G3 FINANCE PLC

The following is a Company Announcement issued by G3 FINANCE P.L.C., a company registered under the laws of Malta with company registration number C 94829 (hereinafter the "Company"), pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the laws of Malta), as amended from time to time.

Quote

Approval and Publication of Annual Report and Audited Financial Statements

The Company hereby announces that during the meeting of its Board of Directors held on 1st June 2022, the Company's Annual Report and Audited Financial Statements for the financial year ended 31st December 2021 were approved.

The Board of Directors shall be recommending to the Annual General Meeting of the Company that no final dividend be declared in respect of the financial year ended 31st December 2021.

The Board of Directors resolved that the aforesaid Annual Report and Audited Financial Statements be submitted to the shareholders of the Company for their approval at the forthcoming Annual General Meeting scheduled to take place on 15th June 2022.

A copy of the Company's Annual Report and Audited Financial Statements for the financial year ended 31st December 2021, as approved, is available for viewing below as an attachment to this announcement and at the Company's registered office, and is also available for download from the following link on the G3 Group's website: https://www.g3.com.mt/investors/financial-statements/.

It is further announced that, in accordance with Capital Markets Rule 5.61, the Annual Report and Audited Financial Statements of G3 Holdings Limited (C 94828), the guarantor of the €12.5 million 4.5% Secured Bonds 2032 issued by the Company in terms of a prospectus dated 25th March 2022 (the "Guarantor"), for the financial year ended 31st December 2021 have been approved by the board of directors of the Guarantor on the 1st June 2022. A copy of the aforesaid Annual Report and Audited Financial Statements in respect of the Guarantor is also available for viewing and download from the webpage indicated above.

The aforementioned Annual Financial Reports are not prepared in terms of the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority, given that during the financial reporting year in question, ended on 31st December 2021, the Company was not yet listed.

Unquote

By order of the Board

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Dr Luca Vella
Company Secretary

2nd June 2022

Company Announcement: G303

G3 FINANCE p.l.c.
(Formerly G3 FINANCE LIMITED)

Annual Report and Financial Statements
31 December 2021

Company Registration Number: C 94829

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The company is principally involved to act as a financing company, serving as a vehicle through which the G3 Group will continue to finance its future projects.

Review of business

During the year under review the company registered a loss after tax of €10,090 (2020: loss of €82,450) after incurring administrative expenses. At 31 December 2021, the company's liabilities exceeded assets by €90,540 (2020: €80,450). Shareholders have indicated that they will continue to support the business with liquidity to ensure that the company will be able to meet its liabilities as and when they fall due (Note 1.1).

Events after the reporting period

Increase in share capital

After the year ended 31 December 2021, the authorised and issued share capital of the company was increased from €2,000 to €252,000 following the capitalisation of shareholder loans.

Bond issue and outlook for the guarantor

On 23 March 2022 G3 Finance Limited changed its name to G3 Finance p.l.c. and converted its status from a private to a public limited liability company.

On 25 March 2022, G3 Finance plc issued an aggregate of €12,500,000 in bonds having a face value of €100 per bond, subject to minimum holding of €2,000 and in multiples of €100 thereafter. The bonds have a coupon interest rate of 4.50% per annum as stated in the Stock exchange on 6 April 2022. These bonds were eventually admitted for listing on the Malta Stock Exchange on 6 April 2022.

In accordance with the provisions of the prospectus, the proceeds from the bond issue have been advanced by the issuer to undertakings forming part of the G3 Group for the purpose of re-financing existing bank facilities within the group and to finance future growth in operations.

Subsequent to the year end, a restructuring process was undertaken, whereby G3 Hospitality Limited and G3 Properties Limited (both related parties of G3 Finance p.l.c.) became subsidiaries of G3 Holdings Limited.

G3 Holdings Limited is the Guarantor of the above mentioned bonds. For the year ending 31 December 2021, G3 Holdings Limited registered a loss after tax of €2,200 (2020: loss of €1,850) after incurring administrative expenses. At 31 December 2021, the company's liabilities exceeded assets by €2,850 (2020: €650) whilst total assets were €3,197 (2020: €3,197). As from the year ending 31 December 2022, G3 Holdings Limited will be preparing consolidated financial statements for the group.

Results and dividends

The income statement is set out on page 15. The directors do not recommend the payment of a dividend and propose that the balance of accumulated losses amounting to €92,540 (2020: €82,450) be carried forward to the next financial year.

Directors' report - continued

Financial risk management

The company's activities potentially expose it to a variety of financial risks, including liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out within the company where applicable under policies approved by the management of the company. The company does not use derivative financial instruments to hedge risk exposures.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Principal risks and uncertainties faced by the Company

The successful management of risk is essential to enable the company to achieve its objectives. The ultimate responsibility for risk management rests with the company's directors, who evaluate the company's risk appetite and formulate policies for identifying and managing such risks. Given the simple structure of the company as at 31 December 2021, no specific risks have been identified. The nature of the entity changed in 2022 (Note 1.1).

