

Hili Ventures Limited

C57902

Annual Report and Consolidated Financial Statements

31 December 2024

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Hili Ventures Limited

Directors, officer and other information

Directors: Archibald Anderson Bethel (Chairman)
Annabel Hili
Carmelo Hili
Jesmond Mizzi

Company secretary: Adrian Mercieca

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Hili Ventures Limited

Directors' report

Year ended 31 December 2024

The Directors present their report and the audited financial statements of Hili Ventures Limited (the “Company”) and the Hili Ventures Limited Group (Hili Ventures Limited together with its subsidiaries, the “Group”) for the year ended 31 December 2024.

Principal activities

The Company principally acts as the investment holding company of an international, diversified group to which it provides management and consultancy services.

The Company has nine main direct subsidiaries: Premier Capital p.l.c., 1923 Investments Limited (formerly 1923 Investments p.l.c.), Hili Properties p.l.c., Hili Finance Company p.l.c., Breakwater Investments Limited, Marsamxett Properties Limited, TBP Properties Single Member S.A., HV Hospitality Limited and Battery Street Limited.

Premier Capital p.l.c. (“Premier Capital”) is engaged, through its subsidiaries, in the operations of McDonald’s restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.

1923 Investments Limited (“1923 Investments” - formerly 1923 Investments p.l.c.) acts as an investment arm and currently draws together the technology businesses, which are primarily engaged in retail and technology solutions, operating in Malta, Hungary and Poland.

Hili Properties p.l.c. (“Hili Properties”) owns and manages commercial real estate, industrial land and properties in Malta, Latvia, Lithuania, Estonia and Romania.

Hili Finance Company p.l.c. (“Hili Finance Company”) acts as the funding vehicle of the Company and has four bond issues for a total value of *Eur250,000,000* listed on the Malta Stock Exchange as at 31 December 2024.

Breakwater Investments Limited (“Breakwater Investments”) is the engineering, oil and gas and logistics group, engaged in providing logistics services, ship-to-ship transfer services and LNG terminal management, the provision of specialised engineering services and container leasing.

Marsamxett Properties Limited (“Marsamxett Properties”) was incorporated in 2023 to act as a holding vehicle of shares in Tigné Mall Limited (“Tigné Mall” - formerly Tigné Mall p.l.c.). Marsamxett Properties acquired full ownership of Tigné Mall in 2024 and consequently delisted the company on 3 February 2025.

TBP Properties Single Member S.A. (“TBP Properties”) was set up to own and manage commercial real estate in Greece. In 2023, it embarked on its first project, the development of a logistics centre, which was completed in early 2025.

HV Hospitality Limited (“HV Hospitality”) aims to establish a presence in the European hospitality market. HV Hospitality owns the concession agreement for the hotel and bungalows in Comino, the plans for which were approved by the Planning Authority in May 2025.

Battery Street Limited (“Battery Street”) entered into a lease agreement for a property in Valletta which is currently in the development phase.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Financial performance

The results for the Group represent the results of the Company together with those of its subsidiaries and its shares of jointly controlled entities for the year ended 31 December 2024.

The Group reported revenue from continuing operations of *Eur1,088,450,038* (2023: *Eur986,495,211*), which represents an increase of 10.34% over the prior year. This increase was mainly driven by restaurant and retail network expansion and organic growth across all areas of the business.

Operating profit for the Group reached *Eur92,640,762* (2023: *Eur83,737,439*). After accounting for net investment income and finance costs, the Group registered a pre-tax profit of *Eur80,431,694* from continuing operations (2023: *Eur57,388,352*).

During the year under review the Company registered an operating loss of *Eur2,979,095* (2023: *Eur2,628,880*). After accounting for net investment income and finance costs, the Company registered a pre-tax profit of *Eur49,857,317* (2023: *Eur36,740,005*) from continuing operations.

On 31 January 2024, 1923 Investments sold its holdings in E-Lifecycle Holdings GmbH ("E-lifecycle"). The loss for the year from discontinued operations for the Group resulting from the sale of E-lifecycle amounted to *Eur477,551* (2023: *Eur3,070,184*).

The Group and the Company's statements of financial position at year-end report net assets amounting to *Eur280,753,429* and *Eur119,774,174* (2023: *Eur242,900,160* and *Eur96,289,076*) respectively.

The Group measures the achievement of its objectives using the following key performance indicators ("KPIs"):

The measure used by the Group to assess liquidity is the current ratio, which is defined as the total current assets divided by the current liabilities. At the end of the year the Group reported a net current liability position with a current ratio of *0.81* (2023: *0.75*). The Group has sufficient cash holdings at year end, enabling it to meet its obligations as they fall due.

The Group utilises the net gearing ratio as an indicator of the Group's financial leverage, which refers to its long-term debt versus its equity or capital employed. The net gearing ratio of the Group at the end of the year stood at *58%* (2023: *61%*).

The Group also measures its performance based on earnings before interest, tax, depreciation and amortisation (hereinafter referred to as "EBITDA"). In 2024, EBITDA for the Group reached *Eur135,953,700* (2023: *Eur126,997,209*). The calculation for 2023 has been adjusted for discontinued operations.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Financial performance (continued)

During the year under review, interest cover of the Group was at *4.81* times (2023: *4.73* times). Interest cover represents EBITDA divided by net interest costs.

Group performance review - non-financial

The key non-financial performance indicators range from customer and employee satisfaction and conversion metrics in the retail and restaurant divisions, to property occupancy ratios in the real estate arm.

The most relevant measures used by the different divisions are as follows:

During the year under review, Premier Capital, through its subsidiaries, continued to expand its network and as at 31 December 2024, it operated 193 restaurants (2023: *185*). Of these, 106 restaurants are located in Romania, 43 in the Baltic States, 35 in Greece and 9 in Malta. Through its subsidiaries, Premier Capital served over 90 million customers across its six markets (2023: 85 million). Premier Capital continued to invest considerably in its restaurants, with more than *Eur39,700,000* going towards new restaurants and the refurbishment of existing ones. A significant portion of this investment was allocated to energy-efficient equipment for better environmental performance and renewable energy generation.

On 30 June 2024, iSpot Poland Sp. z o.o. ("iSpot") successfully completed the merger process with Cortland Sp. z o.o. ("Cortland") following the acquisition on the 31 March 2023. iSpot, which is now responsible for 26.64% of Group revenue, reported a strong year across a number of sales channels, apart from the business-to-business segment. In 2024, it reported an 8.8% increase in overall revenue, which was mainly attributed to the full year effect of the Cortland acquisition. Footfall in stores decreased slightly compared to 2023 despite heightened marketing activities and dedicated campaigns to counter high inflation affecting consumption, exacerbated by market instability during the year under review. The conversion rate, which measures the percentage of actual purchases compared to customers entering the store, amounted to 11.2% in 2024, 0.2% higher than 2023. In contrary to stores, iSpot generated an increase in the e-commerce channel as net sales improved by 9.5%.

Harvest Technology p.l.c.'s ("Harvest Technology") strategic plan to reposition its three subsidiaries as pure-play companies gained traction in 2024. PTL is now focused on IT services and software development; APCO continues to lead in automation, security, and building management solutions; and Apcopay is the global provider of payment orchestration solutions.

Hili Properties group's property occupancy stood at 99% as at 31 December 2024 (2023: 99%). This key ratio compares leased investment properties in square metres with the total owned investment properties in square metres. The WALT (Weighted Average Lease Term) for the whole portfolio stood at 7.8 years as at 31 December 2024 (2023: 8.3 years).

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Group performance review - non-financial (continued)

During 2024 Marsamxett Properties acquired the remaining stake in Tigné Mall Limited ("Tigné Mall" formerly Tigné Mall p.l.c.) which is the operator of The Point, Malta's most successful shopping mall. It is spread over 15,000m², housing 67 fashion labels, cafes and restaurants.

The total number of employees across the Group increased to 11,326 in 2024, compared to 10,911 in the previous year. The Group runs a yearly employee survey across the Group to keep a pulse on employee satisfaction and engagement rates, which remain high. The Group also invested significantly in its global team, ensuring responsible recruitment and offering fair wages and benefits, performance reviews, professional development programmes and employee well-being initiatives.

Market performance

The Group operates in 9 different countries, each contributing to the overall revenue. During 2024 and 2023, the individual market contribution to sales was split as follows:

Country	2024	2023
Romania	38%	36%
Poland	28%	28%
Baltics	15%	16%
Greece	10%	10%
Malta	7%	7%
Other	2%	3%

Non-Financial Reporting – Environment, Social and Governance

In line with the Directive 2014/95/EU and pursuant to Article 177 of the Companies Act (Cap. 386) and in terms of the Sixth Schedule to the Act, the Directors hereby report the impact of the Group's activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. The Group is also monitoring developments at an EU level that could impact the Non-Financial Reporting Directive, the EU Taxonomy regulations and the Corporate Sustainability Reporting Directive, which is still to be transposed in Malta.

ESG Policies, Governance and Due Diligence

Sustainable Success is the Group's proactive approach to Environmental, Social and Governance (ESG) matters. Alongside the Group's vision and values and its employer brand 'You Belong Here', Sustainable Success sits at the heart of the Group's mission. By acting with integrity and care with every decision and every action it takes, the Group seeks to be a forward-thinking agent for positive change and to cause impact for good at every opportunity and with every interaction.

Hili Ventures Limited
Directors' report (continued)
Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

ESG Policies, Governance and Due Diligence (continued)

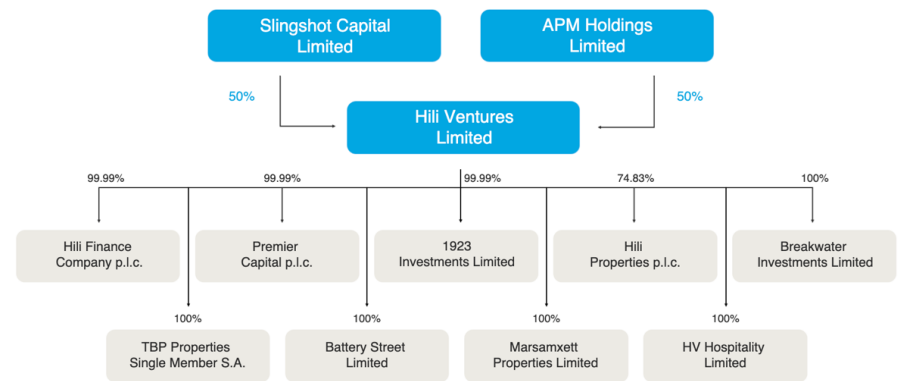
In its operations, the Group provides products and services responsibly, sharing value, employment knowledge and economic benefits. It safeguards the environment along with its value chain, keeps people safe, granting seamless access to development and promotion, upholding standards, and fostering diversity. Investment in training and development continues to be a cornerstone of the Group’s people strategy.

At the Group, we recognise the importance of environmental sustainability and the impact our operations can have on the environment. We continue to actively work on developing our policy framework that will guide our operations towards more sustainable practices. We believe that taking a proactive approach to environmental sustainability is crucial for the long-term success of our business, and for the health of the planet. Our strategy in the coming years aims to focus on establishing transition plans which will involve a phasing in approach to shift our business model, operations, and asset base towards increased sustainability.

Good Governance

The Group is a diversified, privately owned group, incorporated in Malta.

Fig 1: Represents how the Group is structured.



The Group partners with global players including McDonald’s, Apple, Konecranes and Six Senses, among others. The business and the team are guided by five core values: Integrity, Care, Ambition, Innovation and Impact for Good.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Good governance (continued)

Balancing the interests of operators, suppliers, employees and communities is essential to the Group's success. Upholding standards, safeguarding the environment along the value chain, keeping people safe, and ensuring indiscriminate access to development and promotion are considered key priorities of the Group's people strategy.

These aspects enable the Group to consistently deliver relevant and positive experiences to customers and be an integral part of the communities it serves.

The Board of Directors consists of four members, of which three are male and one is female, with one independent director.

Archie Bethel CBE, Chairman

Archie Bethel CBE is an experienced business leader and board director with a successful track record of transforming and growing businesses in various industry sectors for over four decades. In 2021, after almost 20 years with Babcock International Group plc, a London-based FTSE-listed public company, he retired from his role as Chief Executive Officer. Archie continues to hold non-executive and independent director roles in both the private and public sectors. He is a chartered engineer and holds an MBA from the University of Strathclyde, Glasgow. He was awarded an OBE in 1996 and a CBE in 2008 for services to business and enterprise in the United Kingdom.

Annabel Hili, Director

Annabel Hili occupies the role of Chief Operating Officer at the Company and is involved in strategic business transformation designed to engage the Group's people and create momentum, to impact portfolio and performance. She oversees the Group's Human Resources, Information Technology, Communications and Data Protection functions. A lawyer by profession, Annabel spent the first five years of her career at a leading law firm in Malta. She holds an LLM in the Law of Internet Technology from Bocconi University in Milan.

Carmelo Hili, Director

Carmelo Hili has led the Company since its inception in 2013, having joined the family business in 1988. He started out at Motherwell Bridge, then a joint venture with Motherwell Bridge Group of Scotland, where he served as managing director for twenty years. Carmelo was named Developmental Licencee for McDonald's in Malta in 2005 and went on to expand the business across Europe, obtaining licenses for Estonia, Latvia and Lithuania in 2007, Greece in 2011 and Romania in 2016. Under his stewardship, the Group has diversified into new sectors including real estate, oil and gas, and hospitality.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Good governance (continued)

Jesmond Mizzi, Director

Jesmond Mizzi is the Managing Director of Jesmond Mizzi Financial Advisors, which he co-founded in 2002. His career in financial services spans twenty years, having previously earned auditing experience at PricewaterhouseCoopers. Having held senior roles with a listed company in Malta and through his exposure to capital markets, Jesmond brings valuable business acumen to the board of the Company. He is also a qualified and affiliate member of the Association of Chartered Certified Accountants (ACCA).

Adrian Mercieca, Company Secretary

Adrian Mercieca joined the Company as Company Secretary and holds this position for most of its direct subsidiaries. He previously served as Director and Head of the Company Administration Department at a leading corporate services provider, where he was responsible for corporate, compliance, and banking matters for international clients, while also acting as director and company secretary for several Maltese-registered companies. He holds an MBA from the University of Derby and an Advanced Diploma in Strategic Management & Leadership from Pearson and is also a member of the Institute of Financial Services Practitioners (IFSP).

