

G3 HOLDINGS LIMITED

Annual Report and
Consolidated Financial Statements
31 December 2024

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Directors' report

The directors present their report and the audited financial statements of G3 Holdings Limited (the "Company") and the Group of which it is the parent for the year ended 31 December 2024.

Principal activities

The Company's principal activity is that of holding investments.

The Group operates in the local market in the hospitality industry and its trading activity remained unchanged from the previous years. It operates the Pergola Hotel & Spa, the Solana Hotel & Spa and DOMS Boutique Living, all located in Mellieha. The Group also operates in the food and beverage sectors and the nature of the Group's trading activity remained unchanged from previous years.

Review of business

Total revenue for the Group during the year reached €15,087,558 resulting in a year-on-year increase of €2,830,614 (+23%). The increase in revenue resulted in an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) at €3,727,827 as against €3,588,472 registered for the prior year (+3%).

The profit after tax for 2024 was €736,194 compared to €1,477,634 registered in 2023. The overall hotel occupancy increased marginally to 95.25% compared to 95% in 2023.

2024 was a year where significant investments were made, the benefits of which will be reaped in 2025 and beyond.

The Group's total assets amount to €61,370,117 against a comparative figure of €44,887,379 in 2023. The Group's equity base also increased by €736,194 which is a direct result of the net profit registered during the year. During the year, the Group entered into financing arrangements with local credit institutions to finance its new operations. The Group's gearing ratio (debt over equity) stands at 70% compared to 63% in 2023.

During 2022, a group restructuring exercise was undertaken, whereby G3 Hospitality Limited became a subsidiary of G3 Holdings Limited. On 25 March 2022, G3 Finance p.l.c. (a fellow subsidiary of G3 Hospitality Limited) 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 multipliers of €100 thereafter. The bonds have a coupon interest rate of 4.5% per annum and were listed on the Official List of the Malta Stock Exchange on 6 April 2022. G3 Holdings Limited (Parent Company of G3 Hospitality Limited) is the guarantor of the bonds.

Proceeds of the bond issue were advanced to one of the subsidiaries of G3 Group, namely G3 Hospitality Limited, for the purpose of re-financing existing bank facilities within the Group and to finance future growth in operations.

The Group continued to strengthen its operations within the local hospitality sector with the taking over of management operations of Palm Beach Lido, Armier as from June 2023 and DOMS Boutique Living and DOMS Brasserie as from October 2023.

Directors' report – continued

Review of business – continued

From November 23 up to Q2 of 2024, the Group invested in a project to extend and refurbish the Solana Hotel & Spa, which project resulted in an increase of new rooms, together with an overall expansion of the hotel, including a larger reception and dining area and also a new rooftop pool. This brought up the total number of rooms of the Solana Hotel & Spa to 241 rooms.

Subsequent to year end, during Q2 of 2025, the Group will be operating a new hotel in St. Julian's. These additions continue to strengthen the Group's offerings in hospitality and food and beverage by diversifying the Group's operations beyond the Mellieha area.

Given the size of the Group and its dependence on the global economy, the Group recognises that the main risk and uncertainty to its business is the potential downturn in the global economy with particular effect on the tourism and services industries.

Outlook for the financial year 2025

The current global geo-political situation is causing disruptions in economic activity and supply chains, leading to inflation and putting pressure on commodity prices. Management continues to keep a close watch on any developments and also exercises control on variable expenditure.

Management has prepared granular forecast profit and loss and cash flow projections for the period to 2032 using prudent assumptions. Management has factored in a number of stress case scenarios into the model but results for cashflow and profitability remain favourable.

Projections continue to forecast that the Group will have adequate levels of liquidity and profitability to be able to operate and meet commitments as and when they fall due.

Based on the above, the directors look forward with optimism to yet another year of good results despite the challenges that lie ahead and remain confident that these financial statements can continue being prepared on a going concern.

Financial risk management

The Group's and Company's activities potentially expose it to a variety of financial risks, including market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk. Refer to Note 2 in these financial statements.

Directors

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

Alexander Grima
Daniel Grima
John Grima
Jonathan Grima

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 Group and the Parent 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 International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the Parent 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 Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of G3 Holdings Limited for the year ended 31 December 2024 are included in the Annual Report and Consolidated Financial Statements 2024, which is published in hard-copy printed form and made available on the Group's website. The directors of the entities constituting the G3 Group are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

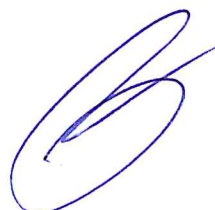
Auditors

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

Registered office:
The Pergola
Adenau Street
Mellieha
Malta

28 April 2025



Independent auditor's report

To the Shareholders of G3 Holdings Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the “financial statements”) of G3 Holdings Limited give a true and fair view of the Group and the Parent Company’s financial position as at 31 December 2024, and of their 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).

What we have audited

G3 Holdings Limited’s financial statements, set out on pages 9 to 54, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2024;
- the Consolidated and Parent Company statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information 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.

Independence

We are independent of the Group and the Parent 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.



Independent auditor's report - continued

To the Shareholders of G3 Holdings Limited

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.

Responsibilities of the directors 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report - continued

To the Shareholders of G3 Holdings Limited

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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report - continued

To the Shareholders of G3 Holdings Limited

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2024* 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.

Area of the <i>Annual Report and Financial Statements 2024</i> and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 3) 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.	<p>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.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>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.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> 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). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>



Independent auditor's report - continued

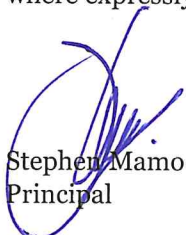
To the Shareholders of G3 Holdings Limited

Report on other legal and regulatory requirements - continued

Area of the Annual Report and Financial Statements 2024 and the related Directors' responsibilities	Our responsibilities	Our reporting
	<p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none">• 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.	<p>We have nothing to report to you in respect of these responsibilities.</p>

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent 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.



Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

28 April 2025

Statements of financial position

		At 31 December			
		Group		Company	
		2024	2023	2024	2023
Notes		€	€	€	€
ASSETS					
Non-current assets					
Property, plant and equipment	4	47,682,951	39,953,198	-	-
Investment in subsidiaries	5	-	-	1,097,285	1,097,285
Right-of-use assets	7	11,015,452	985,400	-	-
Trade and other receivables	9	179,158	907,096	4,500	54,500
Total non-current assets		58,877,561	41,845,694	1,101,785	1,151,785
Current assets					
Inventories	8	248,954	155,896	-	-
Trade and other receivables	9	2,197,251	1,484,714	4,685	268,128
Cash and cash equivalents	10	46,351	1,401,075	-	-
Total current assets		2,492,556	3,041,685	4,685	268,128
Total assets		61,370,117	44,887,379	1,106,470	1,419,913

Statements of financial position - continued

		At 31 December			
		Group		Company	
		2024	2023	2024	2023
Notes		€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	798,843	798,843	798,843	798,843
Revaluation reserve	12	12,073,967	12,073,967	-	-
Retained earnings/(accumulated losses)		9,451,598	8,715,404	(1,478)	(7,848)
Total equity		22,324,408	21,588,214	797,365	790,995
Non-current liabilities					
Borrowings	14	14,492,654	13,082,774	-	-
Lease liabilities	17	10,999,880	1,037,689	-	-
Deferred tax liabilities	13	3,482,807	3,285,894	-	-
Institutional grants	15	44,643	54,419	-	-
Trade and other payables	16	1,290,582	1,425,832	-	-
Total non-current liabilities		30,310,566	18,886,608	-	-
Current liabilities					
Borrowings	14	1,201,933	433,197	-	-
Lease liabilities	17	179,433	34,048	-	-
Institutional grants	15	9,776	9,776	-	-
Trade and other payables	16	6,670,176	3,440,175	303,855	623,668
Current tax liability		673,825	495,361	5,250	5,250
Total current liabilities		8,735,143	4,412,557	309,105	628,918
Total liabilities		39,045,709	23,299,165	309,105	628,918
Total equity and liabilities		61,370,117	44,887,379	1,106,470	1,419,913

The notes on pages 15 to 54 are an integral part of these financial statements.

The financial statements on pages 9 to 54 were authorised for issue by the board on 28 April 2025 and were signed on its behalf by:



John Grima
Director



Daniel Grima
Director

Statements of comprehensive income

		Year ended 31 December			
		Group		Company	
		2024	2023	2024	2023
		€	€	€	€
	Notes				
Revenue	18	15,087,558	12,256,944	-	-
Cost of sales	19	(10,496,418)	(8,135,061)	-	-
Gross profit		4,591,140	4,121,883	-	-
Administrative expenses	19	(2,667,280)	(1,895,035)	(3,380)	(3,574)
Other operating income		74,720	98,954	15,000	15,000
Operating profit		1,998,580	2,325,802	11,620	11,426
Finance costs	21	(866,138)	(733,545)	-	-
Profit before tax		1,132,442	1,592,257	11,620	11,426
Tax expense	22	(396,248)	(114,623)	(5,250)	(5,250)
Profit for the year		736,194	1,477,634	6,370	6,176

The notes on pages 15 to 54 are an integral part of these financial statements.

Statements of changes in equity

Group

	Share capital €	Revaluation reserve €	Retained earnings €	Total €
Balance at 1 January 2023	798,843	12,073,967	7,237,767	20,110,577
Comprehensive income				
Profit for the year	-	-	1,477,634	1,477,634
Balance at 31 December 2023	798,843	12,073,967	8,715,404	21,588,214
Comprehensive income				
Profit for the year	-	-	736,194	736,194
Balance at 31 December 2024	798,843	12,073,967	9,451,598	22,324,408

The notes on pages 15 to 54 are an integral part of these financial statements.

Statements of changes in equity

Company

	Share capital €	Accumulated losses €	Total €
Balance at 1 January 2023	798,843	(14,024)	784,819
Comprehensive income			
Profit for the year	-	6,176	6,176
Balance at 31 December 2023	798,843	(7,848)	790,995
Comprehensive income			
Profit for the year	-	6,370	6,370
Balance at 31 December 2024	798,843	(1,478)	797,365

The notes on pages 15 to 54 are an integral part of these financial statements.

Statements of cash flows

		Year ended 31 December			
	Notes	Group		Company	
		2024	2023	2024	2023
		€	€	€	€
Cash flows from operating activities					
Cash generated from operations	23	6,798,409	3,739,927	5,250	-
Interest paid		(741,341)	(733,545)	-	-
Income tax paid		(20,874)	(68,684)	(5,250)	-
Net cash generated from operating activities		6,036,194	2,937,698	-	-
Cash flows used in investing activities					
Purchases of property, plant and equipment	4	(9,242,810)	(4,316,681)	-	-
Additions of right-of use assets	7	-	(1,044,308)	-	-
Proceeds from disposal of property, plant and equipment		9,249	98,133	-	-
Net cash used in investing activities		(9,233,561)	(5,262,856)	-	-
Cash flows from financing activities					
Movement in bank loans		1,146,801	(324,827)	-	-
Movement in finance lease		(306,290)	1,043,050	-	-
Net cash from financing activities		840,511	718,223	-	-
Net movement in cash and cash equivalents		(2,356,856)	(1,606,935)	-	-
Cash and cash equivalents at beginning of year		1,401,075	3,008,010	-	-
Cash and cash equivalents at end of year	10	(955,781)	1,401,075	-	-

The notes on pages 15 to 54 are an integral part of these financial statements.

Notes to the financial statements

1. Material accounting policy information

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

1.1 Basis of preparation

The consolidated financial statements include the financial statements of G3 Holdings Limited and its subsidiaries and 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).

Appropriateness of the going concern assumption in the preparation of the financial statements

The Group has prepared projections for the coming years, based on historical financial information and forecasts, but factoring in the improved results of the past year. The directors are monitoring the effects that the macro-economic and political environments might have. Possible increases in the price of goods and services is the principal challenge that the Group's entities will experience in the next financial year. Projections continue to forecast that the Group will have adequate levels of liquidity and profitability to be able to operate and meet commitments as and when they fall due.

Based on the above, the directors have assessed that the Group is expected to have the necessary funds to finance its operations and commitments towards employees, creditors, banks and bondholders going forward. Accordingly, the board continues to adopt the going concern basis in preparing the financial statements and considers that there are no material uncertainties which may cast significant doubt about the ability of the Company and the Group to continue operating as a going concern.

