

**INVICTUS INVESTMENT
COMPANY PLC**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023



Invictus Investment Company PLC
Directors' Report
31 December 2023

Directors' Report

31 December 2023

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report, which includes the audited consolidated financial statements of Invictus Investment Company PLC (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) for the fiscal year ended 31 December 2023.

Company Overview

Invictus Investment Company PLC, established in March 2022, serves as a prominent holding company, with its major subsidiary, Invictus Trading FZE (referred as Invictus), a leading agro-food commodities trading company formed in February 2014. Invictus initially began as a procurement firm primarily catering to food processors by supplying raw materials and providing finished goods for trade, including items like yeast and milk powder. Subsequently, it expanded its Middle East and North Africa (MENA) operations to include wheat and sugar in its portfolio. Over time, it has leveraged its core business strengths and volumes to diversify its portfolio, encompassing a wide range of commodities, including: Wheat, Maize, Sugar, Barley, Soybean Meal, Cotton, Meat, Sesame, Groundnuts, Fertilizer, among others. With a continuously expanding and diversified sourcing network, Invictus has extended its presence by integrating a more robust sourcing strategy that reaches back to farmers’ cooperatives. Furthermore, Invictus has broadened its market footprint, establishing itself as an indispensable partner across the value chain in Africa, the Middle East, and Asia. As a full-scale agro-food commodity company and with ambitions to become a vertically integrated agro-food player, Invictus plays a pivotal role in the food supply chain, facilitating connections between producers with consumers. Invictus consistently contributes to the efficient movement of agricultural products on a large scale, underlining its commitment to this vital industry.

Key aspects of Strategy and Business Outlook

The Group is dedicated to fostering import and export relationships within the commodities sector, driven by core principles that encompass competitive sourcing, meticulous quality management during procurement, and the nurturing of strong supplier and customer relationships. As an integral part of its strategic approach, the Group remains committed to diversifying its business portfolio as well as become a vertically integrated agro-food player. This entails the introduction of new products, expansion into new geographic territories, and strategic investments along the value chain in fixed assets that synergize with its operations, whether upstream or downstream.

During 2023, the Group marked a significant milestone by extending its operations into previously uncharted territories, including: Egypt, Turkey, Morocco, Algeria, Lebanon, Mozambique, Burundi, Rwanda, and Malawi, in alignment with its expansion strategy. Furthermore, the Group enhanced and diversified its product offering by introducing a range of new products, including Soybean meal/seed, Corn/Maize, and wheat flour. Additionally, as part of Invictus’ growth strategy, which involves potential acquisitions and the development of new joint ventures in strategic markets, it continued to explore avenues for inorganic expansion across various markets, including Morocco, Mozambique, Tanzania, Egypt, and Kenya. This pursuit of suitable acquisition opportunities remains an ongoing focus, expected to continue throughout 2024.

Sustainability and ESG

In its unwavering dedication to sustainability and ethical business practices, Group has diligently progressed towards finalizing an extensive Environmental, Social, and Governance (ESG) framework, currently in the concluding stages of development. This initiative stands as a significant milestone, emblematic of the organization's commitment to aligning its operations with principles that champion positive environmental impact, social responsibility, and robust governance. Anchored firmly by the three foundational pillars-Ethical Governance and Partnerships, Social Empowerment, and Environmental Stewardship- Groups' ESG initiatives underscore its firm commitment to responsible business conduct. Rooted in a holistic sustainability approach, aligned with globally recognized frameworks, this initiative seeks to foster enduring value creation for both the company and its stakeholders. Group fully recognizes the importance of ESG in guiding its sustainable practices and looks forward to proving more comprehensive insights in the forthcoming report.

Board of Directors

The Board of Directors of the Company are:

Chairman	Mr. Osama Daoud Abdel Latif
Vice Chairman	Mr. Syed Basar Shueb
Director/CEO	Mr. Amir Daowd Abdellatif Ibrahim

Financial highlights

In the year concluding on December, 31, 2023, the Group reported total revenue of AED 8,101,003,111 and net profit of AED 213,665,403 (2022: revenue of AED 5,983,165,324 and net profit of AED 454,586,718). Amidst robust business growth, the Group achieved a revenue increase of 35% throughout the entirety of 2023. This performance was underpinned by a substantial increase in the trading volumes of commodities, surpassing 5.37Million MT in 2023 compared to approximately 2.56Million MT in the previous fiscal year- a growth of over 110% in transaction volumes.

The Group's total assets remained fairly stable over the year at AED 2,683,134,198 as of December 31, 2023, compared to AED 2,699,550,198 on December 31, 2022. Moreover, the total equity in the business by the close of 2023 amounted to AED 1,067,252,121, as compared to AED 1,028,586,718 from the previous reporting period. This demonstrates the Group's strong balance sheet management, with a slight enhancement in the total liabilities-to-equity ratio, shifting from 1.52x compared to 1.62x when compared to the previous year.

Concluding the fiscal year on December 31, 2023, the Group recorded a significant uptick in revenue, primarily driven by increased volumes in both established and emerging markets. These results closely align with the Group's strategic objectives focused on growth through market expansion and diversification of the range of commodities offered to its customers.

We affirm, to the best of our knowledge, that the financial information presented in these consolidated financial statements accurately and comprehensively reflects the Group's financial condition, operational results, and cash flows for the periods therein. These consolidated financial statements received approval from the board of directors and were authorized for release on 09 February 2024.

Statement of Disclosure to auditors:

The Directors of Invictus Investment Company PLC confirm that, to the best of their knowledge, there is no pertinent audit information that the Group's auditor remains unaware of. They have diligently undertaken all necessary steps, as Directors, to stay informed about any pertinent audit information and to ensure that the Group's auditor is fully informed.

INVICTUS INVESTMENT COMPANY PLC

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ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

INVICTUS

INVESTMENT COMPANY PLC

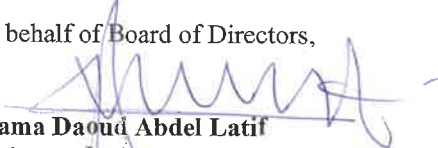
Audit fees

During the Financial year 2023 fees to the external auditors Ernst & Young – Middle East (ADGM Branch) are summarized in the below table; the lead/signing partner is Mr. Anthony O’Sullivan who has served 2 consecutive years in Invictus Investment Co PLC’s audit assignments.

Fees for audit and interim review for the year ended 2023	USD 271,302
Fee for agreed-upon procedures services	USD 8,650

The scope of services rendered by the external auditors includes audit services, interim review services and any other relevant services that is duly approved by the Board of Directors. The Board of Directors approve the fee for such audit and other services. The Board of Directors may approve additional fees for the services of external auditors that may arise as a result of scope changes or where the fee exceeds the prior approved amount.

On behalf of Board of Directors,


Osama Daoud Abdel Latif
Chairman, Invictus Investment Co. PLC
09 February 2024



INVICTUS INVESTMENT COMPANY PLC

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ADGM Registered No. 000001136

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Invictus Investment Company PLC (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in United Arab Emirates, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter

How our audit addressed the key audit matter

Revenue recognition- sale of goods

Revenue is an important determinant of the Group's performance and profitability. Due to the high volume of sales transactions, this gives rise to the inherent risk whereby revenue may not be recognised appropriately in the correct period as per the underlying contractual terms and in accordance with the requirements of IFRSs.

Given its magnitude and the underlying inherent risk, we consider recognition of revenue in the correct period to be a key audit matter.

Refer Note 2.4 for the revenue recognition policy and Note 5 for the disclosures on revenue recognised during the year ended 31 December 2023.

To address this, we performed the following procedures:

- Read the Group's revenue recognition accounting policy and assessed whether it is in accordance with the requirements of IFRSs.
- Obtained the Group's processes and underlying controls to recognise revenue and performed walkthrough over the design of those controls on a sample basis.
- Performed analytical review procedures on the revenue to assess and examine the movements of revenue by product category and geography during the year by the Group.
- On a sample basis, tested whether the sales recognised were recorded in the correct period by verifying the underlying contracts, invoices, bill of lading and other supporting documents and whether the arrangements recorded were in accordance with the terms agreed; and
- Ensured that the disclosures in the consolidated financial statements are appropriate in accordance with the requirements of IFRSs.