Principal risks and uncertainties

The successful management of risk is essential to enable the Group to achieve its objectives. The Company regularly updates its group-wide Enterprise Risk Management assessment in order to align its risk mitigation measures to the ever-changing environment which it continues to monitor and update. In fact, all divisions and subsidiaries maintain risk registers which are reviewed and updated on a periodic basis by the respective boards. The ultimate responsibility for risk management rests with the directors of the various boards, who evaluate each subsidiary's risks and formulate policies for identifying and managing such risks. The principal risks and uncertainties, which are likely to cause adverse impacts on the business are listed below:

a) Operational risk

The Group operates in a highly competitive environment and faces competition from various other entities. Technological developments create new forms of quickly evolving competition. An effective, coherent and consistent strategy to respond to competitors and changing markets enables the Group to sustain its market share and its profitability. The Group continues to focus on service quality and performance in managing this risk. As with any company, the Group's revenues would be at risk without maintaining the level of service expected by its customers. The Group's commitment to customers is embedded in its values. The relevant employees undertake intensive training programmes to ensure that they are aware of, and abide by, the levels of service that are required by the Group's customers.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Principal risks and uncertainties (continued)

a) Operational risk (continued)

The Group aims to continue growing organically, as well as through acquisitions. Acquisitions into existing lines of business or investment in new ventures might pose the risk of objectives and returns not being achieved because of a number of underlying risks. The Group mitigates this risk by investing heavily in both the pre-investment period by undertaking a spectrum of due diligence exercises, as well as post implementation by having a laid-out plan for the initial phases of the taken-over or incepted business.

b) Legislative risks

The Group is subject to numerous laws and regulations covering a wide range of matters. Failure to comply could have financial or reputational implications and could materially affect the Group's ability to operate. The Group has embedded operating policies and procedures to ensure compliance with existing legislation.

c) Resources and skills

Failure to engage and develop the Group's existing employees or to attract and retain talented employees could hamper our ability to deliver in the future. The Group invests continuously in training its employees and undertakes regular reviews of our resource requirements, current and future.

d) Economic and market environment

Demand for our products and services can be adversely affected by weakness in the wider economy which are beyond the Group's control. This risk is evaluated as part of our annual strategy process covering the key areas of investment and development and updated regularly throughout the year. The Group continues to make significant investment in innovation. The Group regularly reviews its pricing structures to ensure that its products are appropriately and competitively placed within the markets in which it operates.

e) Brand and reputational risk

Damage to the Group's reputation could ultimately impede the Group's ability to execute its corporate strategy. This can occur both from the actions of the Group itself as well as from the actions of the brands that the Group represents. To mitigate this risk, the Group strives to build its reputation through a commitment to sustainability, transparency, effective communication and governance. The Group continuously works to develop and maintain its brand equity value.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Principal risks and uncertainties (continued)

f) Technology, cyber risk and business interruption

The Group relies on information technology in all aspects of its business. In addition, the services that the Group offers to its customers are reliant on complex technical infrastructure. A failure in the operation of the Group's key systems or infrastructure could cause a failure of service to its customers, negatively impacting the brand and increasing its costs. The Group makes significant investment in technology infrastructure to enable it to continue to support the growth of its business and it has a robust selection and monitoring process for third-party providers. The Group also invests highly in information security technical safeguards and trains its people on an ongoing manner on how to handle information security threats and breaches.

g) Supply chain

A significant failure within the supply chain could adversely affect the Group's ability to deliver products and services to its customers. For this reason, the Group has proper crisis management plans in place to mitigate such risk.

h) Political risk

The Group operates in many countries with differing economic, social and political conditions, which could include conflict, political unrest, strikes and other forms of instability. Changes in these conditions may adversely affect the Group's business, results of operations, financial conditions or prospects. The Group adapts to such risks by incorporating this risk into its business strategy.

i) Fluctuations in property values

Property values are affected by and may fluctuate as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The Group has mitigated this risk by investing in a diversified selection of prime locations and has secured long term arrangements with established tenants.

j) Significant judgements and estimates

Note 3 to the financial statements provides details in connection with the inherent uncertainties that surround the preparation of the financial statements, and which require significant estimates and judgements.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Principal risks and uncertainties (continued)

k) Strategic relationships

The Group has established strategic relationships with key business partners. There is no guarantee that the Group will be able to maintain these alliances or enter into further alliances. The loss of significant relationships could have a material adverse effect on the Group's business, results of operations and financial condition. The Group has developed a culture of performing to the highest standards set by the agreements under which it operates in strategic partnerships. By doing so the Group mitigates risks of operational shortcomings that would lead to breaching such agreements.

l) ESG risk

Across its diverse portfolio, Hili Ventures recognises that the transition to a more sustainable operation, including lowering carbon emissions, is crucial to its long-term success. The risks posed by climate change, material scarcity, and environmental degradation are particularly relevant in resource-intensive sectors such as food service, retail and logistics. The Group's commitment to sustainability is integral to its business strategy as it strives to uphold the highest standards of corporate governance and social responsibility, while managing its environmental impact to every extent possible.

m) Cybersecurity risk

Failures or breaches of the electronic systems of the Company, its advisers and other service providers could cause disruptions, negatively impact the Company's business operations and/or potentially result in financial losses to the Company. Irrespective of the business continuity plans and risk management systems in place that address system breaches or failures, there are inherent limitations in such plans and systems. Furthermore, the Company cannot control the cybersecurity plans and systems of any of the Company's advisers and other service providers.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Environmental Matters

The Group is committed to achieving a number of sustainability objectives, and all subsidiaries within the Group have a role to play in minimizing the impact that their operations have on the environment. All companies are committed to ensuring they exert the necessary influence so that the natural environment is protected along the entire value chain. Management teams use their knowledge and skills to contribute to a consistent rise in eco-efficiency in a bid to help combat climate change, promote natural resource conservation and play their part in efficient waste management.

As part of this commitment, the Group invests in innovative technologies and equipment and training, reviews processes and procedures, collaborates with other organisations to raise awareness, and works with key suppliers to promote sustainable practices in their operations. Other initiatives include electrification of fleet. At all times, the Group ensures management teams within subsidiaries understand their responsibility and accountability so that they are good neighbours within the communities in which they operate.

Climate change

In 2024, Premier Capital invested in a tailored solution to accurately present its carbon emissions and gain a deeper understanding of its carbon footprint, with the aim of developing a comprehensive climate action strategy.

This project marks a key milestone in Premier Capital's sustainability journey, laying the foundations for the development of a net-zero strategy which is aligned with McDonald's Science Based Targets initiative (SBTi).

McDonald's has submitted science-based targets for validation under the SBTi, in line with the 1.5°C target and the FLAG framework introduced in 2022. Additionally, in 2023, McDonald's adjusted its 2030 targets (from a 2018 baseline) to reflect the latest SBTi guidance. The contribution to the overall carbon emissions of McDonald's globally is taken in consideration and accounted for target purposes. Premier Capital collaborates with the brand's dedicated team to deploy its own decarbonization strategy to enable it to achieve its intended goals.

Through the new platform, the KPIs will be monitored, enabling better informed decision-making with real-time, illustrated, and technical data on the Group's carbon emissions, including:

- Emissions per customer visiting a McDonald's restaurant across the Group's markets; and
- Emissions per product sold.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Environmental Matters (continued)

Climate change (continued)

iSpot, the largest subsidiary in the 1923 Investments portfolio, follows Apple standards in all its outlets by using energy efficient lighting, controlled heating and cooling systems as well as recycled packaging to reduce their environmental impact.

iSpot also continued to source, where possible, its energy requirements from utility companies which generate electricity from renewable energy (not fossil fuel). In fact, in Wrocław, iSpot obtained the prestigious Energy Origin Guarantee Certificate, which provides unequivocal confirmation that the entire electricity demand in this location is 100% generated by renewable energy sources. This achievement perfectly aligns with the brand's sustainable development strategy, highlighting its genuine commitment to environmental protection and active promotion of ecological energy solutions.

Additionally, iSpot still offers its employees a cycle-to-work benefit (introduced in 2022), incentivizing employees to use bikes over cars on their daily commute to work.

At Breakwater Investments, a Corporate and Social Responsibility Policy enforces its commitment to protect the environment. STS Marine Solutions (UK) Limited ("STS Marine Solutions") maintains an Environmental Aspect and Impact Register through which environmental data is measured and analysed for objectives and targets to be set in the following areas: surface water, ground water, soil, air, natural resources, waste, legal and other requirements, public/customer relations and accidental release of product spills. Operational, terminal and office activities were assessed and the areas impacted were: air, natural resources, waste and accidental release. The Register assessed these aspects and implemented controls to reduce the scores accordingly. All data is recorded on the HSE Document SharePoint with trends and information communicated across the company to drive awareness and a green-conscious culture. Furthermore, Motherwell Bridge Industries Limited ("Motherwell Bridge Industries") and Carmelo Caruana Company Limited ("Carmelo Caruana Company") have started to replace company vehicles with cleaner ones.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Environmental Matters (continued)

Water, Energy and Fuel Consumption

Premier Capital follows McDonald's guidelines on energy conservation, renewable energy use and water conservation. These initiatives include, but are not limited to:

- Installing energy-efficient equipment which specify energy efficiency and environmental performance standards;
- Allocating annual budgets for refurbishing old restaurants to enhance operations, energy efficiency, and environmental performance of built systems and equipment;
- Conducting preventative and corrective maintenance on all equipment;
- Installing photovoltaic panels on the roofs of McDonald's drive-through restaurants;
- Installing low-flow water devices;
- Harvesting rainwater; and
- Using greywater in toilet facilities.

In 2024, Premier Restaurants Hellas S.A., Premier Capital's subsidiary in Greece, obtained ISO 50001:2018 certification, joining the subsidiaries in the Baltics and marking the fourth market to achieve this accreditation. ISO 50001:2018 is an international standard for energy management systems, designed to enhance performance and efficiency through a structured approach to monitoring and reducing energy and water consumption. One of the Group's targets includes the achievement of this standard across all its markets.

Meanwhile, subsidiaries in Romania and Malta continue to comply with legal requirements and conduct energy and water audits to identify opportunities for improving resource consumption.

With respect to 1923 Investments and Breakwater Investments, the companies implement modern technology, with the installation of energy management systems, automatic light switches and movement detectors together with the use of energy efficient equipment and LED lighting in their buildings. Harvest Technology are reporting consumption of energy usage with a commitment to improve this metric going forward.

Waste Management

Premier Capital remains committed to adopting solutions that reduce waste while transitioning to more sustainable packaging and toy materials. This supports its mission to keep communities clean and protect the planet for future generations.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Environmental Matters (continued)

Waste Management (continued)

The top priority in this area is packaging and packaging waste transformation, a journey the company has been on since 2019. The primary guest packaging target is to use 100% recycled, renewable, and/or reusable materials by the end of 2025. In collaboration with McDonald's Corporation and its approved suppliers, this goal is close to being realised through the use of fibre-based packaging materials specifically designed for its products.

Effectively managing customer waste remains one of the largest challenges in the food industry, as it requires active customer participation in waste management and separation. Recognising this, Premier Capital proactively seeks to implement innovative solutions to aide its customers in appropriately disposing of their waste. Some of the initiatives include providing clearly labelled waste separation bins, offering illustrative guides, manning restaurant bins at peak times to ensure proper separation and delivering comprehensive training to employees. Local teams also participate in regular clean-ups of restaurant surrounding areas to reduce littering and contribute to neighbourhood cleanliness.

Within Breakwater Investments, Carmelo Caruana Company informs all clients before any of their vessels call Malta to help improve water ballast practices and deployment of oil booms while encouraging clients to dispose segregated waste to authorized waste companies.

In line with the STS Marine Solutions ISO14001 certification, the Environmental Management Plan details the aspects and impacts, commitment to legislation, auditing and recording and evaluating of environmental performance. This is audited on a yearly basis and is awarded for the recognition that the Companies Environmental Management section of its Integrated Management System conforms with the Standard by identifying, managing, monitoring and controlling environmental processes.

ALLcom Sp. z o.o. (Allcom), which has implemented a full waste segregation at their offices, are registered in the database for products, packages and waste management (BDO), and have an agreement with third-party organizations for utilization of paper and plastic foil.

Resource use and circular economy

McDonald's utilises its scale and influence to help positively impact the environment, animal welfare and the people in its supply chain, prioritizing ingredients which have the greatest impact: beef, soy for chicken feed, fiber, palm oil, fish and coffee.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Environmental Matters (continued)

Resource use and circular economy (continued)

Together with McDonald's, Premier Capital has measured its Scope 3 emissions, considering the impact of its entire value chain. In alignment with the Brand's collective efforts, it is developing a responsible sourcing strategy to minimise the value chain's environmental footprint.

iSpot has embarked on an exercise to redesign the packaging of its B-brand to eliminate foil and reduce plastic. It has also continued with its totally paper-free Leasing Process (with no paper documentation as well as an agreement with supplier to plant 1m² of forest for each agreement signed by the customer), which was initiated in 2021. In 2024, 1,800m² of forest was planted as a result of this initiative.

In order to reduce packaging waste, iSpot continued to use one bulk package rather than multiple packages when shipping its products to one location and introduced reusable cartons for their online store, enabling customers to return their goods (if and when necessary) in the same packaging as that acquired.

Most of the STS Marine Solutions equipment such as rubber hoses and fenders have a shelf life recommended by the manufacturers. Over the last couple of years, STS Marine Solutions and Carmelo Caruana Company have embarked on surveying exercises to extend the life of the assets whenever possible rather than going for immediate disposal. When the life of such assets could not be extended, the company has sold at reduced costs or donated such equipment to entities which can make use of such equipment without jeopardising the environment.

Further information regarding environmental matters can be found in the Director's report to the financial statements for Premier Capital and Hili Properties.

Employee Matters

Thanks to the diversity of its business activities, the Group is in a unique position to provide its people with valuable professional experience and meaningful work culture experiences. By promoting career progression and job mobility across divisions and markets, the Group provides opportunity, nurtures talent, develops leaders and rewards achievement. The Group believes that a team of people with diverse backgrounds and experiences, working together in an environment that fosters respect and drives high levels of engagement, is essential to our continuing business success and its positioning in the job markets where it operates.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Employee Matters (continued)

Performance evaluation systems are in place across the Group and multi-stage training systems regularly monitor people's development and set training requirements.

Employees are treated with fairness, respect and dignity at a workplace that provides equal opportunity for employees and applicants. All the members of staff have the right to work in an environment that is free from harassment, intimidation or abuse, sexual or otherwise, or acts or threats of physical violence. The Group is committed to diversity and equal opportunities for everyone, respecting the unique attributes and perspectives of every employee, and relying on these diverse perspectives to help the Group build and improve the relationships with customers and business partners. The Group embraces the diversity of its employees, customers and business partners, and works hard to make sure everyone within the Group feels welcome.

The Group provides equal treatment and equal employment opportunity without regard to race, colour, religion, gender, age, national origin, disability, sexual orientation, gender identity or any other basis protected by law. Committed to providing a safe and healthy work environment for its employees, it requires them to abide by safety rules and practices and promotes the necessary precautions to protect themselves and their colleagues. For everyone's safety, employees must immediately report accidents and unsafe practices or conditions to their immediate supervisors.

Employee wellbeing

Staff wellbeing is safeguarded through a collection of initiatives, including flexible and hybrid working arrangements, extra time off to carry out voluntary work in the community, access to support programmes to promote self-care and raise awareness of mental health issues, and regular team-building days.

Premier Capital creates a safe working environment for all restaurant and office employees and ensures safe and enjoyable experiences for its valued guests across its six markets. At 1923 Investments and Breakwater Investments and its subsidiaries, employees make use of recreational areas within office buildings, including gym facilities in some offices and can benefit from working on a hybrid basis (working from office versus working from home).

iSpot continues to offer psychological emergency support (regardless of cause) and allocates funds for social or medical emergencies. During 2024, iSpot expanded its cooperation with its medical services partner to include psychological, psychotherapy and psychiatric support. Any employee with a given medical assistance package can take advantage of the psychological assistance offered.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Employee Matters (continued)

Employee wellbeing (continued)

STS Marine Solutions' Equality Policies ensure that all employees are entitled to work in a violence- and harassment-free environment. This is subsequently supported by the Company's "Bullying and Harassment Policy". STS Marine Solutions "Corporate and Social Responsibility Policy" covers the commitment to look after employees and their human rights. Mental health wellbeing has been a focal point for the team post COVID, promoting knowledge sharing during safety meetings and sharing bulletins highlighting the free support services and the business' Support Mental Health Program.

Health and Safety of Employees

The Group remains committed to providing a safe and healthy working environment for its employees, requiring them to abide by safety rules and practices and to take the necessary precautions to protect themselves and their fellow employees. It continues to integrate Health and Safety in its policies and premises, ensuring that employees and clients' health is safeguarded, above all else. Moreover, employees must immediately report accidents and unsafe practices or conditions to their immediate supervisors.

Premier Capital has implemented restaurant-level health and safety standards, including a market-level safety assessment process to evaluate these standards. Annual health and safety assessments are conducted across all McDonald's restaurants to reinforce a culture of safety.

These standards align with industry expectations and have been paired with processes to ensure compliance with European and local legislation in each of our markets. All our restaurants are overseen by trained consultants who regularly revise and update risk assessments, integrating local legislation, McDonald's Global standards and best practices to continually improve the safety of our customers and employees.

Premier Capital's alignment with the McDonald's brand ensures that all employees are covered by a health and safety management system and receive training on relevant operating procedures, with a strong focus on safety requirements.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Employee Matters (continued)

Health and Safety of Employees (continued)

In 2024, Premier Capital managed to fully transition to a centralised HR management system for all its employees for enhanced data management, ensuring appropriate reporting, compliance, and communication. Looking ahead, the Group is keen to continue improving its Health & Safety Management framework and is now in the process of evaluating the adoption of a specialised software for incident management and logging.

A safe environment, free of workplace hazards, violence, threats of violence, intimidation and inebriation is prioritised. Any verbal abuse, threatening behaviour, or conduct that may endanger persons or property, including possession of any unauthorised firearm or other weapon, is prohibited. Policies on Health and Safety and Alcohol and Drug Abuse are also in place.

At iSpot, Health and Safety audits are undertaken for its stores, warehouses, service centre and head office throughout the year to ensure 100% compliance with government regulations. Employees are also provided with regular courses on first aid in life-threatening emergencies. An ergonomics audit was once again conducted in 2024, the findings of which guided the provision of adjustable desks for employees.

STS Marine Solutions has a digital reporting platform for audit, accident, and best practice information. This is accessible to partners and contractors to ensure all inputs to the overall company success are operating as one. It operates a stringent investigation procedure, with a database of qualified investigators noted to carry out investigations. The results of all health and safety investigations are discussed during monthly safety meetings. KPIs and targets are set by the Senior Management Team for proactive safety reporting to ensure that the statistical data can be analysed, and measures can be put in place to protect the employees. Health and Safety Audits are carried out annually on procedures and in each remote location to assess compliance with STS Marine Solutions' safety standards and appropriate health and safety legislation.

Social Matters

The Group is proud of its long-standing commitment to philanthropy.

Premier Capital fully embraces the brand's focus on community and supports Ronald McDonald House Charities ("RMHC") and other organisations that positively impact local communities.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Social Matters (continued)

In Latvia, Malta, Greece and Romania, the Group is a key supporter of local RMHC Chapters, contributing to global programmes that aid millions of children and families.

