

**PHOENICIA**

**Combined Financial Statements**

**31 December 2024**

**PHOENICIA**  
**Combined Financial Statements for the year ended 31 December 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

to the Directors of Phoenicia Hotel Company Limited, Phoenicia Malta Limited and Phoenicia Finance Company P.L.C

### **Report on the audit of the combined financial statements**

#### **Opinion**

We have audited the combined financial statements of Phoenicia Hotel Company Limited, Phoenicia Malta Limited and Phoenicia Finance Company P.L.C (collectively referred to as the Reporting entity), set on pages 5 to 33, which comprise the combined statements of financial position as at 31 December 2024, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the year then ended, and notes to the combined financial statements, including material accounting policy information.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial position of the Reporting entity's as at 31 December 2024, and of its combined financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards and under the Companies Act are further described in the *Auditor's Responsibilities* for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* as issued by the *International Ethics Standards Board of Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the directors for the combined financial statements**

The directors are responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the directors are responsible for assessing the Reporting entity'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 Reporting entity or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT**

to the Directors of Phoenicia Hotel Company Limited, Phoenicia Malta Limited and Phoenicia Finance Company P.L.C - continued

### **Auditor's responsibilities for the audit of the combined financial statements**

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

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

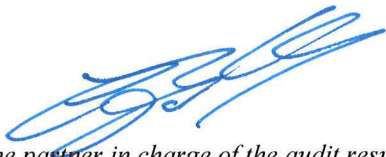
- identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not 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 Reporting entity'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 Reporting Entity'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 combined 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 Reporting entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business activities within the group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

## **INDEPENDENT AUDITOR'S REPORT**

to the Directors of Phoenicia Hotel Company Limited, Phoenicia Malta Limited  
and Phoenicia Finance Company P.L.C - continued

### **Auditor's responsibilities for the audit of the combined financial statements - continued**

We communicate with the 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.



*The partner in charge of the audit resulting in this independent auditor's report is  
Christopher Balzan for and on behalf of*

Ernst & Young Malta Limited  
Certified Public Accountants

24 April 2025

**PHOENICIA****Combined Financial Statements for the year ended 31 December 2024****COMBINED STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2024**

	Notes	2024 EUR	2023 EUR
Revenue	4	23,621,047	19,158,385
Cost of sales	5	(10,942,656)	(9,625,536)
<b>Gross profit</b>		<b>12,678,391</b>	9,532,849
Administrative expenses	5	(7,766,543)	(5,502,165)
Selling and marketing expenses	5	(933,319)	(761,720)
<b>Operating profit</b>	(i)	<b>3,978,529</b>	3,268,964
Finance income	7	1,356,296	1,126,503
Finance costs	8	(4,204,512)	(3,504,866)
<b>Profit before tax</b>		<b>1,130,313</b>	890,601
Income tax expense	9	(1,521,101)	(584,015)
<b>(Loss)/profit for the year</b>		<b>(390,788)</b>	306,586
<i>Other comprehensive income for the year not to be reclassified to profit or loss in the future periods</i>			
Revaluation of property, plant and equipment, net of tax	10	30,563,638	-
Other comprehensive loss		-	(42,550)
<b>Total comprehensive income for the year, net of tax</b>		<b>30,172,850</b>	264,036

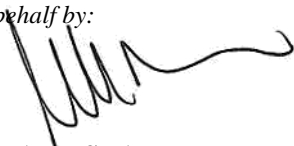
The accounting policies and explanatory notes on pages 9 to 33 form an integral part of the combined financial statements.

(i) Analysed as:	2024 EUR	2023 EUR
EBITDA*	6,235,105	5,560,542
Depreciation	(2,256,576)	(2,291,578)
Operating profit	3,978,529	3,268,964
<i>*EBITDA is a measure not defined by IFRS and represents earnings before interest, tax, depreciation and amortization (note 5)</i>		

**PHOENICIA****Combined Financial Statements for the year ended 31 December 2024****COMBINED STATEMENT OF FINANCIAL POSITION  
as at 31 December 2024**

	Notes	2024 EUR	2023 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	130,527,799	98,814,848
Loan receivable	17	20,000,000	21,245,248
Deferred tax asset	11	4,844,810	6,027,455
Other receivables	13	50,000	174,048
<b>Total non-current assets</b>		<b>155,422,609</b>	<b>126,261,599</b>
<b>Current assets</b>			
Inventories	12	365,553	374,747
Trade and other receivables	13	1,207,879	822,856
Loan receivable	17	2,482,552	-
Current tax receivable		9,833	15,549
Cash and cash equivalents	14	825,099	663,793
<b>Total current assets</b>		<b>4,890,916</b>	<b>1,876,945</b>
<b>TOTAL ASSETS</b>		<b>160,313,525</b>	<b>128,138,544</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	15	418,595	418,595
Other reserve	15	433,365	433,365
Revaluation reserve	15	71,208,617	43,363,123
Retained earnings	15	5,159,233	2,831,877
<b>Total equity</b>		<b>77,219,810</b>	<b>47,046,960</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	18	66,010,156	67,340,820
Deferred tax liability	11	9,710,834	6,737,500
<b>Total non-current liabilities</b>		<b>75,720,990</b>	<b>74,078,320</b>
<b>Current liabilities</b>			
Trade and other payables	16	6,351,886	5,963,269
Interest-bearing loans and borrowings	18	1,015,750	1,045,351
Current tax payable		5,089	4,644
<b>Total current liabilities</b>		<b>7,372,725</b>	<b>7,013,264</b>
<b>Total liabilities</b>		<b>83,093,715</b>	<b>81,091,584</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>160,313,525</b>	<b>128,138,544</b>

The accounting policies and explanatory notes on pages 9 to 33 form an integral part of the financial statements. The financial statements on pages 5 to 33 have been authorised for issue by the Board of Directors on 24 April 2025 and signed on its behalf by:



**MARK SHAW**  
Director



**JEAN PIERRE ELLUL CASTALDI**  
Director

**PHOENICIA****Combined Financial Statements for the year ended 31 December 2024**

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**COMBINED STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2024**

