refunded in 2023.

No provision has been made in these financial statements in respect of any liabilities which may arise in respect of the following:

	2023 €	2022 €
Guarantees in favor of third parties	**500,000**	30,000

Notes to the financial statements (continued)

10. Share capital

	At 31 December 2023 €	At 31 December 2022 €
Authorised		
406,000 (2022: 453,000) Ordinary shares of €1 each	**406,000**	453,000
47,000 (2022: 34,780) Ordinary 'A' shares of €1 each	**47,000**	34,780
47,000 (2022: 12,220) Ordinary 'B' shares of €1 each	**47,000**	12,220
	500,000	500,000
Issued		
47,000 Ordinary 'A' shares of €1 each – 46,688 Ordinary A shares of €1 each 25% paid up and 312 Ordinary A shares of €1 fully paid up (2022: 34,780 Ordinary 'A' shares of €1 each – 25% paid up)	**11,984**	8,695
47,000 Ordinary 'A' shares of €1 each – 46,688 Ordinary A shares of €1 each 25% paid up and 312 Ordinary A shares of €1 fully paid up (2022: 12,220 Ordinary 'B' shares of €1 each - 312 100% paid up and 11,908 25% paid up)	**11,984**	3,289
	23,968	11,984

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.

During 2017, for the Company's listing requirements, the Company's authorised share capital increased from 1,200 ordinary shares of €1 each to 500,000 ordinary shares of €1 each. The Company's issued share capital increased from 1,200 ordinary shares of €1 each (888 ordinary shares of €1 each 20% paid up and 312 ordinary shares of €1 fully paid up) to 47,000 ordinary shares of €1 each (46,688 ordinary shares of €1 each 25% paid up and 312 ordinary shares of €1 each fully paid up).

During the year, the Company's authorised share capital was changed from €500,000 divided into 453,000 Ordinary Shares of €1 each, 34,780 Ordinary A shares of €1 each and 12,220 Ordinary B shares of €1 each to €500,000 divided into 406,000 Ordinary shares of €1 each, 47,000 Ordinary A shares of €1 each and 47,000 Ordinary B shares of €1 each. The Company's issued share capital increased from €47,000 divided into 34,780 Ordinary A shares of €1 each and 12,220 Ordinary B shares of €1 each to €94,000 divided into 47,000 Ordinary A shares of €1 each (46,688 Ordinary A shares of €1 each 25% paid up and 312 Ordinary A shares of €1 fully paid up) and 47,000 Ordinary B shares of €1 each (46,688 Ordinary B shares of €1 each 25% paid up and 312 Ordinary B shares of €1 fully paid up).

Notes to the financial statements (continued)

11. Borrowings

	At 31 December 2023 €	At 31 December 2022 €
Current		
Bank overdraft	**3,669**	2,142
Non-current		
10,000 5.5% unsecured bonds 2027	**989,372**	986,213

By virtue of the Admission document dated 10 May 2017, the Company issued for subscription by the general public 10,000 unsecured bonds for an amount of €1,000,000. The bonds have a nominal value of €100 per bond and have been issued at par.

The bonds are subject to a fixed Interest rate of 5.5% per annum payable annually in arrears on 19 June of each year. All bonds are redeemable at par (€100 for each bond) on 19 June 2027.

The proceeds from the bond issue are to be used for the Company's general commercial purposes, which will include the following:

- to expand into new markets;
- diversification of offering into new, ancillary areas such as affiliate marketing;
- investing in IT systems and infrastructure;
- strengthening the organisation's capacity and depth, primarily by lateral recruitment within the technology, product development and marketing and sales spaces.

The bonds have been admitted on Prospects MTF, a multilateral trading facility (MTF) operated by the Malta Stock Exchange (MSE). The quoted market price of the bonds at 31 December 2023 was €102.30 (2022: €101.00) which in the opinion of the Directors fairly represented the fair value of these financial liabilities. The fair value estimate in this respect is deemed Level 1 of the fair value measurement hierarchy as it constitutes a quoted price in an active market.