Other Information

The other information comprises the Directors Report and does not include the consolidated financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Company's Articles of Association and the Companies Regulations 2020 of Abu Dhabi Global Market (ADGM), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC

Report on Other Legal and Regulatory Requirements

Further, as required by the Companies Regulations 2020 of ADGM, we report that, in our opinion:

- i) The financial statements include, in all material respects, the applicable requirements of the Companies Regulations 2020 of ADGM; and
- ii) The financial information included in the report of the Board of Directors is consistent with the books of account and records of the Group.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner

11 February 2024

Abu Dhabi, United Arab Emirates

INVICTUS INVESTMENT COMPANY PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 AED	2022 AED
Revenue	5	8,101,003,111	5,983,165,324
Direct costs		(7,747,055,479)	(5,412,297,451)
GROSS PROFIT		353,947,632	570,867,873
Other income	6	12,313,488	-
Finance income	7	52,445,995	2,601,251
Share of loss of an associate	12	(1,103,958)	-
Selling, general and administration expenses	8	(99,273,873)	(70,557,635)
Finance costs	9	(104,663,881)	(48,324,771)
PROFIT FOR THE YEAR		213,665,403	454,586,718
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		213,665,403	454,586,718
Earnings per share for the year			
– basic and diluted (AED)	23	0.19	0.57

The attached notes 1 to 30 form part of these consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	Notes	2023 AED	2022 AED
ASSETS			
Non-current assets			
Property and equipment	10	27,765,551	5,341,990
Intangible assets	11	986,214	1,281,259
Investment in an associate	12	3,796,042	4,900,000
Right-of-use assets	13	7,130,833	-
		<u>39,678,640</u>	<u>11,523,249</u>
Current assets			
Inventories	14	610,176,684	583,509,634
Trade and other receivables	15	1,615,230,832	1,421,588,516
Due from related parties	16	3,274,887	938,970
Other financial assets	17	45,107,973	144,394,959
Bank balances and cash	18	369,665,182	537,594,870
		<u>2,643,455,558</u>	<u>2,688,026,949</u>
TOTAL ASSETS		<u>2,683,134,198</u>	<u>2,699,550,198</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	280,000,000	280,000,000
Share premium	19	294,000,000	294,000,000
Retained earnings		493,252,121	454,586,718
Total equity		<u>1,067,252,121</u>	<u>1,028,586,718</u>
Non-current liabilities			
Lease liabilities	13	6,900,795	-
Employees' end of service benefits		615,252	-
		<u>7,516,047</u>	<u>-</u>
Current liabilities			
Bank borrowings	20	1,084,631,524	734,484,852
Trade and other payables	21	505,344,633	895,548,915
Due to related parties	16	17,918,342	21,868,160
Lease liabilities	13	471,531	-
Dividends payable	22	-	19,061,553
		<u>1,608,366,030</u>	<u>1,670,963,480</u>
Total liabilities		<u>1,615,882,077</u>	<u>1,670,963,480</u>
TOTAL EQUITY AND LIABILITIES		<u>2,683,134,198</u>	<u>2,699,550,198</u>

Osama Daoud Abdel Latif
Chairman



Amir Daoud Abdella if Ibrahim
Managing Director

The attached notes 1 to 30 form part of these consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	<i>Share capital AED</i>	<i>Share premium AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 1 January 2023	280,000,000	294,000,000	454,586,718	1,028,586,718
Total comprehensive income for the year	-	-	213,665,403	213,665,403
Dividends declared #	-	-	(175,000,000)	(175,000,000)
At 31 December 2023	<u>280,000,000</u>	<u>294,000,000</u>	<u>493,252,121</u>	<u>1,067,252,121</u>

	<i>Share capital AED</i>	<i>Share premium AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 1 January 2022	-	-	250,000,000	250,000,000
Conversion to share capital (note 19)	250,000,000	-	(250,000,000)	-
Issuance of additional share capital (note 19)	30,000,000	294,000,000	-	324,000,000
Total comprehensive income for the year	-	-	454,586,718	454,586,718
At 31 December 2022	<u>280,000,000</u>	<u>294,000,000</u>	<u>454,586,718</u>	<u>1,028,586,718</u>

On 3 March 2023, the Board of Directors declared a dividend pay-out of 38.496505% of reported net profit for the year ended 31 December 2022, equivalent of AED 175,000,000 (dividends of AED 0.15625 per share) (2022: Nil). The dividend was approved in the Annual General Meeting held on 7 April 2023 and was paid during the year ended 31 December 2023. Refer note 22 for details.

INVICTUS INVESTMENT COMPANY PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	<i>Notes</i>	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
OPERATING ACTIVITIES			
Profit for the year		213,665,403	454,586,718
Adjustments for:			
Depreciation of property and equipment	10	1,313,845	72,887
Amortisation of intangible assets	11	435,445	661,318
Finance costs		95,390,268	48,324,771
Finance income	7	(52,445,995)	(2,601,251)
Provision for allowance for expected credit losses against receivables and due from related parties		9,084,147	187,604
Provision for impairment of advance to suppliers		4,688,683	-
Gain on derivative financial instruments carried at fair value through profit or loss	17	(23,014,845)	-
Provision for slow moving inventories	14	3,681,507	-
Credit balances no longer required written back	6	(12,274,389)	-
Share of loss of an associate	12	1,103,958	-
Provision for employees' end of service benefits		668,865	-
Depreciation of right-of-use assets	13	233,452	-
Gain on disposal of property and equipment		(18,099)	-
Interest on lease liabilities	13	463,359	-
Impairment of property and equipment	10	-	2,735,311
		242,975,604	503,967,358
<i>Changes in working capital:</i>			
Inventories		(30,348,557)	(580,080,638)
Trade and other receivables		(189,040,922)	(517,306,940)
Trade and other payables		(384,517,553)	610,686,094
Due from related parties		(2,335,917)	(9,416,140)
Due to related parties		(19,249,818)	16,800,320
		(382,517,163)	24,650,054
Employees' end of service benefits paid		(53,612)	-
Interest income received		34,071,770	1,383,083
Net cash flows (used in)/generated from operating activities		(348,499,005)	26,033,137
INVESTING ACTIVITIES			
Additions to property and equipment	10	(8,439,307)	(3,125,794)
Additions to intangible assets	11	(140,400)	(1,942,577)
Proceeds from disposal of property and equipment		20,000	-
Net cash flows used in investing activities		(8,559,707)	(5,068,371)
FINANCING ACTIVITIES			
Availment of bank borrowings		4,677,403,029	2,051,227,059
Repayment of bank borrowings		(4,327,256,357)	(1,768,039,576)
Margin money deposits placed		(18,771,347)	(70,768,236)
Margin money deposits released		141,073,179	17,204,422
Interest paid		(88,802,609)	(41,885,654)
Dividends paid	22	(194,061,553)	(11,777,041)
Payment of lease liabilities		(455,318)	-
Issue of additional share capital	19	-	30,000,000
Issue of shares with premium	19	-	294,000,000
Net cash flows generated from financing activities		189,129,024	499,960,974
NET (DECREASE)/INCREASE IN BANK BALANCES AND CASH		(167,929,688)	520,925,740
Bank balances and cash, at 1 January		537,594,870	16,669,130
BANK BALANCES AND CASH, AT 31 DECEMBER	18	369,665,182	537,594,870
Significant non-cash transaction			
Purchase of property and equipment		15,300,000	-
Investment in an associate		-	4,900,000
Related party balances offset		-	60,928,562

The attached notes 1 to 30 form part of these consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

1 ACTIVITIES

Invictus Investment Company Plc (the "Company") was incorporated on 1 March 2022 and registered under commercial license no 7055 as a public limited company by shares in Abu Dhabi, United Arab Emirates ("UAE") in accordance with the Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020. The registered office of the Company is 3501, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE. The Company's business activities are to act as Holding Company (including Head office).