	<b>Issued capital EUR</b>	<b>Deferred shares EUR</b>	<b>Other reserve EUR</b>	<b>Revaluation reserve EUR</b>	<b>Retained earnings EUR</b>	<b>Total EUR</b>
<b>FINANCIAL YEAR ENDED 31 December 2024</b>						
At 1 January 2024	418,595	-	433,365	43,363,123	2,831,877	47,046,960
Loss for the year	-	-	-	-	(390,788)	(390,788)
Other comprehensive income for the year	-	-	-	30,563,638	-	30,563,638
Total comprehensive income/(loss)	-	-	-	30,563,638	(390,788)	30,172,850
Depreciation transfer for buildings	-	-	-	(2,718,144)	2,718,144	-
At 31 December 2024	<u>418,595</u>	<u>-</u>	<u>433,365</u>	<u>71,208,617</u>	<u>5,159,233</u>	<u>77,219,810</u>
<b>FINANCIAL YEAR ENDED 31 December 2023</b>						
At 1 January 2023	13,386	838,574	-	43,467,891	2,463,073	46,782,924
Profit for the year	-	-	-	-	306,586	306,586
Other comprehensive loss for the year	-	-	-	(42,550)	-	(42,550)
Total comprehensive income/(loss)	-	-	-	(42,550)	306,586	264,036
Other movements	405,209	(838,574)	433,365	-	-	-
Depreciation transfer for buildings	-	-	-	(62,218)	62,218	-
At 31 December 2023	<u>418,595</u>	<u>-</u>	<u>433,365</u>	<u>43,363,123</u>	<u>2,831,877</u>	<u>47,046,960</u>

*The accounting policies and explanatory notes on pages 9 to 33 form an integral part of the financial statements.*

**PHOENICIA****Combined Financial Statements for the year ended 31 December 2024**

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**COMBINED STATEMENT OF CASH FLOWS  
for the year ended 31 December 2024**

	Notes	2024 EUR	2023 EUR
<b>Operating activities</b>			
Profit before tax		<b>1,130,313</b>	890,601
<i>Non-cash adjustments to reconcile loss before tax to net cash flows:</i>			
Depreciation of property, plant and equipment	10	<b>2,256,576</b>	2,291,578
Interest income	7	<b>(1,356,296)</b>	(1,126,503)
Interest expense	8	<b>4,204,512</b>	3,504,866
<i>Working capital adjustments:</i>			
Increase in trade and other receivables		<b>(260,973)</b>	(193,473)
Decrease/(increase) in inventory		<b>9,194</b>	(136,387)
Increase in trade and other payables		<b>388,613</b>	257,086
Income tax paid		<b>(20,868)</b>	(20,739)
<b>Net cash flows from operating activities</b>		<b>6,351,071</b>	5,467,029
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	<b>(743,980)</b>	(1,584,828)
Interest received	7	<b>118,992</b>	-
<b>Net cash flows used in investing activities</b>		<b>(624,988)</b>	(1,584,828)
<b>Financing activities</b>			
Proceeds from issue of bonds		<b>30,711,400</b>	-
Redemption of bonds		<b>(5,711,400)</b>	-
Payment of bond issue costs		<b>(967,321)</b>	-
Repayment of bank loans		<b>(25,424,141)</b>	(999,996)
Interest paid		<b>(4,173,315)</b>	(3,378,496)
<b>Net cash flows used in financing activities</b>		<b>(5,564,777)</b>	(4,378,492)
<b>Net movement in cash and cash equivalents</b>		<b>161,306</b>	(496,291)
<b>Cash and cash equivalents at 1 January</b>		<b>663,793</b>	1,160,084
<b>Cash and cash equivalents at 31 December</b>	14	<b>825,099</b>	663,793

*The accounting policies and explanatory notes on pages 9 to 33 form an integral part of the financial statements.*

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. CORPORATE INFORMATION**

The combined financial statements include the combination of Phoenicia Malta Limited, Phoenicia Hotel Company Limited and Phoenicia Finance Company plc, together referred to as the 'Reporting entity' or 'the Companies' or 'the Group', for the year ended 31 December 2024.

The financial statements of Phoenicia Malta Limited, Phoenicia Hotel Company Limited and Phoenicia Finance Company p.l.c. for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 24 April 2025.

Phoenicia Malta Limited is a limited liability company incorporated and domiciled in Malta under the Companies Act, Cap. 386 of the Laws of Malta. Its registered office is The Phoenicia Hotel, The Mall, Floriana, FRN 1478, Malta. The Company's principal activity is the owning and rental of its property (5-star hotel) to Phoenicia Hotel Company Limited.

Phoenicia Hotel Company Limited is registered in United Kingdom as a private company limited by shares. The Company is effectively operated and managed from Malta where it is registered as an overseas company with registration number OC1. The Company's registered office is 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, M3 5GS, United Kingdom. The Company's principal activity is the operation of The Phoenicia Hotel in Malta.

Phoenicia Finance Company plc is a public liability company incorporated and domiciled in Malta under the Companies Act, Cap. 386 of the Laws of Malta. Its registered office is The Phoenicia Hotel, The Mall, Floriana, FRN 1478, Malta. The Company's principal activity is that of acting as the financing arm of the Group and is thus dependent upon the operations and performance of Phoenicia Malta Limited and Phoenicia Hotel Company Limited.

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

The combined financial statements have been prepared as general-purpose financial statements which comply with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The Companies are under common control and they have historically operated as combined entities under common management. The parent, Phoenicia Holding (Lux) S.A.R.L., registered in Luxembourg, is exempt from the obligation to draw up and to publish consolidated accounts as it meets the small group exemption criteria. Moreover, Phoenicia Malta Limited and Phoenicia Hotel Company Limited are also the guarantors of a bond which was issued by Phoenicia Finance Company plc. The combined financial statements are also required in the context of Phoenicia Finance Company plc continuing listing obligations.

The combined financial statements have been drawn up on the basis of the financial statements of Phoenicia Malta Limited, Phoenicia Hotel Company Limited and Phoenicia Finance Company plc for the year ended 31 December 2024. The accounting policies of the Companies are consistent with the policies adopted by the Reporting entity. The results of the Group, including the parent and each of the combined entities, are not materially different from the results of the Reporting entity.