Directors

The directors of the company who held office during the year were:

Alexander Grima
Daniel Grima
John Grima
Jonathan Grima

On 10 March 2022 the following directors were appointed:

Albert Grech
Juanita Bencini
Michael Lewis Macelli

The company's Articles of Association do not require any directors to retire.

Directors' report - continued

Statement of directors' responsibilities for the financial statements

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

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

- ensuring that the financial statements have been drawn up in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- the Annual Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces.

These audited financial statements are not prepared in terms of the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority, given that during the financial reporting year in question, ended on 31st December 2021, the Company was not yet listed

Directors' report - continued

Auditors

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

On behalf of the board

John Grima Director	Daniel Grima Director

The Pergola
Adenau Street
Mellieha
Malta

1 June 2022

Independent auditor's report

To the Shareholders of G3 Finance p.l.c. (formerly G3 Finance Limited)

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of G3 Finance p.l.c. (formerly G3 Finance Limited) (the Company) as at 31 December 2021, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

G3 Finance p.l.c. (formerly G3 Finance Limited)'s financial statements, set out on pages 11 to 26 comprise:

- the statement of financial position as at 31 December 2021;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report - *continued*

To the Shareholders of G3 Finance p.l.c. (formerly G3 Finance Limited)

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period from 1 January 2021 to 31 December 2021, are disclosed in note 7 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have no key audit matters to report with respect to the audit of the Company's financial statements for the year ended 31 December 2021 as the Company had not yet commenced its activity. The main activity of the company is to forward the bond proceeds to group undertakings for working capital and investment purposes. The Company was listed in April 2022 and the bond was issued after year end and fully subscribed as disclosed in Note 11.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report - *continued*

To the Shareholders of G3 Finance p.l.c. (formerly G3 Finance Limited)

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report - *continued*

To the Shareholders of G3 Finance p.l.c. (formerly G3 Finance Limited)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's trade, customers and suppliers, and the disruption to its business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

pwc

Independent auditor's report - continued

To the Shareholders of G3 Finance p.l.c. (formerly G3 Finance Limited)

Area of the *Annual Report and Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 4) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report - continued

To the Shareholders of G3 Finance p.l.c. (formerly G3 Finance Limited)

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 28 October 2021 for the period ended 31 December 2020. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 2 years. The company became listed on a regulated market on 6 April 2022.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Stephen Mamo
Partner

1 June 2022

Statement of financial position

	Notes	2021 €	2020 €
		As at 31 December	
ASSETS			
Current assets			
Trade and other receivables	4	**2,000**	2,000
Total current assets		**2,000**	2,000
Total assets		**2,000**	2,000
EQUITY AND LIABILITIES			
Equity			
Share capital	5	**2,000**	2,000
Accumulated losses		**(92,540)**	(82,450)
Total equity		**(90,540)**	(80,450)
LIABILITIES			
Current liabilities			
Trade and other payables	6	**92,540**	82,450
Total current liabilities		**92,540**	82,450
Total liabilities		**92,540**	82,450
Total equity and liabilities		**2,000**	2,000

The notes on pages 15 to 26 are an integral part of these financial statements.

The financial statements on pages 11 to 26 were authorised for issue by the board on 1 June 2022 and were signed on its behalf by:

John Grima
Director

Daniel Grima
Director

Income statement

	Note	**Year ended 31 December 2021 €**	Period from 11 February to 31 December 2020 €
Administrative expenses	7	**(10,090)**	(82,450)
Loss for the year/period		**(10,090)**	(82,450)

The notes on pages 11 to 26 are an integral part of these financial statements.

Statement of changes in equity

	Note	**Share capital €**	**Accumulated losses €**	**Total €**
Balance at 11 February 2020		-	-	-
Transactions with owners				
Issue of ordinary share capital	5	2,000	-	-
Total transactions with owners		2,000	-	-
Comprehensive expense				
Loss for the period		-	(82,450)	(82,450)
Balance at 31 December 2020		**2,000**	**(82,450)**	**(80,450)**
Comprehensive expense				
Loss for the year		-	(10,090)	(10,090)
Balance at 31 December 2021		**2,000**	**(92,540)**	**(90,540)**

The notes on pages 15 to 26 are an integral part of these financial statements.