In 2024 numerous activities were carried out by each Chapter, with some examples are listed below. Further information can be found on the official RMHC Latvia/Malta/Romania/Greece Newsletter 2024:

- In Romania, in the three RMHC houses 745 families were hosted, keeping them close to their hospitalised children, resulting in thousands of accommodation nights offered;
- In Latvia, the RMHC Care Mobile programme was extended to Ukraine aiding over 6,500 people;
- In Malta, the Learning Centre continued its work with local NGOs hosting several activities throughout the year, e.g. zero waste workshops and mental health awareness sessions; and
- In Greece, the RMHC successfully launched a Family Room programme on the premises of Agia Sofia Hospital in Athens.

Premier Capital has dedicated resources and allocated funds to support these communities for over a decade. The following describes the number of families assisted in Ronald McDonald Houses for each market in 2024:

- Romania: 15,718 number of accommodation nights for 745 families
- Latvia: 5,198 medical consultations for 4,201 children
- Malta: 1,771 children and young people served, 1,083 families served, 19 NGOs supported, 564 sessions held and 3,154 professionals and volunteers supported
- Greece: The family room started welcoming guests on November 28, 2024 and 11 families whose children were hospitalised stayed in their overnight suites.

In 2024 iSpot supported the “Santa Claus for Seniors” campaign. As part of the campaign, employees organised a collection and then prepared gifts for seniors. The company also took part in the “Wielka Orkiestra Świątecznej Pomocy” (“WOŚP”) charity. The campaign began in 2024 and had its finale in January 2025. The company also put several products up for charity auction.

In 2024, several Malta-based entities participated in a Comino clean-up event organised by the Company during which the teams collected a significant amount of waste.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Non-Financial Reporting – Environment, Social and Governance (continued)

Respect for human rights

The Group conducts its activities in a manner that respects human rights, shouldering its responsibility to act with due diligence to avoid infringing on the human rights of others and addressing any impact on human rights if they occur. The Group's commitment to respect human rights is defined in the code of business conduct, which applies to all employees.

The Group is committed to provide a safe work environment that fosters respect, fairness and dignity. Group employees are trained annually on the standard of business conduct.

Anti-corruption and bribery matters

The Group's employees must comply with its Code of Conduct and Whistleblower Policy to ensure that all employees are discouraged from any corrupt practices or bribery as well as being incentivised to report any such activities in a direct line with the responsible supervisor, without fearing reprisals. Upon employment, every employee is introduced to these policies, to which adherence is mandatory.

The Group prohibits all forms of bribery or kickbacks as detailed in the Code of Conduct. All employees, representatives and business partners must fully comply with anti-bribery legislation. To comply with Group policy and anti-bribery laws, no employee should ever offer, directly or indirectly, any form of gift, entertainment or anything of value to any government officials or their representatives.

The Group complies with the applicable laws in all countries where it does business. It adopts a Global Anti-Corruption Policy which sets forth its commitment to ensure that it carries out business in an ethical manner and abides by all applicable anti-bribery and anti-corruption laws in the countries in which it operates by, among other things, prohibiting the giving or receiving of improper payments in the conduct of business, and by discouraging such behaviour by its business partners.

EU Taxonomy disclosures

The EU Taxonomy establishes an EU classification system for ecologically sustainable economic activities (EU Taxonomy). It is the European Union's core tool to channel capital flows towards sustainable investments and to create market transparency. It encourages an increased flow of investments to where they are most needed for sustainable development.

In accordance with Article 8 of the European Regulation 2020/852 (EU Taxonomy Regulation) and Article 10(2) of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178), 1923 Investments and Premier Capital are obligated to disclose the portion of their 2024 revenue, capital expenditure, and operating expenses which are considered "eligible" as well as "aligned" under the EU Taxonomy of sustainable activities. Furthermore, the subsidiaries have disclosed qualitative information in accordance with Section 1.2 of Annex I of the Disclosures Delegated Act as of January 2022.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

An EU Taxonomy-eligible economic activity is an economic activity which is included in the delegated acts supplementing the EU Taxonomy Regulation. EU Taxonomy-aligned activities are eligible activities which meet the Technical Screening Criteria (TSC) (significant contribution), Do-no-substantial-harm criteria (DNSH) as well as the Minimum Social Safeguards (MSS) as defined in the EU Taxonomy. Currently, the EU regulation is in force for all the six environmental objectives, which are *climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems*.

In February 2025, the EU Commission published the Omnibus simplification package. This package is designed to streamline processes and reduce costs for businesses by introducing more flexible requirements and minimising the data that needs to be submitted. This initiative seeks to align the EU's environmental objectives with the competitiveness of businesses. It includes revisions to the following delegated acts:

- EU Taxonomy Disclosures Delegated Act;
- EU Taxonomy Climate Delegated Act; and
- EU Taxonomy Environmental Delegated Act.

The changes to the delegated acts are anticipated to take effect in the second quarter of 2025. The Group will remain on the look-out for any updates which could impact it.

Identifying eligible activities

In order to identify business activities that may be in scope of the EU Taxonomy Regulation, the Group relied on the EU Taxonomy sources, including the:

- Disclosures Delegated Act (Commission Delegated Regulation (EU)2021/2178);
- Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139);
- Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214);
- Amended Climate Delegated Act (Commission Delegated Regulation 2023/2485);
- Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486); and
- EU Taxonomy Compass.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Identifying eligible activities (continued)

As a first step, the eligible and non-eligible activities were identified based on the officially assigned NACE codes of the Company's subsidiaries using a top-down approach. In cases where the NACE code was reflected in the EU Taxonomy Regulation, the activity descriptions were assessed against the actual activities carried out by the subsidiaries to further verify and confirm eligibility. EU Taxonomy activities that have not been assigned a NACE code in the EU Taxonomy Compass or the delegated acts (e.g., storage of hydrogen or restoration of wetlands) were assessed based on the activity description only. The relevant identified activities (NACE codes) for the Company's subsidiaries are set out on the following page.

NACE Code	Activity Description	Subsidiary
41.1	7.1 Construction of new buildings (climate mitigation, and adaptation) 3.1 Construction of new buildings (circular economy)	Hili Properties (and subsidiaries)
68	7.7 Acquisition and ownership of buildings (climate mitigation and adaptation)	Hili Properties (and subsidiaries)
56.10	7.1 Construction of new buildings (climate mitigation, adaptation and circular economy)	Premier Capital (and subsidiaries)
56.10	7.2 Renovation of existing buildings	Premier Capital (and subsidiaries)
56.10	7.3 Installation, maintenance and repairs of energy efficiency equipment	Premier Capital (and subsidiaries)
56.10	7.6 Installation, maintenance and repair of renewable energy technologies	Premier Capital (and subsidiaries)
56.10	8.2 Computer programming, consultancy and related activities	Premier Capital (and subsidiaries)
52.2.2	6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities (climate change mitigation and adaptation)	Breakwater Investments (and subsidiaries)
46	5.5 Product as-a-service and other circular use- and result-oriented service models (circular economy)	Breakwater Investments (and subsidiaries)

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Identifying eligible activities (continued)

During 2024, Hili Logistics Limited ("Hili Logistics") merged with Breakwater Investments, as a result of which, Breakwater Investments underwent a change in its NACE classification to 64.20. During 2024, Professional Courier Services Limited merged with Carmelo Caruana Company. It is noteworthy that Professional Courier Services Limited was previously deemed eligible under the EU Taxonomy, however, this eligibility was revoked in 2024 as a result of the merger, thereby affecting the calculations related to the EU Taxonomy.

The sale and subsequent deconsolidation of E-lifecycle in January 2024 affected the EU Taxonomy reporting. In accordance with the FAQ (Commission Notice C/2023/305) published in the Official Journal of the European Union in October 2023, the revenue generated by E-lifecycle prior to its sale was excluded from the revenue KPIs given that in financial statements revenue from discontinued operations must be reported separately to revenue from continuing operations (IFRS 5.33). The FAQ and its reference to IFRS 5.33 suggest that OpEx incurred by E-lifecycle also in 2024 should also be excluded from the OpEx KPIs, as OpEx from discontinued operations must similarly be reported separately. The assessment of CapEx indicated that E-lifecycle did not incur any CapEx in 2024.

Furthermore, a retail complex in Dzelzavas Street, Riga, Latvia, which was classified as held for sale in 2023 was disposed of by Hili Properties in 2024, through the disposal of Hili Properties' shares of investment in Dz78, however, this did not impact the EU Taxonomy calculations.

Tigné Mall was classified as an associate until 21 October 2024. Prior to this date, Marsamxett Properties engaged in a gradual acquisition of shares in Tigné Mall. On 13 September 2024, at which date Marsamxett Properties held just over 49.68% of Tigné Mall's issued share capital, Marsamxett Properties initiated a voluntary takeover bid to acquire the remaining shares of Tigné Mall.

Following the close of the voluntary takeover bid, Marsamxett Properties successfully acquired a further 45.2% of Tigné Mall's issued share capital, raising Marsamxett's total shareholding to just under 94.87% of the issued share capital of Tigné Mall, thereby attaining control of Tigné Mall. As Marsamxett Properties's total shareholding exceeded 90% of the issued share capital of Tigné Mall, Marsamxett Properties then exercised its squeeze-out right, successfully acquiring the remaining 5.1% of Tigné Mall's shares on 12 December 2024.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Identifying eligible activities (continued)

In terms of compliance with the EU Taxonomy, Tigné Mall falls under NACE L68.2 and qualifies as EU Taxonomy-eligible under NACE Level L68 and aligns with the activity description 7.7 “Acquisition and ownership of buildings”. Tigné Mall reported revenue of *Eur*8,595,584 for the full year of 2024, with Marsamxett Properties gaining operational control of Tigné Mall in October 2024. The revenue reported by Tigné Mall for the full year of 2024 represents 0.79% of the consolidated Group revenue for the same year, which is below the 5% threshold and is therefore deemed to be immaterial for 2024.

Consequently, Tigné Mall has been excluded from the EU Taxonomy calculations for 2024. However, it is important to note that from the next financial year onwards, Tigné Mall will be incorporated into the EU Taxonomy assessments.

In addition to the core activities, also certain OpEx and CapEx that is channelled into Taxonomy-eligible activities can be included in the calculations, as referenced in Annex I of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178). With regards to the above, those related for example to maintenance of HVAC systems, solar PV projects & maintenance, electric vehicle chargers and heat pumps amongst others.

Calculation of eligibility KPIs

In a second step, the three eligibility KPIs (Turnover, OpEx and CapEx) were calculated based on the EU Taxonomy Regulation and the Disclosures Delegated Act (Section 1.1 of Annex I – KPIs of non-financial undertakings), which refer to the definitions for the denominator and numerator of the required KPIs.

This step consisted of:

- a) Extracting the denominators for the 3 KPIs for the Group from the financial reporting system; and
- b) Calculating the numerators for all identified eligible sub-activities within the Group and its subsidiaries based on Turnover, CapEx and OpEx.

These non-financial statement disclosures are based on the same consolidation principles that have been applied in the Group's financial reporting under the applicable accounting principles to ensure comparability of these disclosures with the Group's financial information.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Calculation of eligibility KPIs (continued)

The following definitions were applied:

	Turnover	CapEx	OpEx
Numerator	Revenues derived from products and/or services associated with EU taxonomy eligible activities.	Capital expenditures that: <ul style="list-style-type: none"> relate to assets or processes associated with the EU taxonomy eligible activities; are part of a plan to expand taxonomy-eligible economic activities, or; that enable taxonomy-eligible activities to become taxonomy-aligned. 	Operating expenses that are related to assets or processes associated with the EU taxonomy-eligible activities.
Denominator	Total consolidated revenue accounted for in the Consolidated Income Statement under IFRS (included in Note 5 in the Financial Statements)	Total Capex consisting of additions to intangible and tangible assets accounted for in the Consolidated Financial Statements under IFRS during the financial year, considered before depreciation, amortisation and any re-measurements, excluding Goodwill (included in Notes 16 and 17 in the Financial Statements, Balance Sheet).	Direct non-capitalised costs recorded in the Consolidated Income Statement under IFRS that relate to research and development, building renovation measures, short-term leases, maintenance and repairs (excluding expenses reported as raw materials and consumables used), and any other direct expenditures relating to the day-to-day servicing of assets or Property, Plant, and Equipment (PPE). (included in Note 10 in the Financial Statements).

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Calculation of eligibility KPIs (continued)

Note: As mentioned above, additional CapEx and OpEx incurred in 2024 were identified, further to, those derived from core eligible economic activities. For some entities, all activities, and therefore all turnover, CapEx and OpEx were eligible, therefore, such eligible spend was not separately included in the table above so as to avoid double counting. In case of Premier Capital, the identified eligible spend was generally considered immaterial to the business of Premier Capital and not considered.

Based on the above criteria the following eligible KPIs were derived:

Table 1:

	Turnover	CapEx	OpEx
Nominator (Eur)	<i>Eur15,800,864</i> 2023: <i>Eur16,341,598</i>	<i>Eur27,927,480</i> 2023: <i>Eur9,893,199</i>	<i>Eur1,158,132</i> 2023: <i>Eur1,018,986</i>
Denominator (Eur)	<i>Eur1,094,013,453</i> 2023: <i>Eur982,031,906</i>	<i>Eur43,532,394</i> 2023: <i>Eur43,721,424</i>	<i>Eur587,842,484</i> 2023: <i>Eur553,165,707</i>
EU Taxonomy- Eligible Activities (%)	1.44% 2023: 1.66%	64.15% 2023: 22.63%	0.20% 2023: 0.18%

One must note that eligibility varied across the different subsidiaries of the Group. Whilst the real estate linked activities of Hili Properties were 100% eligible, other subsidiaries had very low eligibility due to the majority of their activities not being included in the EU Taxonomy.

Assessing alignment

In cases where NACE codes/activities of subsidiaries were considered eligible, the next step was to identify which activities were also EU Taxonomy-aligned, thus fulfilling the TSC, DNSH criteria as well as the MSSs as defined in the EU Taxonomy.

It was verified whether the eligible activities or eligible project spend met the TSC and if relevant DNSH criteria, which determine the conditions under which an economic activity qualifies as contributing to climate change mitigation and adaptation. This was performed by means of questionnaires to confirm whether the criteria set out in the regulations were met. This alignment assessment was concluded in the negative (not aligned) in all cases, as certain criteria were not met, mostly linked to the non-performance of a robust climate risk and vulnerability assessment.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Assessing alignment (continued)

Based on the above criteria the following alignment KPIs were derived:

	Turnover	CapEx	OpEx
Nominator (Eur)	0	0	0
Denominator (Eur)	<i>Eur1,094,013,453</i> 2023: <i>Eur982,031,906</i>	<i>Eur43,532,394</i> 2023: <i>Eur43,721,424</i>	<i>Eur587,842,484</i> 2023: <i>Eur553,165,707</i>
EU-Taxonomy-Aligned Activities (%)	0	0	0

Additional Qualitative Disclosures

According to Article 10.2 of EU 2021/2178, companies shall disclose the qualitative information referred to in Section 1.2 of Annex I, in addition to the quantitative information above (KPIs of non-financial undertakings). No changes were made to the Group's/ subsidiaries' accounting policies which would impact the derivation of the relevant KPIs. With respect to the required contextual information (1.2.3), as previously mentioned, there were Group structuring changes due to the sale and subsequent deconsolidation of E-lifecycle, the merger between Hili Logistics and Breakwater Investments, and the merger between Professional Courier Services Limited and Carmelo Caruana Company.

Double counting has been avoided, with eligible spend, for example, only being counted towards one environmental dimension even where several environmental dimensions were applicable.

Outlook

For the 2024 reporting year, full compliance with the EU Taxonomy was necessary for climate change mitigation and adaptation, while for the other environmental objectives, namely sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems, only eligibility was required. In 2024, whilst, due to the nature of the economic activities, 1.44%, 64.15%, and 0.20% were considered eligible on a turnover, CapEx and OpEx basis, respectively, EU Taxonomy alignment stood at 0% due to certain TSC and DNSH criteria not being met. In addition to the aforementioned EU Taxonomy disclosures concerning the Group's direct economic activities, the Group remains deeply committed to its material ESG matters.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Annex – Taxonomy reporting templates

Proportion of turnover from products or services associated with EU Taxonomy-aligned economic activities - disclosure covering year 2024.

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (*)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)			
Text		Currency / €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	€	-	0%	0%	0%	0%	0%	0%	0%							0%			
Of which enabling	€	-	0%	0%	0%	0%	0%	0%	0%							0%			
Of which transitional	€	-	0%	0%												0%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	€ 11,494,117	1.05%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.17%		
Construction of new buildings	CCM 7.1 / CCA 7.1	€ 4,306,747	0.39%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.43%		
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 15,800,864	1.44%	1.44%	0%	0%	0%	0%	0%								1.66%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)	€	15,800,864	1.44%	1.44%	0%	0%	0.00%	0%	0%								1.66%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities	€	1,078,212,589	98.56%																
Total (A+B)	€	1,094,013,453	100.00%																

	Proportion of turnover/ Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	1.44%
CCA	0%	1.44%
WTR		
CE		
PPC		
BIO		

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Annex – Taxonomy reporting templates (continued)

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024.