At 31 December 2024, the Group and the Company's current liabilities exceeded current assets by €6,242,587 and €304,420 (2023: €1,370,872 and €360,790). The company's shareholders continue to support the Group and Company from a liquidity point of view to ensure that the Group continues to honour obligations as and when they fall due. Moreover related parties have committed to refrain from calling in amounts due unless adequate levels of funds are available to the Group and Company. The management team has prepared financial projections to 2032 using realistic and pessimistic scenarios and the board is confident that the Group can achieve projected profitability and liquidity as planned which will enable the Group and Company to continue to honour commitments as and when they fall due. On the basis of the above these financial statements have been prepared on a going concern basis.

Standards, interpretations and amendments to published standards effective in 2024

In 2024, the Group and Company have adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's and Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies impacting financial performance and position.

1. Material accounting policy information – continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2024 - continued

(a) Amendments to IAS 1 - Classification of Liabilities as Current and Non-current

The amendments are intended to promote consistency by helping preparers determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. This amendment did not have any material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation of issue of these financial statements but are mandatory for the Group's and Company's accounting period beginning after 1 January 2024. The Group and Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's directors are of the opinion that there are no requirements that will have a material impact on the Group's and Company's financial statements in the period of initial application.

(a) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

1. Material accounting policy information – continued

1.1 Basis of preparation - continued

(b) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 (issued on 9 April 2024) is yet to be endorsed for use in the EU however it is set to replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance. IFRS 18 will also require the disclosure of management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's and Company's financial statements.

The new standard will be applicable from its mandatory effective date of 1 January 2027, subject to endorsement for use in the EU, with retrospective application.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

1. Material accounting policy information – continued

1.2 Consolidation – continued

(a) Subsidiaries – continued

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of the investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(a) Jointly- controlled entities

Investments in jointly-controlled entities are accounted for using the cost method of accounting i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of the investment, it is recognised as an expense in the period in which the diminution is identified.

1.3 Foreign currency translation

(a) Functional and presentation currency

The Group's and 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 Group and Company operate. These financial statements are presented in euro ("€"), i.e. the presentation currency, which is the currency in which the Parent Company's share capital is denominated.

1. Material accounting policy information – continued

1.3 Foreign currency translation – continued

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally 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)'.

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation. Valuations are carried out on a regular basis such that the carrying amount of land and buildings does not differ materially from that which would be determined using fair values at the end of the reporting period. All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation reserve within shareholders' equity. Decreases that offset previous increases of the same asset are debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's property portfolio at periodic intervals. The fair values are based on market values, being the estimated amount or price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows that can be received from renting out the property. A yield that reflects the specific risk inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

1. Material accounting policy information – continued

1.4 Property, plant and equipment - continued

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

	%
Office/Hotel Furniture & Fittings	6.67 – 10
Office equipment	25
Catering and other equipment	10 – 16.67
Linen and Soft Furnishings	10
Motor vehicles	20
Buildings	2.22

Freehold land is not depreciated as it is deemed to have an indefinite life. Assets in the course of construction and payments on account are not depreciated. Depreciation will commence once the respective assets are commissioned for their intended use.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.5).

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.5 Impairment of non-financial assets

Non-financial assets that are subject to amortisation 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1. Material accounting policy information – continued

1.6 Financial assets

1.6.1 Classification

The Group and Company classify their financial assets in the following measurement category:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI).

The Group and Company reclassify debt investments when and only when their business model for managing those assets changes.

1.6.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Group and 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 Group has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

1.6.3 Measurement

At initial recognition, the Group and Company measure 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. Transaction costs of a financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition 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 separate line item in the statement of profit or loss.

1. Material accounting policy information – continued

1.6 Financial assets - continued

1.6.3 Measurement - continued

Debt instruments - continued

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group and Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

1.6.4 Impairment

The Group and Company assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group and Company apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (refer to Note 2 for further details).

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventories comprises the invoiced value of goods, and in general, includes transport and handling costs and is determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1. Material accounting policy information – continued

1.8 Trade and other receivables

Trade 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 Group and Company hold the trade and other receivables with the objective to collect the contractual cash flows and therefore measure them subsequently at amortised cost using the effective interest method.

1.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.10 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.

1.11 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's and Company's financial liabilities, other than derivative financial instruments, are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities' 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. Financial liabilities at fair value through profit or loss would be initially recognised at fair value through profit or loss with transaction costs in profit or loss and would be subsequently measured at fair value. The Group and Company derecognise a financial liability from their statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.12 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.

1.13 Borrowings

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

1. Material accounting policy information – continued

1.13 Borrowings – continued

Issue costs incurred in connection with the issue of the bonds include professional fees, printing, listing, registration, underwriting, selling costs and other miscellaneous costs.

1.14 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.

1.15 Current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The Group and Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is also 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 and does not give rise to equal taxable and deductible temporary differences. 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 on the fair valuation of property, plant and equipment is determined assuming the property will be recovered entirely through sale and is charged or credited directly to the revaluation reserve. Deferred tax on the difference between the actual depreciation of the asset and the equivalent depreciation based on the historical cost of the asset is realised through profit or loss.

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. Material accounting policy information – continued

1.16 Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditures expected required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.17 Revenue recognition

(a) Sales from hospitality and ancillary services

Revenue from hospitality and ancillary services includes accommodation as well as food and beverage services and other ancillary services. Hospitality and ancillary services are rendered to customers during their stays in hotels, and, depending on the booking, some services would generally be incorporated into one 'contract' (for example, bed and breakfast).

Each of the services rendered is considered to be a distinct performance obligation, and if applicable, the Group allocates the transaction price to each of the services rendered to the customer on a relative basis, based on their stand-alone selling price. Revenue arising on hospitality activities is recognised over time when the service is performed since the customer consumes the benefits from such services as the Group is performing.

The Group also operates several rooms on a timeshare basis. In the case of timeshare, customers buy the right to a slot in a given time period, for which the customer must make an upfront payment. Subsequently, the customer must also make annual contributions to the scheme to cover the share of maintenance costs. The customers get the benefits (i.e. control over the promise) with every passing day of each year's stay at the vacation apartment/room. The revenue stream therefore meets the conditions for revenue recognition over time (i.e. stage of completion), and revenue is accordingly recognised on a daily basis of accommodation.

(b) Sales of goods - retail

Sales of goods are recognised at a point in time i.e. when the Group has delivered products to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products. Retail sales are usually in cash or by credit card.

(c) Financing components

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

1. Material accounting policy information – continued

1.18 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Contract liabilities present amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not yet transferred.

1.19 Leases

Where the Group is the lessee

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group using residual value guarantees;
- the exercise price of purchase option if the Group is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lessees, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset or similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusting to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, term and security.