Upon incorporation, IHC Food Holding LLC, an entity registered in Abu Dhabi, UAE, owned 100% legal shareholding interest in the Company. Pursuant to an agreement dated 29 April 2022 between IHC Food Holding LLC and Invictus Holding Limited, an entity registered with the Dubai International Financial Centre (DIFC), Dubai, UAE, the latter transferred its legal ownership interest (100%) in Invictus Trading FZE, including its related assets and liabilities, to the Company (the "transaction"). In conjunction and contemporaneous with the transaction, Invictus Holding Limited (75.0738%) and IHC Food Holding LLC (24.9262 %) became the legal shareholders of the Company. The legal formalities in relation to the transaction were completed on 16 June 2022. Refer note 4 for further details of accounting for such transaction.

Post the transaction, the Company now holds 100% of the equity of Invictus Trading FZE (the "Subsidiary"), registered under trade license no 141280 as a free zone Establishment with limited liability in Dubai, UAE.

Subsequently, the Company commenced the process of listing of its shares on the Second Market of the Abu Dhabi Securities Exchange (ADX), UAE and had also issued an additional 120,000,000 shares representing 10.7143% of the Company's share capital to Al Ataa Investment LLC, an entity registered in Abu Dhabi, UAE, on 16 June 2022. The regulator approved the listing of the Company's shares in the ADX Second Market on 29 June 2022. Post listing, Al Ataa Investment LLC transferred its entire shareholding interest to various shareholders as part of the Second Market trading transaction.

On 25 October 2022, the Company incorporated Invictus Logistics Holding Company Limited (as a wholly owned subsidiary) which is registered under trade license no 8501 as a private company limited under the Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020 in Abu Dhabi, UAE. There are no commercial operations in Invictus Logistics Holding Company Limited since inception until 31 December 2023.

On 28 October 2022, Invictus Trading FZE (Branch) was incorporated as a fully owned branch of Invictus Trading FZE (the "Subsidiary"), registered under trade license no 05401 issued by Dubai Integrated Economic Zones Authority, Dubai, UAE.

In December 2022, the Company registered in Turkey with a tax identification number 4651428132 to comply with a Turkish law enacted about the tax identification number of non-Turkish individuals (including non-Turkish legal entities) and it is used as an identification number of the non-Turkish individual or non-Turkish legal entity. The potential tax ID registration does not constitute establishment of a legal presence in Turkey. This registration was undertaken to facilitate movement of goods imported into Turkey to a bonded warehouse.

On 1 December 2022, IHC Food Holding LLC sold its shareholding of 22.32% to Green Parks Investments, an entity registered in Abu Dhabi, UAE.

As at 31 December 2023, the Shareholders of the Company are Invictus Holding Limited (holding 68.4974%) (2022: holding 66.9643%) (the "Parent"), Green Park Investments (holding 22.3214%) (2022: holding 22.3214%) (together referred as "major shareholders") and various other shareholders (holding 9.1812%) (2022: holding 10.7143%).

The Ultimate Beneficiaries of the Parent are Abdellatif family members (the "Ultimate Beneficiaries").

The Company together with the subsidiaries are referred to as the "Group". The principal activities of the Group are trading of agricultural commodities, food products, non-manufactured precious metals and other general commodities, and providing sea cargo services and sea shipping lines agent's services.

These consolidated financial statements were authorised for issue by the Board of Directors on 9 February 2024.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the applicable provisions of the Company's Articles of Association and Companies Regulations 2020 of Abu Dhabi Global Market (ADGM).

The consolidated financial statements are prepared under the historical cost convention except for derivative financial instruments measured at fair value.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The functional currency of the Company is United Arab Emirates Dirhams (AED).

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries. Control is achieved when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2022, except as follows:

a. New IFRS standards, interpretations and amendments in issue and effective

The following new IFRS standards, interpretations and amendments, which became effective as on 1 January 2023 (unless otherwise stated), have been adopted in these consolidated financial statements:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimate – Amendments to IAS 8
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- International Tax Reform-Pillar Two Models- Amendments to IAS 12

These above amendments had no significant impact on the consolidated financial statements of the Group.

b. IFRS standards, amendments and interpretations in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, as at 31 December 2023 are disclosed below:

	<i>Effective date</i>
• IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Effective date deferred indefinitely
• Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024
• Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1	1 January 2024
• Supplier Finance Arrangement – Amendments to IAS 7 and IFRS 17	1 January 2024

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

c. Material accounting policies

Leases

Leases - Group as a lessee

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

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Subsequent to initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis as follows:

- Land 28 years

The right-of-use assets are also subject to impairment considerations like other non-financial assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

c. Material accounting policies (continued)

Leases - Group as a lessee (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate, as applicable, at the lease commencement date since the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.4 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the consolidated financial statements, are as follows:

Acquisitions of entities under common control

Acquisitions arising from transfers of interests in entities that are under the common control of the Shareholders is accounted using the pooling of interest method. Such acquisitions are reflected in the Group's consolidated financial statements from the beginning of the earliest period presented and restatement of comparatives to include the financial results of the Subsidiary. The assets and liabilities acquired are recognised at the carrying amounts on the date of acquisition and no adjustments are made to reflect the fair values. Any difference between the consideration paid for the acquisition and carrying value of assets and liabilities acquired is recognised directly in equity. No goodwill is recognised as a result of the acquisition. Refer note 4 for details.

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiary. The Group's investments in associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. This cost includes the initial equity investment, along with long term loans provided by the Group to the associate where such loans are towards the net investment in the investee. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate.

Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and other comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in an associate (continued)

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit or loss of an associate venture' in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Timing of recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. Typically, the Group's performance obligations are satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer, generally on shipping or delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts.

Certain commodity sales contracts for bulk shipments are undertaken as part of either a stock management or a contract management agreement with the customers. The Group has assessed such agreements and concluded it acts as the principal considering it bears the inventory risk until delivery of the goods to the customer. Typically, the Group holds the inventory in a storage location for the specified period over which the customer periodically takes delivery of goods in lots / batches. Pricing for such arrangements typically are either fixed at the time of delivery or market based plus margins, and additionally interest is charged for the stock holding period until the customer takes possession of the goods.

Provisionally priced contracts

Sales contracts for certain commodities often provide for provisional pricing at the time of shipment with final pricing based on a market price for a particular future period. The period between provisional invoicing and the final pricing could generally range between a month upto four months. The final price may be based on either the average price during a subsequent period or the price on a fixed date. Revenue is initially recognised based on the provisional pricing (usually at the time of release of inventory under stock management agreement) and subsequent movements are recognised as part of revenue in the consolidated statement of profit or loss and other comprehensive income. Such amounts are then presented separately in the notes from revenue from contracts with customers as part of 'Other revenue'.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any). Typically, as with such transactions, there are no significant variable considerations.

The Group has concluded that there are no significant financing components within contract with customers. The Group does not provide non-cash consideration and warranties to the customers.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

(b) Services

The Group provides freight services to its related parties and other external customers, where the customer simultaneously receives and consumes the benefits. Therefore, it meets the criteria to recognise revenue over time. Revenue from provision of such services is recognised over the period such services are being rendered.

Principal versus agent consideration

The Group has concluded that it is operating as a principal as it is primarily responsible for providing specified goods and services and acceptability of such goods and services. Further, it also controls the specified goods or services before it is transferred to customer and has the discretion on determination of the prices of such goods or services.

(c) Interest income

Interest income is recognised as the interest accrued using the effective interest rate (EIR) method under which the rate used exactly discounts estimated future cash receipts throughout the expected life of the financial asset to the net carrying amount of the financial asset.

Contract balances

Accounts receivable (not provisional priced)

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Value added tax

Revenue, expenses and assets are recognised at amounts net of value added tax except,

- where VAT incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or part of the expense items, as applicable.
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provision is met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows

Building and building improvements	28 years
Furniture, fixtures and office equipment	2 - 5 years
Vehicles	3 - 5 years

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Capital work-in-progress is stated at cost less any impairment losses and is not depreciated. This will be depreciated from the date the relevant assets are ready to use.

The assets' residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and/or accumulated impairment losses if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss and other comprehensive income in the year in which the expenditure is incurred.

