

PHOENICIA

Combined Financial Statements

31 December 2025

PHOENICIA
Combined Financial Statements for the year ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT

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

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, Phoenicia Finance Company P.L.C and Phoenicia Brand Company Limited (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 2025, 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 2025, 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
Phoenicia Finance Company P.L.C and Phoenicia Brand Company Limited
- 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
Phoenicia Finance Company P.L.C and Phoenicia Brand Company Limited -
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.

A handwritten signature in blue ink, appearing to be 'Christopher Balzan', is written over a faint, light blue grid background.

*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

27 April 2026

PHOENICIA**Combined Financial Statements for the year ended 31 December 2025****COMBINED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025**

	Notes	2025 EUR	2024 EUR
Revenue	4	26,144,269	23,621,047
Cost of sales	5	(11,666,406)	(10,942,656)
Gross profit		14,477,863	12,678,391
Administrative expenses	5	(6,439,280)	(7,766,543)
Selling and marketing expenses	5	(1,179,992)	(933,319)
Operating profit	(i)	6,858,591	3,978,529
Finance income	7	948,722	1,356,296
Finance costs	8	(3,768,056)	(4,204,512)
Profit before tax		4,039,257	1,130,313
Income tax expense	9	(803,614)	(1,521,101)
Profit/(loss) for the year		3,235,643	(390,788)
<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	5,566,346	30,563,638
Total comprehensive income for the year, net of tax		8,801,989	30,172,850

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

(i) Analysed as:	2025 EUR	2024 EUR
EBITDA*	9,140,005	6,235,105
Depreciation	(2,281,414)	(2,256,576)
Operating profit	6,858,591	3,978,529
<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 2025****COMBINED STATEMENT OF FINANCIAL POSITION
as at 31 December 2025**

	Notes	2025 EUR	2024 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	10	137,023,849	130,527,799
Loan receivable	17	20,000,000	20,000,000
Deferred tax asset	11	3,813,451	4,844,810
Other receivables	13	50,000	50,000
Total non-current assets		160,887,300	155,422,609
Current assets			
Inventories	12	395,317	365,553
Trade and other receivables	13	1,365,493	1,207,879
Loan receivable	17	3,431,274	2,482,552
Current tax receivable		19,912	9,833
Cash and cash equivalents	14	3,754,427	825,099
Total current assets		8,966,423	4,890,916
TOTAL ASSETS		169,853,723	160,313,525
EQUITY AND LIABILITIES			
Equity			
Issued capital	15	418,595	418,595
Other reserve	15	433,365	433,365
Revaluation reserve	15	75,411,896	71,208,617
Retained earnings	15	9,757,943	5,159,233
Total equity		86,021,799	77,219,810
Non-current liabilities			
Interest-bearing loans and borrowings	18	66,790,636	66,010,156
Deferred tax liability	11	9,848,428	9,710,834
Total non-current liabilities		76,639,064	75,720,990
Current liabilities			
Trade and other payables	16	6,029,626	6,351,886
Interest-bearing loans and borrowings	18	1,152,303	1,015,750
Current tax payable		10,931	5,089
Total current liabilities		7,192,860	7,372,725
Total liabilities		83,831,924	83,093,715
TOTAL EQUITY AND LIABILITIES		169,853,723	160,313,525

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 27 April 2026 and signed on its behalf by:



MARK SHAW
Director



JEAN PIERRE ELLUL CASTALDI
Director

PHOENICIA**Combined Financial Statements for the year ended 31 December 2025**

**COMBINED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2025**

	Issued capital EUR	Other reserve EUR	Revaluation reserve EUR	Retained earnings EUR	Total EUR
At 1 January 2025	418,595	433,365	71,208,617	5,159,233	77,219,810
Income for the year	-	-	-	3,235,643	3,235,643
Other comprehensive income for the year	-	-	5,566,346	-	5,566,346
Total comprehensive income	-	-	5,566,346	3,235,643	8,801,989
Depreciation transfer for buildings	-	-	(1,363,067)	1,363,067	-
At 31 December 2025	418,595	433,365	75,411,896	9,757,943	86,021,799
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	418,595	433,365	71,208,617	5,159,233	77,219,810