Financial year 2024		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (*)						Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)	
Economic Activities (1)	Code (*) (2)	OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				Minimum safeguards (17)
Text		Currency / €	%	Y; N; N/EL (*)	Y; N; N/EL (*)	Y; N; N/EL (*)	Y; N; N/EL (*)	Y; N; N/EL (*)	Y; N; N/EL (*)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€	-	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		€	-	0%	0%	0%	0%	0%	0%								0%		
Of which transitional		€	-	0%	0%												0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (*)																			
				EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)										
Acquisition and ownership of buildings		CCM 7.7 / CCA 7.7	€ 116,888	0.02%	N/EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Construction of new buildings		CCM 7.1 / CCA 7.1	€ 1,041,244	0.18%	N/EL	N/EL	N/EL	N/EL	N/EL								0.15%		
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€	1,158,132	0.20%	0%	0%	0%	0%	0%								0.18%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		€	1,158,132	0.20%	0.20%	0%	0%	0%	0%								0.18%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		€	586,684,352	99.80%															
Total (A+B)		€	587,842,484	100.00%															

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.20%
CCA	0%	0.20%
WTR		
CE		
PPC		
BIO		

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

EU Taxonomy disclosures (continued)

Annex – Taxonomy reporting templates (continued)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024.

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (1)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	Code (1) (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguard (17)	%	E	T
Text		Currency / €	%	Y: N; N/EL (1) (1)	Y: N; N/EL (1) (1)	Y: N; N/EL (1) (1)	Y: N; N/EL (1) (1)	Y: N; N/EL (1) (1)	Y: N; N/EL (1) (1)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	€	-	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling	€	-	0%	0%	0%	0%	0%	0%	0%								0%		
Of which transitional	€	-	0%	0%	0%	0%	0%	0%	0%								0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (1)																			
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	€ 975,408	2.24%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.24%		
Construction of new buildings	CCM 7.1 / CCA 7.1	€ 11,018,577	25.31%	EL	EL	N/EL	N/EL	N/EL	N/EL								11.76%		
Renovation of existing buildings	CCM 7.2 / CCA 7.2	€ 10,123,224	23.25%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.75%		
Installation, maintenance and repairs of energy efficiency equipment	CCM 7.3 / CCA 7.3	€ 4,824,705	11.08%	EL	EL	N/EL	N/EL	N/EL	N/EL								5.58%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 / CCA 7.6	€ 238,136	0.55%	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
Computer programming, consultancy and related activities	CCM 8.2 / CCA 8.2	€ 747,430	1.72%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.29%		
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	€	27,927,480	64.15%	64.15%	0%	0%	0%	0%	0%								22.63%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)	€	27,927,480	64.15%	64.15%	0%	0%	0%	0%	0%								22.63%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities	€	15,604,914	35.85%																
Total (A+B)	€	43,532,394	100.00%																
Proportion of CapEx/ Total CapEx																			
		Taxonomy-aligned per objective		Taxonomy-eligible per objective															
CCM		0%		64.15%															
CCA		0%		64.15%															
WTR																			
CE																			
PPC																			
BIO																			

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Results and dividends

The results for the year ended 31 December 2024 are shown in the statements of comprehensive income on page 36. The Group's total comprehensive income for the year was *Eur71,852,040* (2023: *Eur48,576,847*), while the Company's profit for the year after taxation was *Eur48,526,926* (2023: *Eur34,653,137*). During the year, the Directors declared dividends of *Eur20,348,800* to ordinary shareholders (2023: *Eur10,200,000*) and dividends of *Eur4,651,200* to the preference shareholders (2023: *Eur4,651,200*).

Events after the reporting date

On 21 February 2025, the Company launched a conditional voluntary public takeover bid for the acquisition of all the issued share capital of Hili Properties. Following the end of the acceptance period on 25 March 2025, and the transfer of shares on 22 April 2025, the Company increased its shareholding in Hili Properties from 74.83% with 299,999,990 ordinary shares to 87.74% with 351,749,612 ordinary shares. Subsequently, by 26 May 2025, the Company acquired a further 3,670,815 shares, thereby increasing its holding to 88.66% with 355,420,427 ordinary shares.

Other than the above, no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Ongoing conflicts and economic uncertainties

Geo-political uncertainty brought about by the ongoing trade war between the United States and the rest of the world, together with the political turmoil and war in Ukraine have heightened instability in the current economic climate. The Board continues to monitor these global developments, remaining vigilant of any repercussions on the market in which our subsidiaries operate.

Future business outlook

The Group will continue on its growth strategy by taking advantage of investment opportunities through its main subsidiaries, capitalising on investment opportunities in specific sectors.

Premier Capital p.l.c. plans to continue to expand its network in existing markets and will reach over 200 restaurants by the end of 2025. The expansion plan depends on factors such as the Group's performance, resilience to geopolitical conflicts, macroeconomic conditions, and its ability to attract and retain talent. The Group will invest in enhancing the customer experience, technology, and personnel development to drive business growth.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Future business outlook (continued)

Within 1923 Investments Limited, iSpot will convert and open more Apple Premium Partner stores in Poland over the course of 2025, as well as strengthen its B2B business. Meanwhile, Harvest Technology p.l.c. will continue to explore investment and partnership opportunities in the technology sector.

Despite challenges in the commercial real estate industry, Hili Properties owns a solid portfolio of properties generating strong cash flows and continues to seek out opportunities to enhance and optimise its portfolio. The focus remains on financial prudence, operational efficiency and reinforcing relationships with tenants and partners.

Breakwater Investments is now eyeing growth in each of the industries it operates in by expanding on its delivery of first-class specialised services and exploring new market penetration.

With planning permission granted, HV Hospitality's development of the Six Senses Comino project has moved a step closer, with the detailed design phase now well underway and construction targeted to commence in 2026.

The Company's outlook for 2025 remains positive, bar any extraordinary events. With performance gaining momentum across all operations, the Group projects further growth through the development of its existing businesses and by acquisition.

The Directors consider that the year-end financial positions were satisfactory and that the Group and the Company are well placed to sustain the present level of activity in the foreseeable future.

Directors

Archibald Anderson Bethel (Chairman)
Annabel Hili
Carmelo Hili
Jesmond Mizzi

In accordance with the Company's articles of association all the Directors are to remain in office.

Hili Ventures Limited

Directors' report (continued)

Year ended 31 December 2024

Disclosure of information to auditors

At the date of making this report the Directors confirm the following:

- As far as each Director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware; and
- Each Director has taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Auditors

The auditor Grant Thornton has intimated its willingness to continue in office and a resolution proposing its re-appointment will be put to the Annual General Meeting.

Approved by the Board of Directors and signed on its behalf on the 28th May 2025 by:



Archibald Anderson Bethel
Chairman



Carmelo Hili
Director

Hili Ventures Limited

Statement of Directors' responsibilities

Year ended 31 December 2024

The Directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company and the Group at the end of each financial period and of its profit or loss of the Company and its Group for the year then ended. In preparing the financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business as a going concern;
- account for income and charges relating to the accounting period on accrual basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those in 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 the Group which enable the Directors to ensure that the financial statements comply with the Maltese 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hili Ventures Limited

Statements of profit or loss and other comprehensive income

Year ended 31 December 2024

		The Group		The Company	
	Notes	2024 Eur	2023 Eur	2024 Eur	2023 Eur
Continuing operations					
Revenue	5	1,088,450,038	986,495,211	2,696,500	2,606,500
Cost of sales	10	(868,733,897)	(786,943,899)	-	-
Gross profit		219,716,141	199,551,312	2,696,500	2,606,500
Other operating income	6	2,083,649	2,988,016	11,329	16,410
Other operating expenses		(188,971)	(4,663,340)	-	-
Selling expenses	10	(54,743,697)	(43,244,360)	(51,490)	(27,704)
Administrative expenses	10	(74,226,360)	(70,894,189)	(5,635,434)	(5,224,086)
Operating profit/(loss)		92,640,762	83,737,439	(2,979,095)	(2,628,880)
Gain on bargain purchase	35	17,012,781	-	-	-
Investment income	7	6,628,318	6,900,324	65,618,000	50,015,465
Investment losses	8	(4,952,040)	(3,325,420)	-	-
Net investment income		1,676,278	3,574,904	65,618,000	50,015,465
Finance costs	9	(30,898,127)	(29,923,991)	(12,781,588)	(10,646,580)
Profit before tax	10	80,431,694	57,388,352	49,857,317	36,740,005
Income tax expense	13	(14,991,435)	(14,031,577)	(1,330,391)	(2,086,868)
Profit for the year		65,440,259	43,356,775	48,526,926	34,653,137
Discontinued operation					
Loss for the year from discontinued operations	28	(477,551)	(3,070,184)	-	-
Total profit for the year		64,962,708	40,286,591	48,526,926	34,653,137
Other comprehensive expense					
Items that will not be reclassified subsequently to profit or loss:					
Increase/(decrease) in fair value of financial asset investments at fair value through other comprehensive income	21	679,033	828,552	233,828	281,614
Recycling of cumulative fair value changes on debt instruments at fair value through other comprehensive income		(345,019)	-	-	-
		334,014	828,552	233,828	281,614
Items that may be reclassified subsequently to profit or loss:					
Recycling of cumulative fair value changes on debt instruments at fair value through other comprehensive income		(406,378)	92,150	(257,157)	-
Increase / (decrease) in fair value of financial asset investments at fair value through other comprehensive income	21	21,991	436,153	(18,499)	267,429
Revaluation on property, plant and equipment		2,845,034	3,281,592	-	-
Exchange differences on translation of foreign operations		4,094,671	3,651,809	-	-
		6,555,318	7,461,704	(275,656)	267,429
Total other comprehensive income / (expense)		6,889,332	8,290,256	(41,828)	549,043
Total comprehensive income for the year		71,852,040	48,576,847	48,485,098	35,202,180
Profit attributable to:					
Owners of the company		64,914,227	39,488,434		
Non-controlling interests		48,481	798,157		
		64,962,708	40,286,591		
Total comprehensive income attributable to:					
Owners of the company		71,803,749	47,778,690		
Non-controlling interests		48,291	798,157		
		71,852,040	48,576,847		

Hili Ventures Limited

Statements of financial position

Year ended 31 December 2024

		The Group		The Company	
	Notes	2024 Eur	2023 Eur	2024 Eur	2023 Eur
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill	15	129,142,845	127,419,788	-	-
Intangible assets	16	27,828,673	26,662,166	47,311	62,583
Property, plant and equipment	17	406,065,568	284,586,593	194,236	191,003
Investment property	20	146,727,988	183,533,458	-	-
Property held for sale	24	-	3,700,000	-	-
Right-of-use assets	18	159,820,347	139,695,484	1,278,778	1,593,456
Investments in subsidiaries	21	-	-	305,490,346	265,600,545
Investments in associates	21	-	15,618,035	-	-
Investments in joint ventures	21	1,208,237	1,192,711	-	-
Other investments	21	149,977	149,977	-	-
Other financial assets	21	485,255	507,758	-	-
Financial assets at fair value through other comprehensive income	21	35,378,151	32,624,035	16,289,723	14,737,469
Loans and receivables	21	17,869,234	31,565,461	78,313,958	54,663,451
Trade and other receivables	23	3,694,684	4,671,157	-	-
Deferred tax assets	30	5,467,333	4,471,867	417,330	386,357
Restricted cash	34	1,250,923	1,217,077	-	-
		935,089,215	857,615,567	402,031,682	337,234,864
Current assets					
Inventories	22	34,248,377	34,720,992	-	-
Non-current assets held for sale	37	42,875,148	-	-	-
Loans and receivables	21	7,004,920	3,197,226	17,065,122	6,974,923
Contract assets	5	1,548,301	1,404,335	-	-
Other assets		799,814	-	-	-
Trade and other receivables	23	51,083,128	47,463,098	355,372	374,290
Short term deposits		2,629,237	-	-	-
Cash and cash equivalents	34	71,770,579	72,854,605	1,419,825	128,761
Current tax assets		9,598,015	6,593,772	3,302,458	2,220,504
Property held for sale	24	2,600,000	7,000,000	-	-
		224,157,519	173,234,028	22,142,777	9,698,478
Total assets		1,159,246,734	1,030,849,595	424,174,459	346,933,342
Current liabilities					
Trade and other payables	25	158,525,720	135,671,178	1,679,658	1,505,665
Contract liabilities	29	2,313,611	1,846,152	-	-
Debt securities in issue	31	37,125,153	35,920,080	-	-
Liabilities associated with assets held for sale	37	13,871,677	-	-	-
Other financial liabilities	27	2,000,000	-	9,646,661	28,410,431
Bank loans and overdrafts	26	41,021,877	40,257,506	6,000,000	11,008,479
Lease liabilities	19	15,643,327	13,669,898	343,925	322,192
Current tax liability		4,882,657	4,308,382	-	-
		275,384,022	231,673,196	17,670,244	41,246,767

Hili Ventures Limited

Statements of financial position (continued)

Year ended 31 December 2024

		The Group		The Company	
		2024	2023	2024	2023
		Eur	Eur	Eur	Eur
Non-current liabilities					
Debt securities in issue	31	312,606,882	270,226,643	-	-
Trade and other payables	25	2,179,797	4,075,167	-	-
Other financial liabilities	27	-	9,557	268,062,981	189,965,012
Bank loans	26	106,500,344	137,386,084	17,500,000	17,925,568
Provisions		1,308,819	1,080,659	-	-
Lease liabilities	19	152,641,473	132,509,903	1,167,060	1,506,919
Deferred tax liabilities	30	27,871,968	10,988,226	-	-
		603,109,283	556,276,239	286,730,041	209,397,499
Total liabilities		878,493,305	787,949,435	304,400,285	250,644,266
Net assets		280,753,429	242,900,160	119,774,174	96,289,076
EQUITY					
Share capital	32	69,400,000	69,400,000	69,400,000	69,400,000
Other equity		27,109,365	21,471,753	320,732	624,658
Retained earnings		157,124,727	113,402,311	50,053,442	26,264,418
Equity attributable to owners of the company		253,634,092	204,274,064	119,774,174	96,289,076
Non-controlling interests		27,119,337	38,626,096	-	-
Total equity		280,753,429	242,900,160	119,774,174	96,289,076

The financial statements on pages 36 to 167 were approved by the Board of Directors, authorised for issue on the 28th May, 2025 and signed on its behalf by:


Archibald Anderson Bethel
Chairman


Carmelo Hili
Director

Hili Ventures Limited

Statement of changes in equity – The Group

Year ended 31 December 2024

	Share capital Eur	Other equity Eur	Retained earnings Eur	Attributable to equity holders of parent Eur	Non-controlling interests Eur	Total Eur
Balance as at 1 January 2024	69,400,000	21,471,753	113,402,311	204,274,064	38,626,096	242,900,160
Dividends	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Dividends paid to non-controlling interests	-	-	-	-	(1,638,259)	(1,638,259)
Profit for the year	-	-	64,914,227	64,914,227	48,481	64,962,708
Other comprehensive income for the year	-	6,889,522	-	6,889,522	(190)	6,889,332
Total comprehensive income for the year	-	6,889,522	64,914,227	71,803,749	48,291	71,852,040
Non-controlling interest upon acquisition of a subsidiary	-	-	2,488,418	2,488,418	(9,949,641)	(7,461,223)
Other movements	-	(1,251,910)	1,319,771	67,861	32,850	100,711
Balance as at 31 December 2024	69,400,000	27,109,365	157,124,727	253,634,092	27,119,337	280,753,429

Hili Ventures Limited

Statement of changes in equity – The Group (continued)

Year ended 31 December 2024

	Share capital Eur	Other equity Eur	Retained earnings Eur	Attributable to equity holders of parent Eur	Non-controlling interests Eur	Total Eur
Balance at 1 January 2023	69,400,000	12,056,095	89,863,478	171,319,573	38,957,177	210,276,750
			(14,851,200)	(14,851,200)	-	(14,851,200)
Dividends (note 14)	-	-	-	-	(1,131,843)	(1,131,843)
Dividends paid to non-controlling interests	-	-	-	-	-	-
Profit for the year	-	-	39,488,434	39,488,434	798,157	40,286,591
Other comprehensive income	-	8,290,256	-	8,290,256	-	8,290,256
Total comprehensive income	-	8,290,256	39,488,434	47,778,690	798,157	48,576,847
Other movements	-	1,125,402	(1,098,401)	27,001	2,605	29,606
Balance at 31 December 2023	69,400,000	21,471,753	113,402,311	204,274,064	38,626,096	242,900,160