Computer Software:

Intangible assets with finite lives are amortised over 5 years 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 are 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 are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete and slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are valued on specific identification method given the unique identifiable lot and non-interchangeable nature of the underlying inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

Goods-in-transit represents the inventory in transit over which Group has legal title based on terms of purchase. Goods in transit are recorded at cost when the rights and obligations relating to the goods are transferred to the Group.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances and short-term deposits, as defined above as they are considered an integral part of the Group's cash management.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the respective entities within the Group and are recorded at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the consolidated statement of profit or loss and other comprehensive income.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the consolidated statement of profit or loss and other comprehensive income.

Provision for employees' end of service benefits

The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment as per the labour laws.

Borrowing costs

Borrowing costs include interest and other costs that the Group incurs in connection with borrowings of funds.

Borrowing costs which are directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period they occur.

Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss and other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI (FVOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

The Group recognised financial assets at either fair value through profit or loss or at amortised costs. The Group has no financial assets designated at fair value through OCI.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

This is applicable to the Group's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant future period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised as part of revenue in the consolidated statement of profit or loss and other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

For trade receivables (*not provisional priced*), other receivables and amounts due from related parties, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group measures ECLs based on its historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Any recoveries made are recognised in the consolidated statement profit or loss and other comprehensive income.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group has not designated any financial liability as at fair value through consolidated statement of profit or loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Interest bearing loans and borrowings

Borrowings are initially recognised at the fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in consolidated statement of profit or loss and other comprehensive income. Instalments due within one year are shown as a current liability.

Trade payables and accruals

Trade payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments classification (continued)

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated 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 assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the consolidated statement of financial position. For derivatives, which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of profit or loss.

Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents (unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3 MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- ***Identifying performance obligation***
The Group is primarily involved in the trading of agricultural commodities, food products, non-manufactured precious metal trading and other general items. The Group has concluded that the delivery of the goods is the only single performance obligation of the Group.
- ***Determining the timing of satisfaction of performance obligation***
The Group has concluded that the revenue from delivery of goods is to be recognised at a point in time when the control of the goods is transferred to the customer, being when the goods are delivered to the customers, the customer has full discretion over the channel and the price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location or handed over to the transporter at the port of origin and bill of lading is issued, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- ***Consideration of significant financing component in a contract***
The Group has concluded that there is no element of financing deemed to be present in its contract with the customers as the sales are usually made on normal credit terms, which management believes is consistent with market practice.
- ***Variable consideration***
Certain commodity sales contracts for bulk shipments are undertaken as part of either a stock management or a contract management agreement with the customers. For the Group's agreements that are subject to market-based prices, i.e., there is variable consideration, this is on the basis that the ultimate price they will receive will depend on a range of factors that are highly susceptible to factors outside the Group's influence and include the actions of customers (i.e. the exact date that each delivery occurs (this is relevant because this is the date the market price is determined, or for provisionally priced sales, the date from which the provisional pricing commences)) and commodity market prices (the price to be received in the future is then based on market-based prices for highly liquid commodities).

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

3 MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has adequate financial resources to continue in business for the foreseeable future. In making this assessment, the Group's management has considered amongst others the concentration of its geographical risk with respect to the customers based in Sudan, which has witnessed an ongoing conflict since April 2023 between the army and a militia in Sudan's capital city of Khartoum. Given the Group's customers in Sudan are mainly involved in the food processing and distribution sectors and play a key role in meeting the country's food security needs, they have remained largely unaffected by these developments albeit there is a slow-down in their operations as compared to the pre-conflict period. Banking operations in Sudan which were initially affected at outset of the conflict are currently operational. The Group's management has continued to trade with their customers in Sudan during 2023 and collect funds against such trade. Considering the above aspects, the Group's management believes it is unlikely that the ongoing conflict will have any significant impact on its exposure in Sudan as at 31 December 2023 (refer Note 14 and 15 for details).

The Group adopts a prudent approach in managing its liquidity risk, reflecting the volatility in commodity markets, macro-economic and geo-political conditions, by monitoring actual and forecasted cash flows attributable to its operational activities. Based on the 12-month rolling cash flow projections, the Group's management has concluded that there are no material uncertainties in relation to its cash flows which is expected to be primarily generated from (a) trading and collections from customers; (b) managing supply chain requirements as majority of the purchase of commodities are based on customer orders (i.e. back to back in nature) and extending credit terms with suppliers; (c) cost optimisation measures; and (d) availing additional funding from financial institutions. As at the reporting date, the Group's unutilised facility amounts to AED 1,532,983,150. Refer (note 20) for details of the Group's borrowing arrangements and compliance thereof with the underlying covenants. The Board of Directors monitor the net debt level of the Group taking into consideration the expected outlook of the Group's financial position, cash flows and expected capital requirements.

Furthermore, the Group's management and Shareholders are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Further, the majority shareholder remains fully committed and has confirmed its willingness to extended necessary support, including financial assistance, to the Group. Therefore, these consolidated financial statements have been prepared by the Group's management on a going concern basis.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses – trade receivables (not provisional priced) and due from related parties (trade in nature)

As at the reporting date, the Group measures ECL's by taking into consideration the historical default rates, current market conditions and forward-looking assumptions about the economic conditions.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit and loss and other comprehensive income.

3 MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Key sources of estimation uncertainty (continued)

Existence of inventories

The calculation of closing stock quantities of certain materials requires the use of estimates as these are stored in stockpiles/silos. Since the weighing of these inventories is not practicable, the Group's management appoints an independent surveyor to physically observe and measure the inventory quantity as per the underlying storage facility, and thereafter adjust such quantity for estimated density using standard volumetric measurements, to estimate the closing quantity.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of amounts due from related parties (non-trade in nature)

An estimate of the collectible amount of due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Useful lives of the property and equipment and intangible assets

Management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the assets.

Taxation

The Group undertakes trade transactions with customers across different geographies in various tax jurisdictions and judgement is required in determining whether there are any tax exposures. Uncertainties exist with respect to the interpretation of complex tax regulations, tax residency status, changes in tax laws, and the amount and timing of future taxable income. The Group has assessed that it does not have a permanent establishment in the countries where the events have taken place. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the/ actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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4 TRANSFER OF NET ASSETS BETWEEN ENTITIES UNDER COMMON CONTROL

In June 2022, the Parent has transferred its legal ownership interest (100%) in Invictus Trading FZE including its related assets and liabilities, to the Company.

This transaction was concluded to be a “common control” transaction outside the scope of IFRS 3 – Business Combinations. Accordingly, the Company had accounted for such transfer of the legal ownership interest including its related assets and liabilities under the pooling of interest method.

Accordingly, the Group had recognised the assets and liabilities of the subsidiary transferred at its carrying amounts and presented the comparatives from the beginning of the earliest period i.e. 1 January 2021.

Net assets and liabilities transferred from Invictus Trading FZE as at 1 January 2021:

	<i>AED</i>
Property and equipment	4,497,568
Intangible assets	1,917
Inventories	15,826,930
Trade and other receivables	563,942,139
Due from related parties	52,265,950
Other financial assets	98,322,845
Bank balances and cash	26,592,977
Total assets	761,450,326
Provision for employee end of service benefits	2,022,349
Bank borrowings	258,326,665
Trade and other payables	170,900,787
Due to related parties	2,260,737
Dividends payable	4,000,000
Total liabilities	437,510,538
Net assets transferred	323,939,788

The above net assets was reflected in the Group’s consolidated financial statements as follows:

Retained earnings	323,939,788
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In 2022, as per the shareholders’ resolution, the above retained earnings was converted into share capital of AED 250,000,000.