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 2025**

**COMBINED STATEMENT OF CASH FLOWS
for the year ended 31 December 2025**

	Notes	2025 EUR	2024 EUR
Operating activities			
Profit before tax		4,039,257	1,130,313
<i>Non-cash adjustments to reconcile loss before tax to net cash flows:</i>			
Depreciation of property, plant and equipment	10	2,281,414	2,256,576
Interest income	7	(948,722)	(1,356,296)
Interest expense	8	3,768,056	4,204,512
<i>Working capital adjustments:</i>			
Increase in trade and other receivables		(157,614)	(260,973)
(Increase)/decrease in inventory		(29,764)	9,194
(Decrease)/increase in trade and other payables		(322,708)	388,613
Income tax paid		(15,172)	(20,868)
Net cash flows from operating activities		8,614,747	6,351,071
Investing activities			
Purchase of property, plant and equipment	10	(2,834,397)	(743,980)
Interest received	7	-	118,992
Net cash flows used in investing activities		(2,834,397)	(624,988)
Financing activities			
Proceeds from issue of bonds		-	30,711,400
Redemption of bonds		-	(5,711,400)
Payment of bond issue costs		-	(967,321)
Proceeds from bank loan		1,865,959	-
Repayment of bank loans		(1,027,289)	(25,424,141)
Interest paid		(3,689,692)	(4,173,315)
Net cash flows used in financing activities		(2,851,022)	(5,564,777)
Net movement in cash and cash equivalents		2,929,328	161,306
Cash and cash equivalents at 1 January		825,099	663,793
Cash and cash equivalents at 31 December	14	3,754,427	825,099

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 Finance Company plc, Phoenicia Hotel Company Limited and newly formed entity, Phoenicia Brand Company Limited together referred to as the 'Reporting entity' or 'the Companies' or 'the Group', for the year ended 31 December 2025.

Phoenicia Brand Company Limited is a limited liability company incorporated and domiciled in Malta under the Companies Act, Cap. 386 of the Laws of Malta. Phoenicia Brand Company Limited was incorporated by Phoenicia Hotel Company Limited on 18 December 2025 to carry on the business of acquiring, holding and managing intellectual property rights.

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 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.

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.

The financial statements of Phoenicia Malta Limited, Phoenicia Hotel Company Limited and Phoenicia Finance Company p.l.c. for the year ended 31 December 2025 were authorised for issue by the Board of Directors on 27 April 2026. The financial statements of Phoenicia Brand Company Limited as at 31 December 2025 have not been prepared as the Company's first accounting reference period will end on 31 December 2026.

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 the Companies for the year ended 31 December 2025. 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 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 2025, the Reporting entity generated a profit before tax of EUR4,039,257 (2024: EUR1,130,313) and an EBITDA of EUR9,140,005 (2024: EUR6,235,105). As at that date, the Reporting entity's current assets exceeded its current liabilities by EUR1,773,563 (2024: current liabilities exceeded its current assets by EUR2,481,809).

The financial statements have been prepared on a going concern basis, as the Directors are satisfied 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. In making this assessment, the Directors have also considered current macro-economic factors, including inflationary pressures, increased interest rates, and the effects of the Middle East conflict (note 25).

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 2025:

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

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:

- 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 18 Presentation and Disclosure in Financial Statements (effective for financial years beginning on or after 1 January 2027)

The Reporting Entity has not early adopted these revisions to the requirements of International Financial Reporting Standards as adopted by the EU and the Company's Directors are of the opinion that, except for the below, there are no requirements that will have a possible significant impact on the Reporting Entity's financial statements in the period of initial application.

The Reporting Entity is assessing the presentation and disclosure impact of IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. Effective for annual periods beginning on or after 1 January 2027, IFRS 18 introduces new categories and subtotals in the income statement. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

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

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for financial years beginning on or after 1 January 2027)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (effective for financial years beginning on or after 1 January 2027)
- Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures (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.

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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**3. MATERIAL ACCOUNTING POLICIES - continued****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 2025. 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 Reporting Entity. The Reporting Entity 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.

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'.

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 2025

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.

