

G3 FINANCE p.l.c

Condensed Interim Financial Statements  
30 June 2022

	<b>Pages</b>
Interim directors' report	1 - 3
Condensed statement of financial position	4
Condensed statement of comprehensive income	5
Condensed statement of changes in equity	6
Condensed statement of cash flows	7
Notes to the condensed interim financial statements	8 - 10

## **Interim directors' report**

The directors present their report and the condensed interim financial statements in terms of Chapter 5 of the Capital Markets Rules issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed financial statements have been extracted from G3 Finance p.l.c. unaudited financial information as at 30 June 2022 and the six month period then ended, prepared in accordance with International Financial Reporting Standards as adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half-yearly report has not been audited or reviewed by the company's independent auditors.

### **Principal activities**

The company's principal activity is to carry out the financing of the business activities of the companies forming part of G3 Group.

### **Review of the business**

#### *The Company*

#### *Results*

Finance income received from a related entity during the period ended 30 June 2022 amounted to €185,312. Profit before taxation for the current six-month period amounted to €25,955. The directors are not anticipating any significant changes in operating performance during the forthcoming months.

#### *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 p.l.c. issued an aggregate of €12,500,000 in bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 and in multiples of €100 thereafter. The bonds carry a coupon interest rate of 4.5% per annum. These bonds were eventually admitted for listing on the Official List of 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 investments and growth in operations.

During 2022 a restructuring process was undertaken, whereby G3 Hospitality Limited (related party of G3 Finance p.l.c.) became a subsidiary of G3 Holdings Limited, being the guarantor of the above-mentioned bonds.

#### *Increase in share capital*

During 2022, the authorised and issued share capital of the company was increased from €2,000 to €252,000 following the capitalisation of shareholder loans.

### **Principal risks and uncertainties for the remaining six months of the financial year**

The Company's principal activity is to act as a finance company for the G3 Group of companies (the "Group"). In this context, the Company's ability to recover loans issued to its related entity is dependent on the performance of the company within the Group to which amounts have been advanced.

#### *The Group*

The Group operates in the hospitality sector and its business activities involve principally the operations of the Pergola Hotel & Spa and the Solana Hotel & Spa, both located in Mellieha.

### **Interim directors' report** - continued

The company also offers food and beverage services both as part of the hotels, as well through the operation of independent catering establishments.

The Group is therefore susceptible to local economic developments and overseas trends related to the demand for travelling.

Despite the effect of the COVID-19 pandemic on the hospitality sector, the directors do not expect any significant changes in the company's activities and are confident that the company will be able to honour its obligations when they fall due. The first six months of 2022 registered an increase in the demand for travelling and the momentum has been sustained. Moreover, the fact that all travel restrictions have been withdrawn augurs well for the group to continue to meet and exceed pre-pandemic occupancy levels and rates.

The hospitality sector was one of the most negatively impacted businesses as a result of the lockdown measures imposed by the COVID-19 restrictions over the past two years.

The recovery in business experienced during the 2021 summer season was sustained until mid-December 2021, when the hospitality division experienced a renewed downturn following the surge in cases from the new virus strain. As restrictions started to be lifted and confidence restored, the hotels experienced a steady increase in occupancy levels. For the first six months of 2022, the Group achieved above budget occupancy levels and exceeded budgeted revenues, which in turn resulted in better operational financial results. Management is hopeful that this positive trend will continue during the rest of the year.

The directors concur with the going concern assumption for preparation of these interim financial statements and do not envisage any material uncertainty in this regard.

### **Results and dividends**

The directors do not recommend the payment of an interim dividend.

#### **Directors**

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

Alexander Grima  
Daniel Grima  
John Grima  
Jonathan Grima

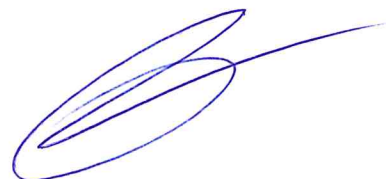
On 10 March 2022 the following directors were also appointed:

Albert Grech  
Juanita Bencini  
Michael Lewis Macelli

Signed on behalf of the Board of Directors:



John Grima  
Director



Daniel Grima  
Director

The Pergola  
Adenau Street  
Mellieha  
Malta

24 August 2022

**Statement pursuant to Capital Markets Rule 5.75.3**

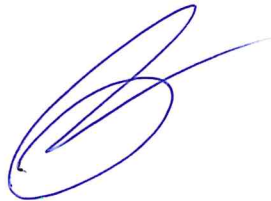
We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, as well as of the financial performance and cash flows for the said period, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34: 'Interim Financial Reporting'); and
- The Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rule 5.81.

