

Hili Estates Limited

Report & Financial Statements

31 December 2024

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Hili Estates Limited

Directors, officer and other information

Directors: Georgios Kakouras
Julian Caruana

Registered office: Nineteen Twenty Three
Valletta Road
Marsa, MRS 3000
Malta

Country of incorporation: Malta

Company registration number: C 20513

Auditor: Grant Thornton
Fort Business Center,
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara, CBD 1050
Malta

Bankers: Bank of Valletta p.l.c.
Corporate Branch
BOV Centre
St. Venera
Malta

MeDirect Bank (Malta) p.l.c.
The Centre, Tigné Point
Sliema
Malta

Hili Estates Limited

Statement of directors' responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with generally accepted accounting principles and practice which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the directors should:

- adopt the going concern basis, unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hili Estates Limited

Statement of profit or loss

Year ended 31 December 2024

| | Notes | 2024 | 2023 |
|-------------------------------|-------|------------------|-----------|
| | | Eur | Eur |
| Revenue | 5 | 1,018,105 | 1,036,498 |
| Administrative expenses | | (132,769) | (102,239) |
| Other operating income | 6 | - | 3,500 |
| Operating profit | | 885,336 | 937,759 |
| Investment income | 7 | 777,000 | 308,347 |
| Finance costs | 8 | (330,839) | (459,337) |
| Finance income | 9 | 262,829 | 257,516 |
| Profit before tax | 10 | 1,594,326 | 1,044,285 |
| Income tax expense | 11 | (367,967) | (344,142) |
| Profit for the year | | 1,226,359 | 700,143 |

Hili Estates Limited

Statement of financial position

As at 31 December 2024

| | Notes | 2024 Eur | 2023 Eur |
|--------------------------------|-------|-------------------|-------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Investment property | 12 | 18,300,000 | 17,500,000 |
| Loans and receivables | 14 | 5,605,914 | 4,427,692 |
| Trade and other receivables | 15 | 140,618 | 134,311 |
| | | 24,046,532 | 22,062,003 |
| Current assets | | | |
| Loans and receivables | 14 | 789,962 | 1,744,833 |
| Trade and other receivables | 15 | 69,763 | 179,697 |
| Current tax assets | | 114,640 | 63,587 |
| Cash and cash equivalents | 22 | 112,568 | 24,676 |
| | | 1,086,933 | 2,012,793 |
| Total assets | | 25,133,465 | 24,074,796 |
| Current liabilities | | | |
| Trade and other payables | 16 | 166,575 | 132,578 |
| Bank borrowings | 18 | 780,665 | 765,353 |
| | | 947,240 | 897,931 |
| Non-current liabilities | | | |
| Bank borrowings | 18 | 4,575,130 | 5,355,795 |
| Other financial liabilities | 17 | 497,900 | - |
| Deferred tax liabilities | 19 | 1,503,372 | 1,437,606 |
| | | 6,576,402 | 6,793,401 |
| Total liabilities | | 7,523,642 | 7,691,332 |
| Net assets | | 17,609,823 | 16,383,464 |

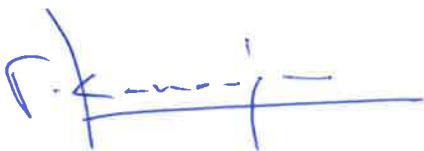
Hili Estates Limited

Statement of financial position (continued)

As at 31 December 2024

| | | 2024 | 2023 |
|---------------------|----|-------------------|-------------------|
| | | Eur | Eur |
| EQUITY | | | |
| Share capital | 20 | 9,216,027 | 9,216,027 |
| Revaluation reserve | 21 | 6,010,516 | 5,297,516 |
| Retained earnings | | 2,383,280 | 1,869,921 |
| Total equity | | 17,609,823 | 16,383,464 |

These financial statements were approved by the directors and authorised for issue on the 7th of April 2025:



Georgios Kakouras
Director



Julian Caruana
Director

Hili Estates Limited

Statement of changes in equity

Year ended 31 December 2024

| | Share capital Eur | Revaluation Reserve Eur | Retained Earnings Eur | Total Eur |
|--|-------------------------|-------------------------------|-----------------------------|-------------------|
| Balance at 1 January 2023 | 9,216,027 | 5,028,006 | 1,439,288 | 15,683,321 |
| Profit for the year | - | - | 700,143 | 700,143 |
| Increase in fair value of investment property net of deferred tax (notes 12 and 19) | - | 269,510 | (269,510) | - |
| Balance at 1 January 2024 | 9,216,027 | 5,297,516 | 1,869,921 | 16,383,464 |
| Profit for the year | - | - | 1,226,359 | 1,226,359 |
| Increase in fair value of investment property net of deferred tax (notes 12 and 19) | - | 713,000 | (713,000) | - |
| Balance at 31 December 2024 | 9,216,027 | 6,010,516 | 2,383,280 | 17,609,823 |

Hili Estates Limited

Statement of cash flows

Year ended 31 December 2024

| | Note | 2024 Eur | 2023 Eur |
|---|------|-------------|-------------|
| Cashflows from operating activities | | | |
| Profit before tax | | 1,594,326 | 1,044,285 |
| Adjustments for : | | | |
| Finance costs | | 330,839 | 459,337 |
| Finance income | | (262,829) | (257,516) |
| Increase in fair value of investment property | | (777,000) | (308,347) |
| | | 885,336 | 937,759 |
| Movement in trade and other receivables | | 81,381 | (22,259) |
| Movement in trade and other payables | | 56,243 | (89,803) |
| Cashflows from operations | | 1,022,960 | 825,697 |
| Income tax paid | | (353,254) | (544,537) |
| Net cash flows generated from operating activities | | 669,706 | 281,160 |
| Cashflows from investing activities | | | |
| Additions to investment property | | (23,000) | (91,653) |
| Net movement on amounts due from other related parties | | 39,478 | - |
| Net movement on amounts due to intermediate parent | | - | 990,682 |
| Net cash flows generated from investing activities | | 16,478 | 899,029 |
| Cashflows from financing activities | | | |
| Repayment of bank borrowings | | (765,353) | (900,506) |
| Interest paid | | (322,939) | (459,337) |
| Net movement on amounts due to intermediate parent | | 490,000 | - |
| Net cash flows used in financing activities | | (598,292) | (1,359,843) |
| Net movement | | 87,892 | (179,654) |
| Cash and cash equivalents at the beginning of the year | | 24,676 | 204,330 |
| Cash and cash equivalents at the end of the year | 22 | 112,568 | 24,676 |

Hili Estates Limited

Notes to the financial statements

31 December 2024

1. Company information and basis of preparation

Hili Estates Limited is a limited liability company incorporated in Malta with registration number C 20513. The registered address of the company is Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000, Malta. The company is principally involved in holding movable and immovable property.

The financial statements are presented in euro (Eur), which is also the functional currency of the company.

The financial statements have been prepared on the historical cost basis, except for investment properties which are carried at their fair value, and in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and the Companies Act, (Cap. 386) of the Laws of Malta. The going concern assumption has been adopted provided that the company operated on a going concern basis. The material accounting policies adopted in these financial statements are set out below.

2. Material accounting policies

Overall considerations

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

The company did not have any items classified as 'other comprehensive income' and consequently management elected to present only a statement of profit or loss.

Management has concluded that the disclosure of the entity's material accounting policies below are appropriate.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value at the end of the reporting period. Investment Property is revalued annually with resulting gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

The Company does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs' or 'finance income'.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Financial instruments (continued)

Subsequent measurement of financial assets (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, loans, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the IFRS 9 requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI (the company have no debt-type financial assets at FVOCI), trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss (the Company had no financial guarantee contracts).

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Loans and Trade and other receivables

The Company makes use of a simplified approach in accounting for loans, trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of loans and trade receivables on a collective basis as they possess shared credit risk characteristics.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables, bank loans and other financial liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

(i) Bank borrowings

Subsequent to initial recognition, bank loans are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

(ii) Trade and other payables and other financial liabilities

Trade and other payables are classified with current liabilities and are stated at their nominal value.

Other financial liabilities are classified either with current liabilities or non-current liabilities. These are stated at the nominal value.

(iii) Share Capital

Ordinary and preference shares issued by the company are classified as equity instruments. Redemptions or refinancing of equity instruments are recognised as changes in equity.