1. Material accounting policy information – continued

1.19 Leases – continued

Lease payments are allocated between principal and finance cost. The finance cost is computed so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance costs are recognised in profit or loss over the lease period.

Right-of-use assets are initially measure at 'cost' which, where applicable, comprise of the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. When the Group is reasonably certain to exercise a purchase option or the asset will be retained after the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life. Depreciation is recognised in profit or loss.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.20 Government grants

Grants from Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Grants related to income are presented as a deduction in reporting the related expense.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets, presented under 'Other operating income'.

1.21 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period that is required to complete and prepare the asset for its intended use.

Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accruals basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

1. Material accounting policy information – continued

1.22 Dividend distribution

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

2. Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks – market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on actively securing the Group's short to medium term cash flows to minimise potential adverse effects on the Group's financial performance.

The Parent Company's board of directors has overall responsibility for establishing and overseeing the principles for the overall Group risk management framework, as well as policies 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. The Group undertakings did not make use of derivative financial instruments to hedge risk exposures.

(a) Market risk

I. Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Group's operating revenues, expenditure and financing are mainly denominated in euro. Accordingly, the Group's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been effected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

II. Fair value interest rate risk

The Group's cash flow interest rate risk principally arises from bonds and bank borrowings issued at fixed and variable rates (Note 14), which expose the Group to fair value interest rate risk. Management monitors the impact of changes in market interest rates in respect of these liabilities. The Group's borrowings are carried at amortised cost and accordingly, management considers that the Group is not exposed to any potential impact on profit or loss arising from a defined interest rate shift that is reasonably possible at the reporting date

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents and contractual cash flows of debt investments carried at amortised cost.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

The Group's maximum exposure to credit risk is measured by reference to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	2024 €	2023 €
<i>Financial assets measured at amortised cost:</i>		
Trade and other receivables (Note 9)	1,284,912	1,612,006
Cash and cash equivalents (Note 10)	46,351	1,401,075
	<u>1,331,263</u>	<u>3,013,081</u>

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements.

Risk management

The Group has a credit policy in place under which the creditworthiness of a new customer is assessed individually to ensure that sales of services are effected to customers with an appropriate credit history and credit limits are set based on the customer's financial position, past experience and other factors. The Group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Group's debtors, considering historical experience in collection of accounts receivable.

In view of the nature of the Group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the Group's trade receivables. Whilst no individual customer or group of dependent customers is considered by management as a significant concentration of credit risk with respect to trade debts, these exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the Group undertaking and are deemed by management to have excellent credit standing, usually taking cognisance of the performance history without defaults.

The Group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the reporting date with attract impairment assessment. The Group's debtors, which are not impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of financial asset

The Group and Company have three types of financial assets that are subject to the impairment model under IFRS 9:

- trade receivables;
- other financial assets at amortised cost; and
- cash and cash equivalents.

Cash and cash equivalents

The Group's cash and cash equivalents are held with local financial institutions with high quality standing or rating and are due to be settled on demand. Management considers the probability of default to be close to zero as the financial institutions have a strong capacity to meet their contractual obligations in the near term. The identified impairment loss subject to the impairment requirements of IFRS 9 on cash and cash equivalents is insignificant.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation and adjusts the historical loss rates based on expected changes in these factors.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Trade receivables – continued

On that basis, the loss allowance for the Group as at 31 December 2024 and 2023 was determined as follows:

	Up to 30 days past due €	31 to 60 days past due €	61 to 90 days past due €	91 to 120 days past due €	121 to 150 days past due €	+151 days past due €	Total €
31 December 2024	2%	7%	13%	21%	31%	50% - 100%	
Expected loss rate							
Gross carrying amount (€)	169,592	223,948	478,004	155,675	14,310	158,809	1,200,338
Loss allowance (€)	3,834	16,542	63,395	31,940	4,490	147,014	267,215
<hr/>							
31 December 2023							
Expected loss rate	2%	7%	11%	18%	29%	49% - 100%	
Gross carrying amount (€)	71,181	102,421	266,846	82,651	53,841	106,226	683,166
Loss allowance (€)	1,680	7,528	29,988	14,804	15,529	77,677	147,206

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2024 € Expected loss model	2023 € Expected loss model
Trade receivables		
Balance at 1 January	147,206	198,887
Movement in loss allowance recognised in profit or loss during the year	120,009	(51,681)
Balance at 31 December	267,215	147,206

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

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

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Amounts owed by related parties and other receivables

The Group's and the Company's receivables also include amounts owed by related parties forming part of the Group and other related parties. The Group's treasury 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 Group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Group takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

The Group's amounts owed by related undertakings and other receivables are subjected to the expected future credit loss framework required under IFRS 9 and the resulting expected credit loss allowance is considered immaterial.

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its future obligations associated with its financial liabilities, which comprise borrowings (Note 14) and trade and other payables (Note 16).

The Group's approach to manage liquidity is to ensure, as far as practicable, that it will always have sufficient liquidity to meet its liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flows in ensuring that no additional financing facilities are expected to be required over the coming year. The Group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Group's committed bank borrowing facilities and other intra-group financing that it can access to meet liquidity needs. In this respect, management does not consider liquidity risk to the Group as significant, considering the liquidity management process referred to above.

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

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk

	Carrying amount €	Contractual cash flows €	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €
At 31 December 2024						
Bond	12,283,926	17,000,000	562,500	562,500	1,687,500	14,187,500
Bank borrowings	3,410,661	7,834,522	603,977	818,520	2,455,560	3,956,465
Lease liabilities	11,179,313	18,249,441	194,499	703,521	2,396,970	14,954,452
Trade and other payables	7,960,759	7,960,759	1,068,534	6,892,225	-	-
	34,834,659	51,044,722	2,429,510	8,976,766	6,540,030	33,098,417
At 31 December 2023						
Bond	12,254,243	17,562,500	562,500	562,500	1,687,500	14,750,000
Bank borrowings	1,261,728	1,351,618	483,924	478,907	367,185	21,602
Lease liabilities	1,071,737	1,499,331	73,494	86,769	278,245	1,060,823
Trade and other payables	4,866,007	4,866,007	1,425,832	3,218,127	222,048	-
	19,453,715	25,279,456	2,545,750	4,346,303	2,554,978	15,832,425

As at 31 December 2023, the Group entered into a number of promise of sale agreements for the purchase of property (expiring between 2023 and 2025) for a total value of €1,449,850. The advance payments made by the Group on such agreements made to date are disclosed in Note 9.

