

**PEOPLECERT INTERNATIONAL
LIMITED**

ANNUAL REPORT AND FINANCIAL
STATEMENTS

Year ended 31 December 2023

PEOPLECERT INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2023

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PEOPLECERT INTERNATIONAL LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Georgios Giannetsos
Charalambos Meivatzis
Ionas Nicolaou (appointed on 15 January 2021 and resigned on 20 March 2023)
Christos P. Kinanis
Nicolaas Petrus Wilhelmus Maria Horvers

Company Secretary:

Zoulian Limited (resigned on 20 March 2023)
Polyfian Limited (appointed on 20 March 2023)

Independent Auditors:

KPMG Limited
Chartered Accountants
14 Esperidon Street
P.O. Box 21121
1502, Nicosia, Cyprus

Registered office:

40, Themistokli Dervi
Nicosia
Cyprus

Bankers:

Bank of Cyprus Public Company Ltd
Barclays Bank Plc - IBU
Societe Generale Bank
HSBC UK Bank Plc
Piraeus Bank SA
Citibank Europe Plc
Citibank NA London

Registration number:

160322

MANAGEMENT REPORT

The Board of Directors of PeopleCert International Limited (the "Company") presents its report and audited financial statements of the Company for the year ended 31 December 2023.

Incorporation

The Company Peoplecert International Limited was incorporated in Cyprus on 3 May 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the design, development, management, control and support of personnel certification programs and the design, development and assessment of automated examination systems. Also, the Company acts as an agent of the organization and the execution of examinations on behalf of other companies.

Review of current position, future developments and performance of the Company's business

The net profit for the year of the Company amounted to €50,576,443 (2022: €41,990,402). On 31 December 2023 the total assets of the Company were €294,951,397 (2022: €248,450,185) and the net assets of the Company were €221,825,975 (2022: €214,368,185). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in note 31 of the financial statements.

Existence of branches

The Company has a branch in Athens, Greece (incorporated in 2022) and another one in Dubai (incorporated in 2014).

Use of financial instruments by the Company

The Company is exposed to interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

PEOPLECERT INTERNATIONAL LIMITED

MANAGEMENT REPORT

Results and Dividends

The Company's results for the year are set out on page 9.

Dividends

In 2023 the Company declared payments of dividends of €43,121,069 in total, specifically €18,121,069 on 12 January 2023 and €25,000,000 on 26 September 2023 (2022: €22,954,507) from the profit generated in year 2022.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. There is no requirement in the company's Article of Association for the retirement of Directors by rotation, thus all Directors presently members of the Board continue in office.

There were no significant changes in the assignments of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in note 1 to the financial statements.

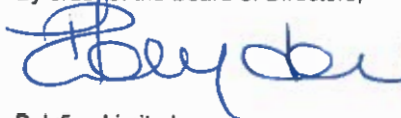
Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 33 to the financial statements.

Independent Auditors

The Independent Auditors KPMG Limited (Cyprus), have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Polyfian Limited
Secretary



Nicosia, 5 December 2024



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

PEOPLECERT INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Peoplecert International Limited (the "Company"), which are presented on pages 8 to 47 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company 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 European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

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 *"Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, 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.

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Emphasis of Matter

We draw attention to Note 25 of the financial statements, which describes the uncertainty related to the contingent liability to uncertain tax position concerning a new tax ruling, which has been requested by the Company and for which the official decision is pending to be issued by the Tax Authorities up to the date these Financial Statements were authorized for issue. In the event of an unfavorable outcome, the Company will incur an additional current tax liability of €1.361.977. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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 auditors' 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 auditors' 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 a true and fair view.

We communicate with the Board of 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.

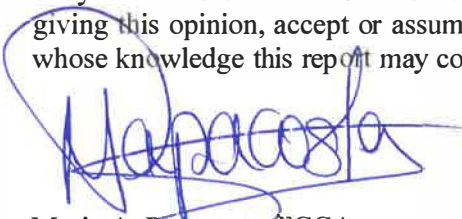
Report on other legal requirements

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Maria A. Papacosta, FCCA

Certified Public Accountant and Registered Auditor for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon street
1087 Nicosia, Cyprus

5th December 2024

PEOPLECERT INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	31 December 2023 €	31 December 2022 €
ASSETS			
Non current assets			
Property, plant and equipment	6	2,408,928	2,152,824
Intangible assets	7	6,826,515	5,902,462
Investments in subsidiaries	8	11,985,238	6,973,320
Financial assets at fair value through profit and loss	9	296,855	-
Other assets		120,028	1,100
Deferred tax assets	15	10,181	7,965
		<u>21,647,745</u>	<u>15,037,671</u>
Current assets			
Trade and other receivables	10	197,846,904	191,087,549
Cash and cash equivalents	11	75,157,160	42,099,074
Inventory		299,588	225,891
		<u>273,303,652</u>	<u>233,412,514</u>
Total assets		<u>294,951,397</u>	<u>248,450,185</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		10,001	10,001
Share premium		164,231,946	164,231,946
Other reserves		7,275	4,859
Retained earnings		57,576,753	50,121,379
Total equity		<u>221,825,975</u>	<u>214,368,185</u>
Non current liabilities			
Lease liabilities	13	59,744	79,381
Deferred tax liabilities	14	110,078	110,078
Employee benefits	28	55,607	42,434
		<u>225,429</u>	<u>231,893</u>
Current liabilities			
Trade and other payables	15	68,568,956	26,464,140
Deferred income	16	2,863,641	3,084,994
Borrowings		-	-
Lease liabilities	13	26,974	25,121
Current tax liabilities	17	1,440,422	4,275,853
		<u>72,899,993</u>	<u>33,850,108</u>
Total liabilities		<u>73,125,422</u>	<u>34,082,001</u>
Total equity and liabilities		<u>294,951,397</u>	<u>248,450,185</u>

On 5 December 2024 the Board of Directors of Peoplecert International Limited authorised these financial statements for issue.

.....
Nicolaas Petrus Wilhelmus Maria Horvers
Director

.....
Georgios Giannetsos
Director

The notes on pages 12 to 47 form an integral part of these financial statements.