Impairment testing on property, plant and equipment and investment property

All assets are tested for impairment, except for investment property measured at fair value. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In the case of assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated. Impairment losses are recognised immediately in profit or loss.

In the case of assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable.

To determine whether to recognise revenue, the group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income from operating leases, less the aggregate cost of incentives given to the lessee, is recognised as income in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss on a straight-line basis over the lease term.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Leases – Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Leases – Company as lessor (continued)

Leased assets are presented in the statement of financial position according to their nature and are tested for impairment in accordance with the company's accounting policy on impairment. Rental income from operating leases, less the aggregate cost of incentives given to the lessee, is recognised as income in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss on a straight-line basis over the lease term.

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Taxation (continued)

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Administrative expenses

Administrative expenses are recognised in the statement of profit or loss upon utilisation of the service or at the date of their origin.

Dividends paid

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Equity

Share capital represents the nominal (par) value of shares that have been issued.

Revaluation reserve comprises gains and losses from revaluation of investment property.

Retained earnings include all current and prior period retained profits.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Hili Estates Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Fair value (continued)

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company determines when transfers are deemed to have occurred between levels in the hierarchy at the end of each reporting period.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, except as disclosed below, management has made no judgements which can significantly affect the amounts recognised in the financial statements and at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment property

The company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss as they arise. This is based on market valuations performed by independent professional architects. In a year when market valuations are not performed by an independent professional architect, an assessment of the fair value of investment properties is performed internally to reflect market conditions.

The fair value of investment properties as at 31 December 2024 is based on valuation assessment made by an independent professionally qualified architect, on the basis of market value. The valuation of the property was based on comparisons of recent sales transactions involving comparable properties in Malta, together with experience of the architect in such valuations and analysis of data available on the property market.

Hili Estates Limited

Notes to the financial statements

31 December 2024

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Climate related matters

The potential impact of climate related matters has been considered in the preparation of these financial statements, including environmental legislations and commitments made by the Hili Properties p.l.c. group which may affect the value of financial assets and liabilities.

The long-term consequences of climate changes on financial statements are difficult to predict and require entities to make significant assumptions and develop estimates.

4. New or revised standards or interpretations

New Standards adopted as at 1 January 2024

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations published by the IASB or IFRIC include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

None of these standards or amendments to existing standards have been adopted early by the company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Hili Estates Limited

Notes to the financial statements

31 December 2024

4. New or revised standards or interpretations (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company (continued)

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The company will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The company is not expected to early adopt this new standard.

5. Revenue

| | 2024 | 2023 |
|---------------|------------------|------------------|
| | Eur | Eur |
| Rental income | <u>1,018,105</u> | <u>1,036,498</u> |

Revenue represents the amount receivable for rental services rendered during the year, net of any indirect taxes.

6. Other operating income

| | 2024 | 2023 |
|------------------------|----------|--------------|
| | Eur | Eur |
| Other operating income | <u>-</u> | <u>3,500</u> |

7. Investment income

| | 2024 | 2023 |
|---|----------------|----------------|
| | Eur | Eur |
| Increase in fair value of investment property | <u>777,000</u> | <u>308,347</u> |

Hili Estates Limited

Notes to the financial statements

31 December 2024

8. Finance costs

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | Eur | Eur |
| Interest on bank borrowings | 322,939 | 459,337 |
| Interest on amounts due to intermediate parent | 7,900 | - |
| | <hr/> <u>330,839</u> | <hr/> <u>459,337</u> |

9. Finance income

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | Eur | Eur |
| Interest receivable on loan to intermediate parent | 259,678 | 254,365 |
| Interest receivable on loan to other related companies | 3,151 | 3,151 |
| | <hr/> <u>262,829</u> | <hr/> <u>257,516</u> |

10. Profit before tax

The analysis of the amounts that are payable to the auditors and that are required to be disclosed is as follows:

| | 2024 | 2023 |
|------------------------|-------|-------|
| | Eur | Eur |
| Auditor's remuneration | 3,775 | 3,550 |
| | <hr/> | <hr/> |

Hili Estates Limited

Notes to the financial statements

31 December 2024

11. Income tax expense

Income tax recognised in profit or loss includes:

| | 2024 | 2023 |
|--------------------------------|-----------------------|-----------------------|
| | Eur | Eur |
| Current tax expense | 302,201 | 295,334 |
| Deferred tax expense (note 19) | <u>65,766</u> | <u>48,808</u> |
| | <u>367,967</u> | <u>344,142</u> |