Signed on behalf of the Board:



John Grima  
Director



Daniel Grima  
Director

24 August 2022

## Condensed statement of financial position

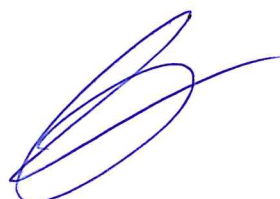
	Notes	As at 30 June 2022 € (unaudited)	As at 31 December 2021 € (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans receivable	3	12,093,294	-
<b>Current assets</b>			
Trade and other receivables		443,020	2,000
<b>Total assets</b>		<b>12,536,314</b>	<b>2,000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>		<b>176,331</b>	<b>(90,540)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	2	12,210,004	-
Current liabilities		149,979	92,540
<b>Total liabilities</b>		<b>12,359,983</b>	<b>92,540</b>
<b>Total equity and liabilities</b>		<b>12,536,314</b>	<b>2,000</b>

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 4 to 10 were authorised for issue by the board of directors on 24 August 2022 and were signed on its behalf by:



John Grima  
Director



Daniel Grima  
Director

## Condensed statement of comprehensive income

	6 months ended 30 June	
	2022 € (unaudited)	2021 € (unaudited)
Finance income	185,312	-
Finance costs	(129,452)	-
	<b>55,860</b>	-
Administrative expenses	(29,905)	(5,045)
Profit before tax	<b>25,955</b>	-
Tax expense	(9,084)	-
<b>Profit/(loss) for the period</b>	<b>16,871</b>	(5,045)

The notes on pages 8 to 10 are an integral part of these condensed financial statements.

### Condensed statement of changes in equity

	Share capital €	Retained earnings/ (accumulated losses) €	Total €
Balance at 1 January 2021	2,000	(82,450)	(80,450)
<b>Comprehensive expense</b> Loss for the period	-	(5,045)	(5,045)
<b>Balance at 30 June 2021</b>	<b>2,000</b>	<b>(87,495)</b>	<b>(85,495)</b>
<b>Comprehensive income</b> Increase in share capital Profit for the period	<b>250,000</b> -	- <b>16,871</b>	<b>250,000</b> <b>16,871</b>
<b>Balance at 30 June 2022</b>	<b>252,000</b>	<b>(70,624)</b>	<b>181,376</b>

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.



## **Condensed statement of cash flows**

The company does not operate a bank account and accordingly a condensed statement of cash flows for the period ended 30 June 2022 is not being presented. The treasury function of the G3 Group processes bank transactions and recharges G3 Finance p.l.c. on a needs basis.

## Notes to the condensed interim financial statements

### 1. Basis of preparation

This condensed interim financial information for the six month period ended 30 June 2022 has been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention. These financial statements have not been audited nor reviewed by the company's independent auditors. The condensed interim financial information does not include all the notes of the type normally included in a full set of annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the period ended 31 December 2021, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the annual financial statements for the period ended 31 December 2021.

### 2. Borrowings

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	€	€
<b>Non-current</b>		
12,500,000 4.50% bonds, 2032	<b>12,210,004</b>	-

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

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	€	€
Original face value of bonds issued	<b>12,500,000</b>	-
Bond issue costs	<b>(296,827)</b>	-
Accumulated amortisation	<b>6,831</b>	-
Closing net book amount of bond issue costs	<b>(289,996)</b>	-
<b>Amortised cost and closing carrying amount of the bonds</b>	<b>12,210,004</b>	-

## 2. Borrowings - continued

By virtue of a prospectus dated 25 March 2022, the company issued 125,000 bonds with a face value of €100 each, for an aggregate amount of €12,500,000. The bonds have a coupon interest of 4.5% which is payable annually in arrears on 6 April. The bonds are redeemable at par and are due for redemption on 6 April 2032 unless they are previously re-purchased and cancelled in accordance with the provisions of the offering memorandum. The bonds are guaranteed by G3 Holdings Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the prospectus. The bonds have been admitted on the Official List of the Malta Stock Exchange on 6 April 2022. The quoted market price for the bonds as at 30 June 2022 was €102.

## 3. Related party transactions

G3 Finance p.l.c. 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.

Following the bond issue, during 2022, G3 Finance p.l.c. advanced a loan to a related company, G3 Hospitality Limited.

Trading transactions between these companies typically include company interest charges, and other such items which are normally encountered in a group context.

Balances with related parties at the end of the financial reporting periods were as follows:

	<b>30 June 2022</b>	31 December 2021
	€	€
<b>Loan receivable</b>		
Loan to related company	<u>12,093,294</u>	-
<b>Current amounts receivable</b>		
Amounts due from shareholders	3	-
Amounts receivable from parent company	<u>251,997</u>	1,997
<b>Current amounts payable</b>		
Amounts payable to related company	<u>-</u>	80,600

The loan receivable from a related company is subject to a fixed interest rate of 6.5% and is repayable by not later than 6 April 2032.

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

	<b>30 June 2022</b>	31 December 2021
	€	€
Expenses re-charged by related parties	<u>325,666</u>	440

**3. Related party transactions - continued**

The transactions disclosed above were carried out on commercial terms.

Interest and related income from related parties during the current and the comparative six-month period is disclosed below:

	<b>6 months ended 30 June</b>	
	<b>2022</b>	2021
	€	€
Finance income in respect of loan advanced to related company	<b>185,312</b>	-

**4. Subsequent events**

There were no material events relevant to the Company which occurred subsequent to the balance sheet date.