	2025	2024
	EUR	EUR
<i>Services transferred over time</i>		
Accommodation	17,338,603	15,518,730
<i>Services/goods transferred at a point in time</i>		
Catering	7,673,383	6,995,899
Other	1,132,283	1,106,418
Revenue from contracts with customers	26,144,269	23,621,047

5. EXPENSES BY NATURE

	2025	2024
	EUR	EUR
Staff costs (note 6)	6,148,262	5,718,957
Depreciation (note 10)	2,281,414	2,256,576
Auditors' remuneration	103,415	85,396
Professional, legal, and consulting fees	2,103,572	3,938,971
Cost of goods sold	2,067,578	1,939,243
Repairs and maintenance	607,080	555,129
Selling and marketing	797,093	566,432
Other expenses	5,177,264	4,581,814
Total cost of sales, administrative and selling and marketing expenses	19,285,678	19,642,518

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 2025

NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued

6. STAFF COSTS

	2025	2024
	EUR	EUR
Directors' remuneration	360,236	301,961
Social security costs	1,994	2,320
	362,230	304,281

The total employment costs were as follows:

	2025	2024
	EUR	EUR
Wages and salaries	5,769,689	5,360,907
Social security costs	378,573	358,050
	6,148,262	5,718,957

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

	2025	2024
	Number	Number
Guest service	143	139
Administrative	47	42
	190	181

7. FINANCE INCOME

	2025	2024
	EUR	EUR
Interest income on loan to related party (note 17)	948,722	1,237,304
Interest on short term investments	-	118,992
	948,722	1,356,296

8. FINANCE COSTS

	2025	2024
	EUR	EUR
Interest payable on interest-bearing loans and borrowings (note 18)	814,692	1,400,690
Interest on bonds	2,875,000	2,743,024
Amortisation of bond issue costs	78,364	60,798
	3,768,056	4,204,512

PHOENICIA
Combined Financial Statements for the year ended 31 December 2025

NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued

9. INCOME TAX EXPENSE

The tax for the year is made up as follows:

	2025	2024
	EUR	EUR
Current tax	10,938	27,028
Deferred tax (note 11)	792,676	1,494,073
	<hr/>	<hr/>
Income tax expense	803,614	1,521,101
	<hr/> <hr/>	<hr/> <hr/>

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:

	2025	2024
	EUR	EUR
Profit before tax	4,039,257	1,130,313
	<hr/>	<hr/>
Theoretical tax at the applicable 35% rate	1,413,739	395,610
<i>Tax effect of:</i>		
- expenses not deductible for tax purposes	15,489	9,664
- other income not subject to tax	(255,772)	(35,862)
- other rates of tax	(420,437)	104,728
- other differences	50,595	1,046,961
	<hr/>	<hr/>
Income tax expense	803,614	1,521,101
	<hr/> <hr/>	<hr/> <hr/>

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:

	2025	2024
	EUR	EUR
Revaluation gain on property, plant and equipment (note 10)	5,943,067	33,225,547
Deferred tax	(376,721)	(2,661,909)
	<hr/>	<hr/>
Revaluation of property, plant and equipment net of tax	5,566,346	30,563,638
	<hr/> <hr/>	<hr/> <hr/>

PHOENICIA

Combined Financial Statements for the year ended 31 December 2025

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
Cost and Revaluation					
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)	-	-	-	(1,892,256)
At 31 December 2024	124,236,954	9,003,543	626,800	903,611	134,770,908
At 1 January 2025	124,236,954	9,003,543	626,800	903,611	134,770,908
Additions	25,000	443,578	65,290	2,300,529	2,834,397
Transfer	-	24,521	-	(24,521)	-
Disposals	-	(598,201)	(217,758)	-	(815,959)
Revaluation gain	5,943,067	-	-	-	5,943,067
Depreciation transfers	(950,123)	-	-	-	(950,123.00)
At 31 December 2025	129,254,898	8,873,441	474,332	3,179,619	141,782,290
Accumulated depreciation					
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)	-	-	-	(1,892,256)
At 31 December 2024	-	3,704,110	538,999	-	4,243,109
At 1 January 2025	-	3,704,110	538,999	-	4,243,109
Depreciation for the year	950,123	1,303,918	27,373	-	2,281,414
Depreciation released on disposal	-	(598,201)	(217,758)	-	(815,959)
Depreciation transfers	(950,123)	-	-	-	(950,123)
At 31 December 2025	-	4,409,827	348,614	-	4,758,441
Net book value					
At 31 December 2024	124,236,954	5,299,433	87,801	903,611	130,527,799
At 31 December 2025	129,254,898	4,463,614	125,718	3,179,619.0	137,023,849

Had land and buildings not been included in the financial statements at revaluation less accumulated depreciation, the carrying amount as at 31 December 2025 would have been EUR26,393,762 (2024: EUR27,256,668).