PEOPLECERT INTERNATIONAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	2023 €	2022 * €
Revenue	18	127,064,982	122,086,072
Cost of sales	19	<u>(32,912,802)</u>	<u>(31,108,462)</u>
Gross profit		94,152,180	90,977,610
Other income	20	14,334	199,151
Selling and distribution expenses	21	(10,419,126)	(6,830,684)
Administration expenses	22	(31,601,906)	(24,679,717)
Other expenses	29	<u>(215,254)</u>	<u>(1,300,137)</u>
Operating profit		51,930,228	58,366,223
Finance income	24	2,912,717	48
Finance costs	24	<u>(1,216,475)</u>	<u>(9,759,555)</u>
Net finance costs		1,696,243	(9,759,507)
Profit/(loss) before tax		<u>53,626,470</u>	<u>48,606,717</u>
Tax	25	<u>(3,050,027)</u>	<u>(6,616,315)</u>
Profit for the year		50,576,443	41,990,402
Other comprehensive income		2,417	4,859
Total comprehensive income for the year		<u>50,578,860</u>	<u>41,995,261</u>

* Reclassification differences arise between Cost of sales and Administration expenses for comparability purposes – refer to Notes 19 and 22

PEOPLECERT INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital €	Share premium €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2022	10,001	164,231,946	-	31,085,483	195,327,430
Comprehensive income					
Net profit for the year	-	-	-	41,990,402	41,990,402
Other comprehensive income	-	-	4,859	-	4,859
Total comprehensive income for the year	-	-	4,859	41,990,402	41,995,261
Transactions with owners of the Group					
Dividends	-	-	-	(22,954,507)	(22,954,507)
Total transactions with owners of the Group	-	-	-	(22,954,507)	(22,954,507)
Balance at 31 December 2022 / 1 January 2023	10,001	164,231,946	4,859	50,121,379	214,368,185
Comprehensive income					
Net profit for the year	-	-	-	50,576,443	50,576,443
Other comprehensive income	-	-	2,417	-	2,417
Total comprehensive income for the year	-	-	2,417	50,576,443	50,578,860
Transactions with owners of the Group					
Dividends	-	-	-	(43,121,069)	(43,121,069)
Total transactions with owners of the Company	-	-	-	(43,121,069)	(43,121,069)
Balance at 31 December 2023	10,001	164,231,946	7,275	57,576,753	221,825,975

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31st of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits refer. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays a General Health System (GHS) contribution on behalf of the shareholders at a rate of 2.65%, when the entitled shareholders are natural tax residents of Cyprus, regardless of their domicile.

PEOPLECERT INTERNATIONAL LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2023

	Note	2023 €	2022 €
Cash flows from operating activities			
Profit before tax		53,626,470	48,606,717
Adjustments for:			
Depreciation	7	395,939	147,657
Amortisation	8	2,346,742	2,755,885
Net interest expense	24	(675,940)	151,456
Provision for defined benefit obligations		30,097	42,433
Impairment loss on investments in subsidiaries	8	40,261	753,659
Impairment loss on receivables	10	246,444	312,188
Other net foreign exchange (gains)/ losses	24	(2,196,807)	8,533,455
		53,813,206	61,303,450
Changes in working capital:			
Trade and other receivables		(10,264,631)	(4,931,515)
Inventories		(73,697)	(225,891)
Trade and other payables		22,486,684	9,077,777
Deferred income		(221,353)	562,579
Defined benefits obligations paid		(13,825)	-
Cash generated from operating activities		65,726,384	65,786,403
Income taxes paid		(5,854,344)	(3,637,317)
Net cash from operating activities		59,872,039	62,149,086
Cash flows from investing activities			
Acquisition of intangible assets	8	(3,270,794)	(2,160,978)
Acquisition of property, plant and equipment	7	(652,042)	(2,743,810)
Acquisition of financial assets at fair value through profit and loss	9	(296,855)	-
Acquisitions of investments in subsidiaries		(4,652,984)	-
Interest received	24	715,910	-
Net cash used in investing activities		(8,156,766)	(4,904,788)
Cash flows from financing activities			
Repayment of borrowings		-	(5,003,328)
Payment of leases liabilities		(21,889)	(33,803)
Interest paid		(39,970)	(151,456)
Dividends paid		(18,121,069)	(22,954,507)
Net cash used in financing activities		(18,182,928)	(28,143,094)
Net increase in cash and cash equivalents		33,532,345	29,101,201
Cash and cash equivalents at beginning of the year		42,099,074	13,245,683
Effect of movements in exchange rates on cash held		(474,260)	(247,810)
Cash and cash equivalents at end of the year	11	75,157,160	42,099,074

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1. Incorporation and principal activities

Country of incorporation

The Company Peoplecert International Limited (the "Company") was incorporated in Cyprus on 3 May 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 40, Themistokli Dervi, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the design, development, management, control and support of personnel certification programs and the design, development and assessment of automated examination systems. Also the Company acts as an agent of the organization and the execution of examinations on behalf of other companies.

Operating Environment of the Company

Impact of the Israeli-Palestinian conflict in the Gaza Strip

As of October 2023, the geopolitical situation in the Middle East has peaked with start of the conflict between Israel and the Palestinian Hamas in the Gaza Strip. This dispute continues and at this stage the Company monitors the political developments on an ongoing basis. Management has considered the particular circumstances and risks to which the Company is exposed and has concluded that there is no material impact on profitability of the Company. The above is not expected to have a direct material impact on business activities of the Company. The Directorate will continue to monitor closely the situation and will assess the need for action should the situation be prolonged.

Russia-Ukraine conflict

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which affects household incomes and business operating costs.

Employees

The Company policy is to respect international human rights principles and especially among others the principles of:

- equal treatment and equal opportunities for all employees
- diversity, and
- the avoidance of child and forced labour.

Ensuring human rights is a key issue for the Company with a view to ensuring parity, equal treatment of every customer, partner and employee, prevention of any kind of racist behaviour, and proper working conditions and compliance with hygiene and safety rules with the aim of creating and ensuring a safe working environment.

Engagement with suppliers, customers, and others in a business relationship with the Company

The ultimate mission of the Company is to develop and deliver globally, best-in-class exam and certification programs that enhance the lives and careers of the candidates. To achieve this, we have set as priority to engage with all stakeholders to better inform them of our activities and to create equal opportunities and supportive outcomes for them. Our customers are of focal interest, thereby, we constantly try to deliver operational and business excellence by building relationships based on trust, reliability, and quality.

Our employees are valued asset and shape how we run the business. We have processes in place to ensure that their initiatives and talents are valued, that any inequalities or injustice are avoided while we invest on their continuous professional development through various trainings and educational opportunities.

Our investors encompass both our shareholders and bondholders and any other party interested in the Company's

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

sustainability and success. The Board has the opportunity through scheduled meetings on a timely manner to engage with the investors on the business progress and evolution and receive feedback on the results.