Tax applying the statutory domestic income tax rate 35% (2023: 35%) and the income tax expense for the period are reconciled as follows:

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| | Eur | Eur |
| Profit before tax | <u>1,594,326</u> | <u>1,044,285</u> |
| Theoretical tax charge | 558,015 | 365,500 |
| Tax effect of: | | |
| Disallowable expenses | 65,257 | 89,461 |
| Maintenance allowance | (47,036) | (46,661) |
| Net movement in value of investment property not subject to tax | (271,950) | (107,921) |
| Deferred tax not recognized | (2,085) | (5,045) |
| Deferred tax on revaluation of investment property | <u>65,766</u> | <u>48,808</u> |
| | <u>367,967</u> | <u>344,142</u> |

Hili Estates Limited

Notes to the financial statements

31 December 2024

12. Investment property

| | 2024 | 2023 |
|---------------------------------|-------------------|-------------------|
| | Eur | Eur |
| Fair Value | | |
| At 1 January | 17,500,000 | 17,100,000 |
| Additions | 23,000 | 91,653 |
| Increase in fair value (note 7) | 777,000 | 308,347 |
| | 18,300,000 | 17,500,000 |

In 2024 and 2023, a valuation of the investment property was carried out by an independent professionally qualified architect, on the basis of market value. As a result of the valuation, an increase in fair value was recognised for 2024 *Eur 777,000* (2023: *Eur 308,347*).

Details about the company's investment property and information about the fair value hierarchy at 31 December are as follows:

| | Level 3 |
|-----------------|-------------------|
| | Eur |
| 2024 | |
| Office property | 18,300,000 |
| 2023 | |
| Office property | 17,500,000 |

The different levels in the fair value hierarchy have been defined in note 2. The company'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.

Valuation techniques and inputs

For each valuation for which rental value and capitalisation rate have been determined to be the significant unobservable inputs, the higher the rental value and the lower the capitalisation rate, the higher the fair value. Conversely, the lower the rental value and the higher the capitalisation rate, the lower the fair value. A reasonable change in the unobservable inputs is not expected to result in a material change in the value of the property.

Hili Estates Limited

Notes to the financial statements

31 December 2024

12. Investment property (continued)

Operating leases – the company as lessor

Operating leases relate to the investment property owned by the company with lease terms of 5 years. The lessees do not have an option to purchase the property at the expiry of the lease period. The rental income earned under operating leases amounted to *Eur1,018,105* (2023: *Eur1,036,498*). At the end of the reporting period, the respective lessees had outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | 2024 | 2023 |
|----------------------------|------------------------|------------------------|
| | Eur | Eur |
| Within one year | 1,031,995 | 956,014 |
| Between two and five years | 2,833,914 | 3,181,821 |
| Over five years | 256,311 | 284,038 |
| | <hr/> 4,122,220 | <hr/> 4,421,873 |

In 2023, the Company entered into consolidation of lease agreements with the tenants which affected the rental income for the year.

13. Property, Plant and Equipment

| | Computer equipment | Improvements to leasehold land | Total |
|---------------------------------|--------------------|--------------------------------|---------|
| | Eur | Eur | Eur |
| Cost | | | |
| At 31 December 2023 and 2024 | 227,328 | 246,542 | 473,870 |
| Accumulated depreciation | | | |
| At 31 December 2023 and 2024 | 227,328 | 246,542 | 473,870 |
| Carrying amount | | | |
| At 31 December 2023 and 2024 | - | - | - |

Hili Estates Limited

Notes to the financial statements

31 December 2024

14. Loans and receivables

| | Loans to intermediate parent | Loans to related party | Loans to other related | Total |
|--|---------------------------------|---------------------------|---------------------------|-------|
| | Eur | Eur | Eur | Eur |

Amortised cost **6,176,736** **219,140** **-** **6,395,876**

At 31 December 2024

Less: amounts expected to be

settled within 12 months

(shown under current assets)