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest method as follows:

	At 31 December 2023 €	At 31 December 2022 €
5.5% unsecured bonds 2027		
Original face value of bonds issued	**1,000,000**	1,000,000
Gross amount of bond issue costs	**(31,593)**	(31,593)
Amortisation of gross amount of bond issue costs:		
Amortisation charge for the year	**3,160**	3,161
Accumulated amortisation at end of year	**20,966**	17,806
Unamortised bond issue costs	**(10,627)**	(13,787)
Amortised cost and closing carrying amount	**989,372**	986,213

Notes to the financial statements (continued)

11. Borrowings – continued

The Company's banking facilities as at 31 December 2023 amounted to €100,000 (2022: €100,000). Such facilities are mainly secured by guarantees from the Company's Directors. As at 31 December 2023, the bank overdraft is subject to a variable rate of interest of 6.15% (2022: 6.15%).

12. Deferred tax

Deferred income taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2022: 35%).

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months.

At the end of the reporting period the Company had the following temporary differences:

	2022 €	**Movement for the year** **€**	**2023** **€**
Arises on:			
Provisions on receivables	13,173	(7,523)	**5,650**
Accelerated depreciation	(5,911)	(6,292)	**(12,203)**
Right of use asset	(356)	(1,526)	**(1,882)**
Unrealised foreign exchange differences	-	3,390	**3,390**
	6,906	(11,951)	**(5,045)**

13. Trade and other payables

	At 31 December 2023 **€**	At 31 December 2022 €
Trade payables	**185,809**	559,063
Other payables	**23,510**	40,811
Indirect taxation	**14,393**	29,952
Accrued bond interest payable	**29,986**	29,986
Other accruals	**49,033**	38,018
Deferred income	**126,703**	196,905
Amount payable to jointly controlled entity	**12,081**	-
	441,515	894,735

The amount payable to jointly controlled entity is unsecured, interest free and repayable on demand.

Notes to the financial statements (continued)

14. Revenue

The company's revenue is derived from the following sources:

	2023	2022
	€	€
Management services	**303,742**	288,181
Commission	**79,024**	89,383
Marketing services	**1,901,121**	1,666,003
	2,283,887	2,043,567

15. Employee benefit expense

	2023	2022
	€	€
		(As restated)
Wages and salaries, including Directors' remuneration	**1,577,396**	1,484,353
Social security costs	**30,308**	39,334
	1,607,704	1,523,687
Less: COVID wage supplement received	**-**	(5,382)
	1,607,704	1,518,305

Average number of persons employed during the year was 19 (2022: 20).

Included above are Directors' salaries and other emoluments amounting to €227,545 (2022: €193,592).

16. Operating expenses

	2023	2022
	€	€
		(As Restated)
Advertising costs	**27,222**	62,516
Bad debt written off	**35,572**	-
Exchange differences	**16,109**	12,948
Commissions	**38,526**	31,460
Legal and other professional fees	**66,721**	95,437
Media buying, software and platform expenses	**30,557**	48,924
Outsourcing costs	**64,426**	37,905
Salary recharges	**99,257**	-
Staff welfare	**14,631**	23,066
Subscriptions, permits and licenses	**54,088**	48,408
Travelling expenses	**20,041**	32,702
Other expenses	**45,997**	25,390
Total other operating expenses	**513,147**	418,756

Notes to the financial statements (continued)

16. Operating expenses – continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2023 relate to the following:

	2023	2022
	€	€
Audit fees	**8,500**	8,000
Non – audit services	**1,500**	1,200
	10,000	9,200

Non- audit services include fees relating to the interim review of the financial statements.