5 REVENUE

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
<i>Type of goods or service and timing of revenue recognition</i>		
Sale of goods - at a point in time	8,071,038,646	5,952,971,134
Freight services - over time	28,328,591	30,194,190
Other revenue	1,635,874	-
	8,101,003,111	5,983,165,324

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At 31 December 2023

5 REVENUE (continued)

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with its customers at a point in time:

	2023 AED	2022 AED
Geographical markets		
Africa	4,583,980,962	4,248,219,683
Middle East	2,859,963,800	740,275,996
Asia	596,947,040	418,141,435
Europe	21,202,171	538,691,156
USA	8,944,673	7,642,864
	<u>8,071,038,646</u>	<u>5,952,971,134</u>
Major category of customers		
Corporate and other customers	5,861,876,504	2,443,847,090
Related parties	2,209,162,142	3,509,124,044
	<u>8,071,038,646</u>	<u>5,952,971,134</u>
	2023 AED	2022 AED
Major product lines		
Wheat	2,849,058,433	2,688,462,037
Soybean meal/seed	1,916,741,095	-
Corn/Maize	1,334,573,271	-
Sugar	406,037,586	697,202,513
Capital equipment	214,909,914	-
Wheat Flour	171,045,051	-
Sesame	158,087,647	-
Barley	122,912,347	59,422,328
Green fodder	120,276,453	195,087,074
Groundnut oil, cakes and kernels	102,034,464	133,604,726
Fertilizer	75,270,811	140,047,659
Packaging materials	57,625,706	595,323,598
Milk powder	52,542,671	230,821,220
Gold	2,489,414	324,230,859
Others (mainly Cotton, Rice, Yeast, Lentils etc)	487,433,783	888,769,120
	<u>8,071,038,646</u>	<u>5,952,971,134</u>
Services		
Freight services	28,328,591	30,194,190

Service revenue includes AED 26,576,743 (2022: AED 23,063,597) from related parties under the common control of the ultimate beneficiaries.

5.2 Contract balances

	2023 AED	2022 AED
Trade receivables, net (note 15) (not provisional priced)	<u>1,471,799,957</u>	<u>1,301,415,210</u>
Contract liabilities (Advance from customers) (note 21)	<u>40,472,135</u>	<u>27,375,560</u>

During the year, the Group recognised revenue amounting to AED 27,375,560 (2022: AED 108,715,375) that were included in the contract liabilities as at the beginning of the year. Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances. These are recognised as revenue as the Group fulfils its performance obligations under the contract.

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6 OTHER INCOME

	2023 AED	2022 AED
Liabilities no longer required written back	12,274,389	-
Others	39,099	-
	<u>12,313,488</u>	<u>-</u>

7 FINANCE INCOME

	2023 AED	2022 AED
Interest from customers	39,148,326	-
Interest on short-term deposits	13,297,669	2,103,161
Interest from related parties (note 16)	-	498,090
	<u>52,445,995</u>	<u>2,601,251</u>

8 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2023 AED	2022 AED
Staff salaries and benefits	40,219,109	36,402,625
Consultancy expenses	23,348,992	13,950,315
Foreign exchange loss, net	11,023,478	6,088,116
Allowance for expected credit loss for trade receivables (note 15)	9,071,713	103,075
Provision for impairment of advance to suppliers	4,688,683	84,529
Legal and professional fees	1,816,303	1,735,108
Office expenses	1,597,607	1,063,538
Depreciation for property and equipment (note 10)	1,313,845	72,887
IT expenses	730,100	1,137,167
Amortisation of intangible assets (note 11)	435,445	661,318
Depreciation on right-of-use assets (note 13)	233,452	-
Allowance for expected credit loss for due from related parties (non-trade)	12,434	-
Provision for impairment of property and equipment (note 10)	-	2,735,311
Rental expenses for short term and low value leases (note 13)	-	1,843,546
Other expenses	4,782,712	4,680,100
	<u>99,273,873</u>	<u>70,557,635</u>

Other expenses primarily include, travel expenses, marketing charges, utilities, recruitment charges etc.

9 FINANCE COSTS

	2023 AED	2022 AED
Interest on bank borrowings	85,217,290	33,702,735
Interest charged by suppliers	10,172,978	9,954,037
Interest on lease liabilities (note 13)	463,359	-
Other finance costs	8,810,254	4,667,999
	<u>104,663,881</u>	<u>48,324,771</u>

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

10 PROPERTY AND EQUIPMENT

	<i>Building & building improvements</i> AED	<i>Furniture, fixtures and office equipment</i> AED	<i>Vehicles</i> AED	<i>Capital work-in-progress</i> AED	<i>Total</i> AED
Cost:					
At 1 January 2023	-	337,107	493,721	7,885,306	8,716,134
Additions	17,568,115	3,558,987	499,111	2,113,094	23,739,307
Disposal	-	(2,074)	-	-	(2,074)
At 31 December 2023	17,568,115	3,894,020	992,832	9,998,400	32,453,367
Accumulated depreciation and impairment:					
At 1 January 2023	-	180,981	457,852	2,735,311	3,374,144
Depreciation for the year (note 8)	576,316	636,701	100,828	-	1,313,845
Disposal	-	(173)	-	-	(173)
At 31 December 2023	576,316	817,509	558,680	2,735,311	4,687,816
Carrying amount:					
At 31 December 2023	16,991,799	3,076,511	434,152	7,263,089	27,765,551

	<i>Furniture, fixtures and office equipment</i> AED	<i>Vehicles</i> AED	<i>Capital work-in-progress</i> AED	<i>Total</i> AED
Cost:				
At 1 January 2022	226,818	493,721	4,869,801	5,590,340
Additions	110,289	-	3,015,505	3,125,794
At 31 December 2022	337,107	493,721	7,885,306	8,716,134
Accumulated depreciation and impairment:				
At 1 January 2022	125,312	440,634	-	565,946
Depreciation for the year (note 8)	55,669	17,218	-	72,887
Impairment for the year (note 8)	-	-	2,735,311	2,735,311
At 31 December 2022	180,981	457,852	2,735,311	3,374,144
Carrying amount:				
At 31 December 2022	156,126	35,869	5,149,995	5,341,990

Capital work-in-progress include amounts incurred towards the acquisition and upgrade of a vessel intended to be used for the Group's operations amounting to AED 6,912,729 (2022: AED 5,149,995). The vessel is currently under dry docking.

In 2022, AED 2,735,311 represented the provision for impairment of the cost of vessel to its recoverable amount. This was recognised in the consolidated statement of profit or loss and other comprehensive income (note 8).

The building is pledged as security against bank borrowings (note 20).

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11 INTANGIBLE ASSETS

	2023	2022
	AED	AED
Cost		
At 1 January	1,965,577	23,000
Additions	140,400	1,942,577
At 31 December	2,105,977	1,965,577
Accumulated amortisation		
At 1 January	684,318	23,000
Charge for the year (note 8)	435,445	661,318
At 31 December	1,119,763	684,318
Carrying amount		
At 31 December	986,214	1,281,259

12 INVESTMENT IN AN ASSOCIATE

On 18 November 2022, the Group made an investment of AED 4,900,000 which represents a 49% shareholding in Safeen Invictus Ltd, a free zone limited liability company, in Abu Dhabi, UAE. The principal activity of the associate is providing ship chartering and management services.

The Group exercises significant influence over Safeen Invictus Ltd, by virtue of the representation in the Board of Directors and accordingly the investment has been classified as an associate.

The associate commenced commercial operations during the year 2023. The summarised financial information of the Group's investment in Safeen Invictus Ltd is as below:

	2023
	AED
Non-current assets	300,580
Current assets	88,199,587
Non-current liabilities	(122,659)
Current liabilities	(80,630,483)
Equity	7,747,025
Group's share in equity – 49%	3,796,042
Group's carrying amount of the investment	3,796,042

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

12 INVESTMENT IN AN ASSOCIATE (continued)

The summarised financial information of the Group's investment in Safeen Invictus Ltd is as below: (continued)

	<i>2023</i> <i>AED</i>
Revenue	372,422,543
Cost of sales	<u>(368,802,366)</u>
	3,620,177
Selling, general and administration expenses	(5,804,541)
Finance costs	<u>(68,611)</u>
Loss for the year	<u>(2,252,975)</u>
Other comprehensive income	-
Total comprehensive loss for the year	<u>(2,252,975)</u>
Group's share of loss for the year- 49%	<u>(1,103,958)</u>

The associate had commitments of AED 2,973,014 as at 31 December 2023 (2022: Nil) towards the vessel leases.