(570,822) **(219,140)** **-** **(789,962)**

**Amount expected to be
settled after 12 months**

5,605,914 **-** **-** **5,605,914**

| | Loans to intermediate parent | Loans to related party | Loans to other related | Total |
|--|---------------------------------|---------------------------|---------------------------|-------|
| | Eur | Eur | Eur | Eur |

Amortised cost

At 31 December 2023 **5,917,058** **216,434** **39,033** **6,172,525**

Less: amounts expected to be

settled within 12 months

(shown under current assets)

(1,489,366) **(216,434)** **(39,033)** **(1,744,833)**

Amount expected to be

settled after 12 months

4,427,692 **-** **-** **4,427,692**

Loans to related party comprise balances within the Hili Properties division. Loans to other party comprise balances within the Hili Venture Group. These amounts are interest free, unsecured and are repayable within 12 months.

Loans to intermediate parent include: (i) an amount of *Eur5,605,914* (2023: *Eur5,917,058*) with the interest rate of 4.5% per annum and has a fixed repayment date, (ii) *Eur579,822* (2023: *Eur1,489,366*) which are interest free and are repayable within 12 months. These amounts are unsecured, whereby the debtor has the right to defer the settlement of the interest due to Hili Estates Limited.

In 2023, the assignment of balances due from related parties was concluded with the intermediate parent company. In turn, a set-off of amount due by the company to the intermediate parent company was also affected, thereby reducing the total net inter-company balance.

Hili Estates Limited

Notes to the financial statements

31 December 2024

15. Trade and other receivables

| | 2024 | 2023 |
|--|---------------|-----------|
| | Eur | Eur |
| Trade receivables from ultimate parent | 23,904 | 32,617 |
| Trade receivables from other related parties | - | 70,938 |
| Trade and other receivables | 148,358 | 134,311 |
| Prepayments | 38,119 | 76,142 |
| | <hr/> 210,381 | 314,008 |
| Less : amounts due for settlement within 12 months (shown as current assets) | (69,763) | (179,697) |
| | <hr/> 140,618 | 134,311 |

Trade receivables from related parties are unsecured, interest-free and repayable on demand.

16. Trade and other payables

| | 2024 | 2023 |
|--|---------------|---------|
| | Eur | Eur |
| Trade payables | - | 23,998 |
| Other payables | 68,221 | 62,082 |
| Amounts due to other related companies | 14,226 | 27,580 |
| | <hr/> 84,128 | 18,918 |
| | <hr/> 166,575 | 132,578 |

Trade and other payables are unsecured, interest-free and repayable on demand.

Hili Estates Limited

Notes to the financial statements

31 December 2024

17. Other financial liabilities

| | Loans to intermediate parent Eur |
|--|---|
| As at 31 December 2024 | 497,900 |
| Less: amounts expected to be settled within 12 months (shown under current liabilities) | - |
| Amount expected to be settled after 12 months | 497,900 |

The terms and conditions of the above amounts are unsecured and carry interest at the rate of 4.5% per annum. The Company, however, has an unconditional right to defer settlement of the full amount for at least twelve months after the end of the reporting period.

18. Bank borrowings

The interest rate is presently charged at the rate of 5.5% per annum (2023: 4%) over the 3-month Euribor rate. The 3-month Euribor rate is reviewed at 3-month intervals thereafter in accordance with the 3-month Euribor rate applicable on the date of roll over. This facility is secured by a special hypothec over the investment property of the company, a general hypothec over all the company's present and future assets and guarantees provided by related parties.

| | 2024 Eur | 2023 Eur |
|---|------------------|------------------|
| Bank borrowings | 5,355,795 | 6,121,148 |
| Less: amount due for settlement within 12 months (shown under current liabilities) | (780,665) | (765,353) |
| Amount due for settlement after 12 months | 4,575,130 | 5,355,795 |

Hili Estates Limited

Notes to the financial statements

31 December 2024

18. Bank borrowings (continued)

| | 2024 | 2023 |
|------------------------------|------------------|------------------|
| | Eur | Eur |
| On demand or within one year | 780,665 | 765,353 |
| Between two and five years | 2,712,530 | 2,930,492 |
| After five years | 1,862,600 | 2,425,303 |
| | <u>5,355,795</u> | <u>6,121,148</u> |