17. Finance costs

	2023	2022
	€	€
Bonds interest expense (Note 11)	**58,159**	58,159
Bank interest and charges	**3,304**	4,700
Finance costs – leases	**1,014**	2,049
	62,477	64,908

18. Tax expense

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2023	2022
	€	€
Corporate tax	**(23,823)**	(10,136)
Foreign withholding tax	**(5,592)**	-
Deferred tax	**(11,951)**	-
	(41,366)	(10,136)

Notes to the financial statements (continued)

18. Tax expense – continued

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2023	2022
	€	€
Profit before tax	**119,064**	62,660
Tax at 35%	**(41,672)**	(21,931)
Tax effect of:		
Unrecognised deferred tax movement	**-**	5,371
Disallowed expenses	**(272)**	9,182
Non temporary differences	**(1,106)**	-
Effect of disposals of property, plant, and equipment	**198**	-
Foreign withholding taxes	**(5,592)**	-
Group loss relief provision	**7,084**	-
Other differences	**(6)**	(2,758)
	(41,366)	(10,136)

19. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2023	2022
	€	€
Operating profit	**181,541**	127,568
Adjustments for:		
Amortisation of intangible assets	**7,535**	669
Depreciation of property, plant and equipment	**8,430**	9,893
Depreciation of right of use asset	**14,810**	13,185
Movement in provision for impairment of trade receivables	**(21,493)**	6,020
Loss / (gain) on modification of lease	**2,186**	(28,561)
Loss on sale of property, plant and equipment	**1,890**	9,507
Changes in working capital:		
Trade and other receivables	**225,554**	(644,064)
Trade and other payables	**(465,301)**	566,938
Cash (used in) / generated from operations	**(44,848)**	61,155

Notes to the financial statements (continued)

20. Operating leases

During 2022, the Company terminated the lease that was in force in the prior year. This has resulted in a gain arising upon termination of the lease amounting to Eur28,561. As from 1st of April 2022 the Company entered into a new lease agreement in relation to use of property for a period of 10 years expiring on 30th June 2032.

During the year, the Company terminated the lease that was in force in the prior year. This has resulted in a loss arising upon termination its office lease amounting to Eur2,186. On the 13th October 2023, the Company signed a new lease agreement for a 10-year period, with effect from 15th December 2023.

Right-of-use assets and lease liabilities have been recognised as separate line items in the statement of financial position. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. To determine this rate, the company obtained information from its bank for the particular purpose.

Amounts recognised in the statement of financial position

	2023	2022
	€	€
Right of use assets		
Buildings at cost		
Opening balance	**133,182**	120,613
Additions	**436,196**	133,182
Termination of lease	**(133,182)**	(120,613)
Closing balance	**436,196**	133,182
Accumulated Depreciation		
Buildings		
Opening balance	**9,745**	38,070
Charge for the year	**14,810**	13,185
Termination of lease	**(22,738)**	(41,510)
Closing balance	**1,817**	9,745
Net Book Value		
Buildings	**434,379**	123,437

Notes to the financial statements (continued)

20. Operating leases – continued

Additions to the right-of-use asset during the 2023 financial year were €436,196 (2022: €133,182). There loss recognised on the modification of lease during 2023 is €2,186 (2022: gain of €28,561).

	2023	2022
Lease Liabilities	**€**	€
Current	**46,478**	14,306
Non-current	**382,525**	108,112
	429,003	122,418

<u>The statement of profit or loss and other comprehensive income shows the following relating to leases</u>

	2023	2022
	€	€
Depreciation on right of use assets		
Buildings	**(14,810)**	(13,185)
	(14,810)	(13,185)

	2023	2022
	€	€
Interest expense (included in finance cost)	**(1,014)**	(2,049)
	(1,014)	(2,049)

The total cash outflow for leases in 2023 was €22,368 (2022: €15,294).

The commitments of the Company with respect to non-cancellable lease are explained within note 21 of the financial statements.

Notes to the financial statements (continued)

21. Commitments

The maturity analysis of non-cancellable lease commitments qualifying as right-of-use assets:

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
31 December 2023					
Future minimum lease payments	48,996	48,996	157,613	309,818	565,423

22. Related parties

The Company's Directors consider the subsidiaries of the Company (Note 6), all entities owned or controlled by common shareholders and the Company's key management personnel to be the principal related parties of the Company. Transactions with these related parties would typically relate to the selling of digital marketing services in the ordinary course of business. Except for transactions disclosed or referred to previously in these financial statements, the operating transactions with related parties that have a material effect on the Company's results and financial position are disclosed below:

	2023 **€**	2022 €
Sales - provision of digital marketing services		
Subsidiaries	**657,637**	20,870
Other related party	**71,845**	106,726
	729,482	127,596

Payments of €152,905 (2022: €58,570) have taken place during 2023 on behalf of subsidiaries. Year end balances with related parties, arising principally from the trading transactions referred to above are disclosed below:

	At 31 December 2023 **€**	At 31 December 2022 €
Amounts owed by subsidiaries	**325,723**	245,237
Amounts owed from parent companies	**61,004**	-
Amounts owed by related parties	**9,668**	-
Amounts owed to related parties	**(47,183)**	-
Amount payable to investment in jointly controlled entity	**(12,081)**	-
	337,131	245,237

All balances with related parties are unsecured, interest free and repayable on demand. No guarantees have been given or have been received.

Notes to the financial statements (continued)

23. Statutory information

9HCapital p.l.c. (formerly Anchovy Studios PLC) is a public limited liability company and is incorporated in Malta.

24. Contingent liabilities

There were no contingent liabilities with a material impact on the Company as at 31 December 2023.

25. Subsequent events

Following the restructuring of the group which was finalized in 2024 the company has transferred its operations to one of its subsidiaries and will continue to operate as a finance and holding company.

26. Comparative information

Some comparative figures have been reclassified in order to conform with the current year's presentation. Changes are summarised below:

	2022 As previously reported €	Adjustment €	2022 As restated €
Statement of profit or loss and other comprehensive income			
Personnel expenses	728,069	790,236	**1,518,305**
Other operating expense	1,208,996	(790,236)	**418,760**

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Independent auditor's report

To the Shareholders of 9HCapital plc (formerly Anchovy Studios plc)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 9HCapital plc (formerly Anchovy Studios plc) (the Company), set out on pages 11 to 43, which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Based on our professional judgement there were no key audit matters identified that in our opinion were of such significance in our audit of the financial statements.

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Independent auditor's report

To the Shareholders of 9HCapital plc (formerly Anchovy Studios plc) (continued)

Other Information

The directors are responsible for the other information. The other information comprises the directors' report and corporate governance – statement of compliance. Our opinion on the financial statements does not cover this information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS's, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's 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 Company or to cease operations, or has no realistic alternative but to do so.

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.

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Independent auditor's report

To the Shareholders of 9HCapital plc (formerly Anchovy Studios plc) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 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 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.

We communicate with the directors 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.

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Independent auditor's report

To the Shareholders of 9HCapital plc (formerly Anchovy Studios plc) (continued)

Report on Other Legal and Regulatory Requirements

Report on the statement of compliance with the Principles of Good Corporate Governance

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their annual report a Corporate Governance Statement providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Corporate Governance Statement prepared by the directors. We read the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report.
Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the annual report.

We are not required to, and we do not, consider whether the board's statements on internal control included in the Corporate Governance Statement 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 Corporate Governance Statement set out on pages 5 to 10 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Adequacy of explanations received and accounting records

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

Use of audit report

This report is made solely to the company's members as a body in accordance with the requirements of the Companies Act (CAP. 386) of the laws of Malta. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the full extent permitted by law we do not assume responsibility to anyone other than the company's members as a body for our audit work, for this report or for the opinions we have formed.

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Independent auditor's report

To the Shareholders of 9HCapital plc (formerly Anchovy Studios plc) (continued)

Appointment

We were appointed by the shareholders as auditors of 9HCapital plc (formerly Anchovy Studios plc) on 11 July 2019, as for the year ended 31 December 2019 and have operated as a statutory auditor ever since that date.

Consistency with the additional report to those charged with Governance

Our opinion on our audit of the financial statements is consistent with the additional report to the audit committee required to be issued by the Audit Regulation (as referred to in the Act);

Non-audit services

We have not provided any of the prohibited services as set out in the accountancy profession act.

AGrech

This copy of the audit report has been signed by
Anita Grech (Partner) for and on behalf of

Mazars Malta
Certified Public Accountants
Birkikara,
Malta

26 April 2024