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has a lease contract for the land on which the office building exists. Generally, the Group is restricted from assigning and subleasing the leased assets.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Additions	7,364,285	-
Depreciation expense	<u>(233,452)</u>	-
As at 31 December	<u>7,130,833</u>	<u>-</u>

Below are the carrying amounts of lease liabilities and the movements during the year:

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Additions	7,364,285	-
Accretion of interest	463,359	-
Payments	<u>(455,318)</u>	-
As at 31 December	<u>7,372,326</u>	<u>-</u>

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

	2023 AED	2022 AED
Current	471,531	-
Non-current	6,900,795	-
	<u>7,372,326</u>	<u>-</u>

The following are the amounts recognised in consolidated statement of profit or loss and other comprehensive income:

	2023 AED	2022 AED
Interest expense on lease liabilities (note 9)	463,359	-
Depreciation expense on right-of-use assets (note 8)	233,452	-
Rental expenses for short term and low value leases (note 8)	-	1,843,546

The maturity analysis of lease liabilities are disclosed in note 27.

The Group has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

14 INVENTORIES

	2023 AED	2022 AED
Goods held for sale	427,370,444	100,724,608
Goods in transit	182,806,240	482,785,026
Lower of cost or net realisable value	<u>610,176,684</u>	<u>583,509,634</u>

During 2023, AED 7,442,691,738 (2022: AED 5,057,079,996) was recognised as an expense for inventories carried at net realisable value. This is recognised in direct costs.

During the year ended 31 December 2023 AED 3,681,507 was recognised as provision for slow moving inventories (2022: Nil).

At 31 December 2023, inventories, including those in transit, amounting to AED 293,391,390 (2022: AED 315,826,233) are held at, and in transit, to Sudan

As at 31 December 2023, inventories amounting to AED 558,146,263 are pledged as security against bank borrowings (note 20) (2022: Nil).

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

15 TRADE AND OTHER RECEIVABLES

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Trade receivables (not provisional priced)	1,481,268,818	1,302,231,703
Less: allowance for expected credit losses (ECL)	(9,468,861)	(816,493)
	1,471,799,957	1,301,415,210
Trade receivables (subject to provisional pricing)	71,575,406	-
Advance to suppliers, net	43,755,896	110,450,796
Accrued interest	18,374,224	1,793,258
VAT receivables	5,157,109	6,901,880
Deposits	1,025,079	601,705
Prepayments	534,005	408,042
Other receivables	3,009,156	17,625
	1,615,230,832	1,421,588,516

As at 31 December, the unimpaired trade receivables (not provisional priced) comprise of the following:

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Corporate and other customers	520,206,964	269,860,260
Related party receivables:		
Affiliates / Entities under common control of Ultimate Beneficiaries	951,592,993	1,031,554,950
	1,471,799,957	1,301,415,210

At 31 December 2023, trade receivables amounting to AED 902,069,532 (2022: AED 1,024,644,131) pertain to customers based in Sudan.

Trade receivables are predominantly non-interest bearing unless otherwise agreed with the customers and are generally on 60 - 180 days credit terms after which trade receivables are considered to be past due. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable.

Related party receivables include the following balances:

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Sayga Food Industries	850,872,829	829,299,990
DAL Food Industries	42,646,274	70,439,248
Renatus SARL	37,519,226	41,593,935
Renatus Senagal	9,218,125	-
DAL Dairy Factory	5,528,407	14,090,870
Ailafoun Integrated Farm	2,299,593	2,198,537
Celebrus Trading FZE	889,334	915,116
DAL Engineering Co. Ltd	-	38,048,234
Sudanese Tractor Company	-	14,960,108
DAL Agricultural Services Company Ltd	-	11,489,066
Optimus International L.L.C	-	249,975
Others	11,300,201	8,269,871
	960,273,989	1,031,554,950
Less: allowance for expected credit losses (ECL)	(8,680,996)	-
	951,592,993	1,031,554,950

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At 31 December 2023

15 TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for ECL for trade receivables (not provisional priced) is as follows:

	2023	2022
	AED	AED
At 1 January	816,493	713,418
Allowance for expected credit losses for the year (note 8)	9,071,713	103,075
Written off during the year	(419,345)	-
At 31 December	9,468,861	816,493

The Group does not hold any collateral against trade receivables.

As at 31 December 2023, receivables amounting to AED 902,069,532 are assigned as security against bank borrowings (note 20) (2022: Nil).

The ageing analysis of unimpaired trade receivables (not provisional priced) is as follows:

	<i>Total</i>	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>			
			<i>1-90 days</i>	<i>91-180 days</i>	<i>181-360 days</i>	<i>>360 days</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
2023	1,471,799,957	1,123,753,146	306,302,136	38,712,437	1,377,688	1,654,550
2022	1,301,415,210	567,476,950	679,385,036	54,093,711	119,327	340,186

Refer note 27 on credit risk of trade receivables which explains how the Group manages and measures the credit quality of trade receivables.

During the year 2023, advances to suppliers amounting to AED 4,697,583 (2022: AED 367,112) were written down to reflect their recoverable amount.

16 RELATED PARTIES TRANSACTIONS AND BALANCES

The Group enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The Group considers such transactions to be in the normal course of business and are at prices determined and approved by the management.

Related parties represent the Ultimate Beneficiaries, Parent, major shareholders, directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties.

(a) *Significant transactions with related parties included in the consolidated statement of profit or loss and other comprehensive income are as follows:*

	2023	2022
	AED	AED
<i>Affiliates /Entities under common control of Ultimate Beneficiaries</i>		
Revenue	2,235,738,885	3,532,187,641
Purchases	396,134,320	843,066,902
Freight and shipping costs	306,461,215	223,011,022
Finance income (note 7)	-	498,090
Recharge of staff salaries and benefits	17,894,709	36,402,625

During the year ended 31 December 2023, property and equipment of AED 15,300,000 were purchased from a related party (2022: Nil) (note 10).

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At 31 December 2023

16 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(b) Balances with related parties under included in the consolidated statement of financial position other than those disclosed in note 15 and note 21 are as follows:

	2023		2022	
	<i>Amounts due from related parties</i> AED	<i>Amounts due to related parties</i> AED	<i>Amounts due from related parties</i> AED	<i>Amounts due to related parties</i> AED
<i>Parent Company</i>				
Invictus Holding Limited	8,440	2,613	-	15,780,896
<i>Affiliates /Entities under common control of the Ultimate Beneficiaries</i>				
Dal Group Co. Ltd	-	17,734,933	-	6,032,628
Sayga Food Industries	2,966,005			
Other related parties	300,442	180,796	938,970	54,636
	<u>3,274,887</u>	<u>17,918,342</u>	<u>938,970</u>	<u>21,868,160</u>

Outstanding balances at the year-end arise in the normal course of business, are unsecured and settlement occurs generally in cash. The balances are predominantly non-interest bearing unless otherwise agreed with the related parties.

The Ultimate Beneficiaries and one of the major related party have confirmed in writing to bear losses, if any, that arises on recoverability of the amounts due from related parties.

Certain investments are held by the Group for the beneficial interest of the Ultimate Beneficiaries.

(c) *Compensation of key management personnel*

Staff salaries and benefits include AED 11,085,869 towards the compensation of key managerial personnel of the Group (2022: AED 12,297,050 (recharged by a related party)).

(d) *Share capital*

As at 31 December 2023, the shareholding includes 0.0001% of shares in the Company held by the Board of Directors amounting to AED 2,684 comprising 994 shares with a nominal value of AED 0.25 each issued at AED 2.7 per share (2022: 0.3064%, comprising 3,431,385 shares amounting to AED 9,264,740).

17 OTHER FINANCIAL ASSETS

	2023 AED	2022 AED
Derivative financial instruments (a)	23,014,845	-
Margin deposits(b)	22,093,128	144,394,959
	<u>45,107,973</u>	<u>144,394,959</u>

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

17 OTHER FINANCIAL ASSETS (continued)

(a) During the year, the Group entered for into commodity future contracts with a financial institution. These contracts were expected to reduce the price volatility attributable to price fluctuation of certain commodities. Derivatives financial instruments not designated as hedging instruments carried at fair value:

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<i>Derivative financial assets</i>		
Commodity futures	<u>23,014,845</u>	<u>-</u>

The contracts mature and will affect profit before tax between January 2024 and March 2024. The following table details the notional principal amounts and fair value of derivative contracts outstanding at the reporting date:

	<i>Notional amount AED</i>	<i>Fair value asset AED</i>
<i>2023</i>		
Commodity futures	<u>284,422,806</u>	<u>23,014,845</u>
<i>2022</i>		
Commodity futures	<u>-</u>	<u>-</u>

(b) Margin deposits of AED 7,346,000 (2022: AED 144,394,959) are pledged as security against bank borrowings (note 20).