19. Deferred tax liabilities

| | Opening Balance | Recognised in profit | Closing balance |
|--------------------------------|--------------------|-------------------------|--------------------|
| | Eur | Eur | Eur |
| 2024 | | | |
| <i>Arising on:</i> | | | |
| Deferred tax on accrued income | 37,606 | 1,766 | 39,372 |
| Movement in fair value of | | | |
| Investment property | 1,400,000 | 64,000 | 1,464,000 |
| | <u>1,437,606</u> | <u>65,766</u> | <u>1,503,372</u> |
| 2023 | | | |
| <i>Arising on:</i> | | | |
| Deferred tax on accrued income | 27,635 | 9,971 | 37,606 |
| Movement in fair value of | | | |
| Investment property | 1,361,163 | 38,837 | 1,400,000 |
| | <u>1,388,798</u> | <u>48,808</u> | <u>1,437,606</u> |

20. Share capital

| | 2024 and 2023 |
|---|-------------------------|
| | Issued and called up |
| | Authorised |
| | Eur |
| 500,000 ordinary shares of Eur2.329373 each all of which have been issued and called up | 1,164,687 |
| | 1,164,687 |
| 3,456,441 4.5% non-cumulative redeemable preference shares of Eur2.329373 each, all of which have been issued and called up | 8,051,340 |
| | 8,051,340 |
| | <u>9,216,027</u> |
| | <u>9,216,027</u> |

Hili Estates Limited

Notes to the financial statements

31 December 2024

20. Share capital (continued)

The ordinary shares of the company rank after the preference shares as regards payment of dividends and return of capital but carry full voting rights at general meetings of the company. Voting rights are not available to the preference shareholders. Dividends payable on ordinary shares fluctuate depending on the company's results whereas preference dividends are payable at a fixed rate and are non-cumulative.

4.5% non-cumulative redeemable preference shares

Non-cumulative redeemable preference shares are instruments that are redeemable. These instruments meet the definition of an equity instrument as stipulated in IAS 32, *Financial Instruments* as the redemption of the 3,456,441 4.5% preference shares are redeemable at par value at the option of the company by 31 December 2099 following a resolution to this effect at a General Meeting.

21. Revaluation reserve

The revaluation reserve is not available for distribution to the company's shareholders.

22. Cash and cash equivalents

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

| | 2024 | 2023 |
|--------------------------|----------------|---------------|
| | Eur | Eur |
| Cash at bank and on hand | 112,568 | 24,676 |

Hili Estates Limited

Notes to the financial statements

31 December 2024

23. Reconciliation of liabilities arising from financing activities

The table below details changes in the company's liabilities arising from financial activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

At 31 December 2024

| | Opening Balance Eur | Cash Eur | Non- Cash Eur | Accrued unpaid interest Eur | Closing Balance Eur |
|--------------------------------|---------------------------|------------------|---------------------|--------------------------------------|---------------------------|
| Bank loans | 6,121,148 | (1,088,292) | 322,939 | - | 5,355,795 |
| Other financial liabilities | - | 490,000 | - | 7,900 | 497,900 |
| | <u>6,121,148</u> | <u>(598,292)</u> | <u>322,939</u> | <u>7,900</u> | <u>5,853,695</u> |

At 31 December 2023

| | Opening Balance Eur | Cash Eur | Non- Cash Eur | Accrued unpaid interest Eur | Closing Balance Eur |
|--------------------------------|---------------------------|------------------|---------------------|--------------------------------------|---------------------------|
| Bank loans | 7,021,654 | (900,506) | - | - | 6,121,148 |
| Other financial liabilities | 8,614,410 | - | (8,614,410) | - | - |
| | <u>15,636,064</u> | <u>(900,506)</u> | <u>(8,614,410)</u> | <u>-</u> | <u>6,121,148</u> |

24. Related party disclosures

The parent company and ultimate parent company of Hili Estates Limited are Hili Estates Holdings Company Limited and Hili Ventures Limited, respectively, which are both incorporated in Malta. The directors consider the ultimate controlling party to be Carmelo Hili, who indirectly holds more than 50% of the issued share capital of Hili Ventures Limited. Hili Ventures Limited, the registered office of which is Nineteen Twenty Three, Valletta Road, Marsa, produces consolidated financial statements available for public use. The company has a related party relationship with other companies having common direct and indirect shareholding referred to as group companies and other related parties respectively.