Our suppliers share our values and our view to retain solid lasting partnerships that will contribute to the Company's long-term success. The Company focuses on the quality, service provision, availability, and costs of its suppliers with regular reviews.

Statement of corporate governance arrangements

A talented team of professionals with proven expertise and outstanding performance in their respective fields move the Company towards its vision through insightful leadership and commitment to its core values.

The Board has adopted a system of rules, practices, and processes that constitute the framework for attaining the Company's objectives and managing corporate behaviour. For the Company, it is crucial to demonstrate good corporate citizenship through sound corporate governance practices with a view to promote transparency, independence, fairness, accountability, responsibility, discipline, and social responsibility.

Greenhouse gas emissions and energy consumption

The Company carries out its activities in a way that ensures the protection of the environment and the health and safety of its employees. It has integrated appropriate procedures in its activities, operating with a sense of responsibility towards the environment. There is no existing or potential impact on the environment from the Company's activities. The Company does not produce and consequently does not pollute the atmosphere.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113 and are for the year ended 31 December 2023.

The financial statements have been prepared under the historical cost convention.

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

3. Adoption of new and revised IFRS and interpretations by the European Union (EU)

As from 1 January 2023, the Company adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by the EU, which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Company.

The following new Standards, Interpretations and amendments to Standards have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning of 1 January 2023. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these Standards early.

(I) Standards and Interpretations not adopted by the EU

- IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants (effective for annual periods beginning on or after 1 January 2024).
- IFRS 16 Leases (Amendments): Lease Liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).
- IAS 7 Statement of Cash Flows (Amendments) and IFRS 7 Financial Instruments: Disclosures (Amendments) – Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024).
- IFRS 10 Consolidated Financial Statements (Amendments) and IAS 28 Investments in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely; early adoption continues to be permitted).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively - that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 8 "Impairment of investments in subsidiaries" - determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.
- Note 10 "Provision for bad and doubtful debts" - the Company reviews its trade and other receivables for evidence of their recoverability.
- Note 25 "Income taxes" - to determine any provision for income taxes.
- Note 28 "Employee benefits" – to measure the defined benefit obligations based on determination of key actuarial assumptions.

4.2 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. Material accounting policies

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

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

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Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Plant and machinery	10
Furniture, fixtures and office equipment	10

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the cost of sales category consistent with the function of the intangible asset.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's e-business development is recognised only if the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use

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- or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.
- Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.
- An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. Their amortisation expense is included in cost of sales.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Customer base acquisition

Relates to the acquisition of customer base and more specifically to a takeover of a direct relationship of another company's customers. Customer base has been initially recognised at acquisition cost and then depreciated over its estimated useful life, on straight line basis. Their amortisation expense is included in cost of sales.

Certification rights

Certification rights represent the fees paid for the Intellectual Property rights and the associated registered trademarks in long term contracts. The asset is amortized on a straight-line method over its useful life which equals the exclusivity right period of five years, commencing on 1 January 2018. The amortisation expense is included in cost of sales.

The annual amortisation rates used are as follows:

	%
Customer Software in use	20
Patents and Trademarks	20
Customer base acquisition	20
Certification rights	20

Leases

At 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare

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- cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company as lessee

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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease 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 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

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 a purchase, 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 its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the statement of financial position.

The lease liabilities are presented separately in the statement of the financial position.

Impairment of non-financial assets

Intangible assets under development are tested annually for impairment. For the purposes of assessing impairment, Intangible assets under development are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU).

Also, at each reporting date, the Company reviews the carrying amounts of its depreciable tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use (present value of estimated future cash flows) of the asset (or CGU). An impairment loss is recognised immediately in profit or loss.

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Financial assets

Financial assets – Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and

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expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Impairment

- Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to

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- actions such as realising security (if any is held); or
the financial asset is more than 90 days past due.

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

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

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

- Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

- Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

- Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

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Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are 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 assets.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the

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effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 31, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Credit related commitments

The Company issues commitments to provide loans. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Company cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

Financial Liabilities

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Borrowings

Borrowings are recognised initially at fair value, 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 borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. 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 statement of financial position date.

Trade payables

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

Financial liabilities – Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered).

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted

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for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Deferred income

Deferred income represents income receipts which relate to future periods.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Revenue

Recognition and measurement

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

The transaction price

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Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value added taxes).

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Financing component

The Company does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Employee benefits

In the defined contribution schemes of the Company, the amounts paid to personnel as retirement benefits and which represent the actual cost for the year, are debited to profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company's net obligation in respect of defined benefit scheme is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit scheme are recognised on profit or loss.

When the benefits of a scheme are changed or when a scheme is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit scheme when the settlement occurs.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

The effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

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

(2) 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.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Non-current Liabilities

Non-current financial liabilities represent amounts that are due more than twelve month from the reporting date.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

PEOPLECERT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

6. Property, plant and equipment

	Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Leased buildings	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2022	2,136	6,627	-	84,708	93,471
Extension of lease term	-	-	-	122,661	122,661
Additions	-	81,803	2,079,175	-	2,160,978
Balance at 31 December 2022/ 1 January 2023	2,136	88,430	2,079,175	207,369	2,377,110
Contract modifications	-	-	-	13,869	13,869
Additions	-	3,023	635,150	-	638,173
Balance at 31 December 2023	2,136	91,453	2,714,325	221,238	3,029,152
Depreciation					
Balance at 1 January 2022	1,555	2,400	-	72,674	76,629
Charge for the year	170	29,700	86,183	31,604	147,657
Balance at 31 December 2022/ 1 January 2023	1,725	32,100	86,183	104,278	224,286
Charge for the year	170	7,562	349,626	38,581	395,939
Balance at 31 December 2023	1,895	39,662	435,809	142,859	620,225
Net book amount					
Balance at 31 December 2023	241	51,791	2,278,516	78,379	2,408,927
Balance at 31 December 2022	411	56,330	1,992,992	103,091	2,152,824

Right-of-use assets

Under category 'Leased Buildings', the Right-of-use assets are presented (head offices in Cyprus for the Company and offices in Dubai for the relevant branch), with further details as follows:

ROU Asset	No of ROU Assets	Average remaining lease term (in years)	Extension option	Option to purchase	Termination option
Office in Nicosia	1	4	Yes	-	Yes
Office in Dubai	1	0.5	Yes	-	Yes