18 BANK BALANCES AND CASH

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Short-term deposits	320,997,518	323,000,000
Bank balances	48,656,924	214,585,728
Cash in hand	10,740	9,142
	<u>369,665,182</u>	<u>537,594,870</u>

Short-term deposits are made for varying periods between one month and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

19 SHARE CAPITAL AND SHARE PREMIUM

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<i>Share capital</i>		
<i>Authorised, issued, subscribed and fully paid up</i>		
1,120,000,000 share of AED 0.25 each	<u>280,000,000</u>	<u>280,000,000</u>

Conversion to share capital

During the year ended 31 December 2022, the shareholders resolved to convert AED 250,000,000 of retained earnings into 1,000,000,000 shares with a nominal value of AED 0.25.

Issuance of additional share capital

During the year ended 31 December 2022, the shareholders issued 120,000,000 shares with a nominal value of AED 0.25 each at AED 2.70 per share.

The excess consideration over the nominal value amounting to AED 294,000,000 was recorded as share premium.

INVICTUS INVESTMENT COMPANY PLC

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At 31 December 2023

20 BANK BORROWINGS

	2023	2022
	AED	AED
Trust receipts (i)	662,795,204	734,484,852
Trust receipts (ii)	73,460,000	-
Term loan I (iii)	164,726,320	-
Term loan II (iv)	183,650,000	-
	1,084,631,524	734,484,852

(i) Trust receipts are denominated in AED and were obtained primarily to finance the Group's working capital requirements and carry interest at commercial rates. Such borrowings are short term in nature. As at 31 December 2022, the Group had pledged margin deposits of AED 144,394,959 against the bank facilities (note 17).

For the year ended 31 December 2022, the facility was jointly obtained with the related parties under common control of the Ultimate Beneficiaries. As per facility letter dated 30th October 2023, the borrower to the facility is the subsidiary of the Group.

(ii) Trust receipts are denominated in USD and were obtained primarily to finance the Group's working capital requirements and carry interest at commercial rates. Such borrowings are short term in nature. As at 31 December 2023, the Group has pledged margin deposits of AED 7,346,000 (2022: Nil) against the bank facilities (note 17).

(iii) Term loan I was obtained primarily towards the Group's working capital requirements. The loan is denominated in USD and carries interest at commercial rates. Such borrowings are short term in nature.

(iv) Term loan II was obtained primarily towards the Group's working capital requirements. The loan is denominated in USD and carries interest at commercial rates. The loan is repayable in equal monthly instalments commencing four months prior to the third year coinciding with the maturity of the loan.

(v) The above borrowings are mainly secured by the following:

- a. Irrevocable corporate guarantee from various related parties (under the common control of the ultimate beneficiaries) registered in Sudan and UAE;
- b. Registered mortgage over office building located in plot no. W34, Dubai Airport Free Zone, Dubai, UAE (note 10);
- c. Registered mortgage / floating charges over property, plant and equipment located in Sudan in favour of bank with aggregate mortgage value, covering the entire facilities of the bank;
- d. Assignment of insurance policy over all assets mortgaged/pledged in favour of bank;
- e. Bill of lading endorsed in favour of the banks, receivables and inventories pledged in favour of banks (notes 14,15); and
- f. Undertaking from one of the majority shareholder of the Company to hold at least 20% shareholding during the loan tenor.

(vi) Under the terms of the borrowing facility agreements, the Group is required to comply with certain financial covenants which are tested on quarterly, semi-annually and annual basis.

- In respect of the covenants stipulated in the Term loan II facility agreement with a development finance institution in the United Kingdom:
 - a. the Group's management is yet to assess the compliance on the Group leverage ratio covenant which pertains to the guarantor's (i.e. entities in Sudan and UAE which are under the common control of the ultimate beneficiaries) financial results and position as at 31 December 2023, and the due date for filing such compliance certificate with the financial institution is on or before 29 February 2024. There was no non-compliance based on the test performed as at 30 June 2023 (i.e. last test date).
 - b. the Group did not comply with the covenant relating to submission of certain legal and financial documents and has obtained a waiver before 31 December 2023 to submit the required documents on or before 30 September 2024.

Consequently, as per requirements of IFRS, the Group has classified such borrowings amounting to AED 183,650,000 as current in nature as at 31 December 2023. As of the date of authorisation of the consolidated financial statements, the lender did not request accelerated repayment of the borrowings and the terms of the loan were not changed.

INVICTUS INVESTMENT COMPANY PLC

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At 31 December 2023

21 TRADE AND OTHER PAYABLES

	2023	2022
	AED	AED
Trade payables	398,437,888	796,147,214
Contract liabilities (Advance from customers)	40,472,135	27,375,560
Accruals	66,434,610	67,126,141
Other payables	-	4,900,000
	505,344,633	895,548,915

Included in trade payables is an amount of AED 10,396,581 due to related parties (2022: AED 16,695,339). Further, contract liabilities include an amount of AED 291,782 as advances from related parties (2022: AED 291,483).

Trade and other payables are due for settlement within one year from the reporting date. Refer note 27 for details on Group's risk management process. Trade payables are predominantly non-interest bearing unless otherwise agreed with the suppliers.

22 DIVIDEND PAYABLE

	2023	2022
	AED	AED
At 1 January	19,061,553	91,767,156
Dividends declared during the year	175,000,000	-
Dividends paid during the year	(194,061,553)	(11,777,041)
Dividends offset against amounts due from a related party	-	(60,928,562)
At 31 December	-	19,061,553

At 31 December 2022, the outstanding dividend payable pertained to the erstwhile shareholders of Invictus Trading FZE (the "Subsidiary"). This was paid during the year ended 31 December 2023.

23 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	2023	2022
Profit for the year (in AED)	213,665,403	454,586,718
Weighted average number of shares	1,120,000,000	799,790,415
Basic and diluted earnings per share (in AED)	0.19	0.57

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

INVICTUS INVESTMENT COMPANY PLC

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At 31 December 2023

24 SEGMENTAL REPORTING

The Group operates in the single reporting segment of trading of agricultural commodities, food products, non-manufactured precious metals and other general commodities. All the relevant information relating to this reporting/operating segment is disclosed in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and notes to the consolidated financial statements. For management purposes, the Group is organised into single reportable segment, i.e. trading of agricultural commodities, food products, non-manufactured precious metals and other general commodities. The freight services are incidental to the Group's operations and are not a separate reporting segment.

The CEO is the Chief Operating Decision Maker (CODM) and monitors the operating results of the segment for the purpose of making decisions about performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The entity wide disclosures as required by IFRS 8 on information about products, geographical areas and major customers is reflected in note 5 of these consolidated financial statements.

Additional information required by IFRS 8, "Segment reporting", is disclosed below:

Major customers

During the year ended 31 December 2023, there were two customers of the Group with the revenues greater than 10% of the total revenue of the Group (year ended 31 December 2022: One customer).

25 COMMITMENTS AND CONTINGENCIES

Contingencies

	2023	2022
	AED	AED
Cross corporate guarantee for loans obtained by related parties	201,490,328	241,100,365
Bank guarantees	29,962,682	65,000,000
Corporate guarantee provided to related parties	-	136,656,986
	<hr/>	<hr/>
At 31 December	231,453,010	442,757,351
	<hr/> <hr/>	<hr/> <hr/>

Commitments

	2023	2022
	AED	AED
Share of associate's commitment	19,464,277	18,007,500
	<hr/> <hr/>	<hr/> <hr/>

26 FAIR VALUE MEASUREMENT

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, trade receivables (not provisional priced), deposits, other receivables, amounts due from related parties and other financial assets. Financial liabilities consist of bank borrowings, trade payables, accruals, amounts due to related parties and dividend payable.