As at 31 December 2024, the Parent Company of the Group, G3 Holdings Limited, transferred a promise of sale agreement entered into in 2023 for the purchase of the Palm Beach Lido in Armier amounting to €2.1 million to G3 Hospitality Limited. Such acquisition agreement was concluded in March 2025. The advance payments made by the Group on such agreement made to date are disclosed in Note 9. The commitments of such agreement are disclosed in Note 24.

During the end of 2023, the Group had also started an extension and refurbishment project which was completed in Q2 of 2024. During 2023, the Group has contracted, but not included in these financial statements the amount of €3,670,020. Expenses which have been incurred by the Group and included in these financial statement on such agreements are disclosed in Note 4 under Assets under Construction.

During the year 2024, the Group entered into a further lease agreement to operate a new hotel in St. Julian's for a time period of 20 years. Such operations are expected to commence by the end of Q2 of 2025.

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group may issue new shares or adjust the amount of dividends paid to shareholders.

2. Financial risk management - continued

2.2 Capital risk management - continued

(c) Liquidity risk - continued

The Group also monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings, as shown in the statement of financial position, less cash at bank and in hand. Total capital is calculated as equity plus net debt. The aggregated figures are reflected in the following table:

	2024	2023
	€	€
Total borrowings	15,694,587	13,515,971
Less: cash at bank and in hand	(46,351)	(1,401,075)
Net debt	15,648,236	12,114,896
Total equity – as shown in the statements of financial position	22,324,408	21,588,214
Total capital	37,972,644	33,703,110
Net debt/total capital	41%	36%

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital of G3 Holdings Limited, as reflected in the consolidated statement of financial position, is maintained by reference to its respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period determined by reference to the financial statements is deemed adequate by the directors.

2.3 Fair values of financial instruments

Financial instruments not carried at fair value

At 31 December 2024 and 2023, the carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, reflected in the financial statements, are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of balances with related parties which are short-term or repayable on demand is equivalent to their carrying amount. The fair values of borrowings are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair value of the Group's non-current payables and bank borrowings at floating interest rates and the fair value of the Group's non-current receivables as at the reporting date is not significantly different from the carrying amounts. The carrying amounts of the other financial liabilities as at 31 December 2024, comprising lease liabilities are reasonable estimates of their fair value as there have not been significant changes in the Group's internal borrowing rate since the date of transition of IFRS 16.

3. Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group's directors and management also make judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

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.

The fair value of property, plant and equipment is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 4. This Note highlights information about the fair value estimation of land and buildings, together with a sensitivity analysis of the effects of shifts in unobservable inputs used in determining these fair values.

4. Property, plant and equipment

Group	Land and buildings €	Furniture & fittings €	Plant & equipment €	Motor vehicles €	Assets under construction €	Total €
At 1 January 2023						
Cost	34,481,523	5,332,335	7,789,240	190,006	-	47,793,104
Accumulated depreciation and impairment	(1,918,192)	(3,154,284)	(5,911,407)	(110,708)	-	(11,094,591)
Net book amount	32,563,331	2,178,051	1,877,833	79,298	-	36,698,513
Year ended 31 December 2023						
Opening net book amount	32,563,331	2,178,051	1,877,833	79,298	-	36,698,513
Additions	1,257,797	328,292	543,415	192,452	1,994,725	4,316,681
Transfers from right-of-use assets	-	124,309	88,581	-	-	212,890
Disposals	-	-	(724)	(96,800)	-	(97,524)
Depreciation charge	(387,946)	(268,918)	(520,938)	(25,960)	-	(1,203,762)
Depreciation released on disposals	-	-	-	26,400	-	26,400
Closing net book amount	33,433,182	2,361,734	1,988,167	175,390	1,994,725	39,953,198
At 31 December 2023						
Cost	35,739,320	5,784,936	8,420,512	285,658	1,994,725	52,225,151
Accumulated depreciation	(2,306,138)	(3,423,202)	(6,432,345)	(110,268)	-	(12,271,953)
Net book amount	33,433,182	2,361,734	1,988,167	175,390	1,994,725	39,953,198
Year ended 31 December 2024						
Opening net book amount	33,433,182	2,361,734	1,988,167	175,390	1,994,725	39,953,198
Additions	3,169,148	3,307,274	2,084,689	13,249	668,450	9,242,810
Transfers from assets under construction	1,321,297	20,000	653,428	-	(1,994,725)	-
Disposals and write-offs	-	(1,881,725)	(4,358,092)	(87,137)	-	(6,326,954)
Depreciation charge	(444,157)	(410,645)	(588,862)	(26,566)	-	(1,470,230)
Depreciation released on disposals and write-offs	-	1,881,725	4,358,092	44,310	-	6,284,127
Closing net book amount	37,479,470	5,278,363	4,137,422	119,246	668,450	47,682,951
At 31 December 2024						
Cost	40,229,765	7,230,485	6,800,537	211,770	668,450	55,141,007
Accumulated depreciation	(2,750,295)	(1,952,122)	(2,663,115)	(92,524)	-	(7,458,056)
Net book amount	37,479,470	5,278,363	4,137,422	119,246	668,450	47,682,951

4. Property, plant and equipment - continued

The Group had assets of €18.25 million pledged as security for the bond as at 31 December 2024.

Fair valuation of property

The property was reassessed by an independent professionally qualified valuer in December 2024 but such a reassessment did not result in a further surplus to the property value.

The directors are of the opinion that the assumptions for the 2024 assessment did not result in any material impact on the Group's property fair value and that the related carrying amount as at 31 December 2024 is not materially different from the respective fair value calculations.

Although the projected cash flows have been prepared in the prevailing economic uncertainties, the Board is of the opinion that the principal assumptions used reflect prudent scenarios and current economic conditions.

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

The Group's revalued land and buildings, consist principally of the Pergola Hotel & Spa and the Solana Hotel & Spa, both being operational properties that are owned and managed by the Group. The recurring property fair value measurements at the end of each financial period presented use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial year.

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial year, is reflected in the table above. The movements reflect additions and depreciation for the year ended 31 December 2024.

4. Property, plant and equipment - continued

Valuation processes

The valuations of the properties are performed regularly on the basis of valuation reports prepared by third party qualified valuers. The Group's policy is to revalue land and buildings at least every three to five years. These reports are based on both:

- information provided by the Group which is derived from the Group's financial systems and is subject to the entity's overall control environment; and
- assumptions and valuation models used by the valuer; with assumptions being typically market related and based on professional judgement and market observation.