Statement of cash flows

	Note	**Year ended 31 December 2021** €	Period from 11 February to 31 December 2020 €
Cash used in operations	9	-	(2,000)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital	5	-	2,000
Net cash from financing activities		-	2,000
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year/period		-	-
Cash and cash equivalents at end of year/period		-	-

The notes on pages 15 to 26 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386). The Company adopted IFRSs during the year ended 31 December 2021, with a date of transition to IFRS of 1 January 2021. The prior year financial statements for the period from 11 February 2020 (date of incorporation) to 31 December 2020 were prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015 (GAPSME). Although GAPMSE differs in certain respects from IFRSs as adopted by the EU, these differences did not have an impact on G3 Finance p.l.c.. Accordingly no amendments to accounting and valuation methods were made to the GAPSME financial statements to comply with IFRSs and no reconciliations showing the effect on the company's equity and its profit of the transition from GAPSME to IFRSs as adopted by the EU are necessary.

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

These audited financial statements are not prepared in terms of the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority, given that during the financial reporting year in question, ended on 31st December 2021, the Company was not yet listed

At 31 December 2021, the company's current liabilities exceeded current assets by €90,540 (2020: €80,450). These financial statements have been prepared on a going concern basis which assumes the continued support of the company's shareholders to settle the company's obligations as and when they fall due and that related parties will not request amounts due to them unless alterative funds are made available to the company.

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

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2022. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Company's management are of the opinion that, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

1.2 Foreign currency translation

(a) Functional and presentation currency

The company's financial results and financial position are measured in the functional currency, i.e. euro ("€"), which is the currency of the primary economic environment in which the company operates. These financial statements are presented in euro ("€"), i.e. the presentation currency, which is the currency in which the company's share capital is denominated.

1. **Summary of significant accounting policies** – continued

1.2 Foreign currency translation

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income/(expense)'.

1.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.3 Financial assets

1.3.1 Classification

The company classifies its financial assets as financial assets measured at amortised costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The company classifies its financial assets as at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and

- The contractual terms give rise to cash flows that are solely payments of principal and interest.

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

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

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

1. **Summary of significant accounting policies** – continued

1.3 Financial assets – continued

1.3.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

1.3.3 Impairment

The company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The company's financial assets are subject to the expected credit loss model.

Expected credit loss model

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

1. Summary of significant accounting policies – continued

1.3 Financial assets – continued

1.3.3 Impairment – continued

Expected credit loss model – continued

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Simplified approach model

For trade receivables, the company applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2021 or 1 January 2021, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

1.4 Trade and other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

Other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1.5 Share capital

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

1. **Summary of significant accounting policies** – continued

1.6 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities, other than derivative contracts, are classified as financial liabilities measured at amortised cost, i.e. not at fair value through profit or loss under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.7 Trade and other payables

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

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

1.8 Offsetting financial instruments

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

1.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

1. Summary of significant accounting policies – continued

1.10 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2. Financial risk management

2.1 Financial risk factors

The company constitutes a financing special purpose vehicle whose bonds will be matched by equivalent amounts due from, and guaranteed by, G3 Holdings Limited (a related party). The company's principal risk exposures relate to credit risk and liquidity risk. The company is not exposed to currency risk and the directors deem interest rate risk exposure to be minimal due to matching of its interest costs on borrowings with finance income from its loans and receivables referred to above.

(a) Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2021	2020
	€	€
Financial assets measured at amortised cost		
Trade and other receivables (Note 4)	**2,000**	2,000
	2,000	2,000

The company monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the company's receivables, taking into account historical experience.

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

The company assesses the credit quality of its receivables taking into account financial position, past experience and other factors. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The basis on how the loss allowance was determined was not disclosed in these financial statements as the directors do not deem the allowance to be material for disclosure purposes.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Credit risk - continued

Trade and other receivables including amounts owed by shareholders are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for instruments which have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Management monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The company take cognisance of the related party relationship with this entity and management does not expect any losses from non-performance or default. The application of the expected credit risk model of IFRS 9 is not deemed material for disclosure purposes.

(b) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Note 6). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming year.

Even though the company registered a net current liability position at year end, the company's liquidity risk is not deemed material in view of the continued support of the company's shareholders to settle the company's obligations as and when they fall due. The carrying amounts of the company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

The table below analyses the company's financial liabilities into relevant maturity based on the remaining period as at 31 December 2021 to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Carrying Amount €	Contractual cash flows €	Within one year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €
31 December 2021						
Trade and other payables	92,540	92,540	92,540	-	-	-
	92,540	**92,540**	**92,540**	**-**	**-**	**-**
31 December 2020						
Trade and other payables	82,450	82,450	82,450	-	-	-
	82,450	**82,450**	**82,450**	**-**	**-**	**-**

2. Financial risk management - continued

2.2 Capital risk management

The company's objectives when managing capital are to safeguard the respective company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may issue new shares or adjust the amount of dividends paid to shareholders.