Hili Ventures Limited

Statement of changes in equity - the Company

Year ended 31 December 2024

	Share capital Eur	Investment revaluation reserve Eur	Retained earnings Eur	Total equity Eur
Balance at 1 January 2023	69,400,000	(104,135)	6,642,231	75,938,096
Dividends (Note 14)	-	-	(14,851,200)	(14,851,200)
Profit for the year	-	-	34,653,137	34,653,137
Other comprehensive expense for the year	-	549,043	-	549,043
Total comprehensive income for the year	-	549,043	34,653,137	35,202,180
Movement in investment revaluation reserve	-	179,750	(179,750)	-
Balance at 1 January 2024	69,400,000	624,658	26,264,418	96,289,076
Dividends (Note 14)	-	-	(25,000,000)	(25,000,000)
Profit for the year	-	-	48,526,926	48,526,926
Other comprehensive income for the year	-	(41,828)	-	(41,828)
Total comprehensive income for the year	-	(41,828)	48,526,926	48,485,098
Movement in investment revaluation reserve	-	(262,098)	262,098	-
Balance at 31 December 2024	69,400,000	320,732	50,053,442	119,774,174

Hili Ventures Limited

Statements of cash flows

Year ended 31 December 2024

	Group 2024 Eur	2023 Eur	The Company 2024 Eur	2023 Eur
Cash flows from operating activities				
Profit before tax	80,431,694	57,388,352	49,857,317	36,740,005
<i>Adjustments for:</i>				
Depreciation and amortisation	26,467,379	26,155,635	97,057	96,127
Depreciation on right of use assets	16,845,559	17,613,811	319,278	321,490
Net exchange differences	(202,426)	(16,761)	-	-
Bad debts written off	208,859	270,606	-	-
Bond amortisation costs	695,968	566,955	445,346	315,766
Amortisation of derivative financial instruments	176,467	268,147	-	-
Acquisition related costs	289,553	82,163	-	-
Movement in provision for doubtful debts	(351,321)	540,562	-	-
Dividends from equity instruments	(725,098)	-	(61,367,501)	(46,572,911)
Dividends from other financial instruments	(435,356)	(269,711)	(345,441)	(285,047)
Interest income on bank deposits and financial assets	(689,826)	(520,004)	-	-
Interest payable	23,200,445	22,735,368	12,270,034	10,251,740
Interest income on amounts due from related parties	(2,237,233)	(2,338,119)	(2,264,276)	(2,204,402)
Interest on leased assets	6,707,249	5,655,596	66,208	79,073
Other interest receivable	-	-	(530,363)	(496,590)
Share of profit of associated undertakings	-	(220,855)	-	-
Loss on disposal of associate	-	474	-	-
Share of (profits) / losses in jointly controlled entities	(15,526)	54,124	-	-
Gain on derivative financial instruments	(65,467)	(14,458)	-	-
Loss on disposal of intangible assets	13,389	56,516	-	-
Loss / (gain) on disposal of a subsidiary	1,693,928	-	-	(329,624)
Loss on disposal of property plant and equipment	1,520,377	755,883	-	-
Gain on disposal of right of use assets	(60,316)	(52,375)	-	(12,955)
Increase in fair value of investment properties	(663,996)	(2,861,521)	-	-
Decrease in fair value of investment properties	675,408	3,060,000	-	-
Decrease in fair value of property held for sale	2,293,151	-	-	-
Impairment of property, plant and equipment	73,120	-	-	-
Gain on bargain purchase	(17,012,781)	-	-	-
Impairment of investment in subsidiary	-	128,659	-	-
Stocks (written back) / written off	(424,890)	(26,097)	-	-
(Gain) / loss on disposal of financial asset investments	(1,570,487)	396,325	(1,110,419)	(126,889)
Other non-cash movements	(526,361)	(592,877)	-	-
Net cash flows generated from / (used in) continuing operations	136,311,462	128,816,398	(2,562,760)	(2,224,217)

Hili Ventures Limited

Statements of cash flows (continued)

Year ended 31 December 2024

	Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Movement in inventories	897,505	(1,785,913)	-	-
Movement in trade and other receivables	86,382	(11,611,557)	(74,698)	(119,959)
Movement in trade and other payables	16,366,816	23,706,255	167,968	447,369
Change in contract assets	(143,967)	(701,220)	-	-
Change in contract liabilities	467,459	(2,241,394)	-	-
Cash flows generated from / (used in) operations	153,985,657	136,182,569	(2,469,490)	(1,896,807)
Interest paid	(23,200,445)	(22,735,368)	(9,898,187)	(9,773,903)
Taxation refunded	686,440	1,574,129	247,663	119,608
Taxation paid	(19,815,638)	(14,761,288)	-	(78,733)
Net cash flows generated from / (used in) continuing operations	111,656,014	100,260,042	(12,120,014)	(11,629,835)
Net cash flows used in discontinued operations	(895,672)	(2,827,709)	-	-
Net cash flows generated from / (used in) operating activities	110,760,342	97,432,333	(12,120,014)	(11,629,835)
Cash flows from investing activities				
Investments in subsidiaries	(37,997,073)	(43,036,389)	-	(102,400)
Payments to acquire associate	-	(15,397,180)	-	-
Proceeds from disposal of subsidiary	1	-	-	-
Proceeds from disposal of associate	-	24,500	-	-
Payments to acquire property plant and equipment	(50,244,794)	(46,656,737)	(70,063)	(39,928)
Payments to acquire financial asset investments	(65,927,222)	(45,412,834)	(24,518,537)	(12,156,725)
Payments to acquire investment properties	(1,443,020)	(978,949)	-	-
Payments to acquire intangible assets	(2,390,909)	(2,464,922)	(14,955)	(679)
Proceeds from sale of property, plant and equipment	93,252	669,968	-	433
Proceeds from sale of financial asset investments	65,623,825	42,936,557	24,034,873	11,859,269
Proceeds from disposal of investment property	7,277,859	-	-	-
Net payments advanced to group undertakings	-	-	(67,030,160)	(40,173,027)
Dividends from other financial instruments	435,356	269,711	297,396	264,823
Amounts paid for expenses incurred on discontinued operations	(1,423,323)	-	-	-
Payments to acquire minority share in subsidiary	(7,461,223)	-	-	-
Acquisition related costs	(289,553)	(82,163)	-	-
Interest received	2,094,329	1,220,776	1,411,172	1,107,754
Interest from third parties	-	-	-	33,863
Cash transferred into short term deposits	(2,629,237)	-	-	-
Dividends received from associates	725,098	806,050	-	-
Dividends received from joint ventures	-	134,824	-	-
Dividends received from equity investments	-	-	58,240,000	44,090,001
Cash and cash equivalents taken over upon acquisition	3,584,042	-	-	-
Net cash flows used in continuing operations	(89,972,592)	(107,966,788)	(7,650,274)	4,883,384
Net cash flows generated from discontinued operations	100,000	-	-	-
Net cash flows (used in) / generated from investing	(89,872,592)	(107,966,788)	(7,650,274)	4,883,384

Hili Ventures Limited

Statements of cash flows (continued)

Year ended 31 December 2024

	Group 2024 Eur	2023 Eur	The Company 2024 Eur	2023 Eur
Cash flows from financing activities				
Payments made to issue bonds	(1,126,630)	(13,599)	-	-
Proceeds from group undertakings	-	-	41,884,330	3,032,530
Repayment from other related parties	(9,557)	1,386,801	-	-
Proceeds from shareholder	2,000,000	-	-	-
Interest paid on leasing arrangements with related party	-	-	(66,208)	(79,073)
Interest paid on leasing arrangements with third parties	(6,707,249)	(5,655,596)	-	-
Payments for lease obligations with related party	-	-	(322,723)	(305,027)
Payments for lease obligations with third parties	(14,660,729)	(15,291,216)	-	-
Proceeds from bank loans	41,344,583	67,320,768	6,000,000	26,000,000
Repayment of bank loans	(61,820,705)	(23,854,557)	(10,574,503)	(10,093,002)
Proceeds from issue of debt securities	55,780,400	-	-	-
Repayment of debt securities	(11,595,000)	-	-	-
Transfer (to) / from restricted cash	(33,846)	754,758	-	-
Dividends paid	(15,000,000)	(14,851,200)	(15,000,000)	(14,851,200)
Dividends paid to NCI	(1,638,259)	(1,131,843)	-	-
Net cash flows (used in) / generated from continuing operations	(13,466,992)	8,664,316	21,920,896	3,704,228
Net cash flows generated from / (used in) discontinued operations	47,515	(242,475)	-	-
Net cash flows (used in) / generated from financing activities	(13,419,477)	8,421,841	21,920,896	3,704,228
Net movement in cash and cash equivalents	7,468,273	(2,112,614)	2,150,608	(3,042,223)
Cash and cash equivalents at the beginning of the year	62,135,453	64,148,386	(730,783)	2,311,440
Cash and cash equivalents included in assets classified as held for sale	(5,597,989)	-	-	-
Effect of movements in exchange	(18,176)	99,681	-	-
Cash and cash equivalents at the end of the year	63,987,561	62,135,453	1,419,825	(730,783)

Hili Ventures Limited

Notes to the financial statements

31 December 2024

1. Company information and basis of preparation

Hili Ventures Limited (the “Company”) is a company incorporated in Malta with registration number C57902. The registered address is Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000.

These financial statements have been prepared on an accrual basis and under the historical cost convention, except for investment properties, land and buildings and financial assets at fair value through other comprehensive income which are carried at their fair values, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), and also in accordance with the Companies Act, Cap 386. The material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Going concern

The going concern basis underlying the preparation of these financial statements assumes that Hili Ventures Limited and its subsidiaries (the “Group”) lenders and creditors will continue to provide the financial support necessary to enable the Company to meet their debts as and when they fall due.

At the end of the reporting period, the Group reported a net current liability position of *Eur51,226,502* (2023: *Eur58,439,168*).

The net current liability of the Group is related primarily to Hili Properties p.l.c. debt security in issue maturing on 16 October 2025 of *Eur36,939,753* and is therefore classified as a current liability.

The directors have reviewed cash flow projections that have been prepared for the next 12 months. The Group’s and the Company’s budgets and cash flow forecasts show that the Group and the Company will continue to operate within its current credit limits afforded by third party creditors and bankers for at least the next 12 months. Based on continued operating profitability of the Group and the Company, the directors are confident that the Group and the Company will have no difficulty to continue to meet its commitments as and when they fall due.

In addition to the above, it is important to note that during the year, the Group and the Company continued to invest in its portfolio of highly liquid listed security instruments which at balance sheet date had a carrying amount of *Eur35,378,151* (2023: *Eur32,624,035*) and *Eur16,289,723* (2023: *Eur14,737,469*) respectively.

The intention of the Group and the Company is to maximise return on headroom until the need to deploy on capital or recurring expenditure. Although these investments are classified as non-current assets, they can be liquidated should the need arise in which case net current liabilities will be reduced.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies

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.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, in preparing these consolidated financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group entities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets or liabilities of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests share of changes in equity since the date of the combination. Total comprehensive income is attributable to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except where the exceptions to the recognition or measurement principles apply.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts previously recognised in other comprehensive income in relation to the acquiree are accounted for in the same manner as would be required if the interest were disposed of.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Business combinations (continued)

Where the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9 Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries in the Company's financial statements are stated on the basis of the direct equity interest and is stated at cost less any accumulated impairment losses. Dividends from the investments are recognised in profit or loss.

At each balance sheet date, the Company reviews the carrying amount of its investments in subsidiaries and associates to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in profit or loss.

Property, plant and equipment

The Group's property, plant and equipment are classified in the following classes-land and buildings, plant and equipment, motor vehicles, furniture, fittings and other equipment, computer equipment and office equipment.

The Company's property, plant and equipment consists of furniture, fittings and other equipment.

Property, plant and equipment are initially measured at cost. 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 Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Property, plant and equipment (continued)

Land and buildings are held for use in the production or supply of goods or services or for administrative purposes. Subsequent to initial recognition, land and buildings are stated at revalued amounts less any accumulated depreciation and any accumulated impairment losses. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every three years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity.

Improvements to premises incorporate all costs incurred, including acquisition costs and other costs attributable to bring the leased premises to the design, specifications and conditions necessary for operations or as requested by the franchise agreement. Subsequent to initial recognition, improvements to premises are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Other tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are derecognised when no future economic benefits are expected from their use or upon disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss within administrative expenses in the period of derecognition.

Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Depreciation (continued)

Land and buildings	-	2% - 20%
Plant and equipment	-	10% - 50%
Motor vehicles	-	10% - 33.3%
Furniture, fittings and other equipment	-	10% - 33%
Office equipment	-	10% - 33%
Other equipment	-	25% - 33%

No depreciation is charged on land.

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Right-of-use assets

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost, being the fair value at the acquisition date for intangible assets acquired in a business combination. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria or the item is acquired in a business combination and cannot be recognised as an intangible asset, in which case it forms part of goodwill at the acquisition date.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on 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, and are included in profit or loss in the period of derecognition.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Intangible assets (continued)

(i) Support services licence

After initial recognition, support services licence is carried at cost less any accumulated amortisation and any accumulated impairment losses. Support services licence is written off to profit or loss by equal instalments over the term of the support services agreement with the subsidiaries, being twenty years.

(ii) Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the Company's accounting policy on property, plant and equipment.

Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over three to five years.

(iii) Acquired rights

Acquired rights are classified as intangible assets. After initial recognition, acquired rights are carried at cost less any accumulated amortisation and any accumulated impairment losses. Acquired rights are amortised on a straight-line basis over thirty-five to forty years.

(iv) Franchisee fees

After initial recognition, franchisee fees are carried at cost less any accumulated amortisation and any accumulated impairment losses. Franchisee fees are written off to profit or loss by equal instalments over the term of the franchise agreement.

(v) Patents and trademarks

Patents and trademarks are classified as intangible assets. After initial recognition, patents and trademarks are carried at cost less any accumulated amortisation and any accumulated impairment losses. Patents and trademarks are amortised on a straight-line-basis over ten years.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

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 revalued annually and is stated at fair value in the statement of financial position at the end of the reporting period. 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. The Group assesses the value of the investment property annually whereby external valuations are sought every 3 years and internal valuations are done intermittently.

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 and the carrying amount and are recognised in profit or loss in the period of derecognition.

Property held for sale

Property is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Property held for sale is measured at fair value, in accordance with the Group's accounting policy on investment property.

Non-current assets and liabilities classified as held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Financial instruments (continued)

(i) Recognition and derecognition (continued)

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit and loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through the profit and loss are recognised immediately in the profit and loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

(ii) 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, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit and loss; and
- fair value through other comprehensive income.

The classification is determined by both:

- the Company'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 the profit or loss are presented within finance costs and finance income, except for impairment of trade receivables which is presented within other expenses.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Financial instruments (continued)

(iii) Subsequent measurement of financial assets

- Financial assets at amortised cost

Financial assets held by the Company and the Group are measured at amortised cost, if the following conditions are met:

- these financial assets 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.

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

- Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- a) they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- b) 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.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

(i) Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses (ECL). 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 Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

- Financial assets at fair value through other comprehensive income (FVOCI) (continued)

(ii) Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method. Bank loans are carried at face value due to their market rate of interest. Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

(iii) Other borrowings

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

(iv) Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

(v) Shares issued by the Company

Preference shares issued by the Company are classified as equity instruments.

Redemptions or refinancing of equity instruments are recognised as changes in equity.

(vi) Derivative financial instruments

Derivative financial assets and derivative financial liabilities are classified as held for trading unless they are designated and effective hedging instruments. During the year under review and during the prior year, the Group did not designate any of its derivative financial instruments in a hedging relationship for accounting purposes. After initial recognition, derivative financial instruments are measured at their fair value. Gains and losses arising from a change in fair value are recognised in profit or loss in the period in which they arise.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The Group considers the nature and use of the inventory when calculating the cost of inventories.

Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation 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. Provisions are measured at the Directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Impairment

At the end of each reporting period, the carrying amount of assets, including cash-generating units and investments in subsidiaries, 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.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Impairment (continued)

(i) Impairment testing of goodwill, other intangible assets, property plant and equipment and long-term prepayments

Goodwill and intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually, irrespective of whether an indication of impairment exists.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Impairment (continued)

(i) Impairment testing of goodwill, other intangible assets, property plant and equipment and long-term prepayments (continued)

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Impairment losses are recognised immediately in profit or loss.

In the case of other 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.

An impairment loss recognised for goodwill is not reversed in a subsequent period. Impairment reversals are recognised immediately in profit or loss.

In the case of financial assets, IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

(ii) Impairment of financial assets

Instruments within the scope of IFRS 9 include loans and other debt-type financial assets measured at amortised cost and 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 Group 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.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Impairment (continued)

(ii) Impairment of financial assets (continued)

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

- Trade and other receivables and contract assets

For trade receivables, the Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets 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 Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. At the end of the reporting period, the Group's receivables have been assessed for impairment and are not significantly impaired to disclose within these financial statements.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition - the Group

Revenue is measured at the fair value of the consideration received or receivable for goods sold or services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably.