The Group's Board of directors review the valuation report and then consider it as part of their overall responsibilities. At the end of a reporting period, when an external valuation is not performed, the directors assess whether any significant changes or developments have been experienced in the hospitality and property market since the last external valuation. This analysis is usually supported by an assessment of the Group's projected income streams.

Valuation techniques

The external valuation of the Level 3 property dated December 2024 has been performed using the discounted cash flow approach. In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals, in the local market, the valuation has been performed using unobservable inputs. The significant inputs to the approach used are generally those described below:

- Discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

EBITDA	based on projected income streams less operating expenditure necessary to operate the hotels, but prior to depreciation and financing charges.
Growth rate	based on management's estimated average growth of the respective Group's EBITDA levels, mainly determined by projected growth in income streams.
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

4. Property, plant and equipment – continued

Valuation techniques - continued

Information about fair value measurements, relating to fair valuation made in preceding years, using significant unobservable inputs (Level 3):

Description by class based on
highest and best use

Valuation technique	Significant unobservable input	Range of unobservable inputs
DCF approach	EBITDA (aggregate for both hotels)	€4,755,030 in 2025 increasing gradually
	Growth rate	2% - 6%
	Discount rate	9.25%

With respect to the DCF approach, an increase in the projected levels of EBITDA and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value.

At 31 December 2024 and 31 December 2023, the directors consider the current use of the properties to be equivalent to the highest and best use.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2024 €	2023 €
Cost	28,155,798	23,665,353
Accumulated depreciation	(2,750,295)	(2,306,138)
Net book amount	25,405,503	21,359,215

5. Investment in subsidiaries

Company

	As at 31 December	
	2024	2023
	€	€
At 31 December		
Opening and closing carrying amount	1,097,285	1,097,285

The principal subsidiaries at 31 December, whose results and financial position are reflected in the figures of the Group, are shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2024	2023
			%	%
G3 Hospitality Limited	The Pergola, Adenau Street, Mellieha, Malta	Ordinary shares	100	100
G3 Finance p.l.c.	The Pergola, Adenau Street, Mellieha, Malta	Ordinary shares	100	100

6. Investments in jointly-controlled entities

Group

	As at 31 December	
	2024	2023
	€	€
At 31 December		
Cost	58,350	58,350
Accumulated impairment	(58,350)	(58,350)
Opening and closing net book amount	-	-

6. Investments in jointly-controlled entities - continued

The jointly-controlled-entities at 31 December 2024 is shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2024 %	2023 %
JX Limited	47, Triq l-Gherien, Mellieha, Malta	Ordinary shares	50	50
Comptrade Limited	The Pergola, Adenau Street, Mellieha, Malta	Ordinary shares	50	50

7. Right-of-use assets

The Group leases land and buildings and furniture and fittings, which leases are deemed to be within the scope of IFRS 16 'Leases'. Land and buildings have a lease term of between fifteen and twenty years whilst the furniture and fittings have a lease term of five years, after which these furniture and fittings are to be retained by the Group. During 2024, the value of the right-of-use assets increased significantly as a result of the Group entering into a lease agreement in relation to the new hotel in St. Julian's.

The statement of financial position reflects the following assets relating to leases:

	Total €
Year ended 31 December 2023	
Opening net book amount	212,890
Additions	1,044,308
Transfers to property, plant and equipment	(212,890)
Amortisation charge	(58,908)
Closing net book amount	985,400
Year ended 31 December 2024	
Opening net book amount	985,400
Additions	10,289,069
Amortisation charge	(259,017)
Closing net book amount	11,015,452

The income statement reflects the following amounts relating to leases:

	2024 €	2023 €
Amortisation charge of right-of-use assets	259,017	58,908
Interest expense (included in finance costs) (Note 21)	124,797	40,685

8. Inventories

Group

	As at 31 December	
	2024 €	2023 €
Finished goods and goods for resale	248,954	155,896

9. Trade and other receivables

	Group As at 31 December		Company As at 31 December	
	2024 €	2023 €	2024 €	2023 €
Non-current				
Amounts due from related undertakings	174,658	852,596	-	-
Payment in advance	4,500	54,500	4,500	54,500
	179,158	907,096	4,500	54,500
Current				
Trade receivables – gross	1,200,625	683,166	-	-
Less: Credit loss allowance	(267,215)	(147,206)	-	-
Trade receivables – net	933,410	535,960	-	-
Amounts due from subsidiary	-	-	3,455	-
Amounts due from related undertakings	11,103	1,128	1,128	1,128
Indirect taxation	95,633	190,019	-	-
Other receivables	70,108	32,303	-	-
Payments in advance	867,000	558,805	-	267,000
Prepayments and accrued income	219,997	166,499	102	-
	2,197,251	1,484,714	4,685	268,128

Amounts due from shareholders are unsecured, interest-free and repayable on demand. Amounts due from subsidiary and related undertakings are unsecured, interest free and have no fixed date of repayment.

10. Cash and cash equivalents

Group

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

	As at 31 December	
	2024 €	2023 €
Cash at bank and in hand	46,351	1,401,075
Bank overdraft	(1,002,132)	-
	(955,781)	1,401,075

During 2024 and 2023, the Group and Company were required to prepare an impairment assessment under IFRS 9 for all classes of financial assets. The identified expected credit loss on cash and cash equivalents was deemed to be immaterial.

11. Share capital

	As at 31 December	
	2024 €	2023 €
Authorised 342,428 ordinary shares of Eur2.329373 each and 1,200 ordinary shares of Eur 1 each	798,843	798,843
Issued and fully paid 342,428 ordinary shares of Eur2.329373 each and 1,200 ordinary shares of Eur 1 each	798,843	798,843

12. Revaluation reserve

Group

	As at 31 December	
	2024 €	2023 €
Year ended 31 December At beginning and end of the year	12,073,967	12,073,967

The revaluation reserve was created upon the revaluation of the Group's land and buildings. This revaluation reserve is non-distributable.

13. Deferred tax liabilities

Group

Deferred income taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2023: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property i.e. tax effect of 8% of the transfer value.