In preparing these combined financial statements the Reporting entity applied all consolidation procedures under IFRS, whereby all significant intercompany accounts and transactions between Phoenicia Malta Limited, Phoenicia Hotel Company Limited and Phoenicia Finance Company plc have been eliminated in the accompanying combined financial statements.

These financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). The financial statements are presented in Euro (EUR), which represents the functional and presentation currency of each of the combined entities. Apart from land and buildings, which are carried at fair value less depreciation, these financial statements are prepared under the historical cost convention.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued****2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continued***Going concern*

During the year ended 31 December 2024, the Reporting entity generated a profit before tax of EUR1,130,313 (2023: EUR890,601) and an EBITDA of EUR6,235,105 (2023: EUR5,560,542). The Reporting entity's current liabilities exceeded its current assets by EUR2,481,809 (2023: EUR5,136,319).

These financial statements have been prepared on a going concern basis. The Directors have carried out an assessment and concluded that the Reporting entity has adequate resources to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due. Accordingly, the Directors have adopted the going concern basis in preparing these annual financial statements.

The Reporting Entity, comprising Phoenicia Hotel Company Limited, Phoenicia Malta Limited, and Phoenicia Finance Company p.l.c., operates as a combined entity with intra-group financial support through cross-guarantees. Management has prepared financial projections for the next 12 months and beyond, incorporating historical performance, current forecasts, and reasonable assumptions to assess the Reporting entity's financial position.

In reaching their conclusion, Management has considered:

- The Reporting entity's continued positive financial performance and outlook for 2025, with targets currently on track.
- The impact of macroeconomic factors such as inflation and interest rate movements.
- Stress-tested scenarios to evaluate the Reporting entity's ability to withstand adverse conditions.

Based on these assessments, the Directors are satisfied that the Reporting entity remains a going concern, and the financial statements have been prepared on this basis.

**2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES****Standards, interpretations and amendments to published standards as endorsed by the European Union effective in the current year**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective during the year which have been adopted by the Reporting entity as of 1 January 2024:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for financial years beginning on or after 1 January 2024)
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for financial years beginning on or after 1 January 2024)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for financial years beginning on or after 1 January 2024)

The adoption of these standards, where applicable, did not have significant impact on the financial statements or performance of the Reporting entity.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued****2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued****Standards, interpretations and amendments to published standards as adopted by the EU which are not yet effective**

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Reporting entity has not early adopted but plans to adopt upon their effective date. The new and amended standards follow:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for financial years beginning on or after 1 January 2025)

The changes resulting from these standards, interpretations and amendments are not expected to have a material effect on the financial statements. The Reporting Entity will adopt the changes in standards, where applicable, on their effective date.

**Standards, interpretations and amendments to published standards that are not yet adopted by the European Union**

- Annual Improvements Volume 11 (effective for financial years beginning on or after 1 January 2026)
- Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments (effective for financial years beginning on or after 1 January 2026)
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (effective for financial years beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for financial years beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for financial years beginning on or after 1 January 2027)

The Reporting entity is still assessing the impact that these new standards may have on the financial statements.

**3. MATERIAL ACCOUNTING POLICIES****Revenue**

Revenues include all revenues from the ordinary business activities of the Reporting entity and are recorded net of value added tax. Discounts to customers are recognised as a reduction in revenue. They are recognised in accordance with the provision for goods or services provided that collectability of the consideration is probable.

Revenue mainly represents income earned for accommodation and catering services. Revenue from accommodation is recognised over a period of time whereas revenue from catering and other services is recognised at a point in time. Service revenue is recognised when services have been rendered and collectability is reasonably assured.

The Reporting entity considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale, the Reporting entity considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The performance obligation is to provide hospitality and leisure services as and when customers make use of the services. The transaction price follows a fee structure which is known at the date of booking or consumption of service and thus no significant estimates are required in this respect.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**3. MATERIAL ACCOUNTING POLICIES - continued**

*Contract balances*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Reporting entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Reporting entity has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Reporting entity transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Reporting entity performs under the contract.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Foreign currency transactions**

*Functional and presentation currency*

These financial statements are presented in Euro ('EUR'), the currency of the primary economic environment in which that Reporting entity operates.

*Transactions and balances*

Transactions in foreign currencies have been converted into Euro at the rates of exchange ruling on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Euro at the rates of exchange ruling at the reporting date. All resulting differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation difference on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

**Property, plant and equipment**

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

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued****3. MATERIAL ACCOUNTING POLICIES - continued****Property, plant and equipment - continued**

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred within equity to retained earnings.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Reporting entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis to write off the cost of property, plant and equipment less any residual value over the expected useful lives. The annual rates used for this purpose, which are consistent with those used in the previous year, are as follows:

Buildings (including fixtures)	15 - 50 years
Plant, machinery and other equipment	3 - 15 years
Crockery, utensils and linen	3 - 15 years

The depreciation method applied and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting year. There were no changes in the depreciation method applied or the useful life during 2024. Depreciation of an asset ceases when the asset is either classified as held for sale or derecognised. Assets in the course of construction are not depreciated.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount of the asset. These are included in the statement of comprehensive income in the year of derecognition.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises the direct invoiced cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**3. MATERIAL ACCOUNTING POLICIES - continued**

**Financial instruments - continued**

*Financial assets*

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Reporting entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Reporting entity has applied the practical expedient, the Reporting entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

*Subsequent measurement of Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

When the Reporting entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Reporting entity continues to recognise the transferred asset to the extent of its continuing involvement.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued****3. MATERIAL ACCOUNTING POLICIES - continued****Financial instruments - continued***Financial assets - continued**Impairment of financial assets*

The Reporting entity recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Reporting entity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Reporting entity applies a simplified approach in calculating ECLs. Therefore, the Reporting entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The 12-month ECL is calculated by multiplying the 12-month PD, LGD, and EAD. Lifetime ECL is calculated on a similar basis for the residual life of the exposure.

**Financial liabilities***Initial recognition and measurement*

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

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

*Subsequent measurement*

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

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Reporting entity that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**3. MATERIAL ACCOUNTING POLICIES - continued**

**Financial instruments - continued**

*Financial liabilities - continued*

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

**Derecognition**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents with an original maturity of three months or less.

**Grants**

Grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attached and that the grants will be received.