To determine whether to recognise revenue, the Company and 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; and
5. Recognising revenue as or when performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, as or when the Company and the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group enters into transactions involving a range of products and services as described further below. The total transaction price for any particular contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices, as applicable. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see Note 29). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The following specific recognition criteria must also be met:

(i) Sale of goods

Revenue from the sale of goods is recognised on the transfer of the risks and rewards of ownership, which generally coincides with the time of delivery, when the costs incurred or to be incurred in respect of the transaction can be measured reliably and when the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition - the Group (continued)

(ii) Provision of services

Revenue from the provision of services is recognised in the period in which the services are rendered. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

(iii) Restaurant operations

The Group is engaged in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. Revenue from the operations of McDonald's restaurants in these countries is recognised at a point in time when the goods are sold to customers.

(iv) Customer loyalty programme

The subsidiaries of Premier Capital p.l.c. operate a customer loyalty incentive programme. For each one Euro or one Romanian Lei spent, customers obtain ten loyalty points which they can redeem to receive discounts or free items on future purchases. Loyalty points are considered to be a separate performance obligation as they provide customers with a material right they would not have received otherwise. Unused points expire if not used within six months.

The Group allocates the transaction price between the material right and other performance obligations identified in a contract on a relative stand-alone selling price basis. The amount allocated to the material right is initially recorded as a contract liability and is later recognised in revenue when the points are redeemed by the customer. The Group's experience is that a portion of the loyalty points will expire without being used ('breakage'). The Group recognises revenue from expected breakage in proportion to the points redeemed and trues-up this estimate when points expire. The Group has assessed it is highly improbable a significant reversal of revenue will arise if actual experience differs from expectations, and therefore no further revenue constraint is needed.

(v) Sale and distribution of Apple products

Revenue from the sale of Apple products for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Amounts receivable for products transferred are due upon receipt by the customer, which is usually immediately upon the sale of the product to the customer. Control for these products is transferred at the point in time and occurs when the customer takes undisputed delivery of the goods.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition - the Group (continued)

(v) Sale and distribution of Apple products (continued)

The Group provides a basic 1-year product warranty on its Apple products sold to customers. Under the terms of this warranty, customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. The standard warranty does not provide a service which enhances or is in any way or manner in addition to the standard assurance to the product performance. These warranties are accounted for under IAS 37.

(vi) Repairs and Maintenance of used electronic devices

Revenue from the repair of any type of smartphone and tablet is recognised when our technicians provide such service to the customer, which is usually provided within 24 hours.

(vii) Sale and repair of Used electronic devices (up to 31 January 2024)

Revenue from the sale of used electronic products within our Uzed brand for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Amounts receivable for products transferred are due upon receipt by the customer, which is usually immediately upon the sale of the product to the customer. Control for these products is transferred at the point in time and occurs when the customer takes undisputed delivery of the goods.

(viii) Sale of information technology solutions, security systems and other machinery

Revenue from the sale of information technology solutions, security systems and other machinery for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Invoices for products and services transferred are due upon receipt by the customer, which is usually upon the sale of the product to the customer and installation of the items or products sold. Control for these products is usually transferred at the point in time and occurs when the customer takes undisputed delivery of the goods.

When such items are either customised or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the Group has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognised over time as the customisation or integration work is performed, using the cost-to-cost method to estimate progress towards completion.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(viii) Sale of information technology solutions, security systems and other machinery (continued)

As costs are generally incurred uniformly as the work progresses and are considered to be proportionate to the entity's performance, the cost-to-cost method provides a faithful depiction of the transfer of goods and services to the customer. Each major contract is nevertheless evaluated for revenue recognition on its own and the Group determines when control is effectively transferred depending on the specific circumstances.

For sales of software that are neither customised by the Group nor subject to significant integration services, the licence period commences upon delivery. For sales of software subject to significant customisation or integration services, the licence period begins upon commencement of the related services.

(ix) Maintenance and servicing

The Group enters into fixed price maintenance contracts with its customers for terms between one and three years in length. Customers are required to pay either quarterly or yearly in advance for each respective service period and the relevant payment due dates are specified in each contract.

The Group enters into agreements with its customers to perform regularly scheduled maintenance services on the various goods purchased from the Group. Revenue is recognised over time based on the ratio between the number of hours of maintenance services provided in the current period and the total number of such hours expected to be provided under each contract.

This method best depicts the transfer of services to the customer because: (a) details of the services to be provided are specified as part of the agreed maintenance program relative to the maintenance requirements of the items sold, and (b) the Group has a long history of providing these services to its customers, allowing it to make reliable estimates of the total number of hours involved in providing the service.

(x) Consulting and development of IT systems

The Group enters into contracts for the design, development and installation of IT systems in exchange for a fixed fee and recognises the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(x) Consulting and development of IT systems (continued)

When a contract also includes promises to perform after-sales services, the total transaction price is allocated to each of the distinct performance obligations identifiable under the contract on the basis of its relative stand-alone selling price. To depict the progress by which the Group transfers control of the systems to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by comparing actual hours spent to date with the total estimated hours required to design, develop, and install each system. The hours-to-hours basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Group's ability to make reliable estimates of the total number of hours required to perform, arising from its significant historical experience constructing similar systems.

Most such arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position (see Note 29).

The construction of IT systems normally takes 10 - 12 months from commencement of design through to completion of installation. As the period of time between customer payment and performance will always be one year or less, the Group applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

In obtaining these contracts, the Group incurs some incremental costs. As the amortisation period of these costs, if capitalised, would be less than one year, the Group makes use of the practical expedient in IFRS 15.94 and expenses them as they incur. Such incremental costs are not considered to be material.

(xi) Payment Gateway

The Group enters into transactions with parties for the access to a payment gateway. The Group's revenue is mainly derived from the actual volume of traffic on the payment gateway and on other fixed charges. The price is agreed and established with the customer in written contracts and is allocated to the performance obligation accordingly. Prices are based on established amounts for such services. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(xii) Road, sea and air logistics services

Revenue from the provision of road, sea and air logistics services for an agreed price is recognised when or as the Group completes delivery to the customer. Invoices for services rendered are due upon completion of the contracted service, which is usually immediately upon delivery to the customer. Control for these products is transferred at the point in time and occurs when the customer takes undisputed delivery of the goods on which the transportation service has been provided.

(xii) Ship-to-ship services

Revenue is recognised from the provision of support services for Ship-to-Ship (STS) cargo transfer operations, mainly oil and gas. In most instances, an STS operation takes between 24 and 48 hours to be completed, revenue is recognised upon completion of the operation.

(xiv) Terminal management and consultancy service

Revenue arises from Liquefied Natural Gas (LNG) terminal management, emergency support services and consultancy. The performance obligations within these contracts typically consist of technical management and provision of consultancy. The performance obligations are satisfied concurrently and consecutively rendered over the duration of the management contract over time. These are measured using the time elapsed from commencement of the contract. Consideration generally consists of fixed monthly management fees. Any costs incurred on behalf of the client are reimbursed. Management fees are invoiced monthly.

(xv) Sale of supplies for Rubber-Tyres Gantry (RTG) cranes and other products and machinery

Revenue from the sale of supplies for Rubber-Tyred Gantry cranes and other products and machinery for a fixed fee is recognised when or as the Company transfers control of the assets to the customer. Invoices for products and services transferred are due upon receipt by the customer, which is usually upon the sale of the product to the customer and installation and certification of the items or products sold. Control for these products is usually transferred at the point in time and occurs when the customer takes undisputed delivery of the cranes.

When items are either customised or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(xv) Sale of supplies for Rubber-Tyres Gantry (RTG) cranes and other products and machinery (continued)

This is because the combined product is unique to each customer (has no alternative use) and the Group has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognised over time as the customisation or integration work is performed, using the cost-to-cost method to estimate progress towards completion. As costs are generally incurred uniformly as the work progresses and are considered to be proportionate to the entity's performance, the cost-to-cost method provides a faithful depiction of the transfer of goods and services to the customer.

(xvi) Local services

Each major contract is evaluated for revenue recognition on its own and the Group determines when control is effectively transferred depending on the specific circumstances.

The Group also enters into fixed price maintenance contracts with its customers on this service generally for terms of 5 years in length. Customers are required to pay either quarterly or yearly in advance for each respective service period and the relevant payment due dates are specified in each contract.

The Group enters into agreements with its customers to perform regularly scheduled maintenance services on the Rubber-Tyred Gantry cranes and terminal tractors. Revenue is recognised over time based on the ratio between the number of hours of maintenance services provided in the current period and the total number of such hours expected to be provided under each contract. This method best depicts the transfer of services to the customer because: (a) details of the services to be provided are specified as part of the agreed maintenance contract relative to the maintenance requirements of the items sold, and (b) the Group has a long history of providing these services to its customers, allowing it to make reliable estimates of the total number of hours involved in providing the service.

(xvii) 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.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Revenue recognition – the Group (continued)

(xviii) Interest income

Interest income is accrued on a timely 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.

Revenue recognition – the Company

The Company entered into transactions with related parties for the provision of management services to group companies. Management fees are established through a contract with the respective group company and considered fixed in nature. It is not expected that future reversals to management fee income will occur and its inclusion as the transaction price is earned as the services are being performed. The performance obligation is identified for the services provided to the customer and is satisfied upon rendering and completion of the service. The price is agreed with the customer in a written agreement and is allocated to the performance obligation accordingly. Prices are based on established prices for management services being provided.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Leases

The Group as lessee

Any new contracts entered into, the Group and the Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group and the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group and the Company;
- the Group and the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group and the Company has the right to direct the use of the identified asset throughout the period of use. The Group and the Company assess whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

- Measurement and recognition of leases

At lease commencement date, the Group and the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group and the Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use of asset or the end of the lease term. The Group and the Company also assess the right-of-use asset for impairment when such indicators exist.

At commencement date, the Group and the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease, if that rate is readily available, or the Group's and the Company's incremental borrowing rate.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Leases (continued)

Measurement and recognition of leases (continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group and the Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statements of financial position, the Group and the Company have opted to disclose right-of-use assets and lease liabilities as separate financial statement line items.

The Group as a lessor

As a lessor the Group classifies its leases as operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

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 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.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Taxation (continued)

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 liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries/associates/interests in joint arrangements where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries/associates/interests in joint arrangements where it is probable that taxable profit will be available against which the temporary difference can be utilised, and it is probable that the temporary difference will reverse in the foreseeable future.

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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 asset to be utilised.

Current tax assets and liabilities are offset when the Group 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.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when the Group 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.

Employee benefits

The Group and the Company contribute towards the state pension in accordance with local legislation. The only obligation of the Group and the Company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Currency translation

The financial statements of the Company and the Group are presented in the functional currency, the Euro, being the currency of the primary economic environment in which the Group operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at period-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss.

Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses are classified with other operating income or other operating expenses as appropriate, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Currency translation (continued)

For the purpose of presenting consolidated financial statements, income and expenses of the Group's foreign operations are translated to Euro at the average exchange rates. Assets and liabilities of the Group's foreign operations are translated to Euro at the exchange rate ruling at the date of the statement of financial position. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Euro at the closing rate. Exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. Such differences are reclassified from equity to profit or loss in the period in which the foreign operation is disposed of.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

Prepayments

Long term prepayments represent advance payments of rent or guarantee deposits made by the Group in order to secure the lease on rented premises on which the McDonalds' restaurants are situated. Once the lease on the rented premises is terminated, the advance payment or guarantee deposit is released, and it is no longer recognised within long term prepayments in the statement of financial position. Long term prepayment mainly represents a guarantee deposit made for the provision of a private jet (refer to Note 39).

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

2. Material accounting policies (continued)

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Dividend distributions payable to equity shareholders are included with short-term financial liabilities when the dividends are approved in general meeting prior to the end of the reporting period. Dividends to holders of equity instruments are recognised directly in equity.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity.

Dividends relating to a financial liability, or to a component that is a financial liability, are recognised as an expense in profit or loss and are presented in the statement of profit or loss and other comprehensive income with finance costs.

Translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's entities denominated in foreign currencies. This reserve is included within other equity.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Significant management judgements

Other than as disclosed below, in the process of applying the Group and the Company's accounting policies, 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.

Impairment of financial assets and goodwill

The Group reviews property, investments in subsidiaries, plant and equipment, right-of-use assets, intangible assets and loans and receivables, including trade receivables, to evaluate whether events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company reviews intangible assets, right-of-use assets, investment in subsidiaries and loans and receivables to evaluate whether events or changes in circumstances indicate that the carrying amount may not be recoverable.

At the year-end, there were impairment indicators due to a drop in expected performance of one of the Company's subsidiaries. The Directors have performed an assessment of impairment for such investments based on the value in use of the estimated future cash flows expected to arise from the cash generating unit that corresponds to the investment being assessed for impairment. The aggregation of the cash generating units attributable to such investments is a key judgement in the impairment testing process of the Company's investments.

Following the above assessment, the Directors have not recognised an impairment during the year. The Directors expect the carrying amount of other loans and receivables at 31 December 2024 to be recoverable.

Goodwill

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Goodwill (continued)

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The Group tests goodwill and intangible assets with an indefinite useful life annually for impairment or more frequently if there are indications that goodwill or intangibles might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the recoverable amount of the cash generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

At 31 December 2024, goodwill was allocated as follows:

- *Eur59,451,978* (2023: *Eur58,772,484*) to iSpot Poland Sp. z.o.o. which operates the Apple Premium Partner Business.
- *Eur3,860,898* (2023: *Eur3,860,898*) to APCOPAY Limited (formerly APCO Systems Limited) which operates the electronic payment gateway.
- *Eur2,168,112* (2023: *Eur2,168,112*) to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- *Eur1,464,477* (2023: *Eur1,464,477*) to PTL Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- *Eur37,309,285* (2023: *Eur36,266,556*) to Hili Logistics group which operates in the business of providing road, sea and air logistics services.
- *Eur24,888,095* (2023: *Eur24,887,261*) to Premier Capital p.l.c. which is allocated *Eur16,591,999* (2023: *Eur16,591,999*) to the Malta operations and *Eur8,296,096* (2023: *Eur8,295,262*) to the Romania operations.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Goodwill (continued)

CGU – Retail and IT Solutions (Poland)

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- forecasted cash flow projections for the next five years and projection of terminal value using the perpetuity method;
- terminal growth rates to perpetuity of 2.0% (2023: 2.1%); and
- use of 14.9% (pre-tax) (2023: 15.9%) to discount the projected cash flows to net present values.

Based on the above assessment, the Directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recovered.

CGU – Payment Processing Services

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- terminal growth rates to perpetuity of 2.5% (2023: 2.0%); and
- use of 25.1% (pre-tax) (2023: 23.3%) to discount the projected cash flows to net present values.

Based on the above assessment, the Directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Goodwill (continued)

CGU – IT Solutions and Security Systems

The recoverable amount of the cash-generating units (CGUs) is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- terminal growth rates to perpetuity of 2.5% (2023: 2.0%); and
- use of 32.1% - 40.0% (pre-tax) (2023: 21.4% - 24.4%) to discount the projected cash flows to net present values.

Based on the above assessment, the Directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

CGU – Motherwell Bridge Industries group

The Directors of Motherwell Bridge Industries group consider that the local services provided to the Malta Freeports Terminal and the crane-assembly business locally and abroad represent one single, consistent and homogenous operating segment. In defining this assumption for the purpose of testing goodwill for impairment, the Directors consider that although the entity has essentially two operating interests, each component on its own is not representative of a separate component of the Group's operations. Moreover, decisions about resource allocation are made for these operations of Malta and other international operations as a whole.

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Goodwill (continued)

CGU – Motherwell Bridge Industries group (continued)

The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and the investments held by the Company includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- terminal growth rates to perpetuity of 2.0% (2023: 2.0%); and
- use of 25.3% - 25.6% (pre-tax) (2023: 15.0% - 19.7%) to discount the projected cash flows to net present values.

CGU – Breakwater Investments group

The Directors of Breakwater Investments group consider that the logistics and container leasing business represents one single, consistent and homogenous operating segment. In defining this assumption for the purpose of testing goodwill for impairment, the Directors consider that although the entities have essentially six operating interests, each component on its own is not representative of a separate component of the Group's operations. Moreover, decisions about resource allocation are made for the logistics operations of Malta, Poland and the UK as a whole. Furthermore, the Directors consider that the STS business is closely linked to the STS operations in Malta and taking advantage of a number of synergies which are being experienced around the following areas:

Package offering where Carmelo Caruana Company Limited and STS Marine Solutions are in a better position to offer a single package to STS clients acting as one stop shop. This also brings a number of opportunities to cross-sell other services for vessel owners:

- Carmelo Caruana Company Limited through its STS function and agency can work closely and share market intelligence with STS Marine Solutions leading to the introduction of new contacts thereby increasing market share;
- Pricing and joint marketing can target a wider spectrum of clients; and

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Goodwill (continued)

CGU – Breakwater Investments group (continued)

- Sharing of market intelligence as well as resources will automatically bring along opportunities for cost savings and avoidance of being out priced in a particular territory.