The movement on the deferred tax account is as follows:

	As at 31 December	
	2024	2023
	€	€
At beginning of year	3,285,894	3,543,961
<i>Recognised directly in profit or loss</i>		
Deferred income taxes on temporary differences arising on depreciation of property, plant and equipment	238,916	(276,155)
Deferred income taxes on temporary differences arising on credit loss allowance of trade and other receivables	(42,003)	18,088
At end of year	3,482,807	3,285,894

The balance at 31 December represents:

	As at 31 December	
	2024	2023
	€	€
Temporary differences arising on:		
depreciation of property, plant and equipment	(198,530)	(437,446)
revaluation of property, plant and equipment	3,774,862	3,774,862
credit loss allowance trade and other receivables	(93,525)	(51,522)
	3,482,807	3,285,894

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

14. Borrowings

Group

	As at 31 December	
	2024 €	2023 €
Non-current		
Bank loans	2,208,728	828,531
125,000 4.5% Bonds 2032	12,283,926	12,254,243
Total non-current	14,492,654	13,082,774
Current		
Bank loans	199,801	433,197
Bank overdraft	1,002,132	-
Total current	1,201,933	433,197
Total borrowings	15,694,587	13,515,971

Bonds

By virtue of an offering memorandum dated 25 March 2022, G3 Finance p.l.c. (the Issuer) 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 payable on a yearly basis on 6 April each year. The bonds are guaranteed by G3 Holdings Limited, which has bound itself jointly and severally liable with the issuer, for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. These bonds were eventually admitted for listing on the Malta Stock Exchange on 6 April 2022. The quoted market price as at 31 December 2024 for the bonds was €99 (2023: €99.70), which in the opinion of the directors fairly represents the fair value of these financial liabilities.

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.

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 yield method as follows:

14. Borrowings - continued

	As at 31 December	
	2024 €	2023 €
Original face value of bonds issued	12,500,000	12,500,000
Gross amount of bond issue costs	(296,827)	(296,827)
Accumulated amortisation	80,753	51,070
Unamortised bond issue costs	(216,074)	(245,757)
Amortised cost and closing carrying amount of the bonds	12,283,926	12,254,243

Bank borrowings

The Group's banking facilities as at 31 December 2024 amounted to €7,728,529 (2023: €1,844,078).

During 2020, the Group successfully applied for a loan through the COVID-19 Guarantee Scheme supported by the Malta Development Bank (MDB) which amounted to €2,000,000. This loan was subject to interest of 2.50% plus 3-month Euribor. However, in line with the MDB Covid Guarantee scheme, the loan benefits from a subsidy of 2.25% average interest rate for the first two years until December 2023. Accordingly, the effective average interest rate as at 31 December 2023 was of 4.48%.

During 2024, this bank loan was refinanced at a fixed rate of 4.75% repayable within 10 years.

During 2023, the Group successfully applied for two loans, which are repayable in 10 years and 1.5 years, respectively and are subject to a 2.5% interest rate with an interest rate subsidy of 2.12%; and a 3.25% interest rate, respectively.

During 2024, the Group successfully applied for a further four loans. These loans were in relation to the refurbishment, development and finishings of the DOMS Boutique Living and Brasserie amounting to €625,000 repayable in 10 years with an interest rate of 4.5%, the purchase of the Square Gastro Bar and adjoining maisonette, the completion and finishing works of a new hotel which will commence its operations in Q2 of 2025 and for the purchase of the Palm Beach Lido in Armier, which took place in March 2025. The last three loans are subject to an interest rate of 4.7% and repayable within 10 years.

Furthermore, towards the end of the financial year 2024, the Group also increased its bank overdraft facility from €582,500 to €1,500,000, enabling the Group to better manage its liquidity.

The interest rate exposure is as follows:

	As at 31 December	
	2024 €	2023 €
Total borrowings:		
At floating rates	-	1,214,985
At fixed rates	3,410,661	46,743
Closing net book amount	3,410,661	1,261,728

15. Institutional grants

Group

	As at 31 December	
	2024 €	2023 €
Year ended 31 December		
Opening net book amount	64,195	90,022
Recognised in profit or loss	(9,776)	(25,827)
Closing net book amount	54,419	64,195
Disclosed as		
Current	9,776	9,776
Non-current	44,643	54,419
	54,419	64,195

During 2018, the Group has been approved financial assistance in respect of ERDF SME Growth Scheme which is co-financed by the European Regional Development Fund (Council Regulation 1080/2006) and the Government of Malta to the amount of €244,027 in supply of equipment and machinery.

16. Trade and other payables

	Group As at 31 December		Company As at 31 December	
	2024 €	2023 €	2024 €	2023 €
Non-current				
Amounts due to related undertakings	1,068,534	983,110	-	-
Other payables	222,048	442,722	-	-
	1,290,582	1,425,832	-	-
Current				
Capital creditors	1,299,350	374,596	-	-
Trade payables	2,505,207	1,411,093	-	-
Loan from related party	350,000	-	-	-
Amounts due to related undertakings	48,970	48,971	48,970	48,971
Amounts due to subsidiary	-	-	251,997	572,187
Other payables	837,574	385,081	-	-
Indirect taxation	-	-	-	-
Accruals	1,570,769	1,145,774	2,888	2,510
Contract liabilities	58,306	74,660	-	-
	6,670,176	3,440,175	303,855	623,668

16. Trade and other payables – continued

Amounts due to related parties are unsecured and interest free with the exception of the loan from a related party amounting to €350,000 carrying 3.5% interest. Amounts due to fellow subsidiary are subject to an interest rate of 5.8% (2023: 5.8%) and is repayable in 2032.

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

Contract liabilities – recognised in revenue during 2024

Revenue recognised in the income statement during the financial year ended 31 December 2024 that was included in the balance of contract liabilities as at the end of the preceding financial year amounted to €58,306 (2023: €74,660). All movements in contract liabilities during the current and preceding financial years relate to business variations.

17. Lease liabilities

Group	2024 €	2023 €
Year ended 31 December		
Opening net book amount	1,071,737	28,687
Additions	10,240,889	1,044,308
Interest expense	124,797	40,685
Payments made	(258,110)	(41,943)
Closing net book amount	<u>11,179,313</u>	<u>1,071,737</u>
Non-current	10,999,880	1,037,689
Current	179,433	34,048
Closing net book amount	<u>11,179,313</u>	<u>1,071,737</u>

These lease liabilities are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease agreement. The discount applied to the lease liabilities was 4.5% and 1.9% respectively (2023: 4.5% and 1.9%).

The contractual undiscounted cash flows attributable to lease liabilities as at 31 December are analysed in Note 2.