Grants in respect of fixed assets are credited to the profit and loss account in equal annual instalments over the useful lives of the assets concerned. Other grants are credited to the profit and loss account in the same year as the expenditure to which they contribute.

**Provisions**

Provisions are recognised when the Reporting Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Reporting Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If outflows are not probable or cannot be reliably estimated, the Reporting Entity discloses any such amounts as contingent liabilities.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**3. MATERIAL ACCOUNTING POLICIES - continued**

**Taxes**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

*Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that there will be taxable profit against which a deductible temporary difference can be used, unless the deferred tax asset arises from the initial recognition of an asset or liability that is not from a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

*Value added tax*

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred in the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued****3.1. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In preparing the financial statements, the Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the year the change becomes known.

In the opinion of the management, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 (revised) - 'Presentation of financial statements', except as disclosed below.

**Deferred tax assets**

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the tax losses and unabsorbed capital allowances can be utilised.

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. In exercising its judgement management has taken into account budgets and the ability to carry forward losses for offset indefinitely.

**Deferred tax liability**

The Reporting entity's own-used Land and buildings within Property, plant and equipment is measured at Revalued amounts under IAS16. In the financial statements of Phoenicia Malta Limited, these Land and buildings were classified as Investment Property at fair value, and the resulting deferred tax liability was measured on the basis that the value of these assets will be recovered through sale (rather than through use) under the rebuttable presumption in IAS40. In Malta the income tax rate applicable to benefits generated through operating the asset (recovery through use) is 35%, while that applicable on sale of property is 8% on the sales proceeds.

Judgement is required in preparing these combined financial statements to determine whether the Reporting entity will recover the value of the Land and Building through use or through sale, or partially through use and sale. In making this assessment, management made an estimation of the amount relating to non-depreciable assets, being land carried at Fair Value, where the deferred tax on revaluation assumes recovery through sale (as it cannot be recovered through use). For the depreciable portion, an estimation of the period over which management expects to recover the Property, Plant and Equipment through use was made. Management assumes that Property, plant and equipment will be recovered through use for fifteen (15) years in line with the latest plans of the Reporting entity whereas the remaining balance beyond this period of use is assumed to be recovered through sale. There were no changes to the period over which Property, plant and equipment will be recovered through use, during the current year.

**Revalued amount of property, plant and equipment**

The Reporting entity carries its Land and buildings within Property, plant and equipment at revalued amount, with changes in the revalued amount being recognised in the statement of other comprehensive income in accordance with IAS 16, 'Property, Plant and Equipment'. The last valuation was performed in 2024 (note 10).

In the years where a valuation is not obtained, management verifies all major inputs used in the previous valuation report, by assessing the discount rate and the capitalisation rate against changes in discount and growth rates, as well as assessing the results achieved against the cash flow and earnings assumption used in the previous valuation. Based on these analyses management assesses whether any changes in inputs would lead to significant changes in value of the property. Conclusions reached by management are disclosed in note 10.

**PHOENICIA**  
**Combined Financial Statements for the year ended 31 December 2024**

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**4. REVENUE**

The Reporting entity's entire revenue is derived locally from the operations of the hotel in Malta.

	<b>2024</b>	2023
	<b>EUR</b>	EUR
<i>Services transferred over time</i>		
Accommodation	<b>15,518,730</b>	12,738,781
<i>Services/goods transferred at a point in time</i>		
Catering	<b>6,995,899</b>	5,490,635
Other	<b>1,106,418</b>	928,969
Revenue from contracts with customers	<b>23,621,047</b>	19,158,385

**5. EXPENSES BY NATURE**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Staff costs (note 6)	<b>5,514,885</b>	4,677,932
Depreciation (note 10)	<b>2,256,576</b>	2,291,578
Auditors' remuneration	<b>85,396</b>	75,596
Professional, legal, and consulting fees	<b>3,938,971</b>	2,061,052
Other expenses	<b>7,846,690</b>	6,783,263
Total cost of sales, administrative and selling and marketing expenses	<b>19,642,518</b>	15,889,421

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is a measure not defined by IFRS and is used by management to communicate the financial performance of the Reporting entity.

**PHOENICIA**  
**Combined Financial Statements for the year ended 31 December 2024**

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**6. STAFF COSTS**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Directors' remuneration	<b>301,961</b>	323,704
Social security costs	<b>2,320</b>	2,575
	<b>304,281</b>	326,279

The total employment costs were as follows:

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Wages and salaries	<b>5,156,835</b>	4,338,959
Social security costs	<b>358,050</b>	338,973
	<b>5,514,885</b>	4,677,932

The average number of persons employed by the Reporting entity during the year was as follows:

	<b>2024</b>	2023
	<b>Number</b>	Number
Guest service	<b>139</b>	123
Administrative	<b>42</b>	42
	<b>181</b>	165

**7. FINANCE INCOME**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Interest income on loan to related party (note 17)	<b>1,237,304</b>	1,126,503
Interest on short term investments	<b>118,992</b>	-
	<b>1,356,296</b>	1,126,503

**8. FINANCE COSTS**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Interest payable on interest-bearing loans and borrowings (note 18)	<b>1,400,690</b>	2,340,996
Interest on bonds	<b>2,743,024</b>	1,037,376
Amortisation of bond issue costs	<b>60,798</b>	126,494
	<b>4,204,512</b>	3,504,866

**PHOENICIA****Combined Financial Statements for the year ended 31 December 2024**

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued****9. INCOME TAX EXPENSE/(CREDIT)**

The tax for the year is made up as follows:

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Current tax	<b>27,028</b>	10,080
Deferred tax (note 11)	<b>1,494,073</b>	573,935
Income tax expense	<b>1,521,101</b>	584,015

The taxation on the Reporting entity's profits differs from the standard rate of Malta tax that would arise using the basic tax rate applicable as follows:

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Profit before tax	<b>1,130,313</b>	890,601
Theoretical tax at the applicable 35% rate	<b>395,610</b>	311,710
<i>Tax effect of:</i>		
- expenses not deductible for tax purposes	<b>9,664</b>	2,494
- other income not subject to tax	<b>(35,862)</b>	(219,899)
- other rates of tax	<b>104,728</b>	92,570
- other differences	<b>1,046,961</b>	397,140
Income tax expense	<b>1,521,101</b>	584,015