Derivative assets and trade receivables subject to provisional pricing are carried at fair value. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of the above financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

INVICTUS INVESTMENT COMPANY PLC

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26 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy of financial assets

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from 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); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<i>Notional value AED</i>	<i>Fair value</i>		
		<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
At 31 December 2023				
Financial assets:				
Trade receivables (provisional price)	71,575,406	-	-	71,575,406
Commodity futures	284,422,806	-	23,014,845	-

There are no commodity futures outstanding at 31 December 2022.

27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Board of Directors of the Group have overall responsibility and oversight of the risk management framework, and for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are:

- Interest rate risk;
- Credit risk;
- Liquidity risk; and
- Currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to interest rate risk on its interest-bearing liabilities (bank borrowings). The Group's interest-bearing financial liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the reporting date. The analysis is prepared assuming that these amounts outstanding at the reporting date were outstanding throughout the year. A 10-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

	<i>Increase/ decrease in basis points</i>	<i>Effect on profit</i>	
		<i>2023</i>	<i>2022</i>
AED	+10%	(4,722,793)	(2,570,697)
AED	- 10%	4,722,793	2,570,697

There is no direct impact on the Group's equity other than the impact resulting from the effect on the profit for the year.

INVICTUS INVESTMENT COMPANY PLC

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27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exposure is primarily related to the following financial assets :

	2023 AED	2022 AED
Trade receivables (not provisional priced)	1,471,799,957	1,301,415,210
Bank balances	369,665,182	537,585,728
Other financial assets	45,107,973	144,394,959
Other receivables, including deposits	22,408,459	2,412,588
Due from related parties	3,274,887	938,970
	<u>1,912,256,458</u>	<u>1,986,747,455</u>

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy customers.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the reporting date, the concentration of credit risk is disclosed separately below.

To manage and monitor the credit risk, the Group categorises its customers on the basis of the credit risk characteristics inherent to each such category, as explained below:

- (a) *Net receivables from related parties (trade) under the common control of the Ultimate Beneficiaries amounting to AED 951,592,993 (2022: AED 1,031,554,950) and amounts due from related parties (non-trade) of AED 3,274,887 (2022: AED 938,970):*

This category includes receivable from affiliates/ entities under common control of the Ultimate Beneficiaries.

The following table provides information about the exposure to credit risk and expected credit losses for receivables from related parties as at the reporting date. As at the reporting date, the Group measures expected credit losses by taking into consideration the historical default rates, current market conditions and forward-looking assumptions about the economic conditions. Further, the Group considers specific instances of default by customers.

	Total AED	Neither past due nor impaired AED	Past due but not impaired			
			1-90 days AED	91-180 days AED	181-360 days AED	>360 days AED
2023						
Expected credit loss rate		0.77%	0.77%	4.03%	4.03%	3.91%
Estimated gross carrying amount at default	963,561,310	617,722,539	306,926,056	37,722,372	669,402	520,941
Expected credit loss	<u>8,693,430</u>	<u>4,747,986</u>	<u>2,377,366</u>	<u>1,520,729</u>	<u>26,989</u>	<u>20,360</u>
2022						
Expected credit loss rate						
Estimated gross carrying amount at default	1,032,493,920	499,738,203	478,492,951	53,060,345	119,327	1,083,094
Expected credit loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

INVICTUS INVESTMENT COMPANY PLC

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27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(b) *Net receivables (not provisional priced) from corporate and other customers of AED 520,206,964(2022: AED 269,860,260):*

The Group's relationship with the customers are long standing and credit risk is monitored on an ongoing basis as per the Group's policy. The Group assesses credit risk by categorising customers with similar credit characteristics (i.e. by customer types, products sold etc.). As at the reporting date, the Group measures expected credit losses by taking into consideration the historical default rates, current market conditions and forward-looking assumptions about the economic conditions. Further, the Group considers specific instances of default by customers.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a very large number of small balances.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from corporate and other customers as at the reporting date.

	<i>Total AED</i>	<i>Neither past due nor impaired AED</i>	<i>Past due but not impaired</i>			
			<i>1-90 days AED</i>	<i>91-180 days AED</i>	<i>181-360 days AED</i>	<i>>360 days AED</i>
2023						
Expected credit loss rate		0.11%	2.6%	3.6%	3.6%	3.6%
Estimated gross carrying amount at default	520,994,829	514,311,503	1,807,345	2,606,917	772,979	1,496,085
Expected credit loss	787,865	566,905	46,196	93,437	27,705	53,622
2022						
Expected credit loss rate		0.8%	0.8%	4.0%	4.1%	3.7%
Estimated gross carrying amount at default	270,676,753	67,739,446	200,975,578	1,160,245	203,325	598,159
Expected credit loss	816,493	-	159	468	203,325	612,541

Bank balances

Credit risk on bank balances are assessed to be minimal as these balances are callable on demand and held with reputable financial institutions with high credit rating.

Deposits and other receivables (including margin deposits)

With respect to credit risk arising from other receivables, including deposits, the Group's exposure to credit arises from default of the counter party with maximum exposure equal to the carrying amount of these assets.

INVICTUS INVESTMENT COMPANY PLC

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27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Refer disclosures in Note 3 on going concern for details of liquidity risk management.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	<i>At 31 December 2023</i>			
	<i>Less than 1 year AED</i>	<i>Less than 1 -5 year AED</i>	<i>Above 5 years AED</i>	<i>Total AED</i>
Bank borrowings	1,148,550,976	-	-	1,148,550,976
Trade and other payables	464,872,498	-	-	464,872,498
Due to related parties	17,918,342	-	-	17,918,342
Lease liabilities	496,694	2,841,104	19,417,199	22,754,997
	<u>1,631,838,510</u>	<u>2,841,104</u>	<u>19,417,199</u>	<u>1,654,096,813</u>

	<i>At 31 December 2022</i>			
	<i>Less than 1 year AED</i>	<i>Less than 1 -5 year AED</i>	<i>Above 5 years AED</i>	<i>Total AED</i>
Bank borrowings	750,491,731	-	-	750,491,731
Trade and other payables	868,173,355	-	-	868,173,355
Dividends payable	19,061,553	-	-	19,061,553
Due to related parties	21,868,160	-	-	21,868,160
	<u>1,659,594,799</u>	<u>-</u>	<u>-</u>	<u>1,659,594,799</u>

Changes in liabilities arising from financing activities is disclosed in the consolidated statement of cash flows.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks mainly arise from sales or purchase by operating unit in foreign currencies other than the unit's functional currency. The Group's transactions are principally undertaken in United Arab Emirates Dirhams (AED) and United States Dollar (USD). The Group does not have any significant foreign currency exposure as currently AED is pegged to USD. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's trade receivables from related parties, due from related parties, trade receivables, trade payables and due to related parties.

INVICTUS INVESTMENT COMPANY PLC

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27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Currency risk (continued)

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities.

	<i>Liabilities</i>		<i>Assets</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Euro	(5,650,845)	(69,351,511)	2,646,887	29,717,756
Great Britain Pound	(5,000)	(646,413)	98,763	158,622
Swiss Francs	(32,268)	(17,745)	37	-
South African Rand	-	(4,263)	-	-
Egyptian Pounds	-	(574)	-	-
	(5,688,113)	(70,020,506)	2,745,687	29,876,378

The Group is mainly exposed on the above foreign currencies. At 31 December 2023, if the exchange rate of these currencies had fluctuated by 5% against AED, with all other variables held constant, the Group's profit for the year and equity as at the reporting date (net impact) would have changed by AED 147,121 (2022: AED 2,007,206).

28 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022, respectively. Equity comprises share capital, retained earnings and share premium and is measured at AED 1,067,252,121 (2022: AED 1,028,586,718).

29 CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group assessed and concluded that there is no deferred tax implication as at 31 December 2023.

30 COMPARATIVE INFORMATION

Certain comparatives have been reclassified in order to conform to the presentation and classification for the current year. Such reclassification does not affect previously reported equity.