As disclosed in note 16, as at 31 December, the Reporting entity had creditors for capital expenditure amounting to EUR1,171,223 (2024: EUR1,171,223).

NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued**10. PROPERTY, PLANT AND EQUIPMENT - continued**

The loan facilities are secured by a general hypothec of EUR18.8 million (2024: EUR17.9 million) over the assets of Phoenicia Malta Limited and a special hypothec of EUR18.8 million (2024: EUR17.9 million) over the land and buildings of Phoenicia Malta Limited.

In 2025 and 2024, there were no ongoing developments and thus, no borrowing costs arising from bank and other borrowings capitalised within land and buildings.

Revalued amount

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

As of 31 December 2025, management determined the latest valuation of the property. 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 2026–2032. Based on this assessment, the Directors concluded that there were no material changes in assumptions or inputs that would result in a material change in the fair value of the sites in operation.

For the other sites, during 2025, a development permit was granted approving the construction of a recessed hotel suite at first-floor level of the existing hotel, including the installation of a lift to provide access to the proposed suite. The Directors considered this approval to represent an enhancement to the development potential of a site that had not been reflected in previous valuations and, accordingly, incorporated the incremental value arising from the approved permit into the fair value assessment of the other sites.

Valuation process

The Reporting Entity 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%.

NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued

10. PROPERTY, PLANT AND EQUIPMENT - continued

Revalued amount – continued

Valuation process - continued

Sites in operation - continued

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:

	Change	Change in value EUR' million
Cash flows	+5% / -5%	5.0 / (5.0)
Discount rate	+2% / -2%	(21) / 35

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 ranging between 9.95% and 11.35% 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:

	Change	Change in value EUR' million
Increase in development costs	EUR2 million	(1.4)
Discount rate	+2% / -2%	(4.2) / 5.5

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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS - continued

11. DEFERRED TAX

Deferred income tax at 31 December relates to the following:

	2025	2024
	EUR	EUR
<i>Deferred tax asset is attributable to the following:</i>		
- unutilized tax losses and capital allowances	3,797,537	4,761,710
- excess of capital allowances over depreciation	(2,586)	64,600
- allowances for impairment	13,819	13,819
- expected credit losses	4,681	4,681
	<u>3,813,451</u>	<u>4,844,810</u>
<i>Deferred tax liability is attributable to the following:</i>		
- Land and buildings	<u>(9,848,428)</u>	<u>(9,710,834)</u>

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

	2025	2024
	EUR	EUR
Catering and bar supplies	223,827	200,517
Hotel consumables	171,490	165,036
	<u>395,317</u>	<u>365,553</u>

13. TRADE AND OTHER RECEIVABLES

	2025	2024
	EUR	EUR
Non-current		
Other receivables (note ii)	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Current		
Trade receivables (note i)	717,277	677,491
Other receivables	58,329	66,378
Amounts due from parent company (note 21)	298,667	238,534
Prepayments	291,220	225,476
	<u>1,365,493</u>	<u>1,207,879</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued

13. TRADE AND OTHER RECEIVABLES - continued

- (i) Trade receivables are presented net of expected credit losses (ECL) of EUR39,482 (2024: EUR39,482). No amount from the lifetime ECL provision was debited to profit or loss during the year (2024: EUR nil). No interest is charged on trade and other receivables. As at 31 December, the ageing analysis of trade receivables is as follows:

	Total EUR	0-30 days EUR	30-60 days EUR	61-90 days EUR	more than 90 days EUR
2025	717,277	475,368	90,497	111,485	39,927
2024	677,491	546,714	87,228	43,549	-

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

14. CASH AND CASH EQUIVALENTS

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

	2025 EUR	2024 EUR
Cash at bank and in hand	<u>3,754,427</u>	<u>825,099</u>

The Reporting entity has an overdraft facility of EUR750,000 (2024: 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 (2024: 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>

PHOENICIA
Combined Financial Statements for the year ended 31 December 2025

NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued

15. ISSUED CAPITAL AND RESERVES - continued

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

The other reserve represents an exchange difference of EUR433,365 arising from the redenomination of the Reporting Entity’s ordinary share capital from GBP to EUR during the year ended 31 December 2023.