*Income tax in other comprehensive income*

The tax impact, which is entirely attributable to deferred taxation, relating to the revaluation of land and buildings (note 10) recorded in other comprehensive income and accordingly presented directly in equity as follows:

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Revaluation gain on property, plant and equipment (note 10)	<b>33,225,547</b>	-
Deferred tax	<b>(2,661,909)</b>	-
Revaluation of property, plant and equipment net of tax	<b>30,563,638</b>	-

# PHOENICIA

## Combined Financial Statements for the year ended 31 December 2024

### NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued

#### 10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings EUR	Plant, machinery and equipment EUR	Crockery, utensils and linen EUR	Assets under construction EUR	Total EUR
<b>Cost and Revaluation</b>					
At 1 January 2023	92,818,947	8,137,278	589,021	280,204	101,825,450
Additions	27,208	958,892	89,159	509,569	1,584,828
Transfers	-	92,065	-	(92,065)	-
At 31 December 2023	92,846,155	9,188,235	678,180	697,708	103,410,278
At 1 January 2024	92,846,155	9,188,235	678,180	697,708	103,410,278
Additions	57,508	462,048	18,521	205,903	743,980
Disposals	-	(646,740)	(69,901)	-	(716,641)
Revaluation gain	33,225,547	-	-	-	33,225,547
Depreciation transfers	(1,892,256)	(3,704,110)	-	-	(5,596,366)
<b>At 31 December 2024</b>	<b>124,236,954</b>	<b>5,299,433</b>	<b>626,800</b>	<b>903,611</b>	<b>131,066,798</b>
<b>Accumulated depreciation</b>					
At 1 January 2023	-	1,736,438	567,414	-	2,303,852
Depreciation for the year	942,633	1,327,508	21,437	-	2,291,578
At 31 December 2023	942,633	3,063,946	588,851	-	4,595,430
At 1 January 2024	942,633	3,063,946	588,851	-	4,595,430
Depreciation for the year	949,623	1,286,904	20,049	-	2,256,576
Depreciation released on disposal	-	(646,740)	(69,901)	-	(716,641)
Depreciation transfers	(1,892,256)	(3,704,110)	-	-	(5,596,366)
<b>At 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>538,999</b>	<b>-</b>	<b>538,999</b>
<b>Net book value</b>					
At 31 December 2023	91,903,522	6,124,289	89,329	697,708	98,814,848
<b>At 31 December 2024</b>	<b>124,236,954</b>	<b>5,299,433</b>	<b>87,801</b>	<b>903,611</b>	<b>130,527,799</b>

Had land and buildings not been included in the financial statements at revaluation less accumulated depreciation, the carrying amount as at 31 December 2024 would have been EUR 27,256,668(2023: EUR27,679,263).

As disclosed in note 16, as at 31 December, the Reporting entity had creditors for capital expenditure amounting to EUR1,171,223 (2023: EUR1,171,223).

The loan facilities are secured by a general hypothec of EUR17.9 million (2023: EUR43.3 million) over the assets of Phoenicia Malta Limited and a special hypothec of EUR17.9 million (2023: EUR43.3 million) over the land and buildings of Phoenicia Malta Limited.

In 2024 and 2023, there were no ongoing developments and thus, no borrowing costs arising from bank and other borrowings capitalised within land and buildings.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**10. PROPERTY, PLANT AND EQUIPMENT - continued**

**Revalued amount**

Phoenicia Malta's property comprises a hotel building ('sites in operation') and its surrounding lands ('other sites').

As of 31 December 2024, management determined the latest valuation of the property, reflecting the continuous improvement in operational performance, notably higher revenue per available room and stronger profit margins, which positively impacted projected cash flows compared to previous multi-period projections.

The fair value of the sites in operation was assessed using a multi-period projection and Discounted Cash Flow (DCF) model covering the updated projections period 2025–2031. The fair value of the other sites has not been updated. The Directors reviewed the major inputs used in the previous valuation report for these sites and concluded that the previous valuation remains relevant. The Directors determined that there have been no material changes in key inputs that would necessitate a revaluation for the other sites.

**Valuation process**

The company engages internal personnel to determine the fair value of the investment property. At the date of the valuation, management:

- verifies all major inputs in the valuation
- assess property valuation movements when compared to the prior year valuation reports

In the years where a valuation is not obtained, management verifies all major inputs used in the previous valuation report, by assessing the discount rate and the capitalisation rate against changes in discount and growth rates, as well as assessing the results achieved against the cash flow and earnings assumption used in the previous valuation. Based on these analyses management assesses whether any changes in inputs would lead to significant changes in value of the property (note 3.1).

**Sites in operation**

In the valuation of the sites in operation, management considered a DCF model, with a terminal value calculation, considering a long-term growth rate assumption. The model also considers a discount rate of 8.90% and long-term growth rate of 2%.

The discount rate and the free cash flows from operations, have been determined to be significant unobservable inputs. The lower the discount rate, the higher the fair value. Conversely, the lower the cash flows, the lower the fair value. An analysis of the impact of a reasonable change in the significant unobservable inputs on the fair value of the property is included below:

	<b>Change</b>	<b>Change in value EUR' million</b>
Cash flows	+5% / -5%	6.0 / (6.0)
Discount rate	+2% / -2%	(21) / 35

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**10. PROPERTY, PLANT AND EQUIPMENT - continued**

*Other sites*

Similarly to the sites in operation, the valuation of the other sites, considered a DCF model, with a terminal value calculation, considering a long-term growth rate assumption. Management considered the planned development of such sites, and included costs to development within the cash flow projections, based on recent quotations obtained. The model also considers a discount rate of 13.35% and long-term growth rate of 2%.