In view of this the Directors consider the logistics business to be one CGU. The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and the investments held by the Company includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- growth rates of 2.0% (2023: 2.0%); and
- use of 7.1% - 16.1% (pre-tax) (2023: 7.5% - 12.4%) to discount the projected cash flows to net present values.

Following a review of the carrying amount of this CGU by the Directors during 2024, the Directors have concluded that no impairment is necessary.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Goodwill (continued)

CGUs for Malta restaurant operations

The assessment of recoverability of the carrying amount of goodwill includes:

- forecasted projected cash flows for the next 5 years and projection of terminal value using the perpetuity method;
- growth rate of 2.0% (2023: 2.0%); and
- use of 12.7% (pre-tax) (2023: 9.3% (pre-tax)) to discount the projected cash flows to net present values.

Based on the above assessment, the Directors expect the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

CGUs for Romania restaurant operations

The assessment of recoverability of the carrying amount of goodwill includes:

- forecasted projected cash flows for the next 5 years and projection of terminal value using the perpetuity method;
- growth rate of 2.0% (2023: 2.0%); and
- use of 14.07% (pre-tax) (2023: 11.2% (pre-tax)) to discount the projected cash flows to net present values.

Based on the above assessment, the Directors expect the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit and loss.

During 2024, external market valuations were carried out for most of the properties within the portfolio. These external valuations were based using the discounted cash flow technique using the applicable discount rate and market yields as discussed below.

For properties which did not have market valuations performed by an independent professional architect for the year, an assessment of their fair value is performed internally to reflect current market conditions.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Fair value of investment properties (continued)

The internal valuations were based on the discounted cash flow technique using the applicable discount rate and market yields. Based on these assessments, the Directors are of the opinion that the fair value determined is an appropriate estimate of the fair value at 31 December 2024.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

Estimating the incremental borrowing rate for leases

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the lessor company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessor company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

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

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

New Standards adopted as at 1 January 2024

In the current year, the Group and the Company have applied the following amendments:

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Group's and the Company's financial results or position. Accordingly, the Group and the Company have made no changes to their accounting policies in 2024.

Other Standards and amendments that are effective for the first time in 2024 and could be applicable to the Group and the Company 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)

Hili Ventures Limited

Notes to the financial statements

31 December 2024

4. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

New Standards adopted as at 1 January 2024 (continued)

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

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards, amendments to existing Standards have been adopted early by the Group and the Company, and no interpretations have been issued that are applicable and need to be taken into consideration by the Group.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group 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.

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 Group and 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 Group and the Company are not expected to adopt this new standard early.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

5. Revenue

Revenue represents the amount receivable for goods sold and services rendered during the period, net of any indirect taxes as follows:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
<i>By activity:</i>				
Logistic and transport services	42,058,627	36,502,440	-	-
Restaurant operations	714,667,106	645,565,421	-	-
Retail sales	256,882,526	228,381,850	-	-
Commercial sales	45,885,232	45,363,815	-	-
Rental income	14,657,422	13,004,699	-	-
Maintenance and support	3,576,506	3,568,816	-	-
Payment gateway services	4,405,190	3,931,691	-	-
Engineering services	6,253,064	9,991,394	-	-
Management fees	64,365	185,085	2,696,500	2,606,500
	1,088,450,038	986,495,211	2,696,500	2,606,500

Assets related to contracts with customers include amounts that the Group expects to receive from performance obligations that have been satisfied before it receives the consideration and has not invoiced such amounts by the end of the year.

The following are the amounts recognised as contract assets at the end of the reporting periods presented:

	The Group	
	2024	2023
	Eur	Eur
Contract assets recognised	1,548,302	1,404,335

Hili Ventures Limited

Notes to the financial statements

31 December 2024

5. Revenue (continued)

The Group does not expect any loss allowances from such amounts, as these are due from customers with no history of losses and which are considered of good credit quality. The assessment of credit losses on balances at 31 December 2024 did not result in any material amount and is considered by management to be insignificant.

Unsatisfied long-term performance obligations

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2024:

	2025 Eur	2026 Eur	2027 Eur	Later Eur
Commercial sales	937,820	88,360	-	-
Maintenance and support	3,460,165	2,220,375	1,029,672	474,211
Logistics and transport services	853,402	853,402	853,402	4,909,986
Revenue expected to be recognised	5,251,387	3,162,137	1,883,074	5,384,197

Hili Ventures Limited

Notes to the financial statements

31 December 2024

5. Revenue (continued)

Unsatisfied long-term performance obligations (continued)

The comparative information at 31 December 2023 was as follows:

	2024 Eur	2025 Eur	2026 Eur	Later Eur
Commercial sales	4,380,192	776,478	86,107	-
Maintenance and support	3,870,202	2,296,860	1,431,905	28,351
Rendering of services and crane assembly	1,451,173	806,173	591,173	344,851
Logistics and transport services	833,516	831,239	831,239	5,613,710
Revenue expected to be recognised	10,535,083	4,710,750	2,940,424	5,986,912

Revenue for unsatisfied long-term performance obligations in relation to commercial sales, as at 31 December 2024 and 2023 comprise entirely of revenue tied to local contracts expected to be carried out in future periods as explained in the tables above.

One of the subsidiaries of Harvest Technology p.l.c. experienced a decrease in unsatisfied long-term contracts for 2024 as a result of a major contract which was not delivered in 2023, after the main subcontractor failed to deliver in accordance with the specifications laid down in the contract.

Except for the above, all other long-term performance obligations existing at 31 December 2023 and which were expected to be recognised during 2024, have been completed and invoiced in full during the current year under review.

Revenue from engineering services pertains to revenue estimated to be recognised in the Motherwell Bridge Industries Limited group from various projects in Malta and overseas.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

6. Other operating income

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Other operating income	2,083,649	2,988,016	11,329	16,410
	2,083,649	2,988,016	11,329	16,410

7. Investment income

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Interest income on bank deposits	689,826	520,004	530,363	496,590
Interest receivable on loan to other related parties	832,730	831,814	2,264,276	2,204,402
Total interest income on financial assets not classified as at fair value through profit or loss	1,522,556	1,351,818	2,794,639	2,700,992
Other interest receivable	1,404,503	1,506,305	-	-
Dividends from financial assets and equity instruments	435,356	269,711	61,712,942	46,857,958
Dividends from associates	725,098	-	-	-
Share of profit of associate	-	220,855	-	-
Share of profit of joint ventures	15,526	-	-	-
Exchange gains	225,329	219,141	-	-
Gain on derivative financial instruments	65,467	14,458	-	-
Gain on financial assets at fair value through other comprehensive income	1,570,487	456,515	1,110,419	456,515
Increase in fair value of investment property	663,996	2,861,521	-	-
	6,628,318	6,900,324	65,618,000	50,015,465

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Notes to the financial statements

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8. Investment losses

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Decrease in fair value of property held for sale	2,293,151	-	-	-
Fair value movement of investment properties	675,408	3,060,000	-	-
Share of losses of jointly controlled entities	-	54,124	-	-
Acquisition related costs	289,553	82,163	-	-
Loss from sale of subsidiary	1,693,928	-	-	-
Impairment of intangible and other assets	-	474	-	-
Impairment of investments	-	128,659	-	-
	4,952,040	3,325,420	-	-

9. Finance costs

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Interest on bank overdrafts and loans	8,672,907	9,146,141	1,070,005	1,015,304
Interest on bonds	13,804,351	12,521,860	-	-
Processing fees and other interest payable	723,187	1,058,068	5,261	-
Interest on amounts payable to related undertakings	-	-	11,194,768	9,236,437
Unrealised exchange differences	29,903	202,380	-	-
Other fair value adjustments	88,095	259,464	-	-
Loss on financial assets at fair value through other comprehensive income	-	396,325	-	-
Amortisation of bond issue expenses	695,968	566,955	445,346	315,766
Amortisation of derivative financial instrument	176,467	268,147	-	-
Interest on leased assets	6,707,249	5,504,651	66,208	79,073
	30,898,127	29,923,991	12,781,588	10,646,580

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10. Profit before tax

A list of expenses by nature making up the cost of sales, selling expenses and administrative expenses of the Group and the Company is set out below:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Raw materials and consumables used	253,842,319	232,026,917	-	-
Cost of sales in relation to products sold and services provided	252,340,497	230,532,931	-	-
Advertising, promotion and other distribution costs	36,692,518	43,244,360	51,490	27,704
Amortisation of intangible assets	2,345,437	2,444,033	30,227	38,077
Depreciation of property, plant and equipment	24,121,240	23,601,946	66,830	58,050
Depreciation of right-of-use assets	16,845,559	17,216,241	319,278	321,490
Legal, professional fees and accountancy fees	6,004,435	5,793,107	580,094	510,205
Office and general expenses	7,328,541	5,717,032	154,102	214,704
Travelling costs	8,282,201	7,835,086	63,544	70,242
Wages and salaries and staff welfare	215,031,803	190,024,450	2,995,823	2,986,546
Rental expenses	12,660,930	11,377,656	-	-
Utilities and telecommunication expenses	20,145,226	19,690,051	45,392	38,324
Royalties	55,402,455	49,362,928	-	-
Repairs and maintenance	10,437,819	10,006,708	86,086	87,974
Operating supplies	22,181,836	17,521,178	-	-
Other direct costs	11,496,604	22,663,135	-	-
Insurance costs	1,835,360	1,684,472	149,202	129,147
Other indirect costs	40,709,174	10,340,217	1,144,856	769,327
	997,703,954	901,082,448	5,686,924	5,251,790

These expenses are presented in the statement of profit or loss and other comprehensive income as follows:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Cost of sales	867,146,975	786,943,899	-	-
Selling expenses	54,743,697	43,244,360	51,490	27,704
Administrative expenses	75,813,282	70,894,189	5,635,434	5,224,086
	997,703,954	901,082,448	5,686,924	5,251,790

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Notes to the financial statements

31 December 2024

10. Profit before tax (continued)

Profit before tax is stated after charging the following:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Net exchange differences	204,889	(1,125,609)	-	-
Depreciation and amortisation	26,467,379	26,155,635	97,057	96,127
Depreciation of right-of-use assets	16,845,559	17,613,811	319,278	321,490
Gain on disposal of property, plant and equipment	1,538,819	550,506	-	-

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

The Group

Total remuneration payable to the Company's auditors in respect of the audit of the financial statements and the undertakings included in the consolidated financial statements amounted to *Eur409,767* (2023: *Eur312,876*) and the remuneration payable to the other auditors in respect of the audits of the undertakings included in the consolidated financial statements amounted to *Eur430,945* (2023: *Eur484,175*). Other fees payable to the Company's auditors for tax services and for non-audit services other than tax services amounted to *Eur60,943* (2023: *Eur44,328*).

The Company

Total remuneration payable to the Company's auditors for the audit of the Company's financial statements amounted to *Eur3,800* (2023: *Eur3,500*). Other fees payable to the Company's auditors for non-audit services other than other assurance services and tax advisory services amounted to *Eur28,200* (2023: *Eur22,000*).

Hili Ventures Limited

Notes to the financial statements

31 December 2024

11. Key management personnel compensation

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Directors' compensation:				
Hili Ventures Limited	529,658	520,381	529,658	520,381
Fees and compensation of directors' of other divisions				
Premier Capital plc	63,000	1,035,547	-	-
1923 Investments plc	105,002	287,325	-	-
Hili Properties plc	72,254	440,640	-	-
Hili Finance Company plc	27,000	27,000	-	-
Breakwater Investments Limited	50,002	12,000	-	-
Marsamxett Properties Limited	18,321	-	-	-
	335,579	1,802,512	-	-
Other key management compensation:				
Hili Ventures Limited	91,236	444,535	91,236	444,535
Premier Capital plc	907,378	816,026	-	-
1923 Investments plc	1,549,317	897,612	-	-
Hili Properties plc	626,565	193,888	-	-
Breakwater Investments Limited	683,872	1,514,146	-	-
	3,858,368	3,866,207	91,236	444,535
Total directors' fees and other key management personnel	4,723,605	6,189,100	620,894	964,916

Hili Ventures Limited

Notes to the financial statements

31 December 2024

12. Staff costs and employee information

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
<i>Staff costs:</i>				
Wages and salaries	196,498,715	172,941,888	2,708,575	2,372,879
Social security costs	18,533,088	17,082,562	110,949	95,261
	215,031,803	190,024,450	2,819,524	2,468,140

The average number of persons employed during the period, including executive Directors, was made up as follows:

	The Group		The Company	
	2024	2023	2024	2023
	No	No	No	No
Operations	10,801	10,386	-	-
Administration	525	525	46	43
	11,326	10,911	46	43

Hili Ventures Limited

Notes to the financial statements

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13. Income tax expense

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Current tax expense	16,700,309	11,324,796	1,361,364	1,610,284
Adjustment of tax in prior year	-	-	-	(8,008)
Deferred tax (credit) / expense (Note 30)	(1,708,874)	2,706,781	(30,973)	484,592
	14,991,435	14,031,577	1,330,391	2,086,868

Tax applying the statutory domestic income tax rate and the income tax expense for the period are reconciled as follows:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Profit before tax from continuing operations	80,431,694	57,388,352	49,857,317	36,740,005
Tax at the applicable rate of 35%	28,151,093	20,085,923	17,450,061	12,859,002
<i>Tax effect of:</i>				
Income subject to 15%	(291,931)	(44,381)	-	-
Exchange differences	225,207	29	-	-
Movement in fair value of investment property not charged to tax	136,378	(582,491)	-	-
Different tax rates of subsidiaries operating in other jurisdictions	(16,838,451)	(14,513,164)	-	-
Withholding tax on dividends	(2,662,303)	(3,490,746)	-	-
Income not chargeable to tax	(2,282,167)	1,084,302	-	-
Maintenance allowance	(73,923)	(72,042)	-	-
Effect of reduction in foreign tax rates	(141,930)	(136,281)	-	-
Exempt interest income	-	(251)	-	(251)
Accrued interest income	(106,126)	(65,396)	(106,126)	(65,396)
Dividend income at reduced rate	-	(54,773)	-	(54,773)
FTA Dividend	(296,083)	(50,450)	(42,299)	(50,450)
Dividend income subject to tax	150,000	-	-	-
Disallowable expenses	10,282,611	10,177,810	2,690,316	1,864,410
Exempt gain on disposal of investments	(388,647)	(159,780)	(388,647)	(159,780)
Untaxed dividend	-	-	(18,788,837)	(12,712,386)
FRFTC nullifying tax charge on FIA Income	529,648	344,124	529,648	344,124
Effect of FRFTC	(57,831)	(22,589)	(57,831)	(22,589)
Other differences	606	48,810	-	-
Deferred tax movement not recognised	162,859	238,157	-	-
Deferred tax on revaluation of investment property	(8,572)	220,958	-	-
Permanent differences	38,591	(139,038)	608	766
Unabsorbed tax losses	(2,532)	(8,446)	-	-
Deferred tax movement	(1,477,803)	1,164,711	-	-
Over provision of tax in prior year	(82,552)	(85,618)	-	(8,008)
Tax relief	(18,205)	-	-	-
Foreign Tax	43,498	92,199	43,498	92,199
Income tax expense	14,991,435	14,031,577	1,330,391	2,086,868

Hili Ventures Limited

Notes to the financial statements

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14. Dividends

In respect of the current year, dividends of *Eur20,348,800* were declared to ordinary shareholders (2023: *Eur10,200,000*); *Eur20.35* per ordinary share (2023: *Eur10.20*).

Preference dividends of *Eur4,651,200* were declared during the year (2023: *Eur4,651,200*); *Eur0.07* per preference share (2023: *Eur0.07*).

15. Goodwill

	Eur
At 01.01.2023	88,216,550
Acquisition of subsidiaries (Note 35)	35,041,259
Effect of exchange differences on the valuation of goodwill on foreign subsidiaries	4,161,979
At 31.12.2023	127,419,788
At 01.01.2024	127,419,788
Effect of exchange differences on the valuation of goodwill on foreign subsidiaries	1,723,057
At 31.12.2024	<u>129,142,845</u>

On 31 March 2023, 1923 Investments Limited (formerly 1923 Investments p.l.c.), a direct subsidiary of the Group, fully acquired the shares of Cortland S.p. Z.o.o. The goodwill recognised on the acquisition of this subsidiary amounted to *Eur35,041,259* (refer to Note 35).