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

	2025	2024
	EUR	EUR
Trade payables	1,407,694	1,823,072
Accruals	1,728,153	1,602,166
Contract liabilities (i)	793,444	818,350
Indirect taxes including social security	564,389	563,203
Payables for capital expenditure (ii)	1,171,223	1,171,223
Other payables	364,723	373,872
Total current trade and other payables	6,029,626	6,351,886

(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 EUR747,303 (2024: EUR570,809). Amounts are expected to be recognised in revenue during the year ending 31 December 2026.

(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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued

17. LOAN RECEIVABLE FROM RELATED PARTY

	2025	2024
	EUR	EUR
<i>Non-current</i>		
Loan to related party (i)	20,000,000	20,000,000
<i>Current</i>		
Loan to related party (i)	3,431,274	2,482,552
Total loan receivable from related party	23,431,274	22,482,552

- (i) The loan to related party (note 21) of EUR23,431,274 (2024: EUR22,482,552) 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.

18. INTEREST-BEARING LOANS AND BORROWINGS

	2025	2024
	EUR	EUR
<i>Non-current</i>		
Bank loans (i)	17,618,795	16,916,679
5.75% Unsecured Bonds 2028-2033 (ii)	49,171,841	49,093,477
	66,790,636	66,010,156
<i>Current</i>		
Bank loans (i)	1,136,550	999,996
Accrued interest on 5.75% Unsecured Bonds 2028-2033 (ii)	15,753	15,754
	1,152,303	1,015,750
Total interest-bearing loans and borrowings	67,942,939	67,025,906

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

	2025	2024
	EUR	EUR
Between one and two years	1,384,611	999,996
Between two and five years	4,153,834	2,999,988
More than five years	61,252,191	62,010,172
	66,790,636	66,010,156

NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued

18. INTEREST-BEARING LOANS AND BORROWINGS - continued

The Reporting entity has the following facilities:

- (i) Bank loan facilities of EUR18,755,345 (2024: EUR17,916,675) bearing an average interest of 4.44% (2024: 4.57%) inclusive of 3 months EURIBOR per annum. The loan facilities are secured by a general hypothec for EUR18.8 million (2024: EUR17.9 million) over all the assets of Phoenicia Malta Limited. The facilities are also secured by a special hypothec of EUR18.8 million (2024: EUR17.9 million) on Phoenicia Malta Limited land and buildings. The loans are also secured by a general hypothecary guarantee of EUR18.8 million (2024: EUR17.9 million) provided by Phoenicia Hotel Company Limited.

Bank loan facilities amounting to EUR24,424,145 were repaid in full in March 2024 by means of additional subsidiary loan facility of the same amount.

As at 31 December 2025, the Reporting Entity had banking facilities amounting to EUR3,161,334 (2024: nil) which were unutilized.

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

	2025	2024
	EUR	EUR
<i>Non-current</i>		
Bonds	50,000,000	50,000,000
Issue costs	(967,321)	(967,321)
Accumulated amortisation	139,162	60,798
	49,171,841	49,093,477

On 11 March 2024, the Reporting Entity 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 the Reporting Entity at any date falling between 30 December 2028 and 30 December 2033 subject to the Reporting Entity 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 2025 for the Unsecured bonds was EUR100.50 (31 December 2024: EUR103.50).

- (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 2025 and as at 31 December 2024, the Reporting entity had no significant capital commitments.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued

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.

At 31 December 2025 and 2024 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. 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 or due to the fact that bank loan were contracted at market terms (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 2025 was EUR100.50 (2024: EUR103.50). The fair value is estimated at EUR49.42 million (2024: EUR50.81 million) when compared to the carrying amount of EUR49.17 million (2024: EUR49.09 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:

		Purchases from related party	Interest Income/ (expense)	Amounts owed (to)/ from related party	Loan (payable to)/ receivable from related party
Related parties					
<i>Hazledene Group Limited</i>	2025	1,851,468	-	-	-
	2024	959,794	-	(68,218)	-
<i>Phoenicia Holding Lux S.à r.l.</i>	2025	-	948,722	298,667	23,431,274
	2024	-	1,237,304	238,534	22,482,552

Hazledene Group Limited

Hazledene Group Limited is an entity in which the ultimate controlling party of the Companies have an interest. The Reporting Entity 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 and are included with Professional, legal and consulting fees (note 5). Amounts due to Hazledene Group Limited are interest free and are payable on demand.

NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued

21. RELATED PARTY TRANSACTIONS AND BALANCES - continued

Phoenicia Holding Lux S.à r.l.

The Reporting Entity 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’.

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.

At each reporting date, the Reporting Entity assesses whether the loan receivable is considered to have low credit risk using all reasonable and supportable information available without undue cost or effort. As at 31 December 2025, the loan receivable is considered to have low credit risk, is classified as Stage 1 under IFRS 9.

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.

	Increase/decrease in basis points	Effect on profit before tax EUR ‘000
2025	+100	(152)
	-50	445
2024	+100	(422)
	-50	888

NOTES TO THE COMBINED FINANCIAL STATEMENTS – continued

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

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.

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
31 December 2025					
Interest-bearing loans and borrowings	67,942,939	142,596,714	6,646,606	26,346,666	109,603,442
Trade and other payables	6,029,626	6,029,626	6,029,626	-	-
	<u>73,972,565</u>	<u>148,626,340</u>	<u>12,676,232</u>	<u>26,346,666</u>	<u>109,603,442</u>
31 December 2024					
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>

Changes in liabilities arising from financing activities

Bank loans and other loans

	1 January EUR	Cash flows EUR	Accrued interest EUR	31 December EUR
2025	67,025,906	917,033	-	67,942,939
2024	68,386,171	(1,330,663)	(29,602)	67,025,906

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 LIABILITIES AND CONTINGENT ASSETS**

Phoenicia Hotel Company Limited, forming part of the Reporting Entity, is in disagreement with the contractor under the main works contract in respect of the past development project of Phoenicia Hotel regarding claims made by the Reporting Entity against the contractor for delays and defects, amongst others, and claims for payment of disputed sums made by the contractor against the Reporting Entity. The parties have submitted their respective claims to arbitration and a final award on all claims was delivered by the arbitral tribunal in 2026. The final award confirms that the contractor is required to pay the Reporting Entity the net amount liquidated by the arbitral tribunal, together with interest at 8% per annum, accruing from 1 January 2026 until full payment, without prejudice to the further sums payable under the final award by the contractor to the Reporting Entity in respect of certain remedial works. A net sum in respect of the costs of the arbitration has also been awarded in favour of the Reporting Entity. The contractor has appealed the final award before the Maltese Court of Appeal (Inferior Jurisdiction). The Reporting Entity is contesting the contractor's appeal and is seeking to have the final award confirmed by the Court of Appeal.

The Reporting Entity remains confident, on the basis of the final award and external legal advice, that the Court of Appeal will confirm that no amounts are due by the Reporting Entity. Accordingly, no provision is being made in the financial statements in respect of this matter. While the Reporting Entity has deemed it prudent not to quantify a contingent asset due to the uncertainties typically inherent in litigation, this is without prejudice to the Reporting Entity's legal position in the appeal proceedings which remains firmly maintained.

The Reporting Entity continues to monitor this matter with the assistance 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

On the same date, the Board of Directors of Phoenicia Hotel Company Limited approved and declared an interim dividend of EUR10,000,000, comprising EUR3,000,000 payable in cash and EUR7,000,000 to be assigned by Phoenicia Holding Lux S.à.r.l. in favour of Phoenicia Malta Limited. Concurrently, Phoenicia Holding Lux S.à.r.l. partially settled its outstanding loan payable to the Company by way of set-off against the assignment consideration, resulting in a reduction of the loan principal from EUR20,000,000 to EUR13,000,000, net of interest accrued.

Subsequent to the reporting date, geopolitical developments in the Middle East have led to increased volatility in global energy and financial markets. The Directors have considered the potential impact of these developments on the Reporting Entity and, based on information available at the date of approval of these financial statements, have not identified any material impact on the Reporting Entity's financial position or performance.