An analysis of the impact of a reasonable change in the significant unobservable on the fair value of the property is included below:

	<b>Change</b>	<b>Change in value EUR' million</b>
Increase in development costs	EUR2 million	(1.4)
Discount rate	+2% / -2%	(2.8) / 3.3

**Fair value hierarchy**

The property is categorised under level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined as follows:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Reporting entity's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

**11. DEFERRED TAX**

Deferred income tax at 31 December relates to the following:

	<b>2024</b>	2023
	<b>EUR</b>	EUR
<i>Deferred tax asset is attributable to the following:</i>		
- unutilized tax losses and capital allowances	<b>4,761,710</b>	5,882,387
- excess of capital allowances over depreciation	<b>64,600</b>	126,568
- allowances for impairment	<b>13,819</b>	13,819
- expected credit losses	<b>4,681</b>	4,681
	<b>4,844,810</b>	6,027,455
<i>Deferred tax liability is attributable to the following:</i>		
- Land and buildings	<b>(9,710,834)</b>	(6,737,500)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**11. DEFERRED TAX – continued**

Management made an estimation of the depreciable portion i.e. an estimation of the period over which management expects to recover the Property, Plant and Equipment through use with the remaining balance assumed to be recovered through sale. In Malta the income tax rate applicable to benefits generated through operating the asset (recovery through use) is 35%, while that applicable on sale of property is 8% on the sales proceeds.

The Directors have assessed the recognition of the deferred tax asset and are confident that the deferred taxation recognised in the financial statements will be realised in the foreseeable future through trading operations. Tax losses and unabsorbed capital allowances do not expire under Maltese legislation.

**12. INVENTORIES**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Catering and bar supplies	<b>200,517</b>	187,770
Hotel consumables	<b>165,036</b>	186,977
	<b>365,553</b>	374,747

**13. TRADE AND OTHER RECEIVABLES**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
<b>Non-current</b>		
Other receivables (note ii)	<b>50,000</b>	50,000
Prepayments (note iii)	-	124,048
	<b>50,000</b>	174,048
<b>Current</b>		
Trade receivables (note i)	<b>677,491</b>	454,970
Other receivables	<b>66,378</b>	58,638
Amounts due from parent company (note 21)	<b>238,534</b>	122,308
Prepayments	<b>225,476</b>	186,940
	<b>1,207,879</b>	822,856

(i) Trade receivables are presented net of expected credit losses (ECL) of EUR39,482 (2023: EUR39,482). No amount from the lifetime ECL provision was debited to profit or loss during the year (2023: EUR2,286). No interest is charged on trade and other receivables. As at 31 December, the ageing analysis of trade receivables is as follows:

	Total EUR	Neither past due nor impaired			Past due but not impaired EUR
		0-30 days EUR	30-60 days EUR	61-90 days EUR	
<b>2024</b>	<b>677,491</b>	<b>546,714</b>	<b>87,228</b>	<b>43,549</b>	-
2023	454,970	375,836	70,902	8,232	-

(ii) Other non-current receivables include guarantee payments which will be released once the development of property is complete.

(iii) Non-current prepayments as at 31 December 2023 amounting to EUR124,048 refer to transaction costs relating to a bond issue during the year ended 31 December 2024 (note 18).

# PHOENICIA

## Combined Financial Statements for the year ended 31 December 2024

### NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued

#### 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2024 EUR	2023 EUR
Cash at bank and in hand	<u>825,099</u>	<u>663,793</u>

The Reporting entity has an overdraft facility of EUR750,000 (2023: EUR750,000) for working capital requirements, which is secured by a general hypothec over the assets of Phoenicia Hotel Company Limited and a special hypothecary guarantee of EUR750,000 (2023: EUR750,000) given by Phoenicia Malta Limited over its land and buildings.

#### 15. ISSUED CAPITAL AND RESERVES

##### Ordinary shares

	Phoenicia Malta Limited EUR	Phoenicia Hotel Company Limited EUR	Total as at December EUR
Authorised ordinary shares:			
9,999 Ordinary shares 'A' of EUR1 each	9,999	-	9,999
1 Ordinary share 'B' of EUR1	1	-	1
1,456,000 ordinary shares of EUR 0.284375 each	-	414,050	414,050
Total authorised ordinary shares	<u>10,000</u>	<u>414,050</u>	<u>424,050</u>
Issued and fully paid up:			
4,999 Ordinary shares 'A' of EUR1 each	4,999	-	4,999
1 Ordinary share 'B' of EUR1	1	-	1
1,454,400 ordinary shares of EUR 0.284375 each	-	413,595	413,595
Total issued and fully paid-up ordinary shares	<u>5,000</u>	<u>413,595</u>	<u>418,595</u>

Holders of Ordinary shares 'A' have the right to vote and receive dividend whilst holders of Ordinary shares 'B' have the right to vote without the right to receive dividend.

##### Other reserve

As at 31 December 2022, the authorised, issued and fully paid-up deferred shares of EUR838,574 were made up of 1,440,000 deferred shares of GBP 0.25 each. During April 2023, the Phoenicia Hotel Company Limited has redesignated the deferred shares as ordinary shares. This resulted in an increase in issued ordinary share capital by 1,440,000 ordinary shares.

Following the redesignation of deferred share as ordinary shares, Phoenicia Hotel Company Limited redenominated all ordinary shares from GBP 0.25 each to EUR 0.284375 each, fully paid using an exchange rate of EUR1.1375 to GBP1, resulting in an exchange difference of EUR433,365 shown as Other reserve.

**PHOENICIA**  
**Combined Financial Statements for the year ended 31 December 2024**

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**

**15. ISSUED CAPITAL AND RESERVES - continued**

**Revaluation reserve**

The revaluation reserve represents unrealised revaluation gains on Land and buildings within Property, plant and equipment, net of tax that are not available for distribution.

**Retained earnings**

Retained earnings represent accumulated retained profits that are available for distribution to the Reporting entity's shareholders.

**16. TRADE AND OTHER PAYABLES**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Trade payables	<b>1,823,072</b>	2,128,383
Accruals	<b>1,602,166</b>	1,254,815
Contract liabilities (i)	<b>818,350</b>	633,491
Indirect taxes including social security	<b>563,203</b>	593,839
Payables for capital expenditure (ii)	<b>1,171,223</b>	1,171,223
Other payables	<b>373,872</b>	181,518
<b>Total current trade and other payables</b>	<b><u>6,351,886</u></b>	<u>5,963,269</u>

(i) Contract liabilities represent advances from customers which are expected to be recognised in the profit or loss within one year. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to EUR570,809 (2023: EUR488,854). Amounts are expected to be recognised in revenue during the year ending 31 December 2025.

(ii) Payables for capital expenditure represents a retention amount arising from the recent development of Phoenicia Hotel. These amounts will remain as payable as a result of a disagreement with the main contractor, as disclosed in Note 23.