PEOPLECERT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

7. Intangible assets

	Customer base acquisition	Computer software	Trademarks and patents	Certification rights	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2022	680,455	12,736,124	25,790	3,374,527	16,816,896
Additions	-	2,743,810	-	-	2,743,810
Balance at 31 December 2022 / 1 January 2023	680,455	15,479,934	25,790	3,374,527	19,560,706
Additions	-	3,700,537	-	-	3,700,537
Disposals	-	(427,600)	-	-	(427,600)
Write-offs	-	(5,363,829)	-	-	(5,363,829)
Balance at 31 December 2023	680,455	13,389,042	25,790	3,374,527	17,469,814
Amortisation					
Balance at 1 January 2022	680,455	7,497,050	25,231	2,699,621	10,902,357
Amortization for the year	-	2,080,422	559	674,906	2,755,887
Balance at 31 December 2022 / 1 January 2023	680,455	9,577,472	25,790	3,374,527	13,658,244
Amortization for the year	-	2,346,742	-	-	2,346,742
Write -offs	-	(5,361,687)	-	-	(5,361,687)
Balance at 31 December 2023	680,455	6,562,527	25,790	3,374,527	10,643,299
Net book amount					
Balance at 31 December 2023	-	6,826,515	-	-	6,826,515
Balance at 31 December 2022	-	5,902,462	-	-	5,902,462

Amortisation expense for the year has been recognised in profit and loss as follows:

	2023	2022
	€	€
Cost of sales	2,346,742	2,755,887
	<u>2,346,742</u>	<u>2,755,887</u>

Certification rights represent the fees paid for the Intellectual property rights and the associated registered trademarks in long-term contracts.

The additions in Computer software relate to capitalized development costs for new features, new qualifications, integrations and cost optimization incurred in the Company's certifications software Passport, the Company's website and other software.

The disposals under Computer Software in 2023 concern recharge of intangible assets, purchased in 2023, to fellow subsidiary Axelos Ltd.

Since 2019, the company has proceeded with the replacement of the code based on which the certification software named "PASSPORT" was previously designed and implemented. The replacement of the various modules was done gradually with the design of new ones, which do not constitute an improvement of the existing ones but rather the creation of an entirely new software. It is noted that until the year 2022, both the old and the new modules were used simultaneously until the complete replacement of the former. Within 2023 all the old modules have been discontinued, and the respective cumulative costs and amortisation have been written off. As a result, the balances as of 31 December 2023 pertain only to the new software modules.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

8. Investments in subsidiaries

	31 December 2023 €	31 December 2022 €
Balance at 1 January	6,973,320	7,081,243
Additions	5,052,179	645,736
Impairment in investments in subsidiaries	(40,261)	(753,659)
Balance at 31 December	11,985,238	6,973,320

Acquisitions in current year

On 17 February 2023, the Company acquired all of the ordinary shares in DevOps Institute Inc. ("DevOps") for a total consideration of US\$ 5.5 million. DevOps Institute Inc. is a US-based company with a global learning community that aims to empower IT professionals to make the most of DevOps. The acquisition fully complements PeopleCert Group existing IT & Business certifications portfolio and follows a streak of recent key acquisitions in the certification industry for the Company. It further solidifies PeopleCert Group's position as a global IP-house of best-practice frameworks and certifications, which continues its path of growth, organically and through acquisitions. By bringing DevOps into the Group, management expect to strengthen Group's market position by delivering a broader range of innovative products and services to benefit the Group's clients.

According to the share purchase agreement, the consideration for the shares of DevOps was the aggregate of the below:

- (1) A base cash consideration of €4,328,275 (US\$4,620,000) payable on the acquisition date 17 February 2023.
- (2) A deferred component (1st holdback payment) of €345,074 at present value (US\$368,000) payable eight months after the acquisition date.
- (3) A deferred component (2nd holdback payment) of €378,831 at present value (US\$404,000) payable sixteen months after the acquisition date.

Acquisitions in prior year

Regarding the additions of €645,736 in prior year, these relate to the acquisition of IASSC LLC, a company based in the US. More specifically, on 8 September 2020, the Board of Directors of Peoplecert International Ltd decided to buy 100% of ownership of IASSC against a total cost of \$2,500,000. The entity paid the amount of \$2,000,000 in 2020 and the remaining of \$500,000 in 2021.

Based on the purchase agreement, the Company paid to Red Stake Inc. (former shareholder) a cash consideration of US\$2million on acquisition date, an additional amount of US\$500 thousand of deferred consideration one year following the closing date, while by the reporting date an additional consideration is due for each six-month period (i) from and including January 1 through and including June 30 and (ii) from and including July 1 through and including December 31 of each calendar year, beginning with the 2022 calendar year through and including the 2025 calendar year of an amount equal to (a) 12.5% multiplied by (b) Company Revenue for the applicable Period less Digital Spend for the applicable Period (\$761,000). IASSC is expected to achieve the required threshold that entitles the Seller to receive earnout consideration, therefore the respective contingent consideration is included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

8. Investments in subsidiaries (cont.)

The details of the investments in subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Direct Holding %</u>	<u>Indirect Holding %</u>
PeopleCert Hellas S.A.	Greece	Design, development, management, control and support of Personnel Certification Programs and design, development and support of automated examination systems	99.99	-
PeopleCert Global Services S.A.	Greece	Design, development, management, control, and support of personnel certification programs and automated examination systems	99.99	-
PeopleCert UK Ltd	United Kingdom	Personnel Certification	100	-
PeopleCert Qualifications Limited	United Kingdom	Personnel Certification	100	-
PeopleCert Personel Belgenendirme A.S.	Turkey	Personnel Certification	-	100
PeopleCert Educational S.A.	Greece	Education	99.98	-
IASSC International Association for Six Sigma Certification LLC	United States of America	Personnel Certification	100	-
DevOps Institute Inc	United States of America	Design, development and management of global best practice methodologies in project, program and portfolio management, and IT and digitally enabled services	100	-
Pei Si Te Assessment Technology (Beijing) Co Limited	China	Management and Administration Services	100	-

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include facts such as decline in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

The impairment loss accounted for in prior year of € (753,659) concerns the investment in PeopleCert Educational (€59,719) and that in IASSC (€693,940), as Management assessed that certain impairment indicators existed as of 31 December 2022. The impairment losses of € (753,659) were included in Other Expenses in prior year.

In current year, management assessed the declining performance and loss-making position of subsidiary PeopleCert Educational and proceeded with full impairment of the cost of the investment as of 31 December 2023. As a result, an impairment loss of € (40,261) was included in Other Expenses in current year.