Hili Estates Limited

Notes to the financial statements

31 December 2024

24. Related party disclosures (continued)

During the year, the company entered into transactions with related parties set out below.

| | 2024 | | | 2023 | | |
|----------------------------------|------------------------|------------------|-------------|------------------------|----------------|-------------|
| | Related party activity | Total activity | % | Related party activity | Total activity | % |
| | Eur | Eur | | Eur | Eur | |
| Revenue: | | | | | | |
| Related party transactions with: | | | | | | |
| Ultimate parent | 392,427 | | | 392,427 | | |
| Other related parties | 625,678 | | | 586,541 | | |
| | 1,018,105 | 1,018,105 | 100% | 978,968 | 988,857 | 99% |
| Other operating income | | | | | | |
| Related party transactions with: | | | | | | |
| Other related parties | - | | | 3,500 | | |
| | - | - | 0% | 3,500 | 3,500 | 100% |
| Administrative expenses: | | | | | | |
| Intermediate parent | 58,689 | | | 53,354 | | |
| | 58,689 | 132,769 | 44% | 53,354 | 102,239 | 52% |
| Finance income: | | | | | | |
| Intermediate parent | 259,678 | | | 257,516 | | |
| Other related parties | 3,151 | - | | - | | |
| | 262,829 | 262,829 | 100% | 257,516 | 257,516 | 100% |
| Finance cost: | | | | | | |
| Intermediate parent | 7,900 | | | - | | |
| | 7,900 | 330,839 | 2% | - | - | 0% |

25. Fair values of financial assets and financial liabilities

At 31 December 2024 and 2023, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities, respectively, approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts. These are being measured using a level 2 valuation technique. The valuation techniques are defined in note 2.

Hili Estates Limited

Notes to the financial statements

31 December 2024

26. Financial risk management

The company is exposed to credit risk, interest rate risk and liquidity risk through its use of financial instruments which result from both its operating and investing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company is exposed to are described below.

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

Credit risk

| | Notes | 2024 | 2023 |
|--------------------------------|-------|------------------|-----------|
| | | Eur | Eur |
| Non-current assets | | | |
| Loans and receivables | 14 | 5,605,914 | 4,427,692 |
| Trade and other receivables | 15 | 140,618 | 134,311 |
| | | <hr/> | <hr/> |
| | | 5,746,532 | 4,562,003 |
| Current assets | | | |
| Loans and receivables | 14 | 789,962 | 1,744,833 |
| Trade and other receivables | 15 | 31,644 | 103,555 |
| Cash and cash equivalents | 22 | 112,568 | 24,676 |
| | | <hr/> | <hr/> |
| | | 821,606 | 1,873,064 |
| Current liabilities | | | |
| Trade and other payables | 16 | 98,354 | 70,496 |
| Bank borrowings | 18 | 780,665 | 765,353 |
| | | <hr/> | <hr/> |
| | | 879,019 | 835,849 |
| Non-current liabilities | | | |
| Bank borrowings | 18 | 4,575,130 | 5,355,795 |
| Other financial liabilities | 17 | 497,900 | - |
| | | <hr/> | <hr/> |
| | | 5,073,030 | 5,355,795 |

Hili Estates Limited

Notes to the financial statements

31 December 2024

26. Financial risk management (continued)

The company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

The company's management considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality. See note 2 for further information on impairment of financial assets.

Trade, loans and other receivables comprise amounts due from related parties. The company's concentration to credit risk arising from these receivables are considered limited as there were no indications that these counterparties are unable to meet their obligations. Management considers these to be of good credit quality. Management does not consider trade, loans and other receivables to have deteriorated in credit quality and the effect of management's estimate of the 12-month credit loss has been determined to be insignificant to the results of the company.

None of the company's financial assets is secured by collateral or other credit enhancements.

The company holds money exclusively with an institution having high quality external credit ratings. The cash and cash equivalents held with such bank at 31 December 2024 and 2023 are callable on demand. All of the cash and cash equivalents are held in two banks. The banks with whom cash and cash equivalents is held has a credit rating of BBB- by Standard and Poor's. Management considers the probability of default from such banks to be close to zero and the amount calculated using the 12-month expected credit loss model to be very insignificant. Therefore, based on the above, no loss allowance has been recognised by the company.