18. Revenue

All the Group's revenue was derived from the sale in the global market of hospitality together with the provision of other ancillary services.

18. Revenue - continued

Group	2024	2023
	€	€
<i>Sales of services recognised over time</i>		
Revenue from hotel accommodation	9,035,484	7,679,583
<i>Sales of goods and services recognised at a point in time</i>		
Revenue from restaurants	5,328,391	3,878,854
Revenue from spas	505,636	475,561
Other ancillary products	218,047	222,946
	6,052,074	4,577,361
Total revenue for the year	15,087,558	12,256,944

19. Expenses by nature

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Employee benefit expense (Note 20)	4,581,508	3,744,853	-	-
Depreciation of property, plant and equipment (Note 4)	1,470,230	1,203,762	-	-
Amortisation of right-of-use assets (Note 7)	259,017	58,908	-	-
Operating supplies and related expenses	3,371,763	2,706,250	-	-
Repairs and maintenance costs	328,755	195,192	-	-
Marketing, advertising costs and commissions	1,492,864	1,089,630	-	-
Utilities and similar charges	660,047	528,612	-	-
Movement in credit loss allowance of trade and other receivables	120,099	(51,681)	-	-
Other expenses	879,415	554,570	3,380	3,574
Total cost of sales, selling and administrative expenses	13,163,698	10,030,096	3,380	3,574

19. Expenses by nature - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2024 and 2023 relate to the following:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Annual statutory audit	43,000	40,900	2,100	2,000
Other advisory services	66,400	6,175	-	-
Tax advisory and compliance services	1,760	1,760	500	500
	111,160	48,835	2,600	2,500

Directors' remuneration

Group

	2024	2023
	€	€
Directors' remuneration	333,965	315,965

20. Employee benefit expense

Group

	2024	2023
	€	€
Wages and salaries	4,252,071	3,487,340
Social security costs	329,437	257,513
	4,581,508	3,744,853

The average number of persons employed by the Group during the financial reporting year was:

	Group	
	2024	2023
Administrative	20	21
Operational	121	121
Managerial	14	13
	155	155

21. Finance costs

	Group	
	2024	2023
	€	€
Bank loans and overdrafts	170,990	130,360
Interest on finance lease	124,797	40,685
Interest on loan from related company	7,851	-
Bond interest expense	562,500	562,500
	866,138	733,545

22. Tax expense

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Current tax expense	199,335	372,690	5,250	5,250
Deferred tax credit (Note 13)	196,913	(258,067)	-	-
	396,248	114,623	5,250	5,250

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

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Profit before tax	1,132,442	1,592,257	11,620	11,426
Tax on profit at 35%	396,355	557,288	4,067	3,999
Tax effect of:				
Income taxed at source	(12,472)	(11,372)	-	-
Exempt income	(7,272)	(9,039)	-	-
Expenses not allowable for tax purposes	8,520	99,580	1,183	1,251
Unrecognised deferred tax	5,880	(394,496)	-	-
Under/(over) provision in prior year	5,237	(127,338)	-	-
Tax expense	396,248	114,623	5,250	5,250

Subsequent to year end, in 2025, tax credits of €693,217 were approved to one of the subsidiaries of the Group by the Malta Enterprise which will be utilised against any future tax payments that the Group will be making.

23. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Operating profit	1,998,580	2,325,802	11,620	11,426
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	1,470,230	1,203,762	-	-
Amortisation of right-of-use assets (Note 7)	259,017	58,908	-	-
Released government grant	(9,776)	(25,827)	-	-
Amortisation of bond issue costs	29,683	29,276	-	-
Credit loss allowance of trade and other receivables	120,099	(51,681)	-	-
Loss/(profit) on disposal of motor vehicles	33,578	(27,004)	-	-
Operating profit before working capital	3,901,411	3,513,236	11,620	11,426
Changes in working capital:				
Inventories	(93,058)	(295)	-	-
Trade and other receivables	1,326,725	1,504,234	316,899	(321,500)
Trade and other payables	1,663,331	(1,277,248)	(323,269)	310,074
Cash generated from operations	6,798,409	3,739,927	5,250	-

24. Commitments

Capital commitments

As at 31 December 2024, the Group entered into a number of promise of sale agreements for the purchase of property for a total value of €2,150,000 (2023: €3,349,850). The advance payments made by the Group on such agreements made to date are disclosed in Note 9.

The total amount contracted but not included in these financial statements amounts to €3,278,847 (2023 - €3,670,020).

During 2023, the Group had also an extension and refurbishment project which was completed in Q2 of 2024. Invoices amounting to €660,704 are yet to be received from the suppliers of this project. The 2024 values relate to the finishing and furnishing of the new hotel in St. Julian's.

Expenses which have been incurred by the Group and included in these financial statements on such agreements are disclosed in Note 4 under assets under construction.

25. Contingent liabilities

Group

	2024 €	2023 €
Hypothecary guarantees given in the normal course of business to related undertakings	7,443,969	1,412,276

The bond issued by one of the Group's subsidiaries is guaranteed by G3 Group which has bound itself jointly and severally liable with the Issuer, for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum.

26. Related party transactions

G3 Holdings 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:

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Income:				
Sales to related undertakings	327	-	-	-
Administrative services charged to related undertakings	-	2,400	15,000	15,000
Purchases of goods:				
Purchase of fixed assets from related undertaking	-	-	-	-
Expenses charged by related undertakings	25,725	7,599	-	-
Interest on loan from related party	7,851	-	-	-

26. Related party transactions - continued

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:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Receivables:				
Amounts due from related undertakings	185,761	853,724	1,128	1,128
Amounts due from subsidiary	-	-	3,455	-
Payables:				
Amounts due to related undertakings	1,467,504	1,032,081	48,970	48,971
Amounts due to subsidiary	-	-	248,541	572,187

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

27. Events after reporting period

On 27 March 2025, the Group entered into an agreement for the purchase for the Palm Beach Lido situated in Armier, limits of Mellieha, Malta for a total consideration amounted to €2,150,000. The total payments in advance made as at 31 December 2024 amounted to €867,000 and are disclosed in Note 9. This acquisition was part-financed by a bank loan amounting to €1,300,000.

Furthermore, in conjunction with this acquisition, the Group acquired the shares of the company Eight Eleven Limited at a consideration of €1,200.

28. Statutory information

G3 Holdings Limited is a limited liability company and is incorporated in Malta. The registered office is 'The Pergola', Adenau Street, Mellieha, Malta.