Regarding the rest investments in subsidiaries, no impairment indicators were identified by management in current year and therefore no impairment testing was conducted as of 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9. Financial assets at fair value through profit and loss

	31 December 2023	31 December 2022
	€	€
Balance at 1 January	-	-
Additions	296,855	-
Balance at 31 December	296,855	-

The additions in current year concern a convertible loan note of €200,000 and other various investments of €96,854.60 of minor shareholdings below 20% each.

10. Trade and other receivables

	31 December 2023	31 December 2022
	€	€
Trade receivables	9,029,953	9,781,385
Less: credit loss on trade receivables	(503,457)	(554,116)
Trade receivables - net	8,526,496	9,227,269
Receivables from own subsidiaries (Note 27.3)	12,086,601	8,812,186
Receivables from fellow subsidiaries (Note 27.3)	4,609,052	4,178,488
Shareholders' current accounts - debit balances (Note 27.5)	560,149	444,704
Receivables from parent (Note 27.3)	169,731,221	166,309,537
Receivables from related parties (Note 27.3)	1,023,333	789,241
Other receivables	233,490	661,647
Deposits and prepayments	909,995	584,858
Refundable VAT	166,568	79,619
	197,846,904	191,087,549

Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers. The Company's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond the amounts provided for collections losses is inherent in the Company's trade receivables.

Deposits and prepayments include prepaid expense and retainer fees provided to suppliers for products and services which will be delivered after the year end.

The Company does not hold any collateral over the trading balances.

Movement in provision for impairment of receivables:

	31 December 2023	31 December 2022
	€	€
Balance at 1 January	554,116	241,929
Impairment losses recognized on receivables	246,444	312,187
Bad debt provision reversals	(297,103)	-
Balance at 31 December	503,457	554,116

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 31 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

11. Cash at bank and in hand

	31 December 2023	31 December 2022
	€	€
Cash at bank and in hand	66,027,075	41,785,194
Cash equivalents	9,130,085	313,880
	<u>75,157,160</u>	<u>42,099,074</u>

Cash equivalents include an amount of €9,076,018 (2022: nil) that represents US treasury bills and an amount of €54,067 (2022: €313,880) that represents cash held in merchant accounts. The US treasury bills, which were acquired by the Company in 2023 and offer an annual yield of 4.84%, are highly liquid investments subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	31 December 2023	31 December 2022
	€	€
Cash and cash equivalents	75,157,160	42,099,074
	<u>75,157,160</u>	<u>42,099,074</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 31 of the financial statements.

12. Share capital

	2023 Number of shares	2023 €	2022 Number of shares	2022 €
Authorised				
Ordinary shares of €1 each	10,001	10,001	10,001	10,001
Issued and fully paid				
Balance at 1 January	10,001	10,001	10,001	10,001
Balance at 31 December	<u>10,001</u>	<u>10,001</u>	<u>10,001</u>	<u>10,001</u>

There were no changes to the authorised share capital of the Company during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

13. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	€	€	€	€
No later than 1 year	29,363	29,034	26,974	25,121
Later than 1 year and no later than 5 years	66,200	86,150	59,744	79,381
	95,563	115,184	86,718	104,502
Future finance charges	(8,846)	(10,682)	-	-
Present value of lease liabilities	86,718	104,502	86,718	104,502

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above.

14. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 25). The applicable corporation tax rate in the case of tax losses is 12,5%.

The movement on the deferred taxation account is as follows:

Deferred tax asset

	€
1 January 2022	-
Charged/ (credited) to:	
Statement of other comprehensive income	(1,370)
Statement of profit or loss and other comprehensive income (Note 25)	9,335
Balance at 31 December 2022/ 1 January 2023	7,965
Charged/ (credited) to:	
Statement of other comprehensive income	(682)
Statement of profit or loss and other comprehensive income (Note 25)	2,898
Balance at 31 December 2023	10,181

Deferred tax liability

	€
1 January 2022	110,282
Charged/ (credited) to:	
Statement of other comprehensive income	-
Statement of profit or loss and other comprehensive income (Note 25)	(203)
Balance at 31 December 2022/ 1 January 2023	110,078
Charged/ (credited) to:	
Statement of other comprehensive income	-
Statement of profit or loss and other comprehensive income (Note 25)	-
Balance at 31 December 2023	110,078

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15. Trade and other payables

	31 December 2023	31 December 2022
	€	€
Trade payables	2,814,250	1,821,686
Prepayments from clients	1,018,482	1,028,648
Social insurance and other taxes	264,242	212,141
Accruals	1,667,563	1,832,234
VAT	209,681	199,869
Payroll-related liabilities	27,642	26,025
Payables to shareholder (Note 27.4)	18,800,000	-
Payables to own subsidiaries (Note 27.4)	473,927	665,311
Payables to fellow subsidiaries (Note 27.4)	42,358,094	20,075,584
Other payables	935,072	602,642
	<u>68,568,956</u>	<u>26,464,140</u>

Other payables as of 31 December 2023 include the contingent consideration for IASSC of €535,877 (2022: €602,642) and the deferred consideration for DevOps Institute acquisition that took place in 2023 of €399,195 (2022: nil). Refer further to Note 8.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

16. Deferred income

	31 December 2023	31 December 2022
	€	€
Accreditation fees	2,863,641	3,084,994
	<u>2,863,641</u>	<u>3,084,994</u>

17. Current tax liabilities

	31 December 2023	31 December 2022
	€	€
Income Tax payable	1,440,422	4,275,853
	<u>1,440,422</u>	<u>4,275,853</u>

As of 31 December 2023, the Company has a contingent liability relating to an uncertain tax position concerning a new tax ruling, which has been requested by the Company and for which the official decision is pending to be issued by the Tax Authorities up to the date these Financial Statements were authorized for issue. The likelihood of an unfavorable outcome has been assessed by management as remote and therefore no provision has been accounted for as of 31

PEOPLECERT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

December 2023. For further details refer to Note 30.