The company's financial liability with the bank is secured with a special hypothec over the company's investment property.

Interest rate risk

The company has taken out bank facilities to finance its operations as disclosed in note 18. The interest rate thereon and the terms of such borrowings are disclosed accordingly.

The company is exposed to cash flow interest rate risk on borrowings and debt instruments carrying a floating interest rate.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by adjusting its selling prices or by restructuring its financing structure.

The company does not expect significant shifts in the interest rates in the next 12 months. Consequently, the effect on the results of the company resulting from a change in the cash returns derived from variable short term assets would be considered negligible.

Hili Estates Limited

Notes to the financial statements

31 December 2024

26. Financial risk management (continued)

Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables, bank borrowings and other financial liabilities (see notes 16, 17 and 18). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the company can be required to pay. The analysis includes both interest and principal cash flows:

| | On demand or within one year Eur | 2-5 years Eur | Over 5 years Eur | Total Eur |
|---------------------------|---|---------------------|------------------------|------------------|
| 2024 | | | | |
| Non-interest bearing | 98,354 | - | - | 98,354 |
| Variable rate instruments | 1,056,895 | 3,581,950 | 2,181,557 | 6,820,402 |
| Fixed rate instrument | - | - | 497,900 | 497,900 |
| | 1,155,249 | 3,581,950 | 2,679,457 | 7,416,656 |
| 2023 | | | | |
| Non-interest bearing | 70,496 | - | - | 70,496 |
| Variable rate instruments | 765,353 | 2,930,492 | 2,425,303 | 6,121,148 |
| | 835,849 | 2,930,492 | 2,425,303 | 6,191,644 |

The company is exposed to liquidity risk in relation to meeting future obligations associated with its current liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

At the end of the reporting period, the company reported a net current asset position of *Eur*139,693 (2023: *Eur*1,114,862). The directors are confident that the company will have no difficulty to continue to meet its commitments as and when they fall due.

Hili Estates Limited

Notes to the financial statements

31 December 2024

26. Financial risk management (continued)

Capital risk management

The company'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 capital structure of the company consists of other financial liabilities in note 17, bank borrowings in note 18, cash and cash equivalents as disclosed in note 22, and items presented within equity in the statement of financial position.

The company's directors manage the company's capital structure and makes adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The company's overall strategy remains unchanged from the prior year.

27. Guarantee

During 2015, the company, together with Harbour (APM) Investments Limited, issued a guarantee jointly and severally with Hili Properties p.l.c. (the issuer). The guarantors irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the issuer to bondholders under the *Eur 37,000,000 4.5% Unsecured Bonds 2025*, which were issued in 2015.

28. Post balance sheet events

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the board.

Schedule

Administrative expenses

This schedule does not form part of the statutory financial statements.

Hili Estates Limited

Administrative expenses

Year ended 31 December 2024

| | 2024 | 2023 |
|-----------------------------|----------------|----------------|
| | Eur | Eur |
| Management fees | 58,689 | 53,354 |
| Rent | - | 17,500 |
| Architect fees | 1,500 | 1,500 |
| Bank charges | 19,539 | 4,421 |
| Legal and professional fees | 1,790 | 787 |
| Registration fees | 1,200 | 1,200 |
| Audit fee | 3,775 | 3,550 |
| General expenses | 6,649 | 14,426 |
| IT expenses | 4,051 | 1,490 |
| Repairs and maintenance | 35,576 | 4,011 |
| | <u>132,769</u> | <u>102,239</u> |



Grant Thornton Malta

Fort Business Centre, Level 2
 Triq L-Intornjatur, Zone 1
 Central Business District
 Birkirkara CBD1050 Malta
 T +356 20931000

Independent auditor's report

To the shareholders of Hili Estates Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hili Estates Limited set out on pages 4 to 34, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

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

Other information

The directors are responsible for the other information. The other information comprises the (i) Directors, officer and other information and (ii) Statement of directors' responsibilities shown on pages 2 and 3, respectively, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

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

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap. 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The Principal on the audit resulting in this independent auditor's report is Mark Bugeja.

A handwritten signature in blue ink, appearing to read "Mark Bugeja".

Mark Bugeja (Principal) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Trix L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

7 April 2025