**17. LOAN RECEIVABLE FROM RELATED PARTY**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
<i>Non-current</i>		
Loan to related party (i)	<b>20,000,000</b>	21,245,248
<i>Current</i>		
Loan to related party (i)	<b>2,482,552</b>	-
<b>Total loan receivable from related party</b>	<b><u>22,482,552</u></b>	<u>21,245,248</u>

(i) The loan to related party (note 21) of EUR22,482,552 (2023: EUR21,245,248) is unsecured and bears an interest of 2.4% per annum plus 3 months EURIBOR per annum. The loan (capital and interest) is repayable by November 2042. Early repayments are permitted without penalty.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued**

**18. INTEREST-BEARING LOANS AND BORROWINGS**

	<b>2024</b>	2023
	<b>EUR</b>	EUR
<b>Non-current</b>		
Bank loans (i)	<b>16,916,679</b>	42,340,820
5.75% Unsecured Bonds 2028-2033 (ii)	<b>49,093,477</b>	-
4.15% Unsecured Bonds 2023-2028 (ii)	-	25,000,000
	<b>66,010,156</b>	67,340,820
<b>Current</b>		
Bank loans (i)	<b>999,996</b>	999,996
Accrued interest on 5.75% Unsecured Bonds 2028-2033 (ii)	<b>15,754</b>	-
Accrued interest on 4.15% Unsecured Bonds 2023-2028 (ii)	-	45,355
	<b>1,015,750</b>	1,045,351
<b>Total interest-bearing loans and borrowings</b>	<b>67,025,906</b>	68,386,171

The non-current interest-bearing loans and borrowings are analysed as follows:

	<b>2024</b>	2023
	<b>EUR</b>	EUR
Between one and two years	<b>999,996</b>	25,424,141
Between two and five years	<b>2,999,988</b>	2,999,988
More than five years	<b>62,010,172</b>	38,916,691
	<b>66,010,156</b>	67,340,820

The Reporting entity has the following facilities:

- (i) Bank loan facilities of EUR17,916,675 (2023: EUR43,340,816) bearing an average interest of 4.57% (2023: 5.34%) inclusive of 3 months EURIBOR per annum. The loan facilities are secured by a general hypothec for EUR17.9 million (2023: EUR43.3 million) over all the assets of Phoenicia Malta Limited. The facilities are also secured by a special hypothec of EUR17.9 million (2023: EUR43.3 million) on Phoenicia Malta Limited land and buildings. The loans are also secured by a general hypothecary guarantee of EUR17.9 million (2023: EUR43.3 million) provided by Phoenicia Hotel Company Limited.

The bank loan facilities of EUR24,424,145 held as at 31 December 2023, were repaid in full in March 2024 by means of funds raised through a bond issue obtained by a related Company, Phoenicia Finance Company p.l.c., raised to refinance existing loan facilities of the Group.

- (ii) The Unsecured Bonds are disclosed at the value of the proceeds less the unamortised balance of the issue costs, as follows:

	<b>2024</b>	2023
	<b>EUR</b>	EUR
<b>Non-current</b>		
Bonds	<b>50,000,000</b>	25,000,000
Issue costs	<b>(967,321)</b>	(605,698)
Accumulated amortisation	<b>60,798</b>	605,698
	<b>49,093,477</b>	25,000,000

**NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued****18. INTEREST-BEARING LOANS AND BORROWINGS - continued**

On 11 March 2024, the Phoenicia Finance Company p.l.c. issued EUR50,000,000 5.75% Unsecured Bonds 2028-2033 (“New Bonds”) inclusive of an offer to the holders of the EUR25,000,000 4.15% Unsecured Bonds 2023-2028 (“Existing Bonds”) to subscribe for the New Bonds by surrendering their investment into Existing Bonds.

The 5.75% Unsecured Bonds 2028-2033 are redeemable on 30 December 2033, subject to early redemption at the option of Phoenicia Finance Company p.l.c. at any date falling between 30 December 2028 and 30 December 2033 subject to the Company giving the Bondholders at least 60 days’ notice in writing. Interest is payable annually on 30 December. These bonds are subject to a fixed interest rate of 5.75%. The quoted market price as at 31 December 2024 for the Unsecured bonds was EUR103.50.

The 4.15% Unsecured Bonds 2023-2028 were redeemable on 15 December 2028, subject to early redemption at the option of Phoenicia Finance Company p.l.c. on 15 December 2024, 15 December 2025, 15 December 2026 or 15 December 2027 subject to Phoenicia Finance Company p.l.c. giving the Bondholders at least 60 days’ notice in writing. Following the issue of the 5.75% Unsecured Bonds 2028–2033, an amount of €19,288,600 was subscribed by existing bondholders. The remaining balance of €5,711,400 on the 4.15% Unsecured Bonds 2023-2028 was subsequently redeemed in full on 15 December 2024.

- (iii) The Bank loan is subject to covenants that requires the Group to maintain a minimum Debt Service Coverage Ratio of 120%, defined as EBITDA as a proportion of the aggregate Interest-Bearing Term Loan Borrowing falling due within 12 month and the Interest expense for the relevant year; and External Gearing, defined as Interest Bearing Indebtedness as a proportion of Equity, shall not exceed 200%.

There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current period.

**19. FINANCIAL COMMITMENTS**

As at 31 December 2024 and as at 31 December 2023, the Reporting entity had no significant capital commitments.

Collateral provided to the Bank by the Companies are disclosed in notes 14 and 18.

**20. FAIR VALUE MEASUREMENT**

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Reporting entity’s market assumptions. These two types of inputs have created the following fair value hierarchy:

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

This hierarchy requires the use of observable market data when available. The Reporting entity considers relevant and observable market prices in its valuations where possible as outlined above. For assets and liabilities that are recognised at fair value on a recurring basis, the Reporting entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued**

**20. FAIR VALUE MEASUREMENT - continued**

At 31 December 2024 and 2023 the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current interest-bearing loans and borrowings approximated their fair values in view of the nature of the instruments or their short-term maturity (level 2). The carrying value of the loan receivable approximated its fair value particularly due to carrying variable interest rate (level 2).