18. Revenue

	2023	2022
	€	€
Business and IT certifications	114,593,570	108,585,335
Language certifications	12,298,061	12,518,177
Other	173,351	982,560
	<u>127,064,982</u>	<u>122,086,072</u>

18.1 Revenue Analysis per primary geographical market:

Region	2023				2022			
	Business & IT	Languages	Other	Total 2023	Business & IT	Languages	Other	Total 2022
	€	€	€	€	€	€	€	€
UK	38,245,544	8,304,171	106,681	46,656,396	33,120,256	6,209,784	982,560	40,312,600
Europe	42,071,643	1,463,865	41,072	43,576,580	37,958,472	2,528,974	-	40,487,446
America	18,972,699	9,599	6,476	18,988,774	19,410,122	19,445	-	19,429,567
Asia	6,683,818	2,361,258	-	9,045,077	10,240,854	3,596,728	-	13,837,582
Africa	3,037,447	131,187	1,516	3,170,150	2,658,841	146,093	-	2,804,934
Oceania	5,582,419	27,981	17,606	5,628,006	5,196,790	17,153	-	5,213,943
	<u>114,593,570</u>	<u>12,298,061</u>	<u>173,351</u>	<u>127,064,982</u>	<u>108,585,335</u>	<u>12,518,177</u>	<u>982,560</u>	<u>122,086,072</u>

18.2 Revenue analysis per sales channel

	2023	2022
	€	€
Direct sales to B2C customers	7,608,616	6,755,940
Sales through Intermediaries		
Intercompany	12,825,916	13,957,447
B2B Customers	106,630,450	101,372,685
	<u>119,456,366</u>	<u>115,330,132</u>
	<u>127,064,982</u>	<u>122,086,072</u>

19. Cost of sales

	2023	2022 *
	€	€
Staff costs (Note 28)	215,090	228,936
Intellectual property rights fees and costs	-	151,325
Sales commissions	657,040	963,957
Accreditation costs	134,902	155,057
Exam supervision and testing program expenses	1,456,667	1,767,303
Other direct costs	580,272	527,116
Royalties and revenue share	26,909,086	24,068,855
Publishing & book costs	320,102	224,017
Other costs	374,817	148,588
Courseware costs	6,187	117,423
Amortization	2,258,638	2,755,885
	<u>32,912,803</u>	<u>31,108,462</u>

* Reclassification differences arise between Cost of sales and Administration expenses for comparability purposes.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

20. Other operating income

	2023	2022
	€	€
Other income/ (expense)	14,334	(14,118)
Recharges to related and other parties	-	213,269
	<u>14,334</u>	<u>199,151</u>

Prior year's balance of €199,151 mainly concerns income from recharges to subsidiary Axelos for content development of Axelos products.

21. Selling and distribution expenses

	2023	2022
	€	€
Sales consultants fees	3,461,288	2,451,450
Overseas travelling	1,381,575	987,870
Marketing costs	2,589,658	1,616,036
Customer acquisition costs	2,105,875	842,916
Bad debts write off	14,958	7,455
General provision for bad debts	246,444	312,187
Other costs	619,329	612,770
	<u>10,419,126</u>	<u>6,830,684</u>

22. Administration expenses

	2023	2022 *
	€	€
Directors' remuneration (Note 27.1)	75,669	79,003
Staff costs (Note 23)	4,157,508	2,258,485
Accounting fees	454,863	142,043
Licenses and taxes	5,336	25,505
Administrative expenses	429,524	386,240
Auditors' remuneration	35,275	32,950
Legal fees	972,860	445,693
Other professional fees	1,681,108	1,425,491
Travel & entertainment costs	1,682,164	770,170
Management fees	18,158,841	16,955,372
IT Services	1,686,335	1,314,704
Depreciation	486,185	147,658
Other costs	1,235,349	345,149
Occupancy costs	485,431	351,254
Customers' acquisition costs	55,457	-
	<u>31,601,906</u>	<u>24,679,717</u>

* Reclassification differences arise between Cost of sales and Administration expenses for comparability purposes.

Legal fees aside dealing with legal issues, include the preparation of agreements, evaluation of agreements with third parties and correspondence with banks. Consultancy services are mainly for the provision of support and guidance of

PEOPLECERT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

strategic business decisions of the company and facilitation of key projects of Business & IT and LanguageCert.

23. Staff costs

	2023	2022
	€	€
Salaries	3,473,661	1,970,009
Social security costs	736,837	392,556
Sundry allowances	208,478	140,526
Expenses related to defined benefit plans	29,291	63,333
	<u>4,448,267</u>	<u>2,566,424</u>
Average number of employees	247	119

24. Finance income/ (costs)

	2023	2022
	€	€
Interest income	715,910	-
Net foreign exchange gains	2,196,807	48
Finance income	<u>2,912,717</u>	<u>48</u>
Net foreign exchange losses	-	(8,533,455)
Interest expense	(39,970)	(151,456)
Sundry finance expenses	(1,176,505)	(1,074,644)
Finance costs	<u>(1,216,475)</u>	<u>(9,759,555)</u>
Net finance costs	<u>(4,129,192)</u>	<u>(9,759,603)</u>

25. Tax

	2023	2022
	€	€
Corporation tax	3,052,925	6,625,853
Deferred tax - (credit)/charge (Note 14)	(2,898)	(9,538)
(Income)/ expense for the year	<u>3,050,027</u>	<u>6,616,315</u>

The Company is subject to corporation tax on its taxable profits at the rate of 12.5%. The Greek branch is subject to corporation tax for its taxable profits in Greece at the rate of 22%.

The current tax expense for the year is different to the 12.5% tax rate applicable in Cyprus as a result of the different tax rates applicable in the jurisdictions in which the Company operates, the impact of tax reliefs claimed, differences between expenses and deductions for taxation purposes and amounts charged in the financial statements, and other reconciling tax items.

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26. Dividends

	1 January to 31 December 2023	1 January to 31 December 2022
	€	€
Final dividend declared	<u><u>43,121,069</u></u>	<u><u>22,954,503</u></u>

On 26 September 2023 the Company in General Meeting declared the payment of a dividend of €25,000,000, additionally to the declaration of dividend payment on 12 January 2023 amounting to €18,121,069 (2022: €22,954,503) from the profits generated in year 2022.

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

Dividends declared out of dividends received, which suffered withholding tax at the rate of 20%, are exempt from the 15% special contribution for defence. The exemption applies if the dividends are declared within a six-year period from the date of their receipt.

27. Related party transactions

The Company is directly controlled by PeopleCert Wisdom Limited, incorporated in UK, which owns the 100% of the Company's shares.

The Company's ultimate parent is PeopleCert Holdings Europe Ltd, incorporated in Cyprus, which owns 79,26% of the shares of PeopleCert Holdings UK, while effective 29 July 2021, the remaining 20,74% is owned by FTV – PC LLC.