The company's equity, as disclosed in the statement of financial position, constitutes its capital. The company maintains its level of capital by reference to its financial obligations and commitments arising from operational requirements. Taking cognisance of the nature of the company's assets, together with collateral held as security, backing the company's principal borrowings, the capital level at the end of the reporting period is deemed adequate by the directors.

2.3 Fair values of financial instruments

At 31 December 2021 and 2020 the carrying amounts of trade and other receivables and trade and other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of amounts owed by fellow subsidiaries that are current or repayable on demand is equivalent to their carrying amount.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Trade and other receivables

	2021	2020
	€	€
Current		
Amounts due from shareholders	**2,000**	2,000
	2,000	2,000

Amounts due from shareholders are unsecured, interest-free and repayable on demand.

The company's exposure to credit and currency risks and impairment losses relating to trade receivables are disclosed in Note 2.

5. Share capital

	2021	2020
	€	€
Authorised		
2,000 ordinary shares of €1 each	**2,000**	2,000
Issued		
2,000 ordinary shares of €1 each	**2,000**	2,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets. Refer to Note 11 for details of increase in share capital after the year end.

6. Trade and other payables

	2021	2020
	€	€
Current		
Amounts due to related parties	**81,040**	80,600
Accruals	**11,500**	1,850
	92,540	82,450

Amounts due to related parties are unsecured, interest-free and repayable on demand.

The company's exposure to liquidity risks related to trade and other payables is disclosed in Note 2.

7. Expenses by nature

	Year ended 2021	Period ended 2020
	€	€
Legal and professional fees	**9,950**	82,450
Other expenses	**140**	-
	10,090	82,450

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2021 and 2020 relate to the following:

	Year ended 2021	Period ended 2020
	€	€
Annual statutory audit	**9,500**	1,700
Tax advisory and compliance services	**150**	150
	9,650	1,850

8. Tax expense

	Year ended 2021 €	Period ended 2020 €
Current tax expense:		
on taxable profit subject to tax at 35%	-	-
	-	-

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

	Year ended 2021 €	Period ended 2020 €
Loss before tax	(10,090)	(82,450)
Tax on profit at 35%	(3,532)	(28,858)
Tax effect of:		
Unrecognised deferred tax	3,532	28,858
Tax expense	-	-

As at year end the company had unrecognised deferred tax assets amounting to €32,390 in relation to tax losses.

9. Cash used in operations

Reconciliation of operating loss to cash used in operations:

	Year ended 2021 €	Period ended 2020 €
Operating loss	(10,090)	(82,450)
Operating loss before working capital	(10,090)	(82,450)
Changes in working capital:		
Trade and other receivables	-	(2,000)
Trade and other payables	10,090	82,450
Cash used in operations	-	(2,000)

10. Related party transactions

G3 Finance Limited forms part of the G3 Group. All companies forming part of the G3 Group are related parties since these companies all have common ultimate controllers. Trading transactions between these companies typically include company interest charges, management fees and other such items which are normally encountered in a group context.

The following transactions were entered into with related parties during the financial reporting period:

	Year ended 2021 €	Period ended 2020 €
Expenses charged by related parties	**440**	80,600

The transactions disclosed above were carried out on commercial terms. Year-end balances with related parties, arising principally from the transactions referred to previously, are set out below:

	2021 €	2020 €
Receivables:		
Amounts due from shareholders	**2,000**	2,000
Payables:		
Amounts due to related parties	**81,040**	80,600

The above balances are unsecured, interest free and have no fixed date of repayment.

11. Events after the reporting period

Increase in share capital

After the year ended 31 December 2021, the authorised and issued share capital of the company was increased from €2,000 to €252,000 following the capitalisation of shareholder loans.

Bond issue

On 23 March 2022 G3 Finance Limited changed its name to G3 Finance p.l.c. and converted its status from a private to a public limited liability company.

On 25 March 2022, G3 Finance p.l.c. issued an aggregate of €12,500,000 in bonds having a face value of €100 per bond, subject to minimum holding of €2,000 and in multiples of €100 thereafter. The bonds have a coupon interest rate of 4.50% per annum as stated in the Stock exchange on 6 April 2022. These bonds were eventually admitted for listing on the Malta Stock Exchange on 6 April 2022. G3 Holdings Limited is the Guarantor of these bonds.

In accordance with the provisions of the prospectus, the proceeds from the bond issue have been advanced by the issuer to undertakings forming part of the G3 Group for the purpose of re-financing existing bank facilities within the group and to finance future growth in operations.

12. Statutory information

G3 Finance p.l.c. is a limited liability company and is incorporated in Malta. The registered office is 'The Pergola', Adenau Street, Mellieha, Malta.

The ultimate beneficial owner of G3 Finance p.l.c. is Mr. John Grima.