The fair values of non-current bank loans are not materially different from their carrying amounts particularly due to carrying variable interest rates (level 2). The fair value of non-current interest-bearing borrowings can be defined by reference to the quoted market price (level 1) which as at 31 December 2024 was EUR103.50 (2023: EUR99.00). The fair value is estimated at EUR50.81 million (2023: EUR24.75 million) when compared to the carrying amount of EUR49.09 million (2023: EUR25.00 million).

**21. RELATED PARTY TRANSACTIONS AND BALANCES**

Note 24 provides information about the Reporting entity’s structure, including details of the parent and ultimate parent company.

The following table provides the total amount of transactions and balances with related parties for the relevant financial year:

		<b>Purchases from related party</b>	<b>Interest Income/ (expense)</b>	<b>Amounts owed (to)/ from related party</b>	<b>Loan (payable to)/ receivable from related party</b>
<b>Related parties</b>					
<i>Hazledene Group Limited</i>	<b>2024</b>	<b>959,794</b>	-	<b>(68,218)</b>	-
	2023	770,209	-	-	-
<i>Phoenicia Holding Lux S.à r.l.</i>	<b>2024</b>	-	<b>1,237,304</b>	<b>238,534</b>	<b>22,482,552</b>
	2023	-	1,126,503	122,308	21,245,248

*Hazledene Group Limited*

Hazledene Group Limited is an entity in which the ultimate controlling party of the Companies have an interest. The Company has a management agreement with Hazledene Group Limited, covering operational management, financial oversight, procurement, marketing, and support for capital projects and business development. Services are provided in accordance with the terms of the agreement. Amounts due to Hazledene Group Limited are interest free and are payable on demand.

*Phoenicia Holding Lux S.à r.l.*

The company has a balance with Phoenicia Holding Lux S.à r.l., the parent Company of the Reporting Entity, which represent balances for expenses paid by reporting entity on behalf of the related Company.

As disclosed in note 17, the loan receivable from Phoenicia Holding Lux S.A.R.L. is unsecured and bears an interest of 2.4% per annum plus 3 months EURIBOR per annum. The loan (capital and interest) is repayable by November 2042. Early repayments are permitted without penalty.

*Key management personnel*

Amounts payable to key management personnel as disclosed in note 6 as ‘Directors remuneration’.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued**

**22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Reporting entity's activities may expose it to the various types of risks: market risk (interest rate risk), credit risk and liquidity risk.

**Credit risk**

Financial assets which potentially subject the Reporting entity to concentrations of credit risk consist principally of trade and other receivables, loan receivable and cash and cash equivalents.

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Reporting entity is not exposed to major concentrations of credit risk.

The Reporting entity's short-term deposits are placed with quality financial institutions. Carrying amounts for trade and other receivables are stated net of the necessary provisions which have been made against bad and doubtful debts in respect of which the Directors reasonably believe that recoverability is doubtful.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets as disclosed in note 13 and note 14.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on the borrowings are disclosed in note 18.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Reporting entity's profit before tax.

	<b>Increase/decrease in basis points</b>	<b>Effect on profit before tax EUR '000</b>
<b>2024</b>	<b>+100</b>	<b>(422)</b>
	<b>-50</b>	<b>888</b>
2023	+100	(958)
	-50	1,625

**Liquidity risk**

Liquidity risk is the risk that the Reporting entity is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate amount of committed credit facilities.

The Reporting entity actively manages its risk of a shortage of funds by closely monitoring the maturity of its financial assets and liabilities and projected cash flows from operations. The Directors believe, that the current liability position can be redressed as detailed in Note 2 Going concern.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued**

**22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**

**Liquidity risk - continued**

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

	Carrying amount EUR	Undiscounted contractual cash flows EUR	Within one-year EUR	1 to 5 years EUR	Over 5 years EUR
<b>31 December 2024</b>					
Interest-bearing loans and borrowings	67,025,906	150,428,465	5,500,934	21,435,166	123,492,365
Trade and other payables	6,351,886	6,351,886	6,351,886	-	-
	<u>73,377,792</u>	<u>156,780,351</u>	<u>11,852,820</u>	<u>21,435,166</u>	<u>123,492,365</u>
<b>31 December 2023</b>					
Interest-bearing loans and borrowings	68,386,171	86,301,888	4,473,310	61,967,125	19,861,453
Trade and other payables	5,963,269	5,963,269	5,963,269	-	-
	<u>74,349,440</u>	<u>92,265,157</u>	<u>10,436,579</u>	<u>61,967,125</u>	<u>19,861,453</u>

**Changes in liabilities arising from financing activities**

*Bank loans and other loans*

	1 January EUR	Cash flows EUR	Accrued interest EUR	31 December EUR
<b>2024</b>	<b>68,386,171</b>	<b>(1,330,663)</b>	<b>(29,602)</b>	<b>67,025,906</b>
2023	69,259,796	(999,996)	126,371	68,386,171

**Capital management**

The Reporting entity's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The primary objective of the Reporting entity's capital management is to ensure that it maintains adequate capital to support its operations. The Reporting entity's Directors manage the Reporting entity's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis.

To maintain or adjust its capital structure, the Reporting entity may adjust its borrowings. There were no changes in the Reporting entity's approach to capital management during the year.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued****23. CONTINGENT LIABILITES**

Phoenicia Hotel Company Limited, forming part of the Reporting entity, is in disagreement with the main contractor of the recent development of Phoenicia Hotel regarding certain differences between applications for payment and claims made by the contractor and amounts that have been certified as due based on the assessment of a professional cost consultancy firm engaged by the Reporting entity since inception of the project.

Based on expert technical advice received, the Directors are of the opinion that no amounts are due, and accordingly, no provision is being made in the financial statements. Furthermore, Phoenicia Hotel Company Limited has a number of claims against the contractor relating to delays and defects, amongst others.

The Reporting entity continues to monitor the development with the guidance of its external legal counsel.

**24. PARENT AND ULTIMATE CONTROLLING PARTY**

The parent company is Phoenicia Holding Lux S.a.r.l. registered in Luxembourg and the ultimate controlling party is Mark Shaw, a British national residing in Edinburgh, Scotland.

**25. EVENTS AFTER THE REPORTING PERIOD**

There were no events after the reporting period which require disclosure in these financial statements.