The Company's ultimate controlling party is Byron Nicolaides.

The following transactions were carried out with related parties:

27.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2023	2022
	€	€
Directors' fees	69,600	71,000
Directors' social insurance and other contributions	6,069	8,003
	<u><u>75,669</u></u>	<u><u>79,003</u></u>

PEOPLECERT INTERNATIONAL LIMITED

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27.2 Transactions with related parties

<u>Revenues & other income</u>	<u>Nature of transactions</u>	2023 €	2022 €
PeopleCert UK Ltd.	Revenues - Management & Test Fees	12,705,194	8,816,364
PeopleCert Qualifications Ltd.	Revenues - Test Fees	-	2,787,162
Axelos Ltd.	Revenues & Other Income	120,721	235,969
		<u>12,825,915</u>	<u>11,839,495</u>

<u>Expenses</u>	<u>Nature of transactions</u>	2023 €	2022 €
PeopleCert Hellas S.A.	Various expenses	47,047	370,265
PeopleCert Qualifications Ltd.	Expenses - Royalties	904,588	1,181,336
PeopleCert Global Services S.A.	Expenses - Management Fees	19,866,020	17,524,313
PeopleCert Wisdom Ltd.	Interest on loan	-	148,060
Axelos Ltd.	Expenses - Test Delivery Fees	25,925,568	24,482,551
		<u>46,743,222</u>	<u>43,706,525</u>

27.3 Receivables from related parties (Note 10)

<u>Controlling parties</u>	<u>Nature of transactions</u>	31 December 2023 €	31 December 2022 €
PeopleCert Wisdom Limited	Trade - accrued income	169,731,221	166,309,537
		<u>169,731,221</u>	<u>166,309,537</u>

<u>Own subsidiaries</u>	<u>Nature of transactions</u>		
PeopleCert UK Limited	Trade	9,239,272	6,338,068
PeopleCert Global Services S.A.	Trade	-	1,039,372
PeopleCert Hellas S.A.	Financing	423,338	400,200
PeopleCert Qualifications Limited	Trade	2,413,307	1,027,545
Pei Si Te Assessment Technology	Trade	2,503	1,631
IASSC LLC	Trade	8,180	5,370
		<u>12,086,601</u>	<u>8,812,186</u>

<u>Fellow subsidiaries</u>	<u>Nature of transactions</u>		
PeopleCert Wisdom Issuer Plc	Financing	3,965,793	3,965,793
Axelos Limited	Prepayment	643,259	212,695
		<u>4,609,052</u>	<u>4,178,488</u>

<u>Other related parties</u>	<u>Nature of transactions</u>		
PeopleCert Holdings UK Limited	Financing	978,082	789,241
PeopleCert Holdings Europe Limited	Financing	45,250.37	-
		<u>1,023,333</u>	<u>789,241</u>

The receivables from related parties were provided interest free, and there was no specified repayment date.

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27.4 Payables to related parties (Note 15)

<u>Controlling parties</u>	<u>Nature of transactions</u>	31 December 2023 €	31 December 2022 €
PeopleCert Wisdom Ltd	Dividends	18,800,000	-
		<u>18,800,000</u>	<u>-</u>
<u>Own subsidiaries</u>	<u>Nature of transactions</u>	31 December 2023 €	31 December 2022 €
PeopleCert Hellas S.A.	Trade	1,059	665,006
PeopleCert Global Services S.A.	Trade	472,868	305
		<u>473,927</u>	<u>665,311</u>
<u>Fellow subsidiaries</u>	<u>Nature of transactions</u>	31 December 2023 €	31 December 2022 €
Axelos Limited	Trade	42,358,094	20,075,584
		<u>42,358,094</u>	<u>20,075,584</u>
		<u>61,632,021</u>	<u>20,740,895</u>

The payables to related parties were provided interest free, and there is no specified repayment date.

27.5 Shareholders' current accounts - debit balances (Note 10)

	31 December 2023 €	31 December 2022 €
Shareholder's current account	560,149	444,704
	<u>560,149</u>	<u>444,704</u>

The directors'/shareholders' current accounts are interest free and have no specified repayment date.

28. Employee benefits

The Company provides retirement benefits in the form of lump sum amounts based on a fixed benefit retirement plan to its employees. The Company's policy is to carry out on an annual basis an independent actuarial valuation of the liabilities with regard to the retirement benefit scheme.

The most recent actuarial valuation was made as at 31 December 2023 and it was based on the following assumptions:

	1 January to 31 December 2023	1 January to 31 December 2022
Discount rate	3.08%	1.90%
Expected salary increase rate	2.20%	2.20%
Price inflation	2.10%	2.20%

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During the year an amount of € 30,097 (2022: € 63,562) was charged to profit or loss based on the above actuarial valuation. Amounts charged to profit or loss are analyzed as follows:

	1 January to 31 December 2023	1 January to 31 December 2022
	€	€
Current service cost	17,149	15,733
Past service cost	12,142	47,600
Interest cost	806	229
	30,097	63,562

The movement of the employee benefits provision during the year is as follows:

	1 January to 31 December 2023	1 January to 31 December 2022
	€	€
Balance at 1 January	42,434	32,700
Current service cost	17,149	15,733
Past service cost	12,142	47,600
Interest cost	806	229
Actuarial (gain) / losses from changes in financial assumptions	(5,793)	(4,395)
Actuarial (gain) / losses from changes in demographic assumptions	(2,085)	-
Actuarial (gain) / losses from changes in experience	4,779	(1,834)
Benefits paid	(13,826)	(47,599)
Balance at 31 December	55,607	42,434

Sensitivity analysis

Actuarial gain or losses if the assumption of interest rate and pay rate used are changed by 0,5%:

	€
Interest rate increase by 0,5%	2,246
Interest rate decrease by 0,5%	(2,366)
Payrise increase by 0,5%	(2,375)
Payrise decrease by 0,5%	2,276

29. Other expenses

	2023	2022
	€	€
One-off acquisition-related expenses	174,993	546,477
Impairment losses on investments in subsidiaries	40,261	753,659
	215,254	1,300,137

Other expenses in both years include one-off costs relating mainly to the acquisition of Axelos that took place in 2022. The impairment losses on investments in subsidiaries concern in 2022 the investments in IASSC (€ 693,940) and PeopleCert Educational (€ 59,719) and in 2023 the investment in PeopleCert Educational (€ 40,261).

30. Contingent liabilities

As of 31 December 2023, the Company has a contingent liability relating to an uncertain tax position concerning a new tax ruling, which has been requested by the Company and for which the official decision is pending to be issued by the Tax Authorities up to the date these Financial Statements were authorized for issue. The management assesses the likelihood of an unfavourable outcome as remote, based on the fact that the Company has obtained verbal confirmation from the relevant parties, that the basis for the tax ruling is appropriate and that the outcome is expected to be favourable. In the event of an unfavourable outcome, the Company will incur an additional current tax liability of approximately € 1.4 million. Management will continue to monitor the developments related to this ruling and will adjust

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the accounting records in future periods accordingly, as more information becomes available.

31. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The management policies employed by the Company to manage these risks are discussed below:

31.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Board of Directors monitors the interest rate fluctuations on a continuous basis and acts accordingly.

31.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Company to reduce its credit risk significantly.

(ii) Impairment of financial assets

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

- trade receivables
- financial assets at amortised cost
- financial assets carried at FVOCI
- cash and cash equivalents
- other receivables
- receivables from related parties

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

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- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

Low credit risk

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Board of Directors consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model

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is set out below:

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The expected credit loss on trade receivables is not significant as at 31 December 2023 and 31 December 2022.

Financial assets at amortised cost, debt investments carried at FVOCI

There were no significant financial assets at amortised cost and debt investments carried at FVOCI written off during the year that are subject to enforcement activity.

The Company does not hold any collateral as security for any financial assets at amortised cost and debt investments carried at FVOCI balances.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial

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application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating

	1 January to 31 December 2023	1 January to 31 December 2022
	€	€
Performing	187,450,206	180,089,452
Total	187,450,206	180,089,452

The Company does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at banks. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022 (Moody's ratings):

External credit rating	2023	2022
	€	€
A3	9,173,626	21,788,128
Baa1	47,231,772	4,872,203
Baa2	9,259,456	8,413,024
Ba1	10,630	536,442
Ba2	351,535	6,174,859
	66,027,018	41,784,657

The ECL on current accounts is considered to approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than

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shorter-term commitments.

31.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2023	Carrying amounts €	Contractual cash flows €	Within 12 months €	1 5 years €
Lease liabilities	86,718	95,563	29,363	66,200
Trade and other payables	4,041,207	4,041,207	4,041,207	-
Payables to related parties	61,632,022	61,632,022	61,632,022	-
	65,759,947	65,768,793	65,702,593	66,200

31 December 2022	Carrying amounts €	Contractual cash flows €	Within 12 months €	1 5 years €
Lease liabilities	104,502	115,184	29,034	86,150
Trade and other payables	2,662,494	2,662,494	2,662,494	-
Payables to related parties	20,740,895	20,740,895	20,740,895	-
	23,507,891	23,518,573	23,432,423	86,150

31.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Japanese Yen, British Pound and the Australian Dollar. The Company's Board of Directors monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities 31 December 2023 €	Liabilities 31 December 2022 €	Assets 31 December 2023 €	Assets 31 December 2022 €
United States Dollar	977,434	830,175	23,741,813	19,674,221
Australian Dollar	104,956	13,034	1,293,599	1,894,105
British Pound	43,274,374	18,947,006	220,247,341	189,839,498
Japanese Yen	657,705	158,615	1,897,753	2,888,714
	45,014,469	19,948,830	247,180,506	214,296,538

Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2023 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would

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be an equal and opposite impact on the profit and other equity.

	Profit/ (loss) 2023 €	Profit/ (loss) 2022 €
United States Dollar	(2,069,489)	(1,713,095)
Australian Dollar	(108,059)	(248,191)
British Pound	(16,088,452)	(15,535,681)
Japanese Yen	(112,732)	(171,006)
	<u>(18,378,731)</u>	<u>(17,667,973)</u>

The following exchange rates have been applied:

<i>Euro</i>	2023	2022
USD 1	0.9050	0.9318
AUD 1	0.6149	0.6348
GBP 1	1.1507	1.1276
JPY 1	0.0064	0.0071

31.5 Capital risk management

Capital includes equity shares and share premium and loan from parent company. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The Company's capital is analysed as follows:

	31 December 2023 €	31 December 2022 €
Total borrowings	-	-
Less: Cash and cash equivalents (Note 11)	<u>(75,157,160)</u>	<u>(42,099,074)</u>
Net debt	<u>(75,157,160)</u>	<u>(42,099,074)</u>
Total equity	<u>221,819,629</u>	<u>214,368,185</u>
Total capital	<u>146,662,470</u>	<u>172,269,111</u>
 Gearing ratio	 <u>-51.24%</u>	 <u>-24.44%</u>

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32. Financial instruments per category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2023

	At Fair Value through other comprehensive income €	At Fair Value through profit or loss €	At amortised cost €	Total €
Financial assets as per statement of financial position:				
Trade and other receivables	-	-	197,846,904	197,846,904
Cash and cash equivalents	-	-	75,157,160	75,157,160
Other financial assets	-	296,855	-	296,855
Total	-	296,855	273,004,064	273,300,919

	At Fair Value through profit or loss €	At amortised cost €	Total €
Financial liabilities as per statement of financial position:			
Trade and other payables	-	68,033,078	68,033,078
Contingent consideration	535,877	-	535,877
Lease liabilities	-	86,718	86,718
Total	535,877	68,119,796	68,655,673

31 December 2022

	At Fair Value through other comprehensive income €	At Fair Value through profit or loss €	At amortised cost €	Total €
Financial assets as per statement of financial position:				
Trade and other receivables	-	-	191,087,549	191,087,549
Cash and cash equivalents	-	-	42,099,074	42,099,074
Other financial assets	-	-	-	-
Total	-	-	233,186,623	233,186,623

	At Fair Value through profit or loss €	At amortised cost €	Total €
Financial liabilities as per statement of financial position:			
Trade and other payables	-	25,861,499	25,861,499
Contingent consideration	602,642	-	602,642
Lease liabilities	-	104,502	104,502
Total	602,642	25,966,001	26,568,643

33. Events after the reporting period

During the first quarter of 2024, the Company acquired DP Cube Learning, a distinguished educational services provider based in India, specializing in the English language sector. This strategic move is set to significantly strengthen the LanguageCert brand's presence in Asia, particularly across India and the surrounding region, marking a significant milestone in the achievement of the strategic goals of PeopleCert Group. The acquisition is further marked by Group's new offices in Noida, Dehli National Capital Region India.

No other subsequent events have arisen from the reporting date to the date these financial statements were authorized for issue.