Hili Ventures Limited

Notes to the financial statements

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16. Intangible assets

The Group	Support services licence Eur	Acquired rights and franchise fee Eur	Computer software Eur	Other intangible assets Eur	Total Eur
Cost					
At 01.01.2023	12,366,964	4,448,261	3,744,782	14,398,793	34,958,800
Impairment of opening balance	-	-	-	(44,150)	(44,150)
Additions	-	133,709	620,959	1,710,254	2,464,922
Additions on acquisition of subsidiary	-	-	-	8,036,544	8,036,544
Eliminated on disposal	-	-	(142,927)	(265,471)	(408,398)
Transfers	-	-	(38,151)	38,366	215
Effect of foreign exchange	-	(13,147)	(8,685)	792,018	770,186
At 01.01.2024	12,366,964	4,568,823	4,175,978	24,666,354	45,778,119
Additions	-	147,149	626,248	1,617,512	2,390,909
Reclassification to non-current assets held for sale	-	-	(2,345)	-	(2,345)
Eliminated on disposal	-	(53,983)	(149,166)	(49,456)	(252,605)
Transfers	-	(3,700)	3,700	524,757	524,757
Effect of foreign exchange	-	235	179	604,676	605,090
As at 31.12.2024	12,366,964	4,658,524	4,654,594	27,363,843	49,043,925
Amortisation					
At 01.01.2023	9,275,256	2,614,904	2,775,080	2,314,957	16,980,197
Acquired on acquisition of subsidiaries	-	-	-	72,617	72,617
Provision for the year	618,351	129,482	560,160	1,136,040	2,444,033
Reversal of depreciation	-	-	-	(22,989)	(22,989)
Transfers between asset categories	-	-	(14,330)	31,949	17,619
Eliminated on disposal	-	-	(125,684)	(226,198)	(351,882)
Exchange differences	-	(8,744)	(7,852)	(6,939)	(23,535)
Other derecognition of subsidiary	-	-	-	(107)	(107)
At 01.01.2024	9,893,607	2,735,642	3,187,374	3,299,330	19,115,953
Provision for the year	618,351	139,997	592,702	994,387	2,345,437
Reclassification to non-current assets held for sale	-	-	(2,345)	-	(2,345)
Transfers between asset categories	-	-	-	(23,266)	(23,266)
Eliminated on disposal	-	(1,290)	(188,470)	(49,456)	(239,216)
Exchange differences	-	160	159	18,370	18,689
At 31.12.2024	10,511,958	2,874,509	3,589,420	4,239,365	21,215,252
Carrying amount					
At 31.12.2023	2,473,357	1,833,181	988,604	21,367,024	26,662,166
At 31.12.2024	1,855,006	1,784,015	1,065,174	23,124,478	27,828,673

Hili Ventures Limited

Notes to the financial statements

31 December 2024

16. Intangible assets (continued)

The Group

Included within intangible assets are acquired rights and franchisee fees with a carrying amount of *Eur1,784,012* (2023: *Eur1,833,181*). These intangible assets are amortised over the term of the franchise agreements in place with Mc Donald's Corporation to operate the Mc Donald's brand in all markets. Generally, amortisation period will be twenty years.

Computer software for the Group with a carrying amount of *Eur992,416* (2023: *Eur910,356*) mainly relates to a new ERP system invested into by the Romania segment to improve the business operations and obtain efficiencies in reporting. The amortisation period is over five years.

Moreover, the support services licence owned by the Group with a carrying amount of *Eur1,829,555* (2023: *Eur2,439,431*) will be fully amortised within eight years, and relates to the licence paid to Mc Donald's Corporation to operate the Mc Donald's brand in the Baltic countries.

Intangible assets include separately identified intangible assets acquired during 2014 as part of the business combinations within the 1923 Investments Limited (formerly 1923 Investments p.l.c.). division and amounting to *Eur12,000,000* which have been recognised separately from goodwill. Intangible assets were adjusted upwards by *Eur584,677* (2023: adjusted upwards by *Eur782,272*) following the fluctuations of the Polish Zloty from the date of acquisition to the balance sheet date.

These intangible assets relate to:

- Apple Premium Reseller operations operating under the brand iSpot together with related contracts – *Eur10,691,450* (2023: *Eur10,646,388*). The useful life of this asset is considered to be indefinite as there was no foreseeable limit to the period over which the asset is expected to generate net cash inflows. In arriving at this conclusion management considered such factors as the stability of the industry and changes in the demand for such products. This assessment is reassessed periodically.
- When Cortland was acquired by iSpot, certain intangible assets were acquired and after a purchase price allocation exercise carried out by Polish advisors, a fair value was calculated for:
 - Cortland trademark
 - Customer base intangible asset
 - Non-compete asset

The assets relating to Cortland are valued at *Eur9,037,683* at year end and are assessed for impairment periodically. The amortisation charge for the year was included in administrative expenses.

- Other intangibles at iSpot amount to *Eur1,514,081*, mainly including licences, other development works and the non-compete clause on acquisition.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

16. Intangible assets (continued)

The Group (continued)

• APCO's payment gateway system – *Eur1,000,000*. The useful life of this asset was considered to be finite due to possible technological obsolescence and is being amortised on a straight-line basis. Until 31 December 2014, the Group was amortising the intangible asset over three years. Following the knowledge generated, the Group re-assessed the remaining useful life of the asset to be ten years. Had the Group not reassessed the remaining useful life, the additional amortisation for the years 2015, 2016 and 2017 would have amounted to *Eur233,000* annually more. This asset would have been fully amortised by 31 December 2017 had the Group not re-assessed the remaining useful life. As from 2018, the yearly amortisation on this asset amounts to *Eur89,855* and was fully amortised by 31 December 2024.

During the years, APCOPAY continues to develop its payment processing platform and capitalises the wages of employees directly involved in such development. At year end the net book value of the payment gateway system amounted to *Eur1,490,058* (2023: *Eur1,187,923*). The amortisation charge for the year is included within administrative expenses.

• PTL has continued to develop its intellectual property during 2024. At year end, the net book value amounted to *Eur232,746* (2023: *Eur117,428*).

• Other Intangible assets at Harvest Apco and 1923 Investments Limited (formerly 1923 Investments p.l.c.) include the companies' ERP and at year-end amounted to *Eur26,802* (2023: *Eur27,357*).

The Company	Computer software Eur
Cost	
At 01.01.2023	359,706
Additions	679
Disposals	-
At 01.01.2024	360,385
Additions	14,955
At 31.12.2024	375,340
Amortisation	
At 01.01.2023	259,725
Provision for the year	38,077
Disposals	-
At 01.01.2024	297,802
Provision for the year	30,227
At 31.12.2024	328,029
Carrying amount	
At 31.12.2023	62,583
At 31.12.2024	47,311

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17. Property, plant and equipment

The Group	Land and buildings Eur	Plant and equipment Eur	Motor vehicles Eur	Furniture, fittings and other equipment Eur	Office equipment Eur	Other equipment Eur	Total Eur
Cost or valuation							
At 01.01.2023	239,635,801	86,964,495	2,031,517	28,557,329	16,481,020	3,513	373,673,675
Additions	24,749,415	17,485,961	260,321	2,761,354	1,399,686	-	46,656,737
Acquired on acquisition of subsidiaries	464,912	-	33,831	1,284,014	842,481	-	2,625,238
Revaluation	2,655,782	-	-	-	-	-	2,655,782
Transfers between asset categories	(1,698,924)	12,637,321	145,539	379,140	(11,757,057)	(2,978)	(296,959)
Impairment	(126,281)	-	-	(36,153)	(35,634)	-	(198,068)
Effect of foreign currency exchange differences	(23,939)	(971,145)	819	200,292	157,015	-	(636,958)
Disposals for the year	(1,902,254)	(5,429,525)	(680,167)	(767,633)	(904,516)	-	(9,684,095)
At 01.01.2024	263,754,512	110,687,107	1,791,860	32,378,343	6,182,995	535	414,795,352
Additions	20,600,313	22,813,742	400,571	4,755,290	1,674,878	-	50,244,794
Acquired on acquisition of subsidiaries	82,641,569	18,892,866	-	2,929,863	-	-	104,464,298
Revaluation	2,175,308	-	-	-	-	-	2,175,308
Reclassified to non-current assets	-	-	-	(519,836)	-	-	(519,836)
Transfers between asset categories	(3,836,161)	2,563,352	(247,135)	(851,265)	(1,308,728)	-	(3,679,937)
Adjustment relating to prior years	15,325	-	-	(320,271)	3,888	-	(301,058)
Effect of foreign currency exchange differences	60,470	1,217,376	2,212	16,706	12,703	-	1,309,467
Disposals for the year	(1,510,534)	(6,447,489)	(183,737)	(1,388,590)	(716,097)	-	(10,246,447)
At 31.12.2024	363,900,802	149,726,954	1,763,771	37,000,240	5,849,639	535	558,241,941

Hili Ventures Limited

Notes to the financial statements

31 December 2024

17. Property, plant and equipment (continued)

The Group	Land and buildings Eur	Plant and equipment Eur	Motor vehicles Eur	Furniture, fittings and other equipment Eur	Office equipment Eur	Other equipment Eur	Total Eur
Depreciation							
At 01.01.2023	45,181,428	40,778,291	1,271,596	19,334,781	6,769,375	(1,023)	113,334,448
Provision for the year	10,022,457	10,031,962	763,292	2,057,564	836,327	-	23,711,602
Acquired on acquisition of subsidiaries	217,866	-	16,191	1,100,407	782,410	-	2,116,874
Impairment	73,952	63,038	-	-	(2,633)	-	134,357
Revaluation increase	(625,810)	-	-	-	-	-	(625,810)
Reversal of impairment	(72,954)	(202,559)	-	-	-	-	(275,513)
Adjustments	-	(26,782)	(27,931)	-	-	-	(54,713)
Effect of foreign currency exchange differences	260,276	(379,561)	7,384	123,048	89,585	-	100,732
Released on disposal	(1,099,474)	(5,039,564)	(627,920)	(785,918)	(705,368)	-	(8,258,244)
Transfers between asset categories	-	3,561,514	598	181	(3,535,504)	(1,763)	25,026
At 01.01.2024	53,957,741	48,786,339	1,403,210	21,830,063	4,234,192	(2,786)	130,208,759
Provision for the year	7,815,035	11,900,139	179,403	2,977,023	1,250,342	-	24,121,942
Acquired on acquisition of subsidiaries	(188,367)	9,796,495	-	1,466,899	-	-	11,075,027
Impairment	24	425,718	-	-	-	-	425,742
Revaluation increase	(669,726)	-	-	-	-	-	(669,726)
Reversal of impairment	(24)	(352,598)	-	-	-	-	(352,622)
Reclassified to non-current assets held for sale	-	-	-	(437,675)	-	-	(437,675)
Adjustments	20,548	-	-	(319,195)	(2,411)	-	(301,058)
Effect of foreign currency exchange differences	17,612	391,164	2,074	972	6,913	-	418,735
Released on disposal	(705,249)	(5,954,188)	(122,893)	(1,190,886)	(659,602)	-	(8,632,818)
Transfers between asset categories	(112,686)	-	(162,397)	(2,282,545)	(1,122,305)	-	(3,679,933)
At 31.12.2024	60,134,908	64,993,069	1,299,397	22,044,656	3,707,129	(2,786)	152,176,373
Carrying amount							
At 31.12.2023	209,796,771	61,900,768	388,650	10,548,280	1,948,803	3,321	284,586,593
At 31.12.2024	303,765,894	84,733,885	464,374	14,955,584	2,142,510	3,321	406,065,568

Refer to Note 20 for information relating to the revaluation of other properties within the Group.

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Notes to the financial statements

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17. Property, plant and equipment (continued)

The Company	Furniture, fittings and other equipment
	Eur
Cost	
At 01.01.2023	736,007
Additions	39,928
Disposals	(1,560)
At 01.01.2024	774,375
Additions	70,063
Disposals	(1,648)
At 31.12.2024	842,790
Accumulated Depreciation	
At 01.01.2023	526,449
Provision for the period	58,050
Disposals	(1,127)
At 01.01.2024	583,372
Provision for the period	66,830
Disposals	(1,648)
At 31.12.2024	648,554
Carrying amount	
At 31.12.2023	191,003
At 31.12.2024	194,236

Hili Ventures Limited

Notes to the financial statements

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18. Right-of-use assets

The Group

The following assets have been recognised as right-of-use assets of the Group:

	Land and Buildings Eur	Vehicles Eur	IT equipment Eur	Total Eur
Cost				
1 January 2023	153,616,005	2,455,484	-	156,071,489
Additions	35,897,166	1,402,657	144,165	37,443,988
Disposals	(2,567,844)	(135,000)	-	(2,702,844)
Recognised upon acquisition of subsidiary	3,926,568	-	-	3,926,568
Remeasurment	3,227,058	-	-	3,227,058
Transfers	339,391	-	-	339,391
Impairment	(2,914,674)	(11,862)	-	(2,926,536)
Termination and expiry of leases	(3,304,250)	(123,043)	(5,064)	(3,432,357)
Exchange differences	1,114,934	11,155	11,073	1,137,162
1 January 2024	189,334,354	3,599,391	150,174	193,083,919
Additions	31,793,902	1,346,045	-	33,139,947
Disposals	(3,896,261)	(164,480)	-	(4,060,741)
Reclassified to non-current assets held for sale	(91,978)	-	-	(91,978)
Taken over upon acquisition of subsidiary	4,939,559	-	-	4,939,559
Remeasurment	562	55,059	-	55,621
Transfers	(318,247)	(40,834)	-	(359,081)
Termination and expiry of leases	(770,041)	(435,322)	-	(1,205,363)
Exchange differences	429,916	5,329	2,266	437,511
31 December 2024	221,421,766	4,365,188	152,440	225,939,394
Depreciation				
1 January 2023	38,042,814	1,086,953	-	39,129,767
Provision for the year	17,042,966	432,096	138,749	17,613,811
Recognised upon acquisition of subsidiary	1,057,786	-	-	1,057,786
Exchange differences	724,000	30	10,801	734,831
Impairment	(533,578)	(3,675)	-	(537,253)
Released on disposal	(2,338,690)	(132,180)	-	(2,470,870)
Termination and expiry of leases	(2,009,976)	(124,757)	(4,904)	(2,139,637)
1 January 2024	51,985,322	1,258,467	144,646	53,388,435
Provision for the year	16,128,857	716,702	-	16,845,559
Taken over upon acquisition of subsidiary	308,772	-	-	308,772
Reclassified to non-current assets held for sale	(7,977)	-	-	(7,977)
Exchange differences	232,888	1,046	2,183	236,117
Released on disposal	(3,692,074)	(97,535)	-	(3,789,609)
Termination and expiry of leases	(585,946)	(276,304)	-	(862,250)
31 December 2024	64,369,842	1,602,376	146,829	66,119,047
Carrying amount				
At 31 December 2023	137,349,032	2,340,924	5,528	139,695,484
At 31 December 2024	157,051,925	2,762,812	5,611	159,820,347

The depreciation charge on right-of-use assets is included in cost of sales and administrative expenses.

The Group has elected to disclose right-of-use assets separately in these financial statements. The information pertaining to the gross carrying amount, depreciation recognised during the year and other movements in right-of-use assets is included in the above table. Information pertaining to lease liabilities and their corresponding maturities are disclosed separately in Note 19. Information about the accounting policy for the measurement and recognition of leases is disclosed in Note 2. The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 upon initial recognition and during the previous year for additions made was 2.58-6.90%. Additions to right-of-use assets during the current reporting period have been recognised using a rate between 3.00% and 6.94%.

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Notes to the financial statements

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18. Right-of-use assets (continued)

The Group (continued)

The incremental borrowing rate will be re-assessed every time a new lease is entered into by the Group and the Company and the corresponding right-of-use asset recognised. New leases are assessed on a case-by-case basis.

The Company

The following assets have been recognised as right-of-use assets of the Company:

	Eur
Cost	
1 January 2023	3,351,297
Additions	1,984
Disposals	<u>(188,148)</u>
1 January 2024	<u>3,165,133</u>
Additions	<u>4,600</u>
31 December 2024	<u>3,169,733</u>
Depreciation	
1 January 2023	1,328,459
Provision for the year	321,490
Disposals	<u>(78,272)</u>
1 January 2024	<u>1,571,677</u>
Provision for the year	<u>319,278</u>
31 December 2024	<u>1,890,955</u>
Carrying amount	
At 31 December 2023	<u>1,593,456</u>
At 31 December 2024	<u>1,278,778</u>

The depreciation charge on right-of use assets is included in administrative expenses.

The Company has elected to disclose right-of-use assets separately in these financial statements. The information pertaining to the gross carrying amount, depreciation recognised during the year and other movements in right-of-use assets is included in the above table. Information pertaining to lease liabilities and their corresponding maturities are disclosed separately in Note 19. Information about the measurement and recognition of leases are disclosed in Note 2.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3.93%. The incremental borrowing rate will be reassessed every time a new lease is entered into by the Company and the corresponding right-of-use asset recognised. New leases are assessed on a case-by-case basis.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

18. Right-of-use assets (continued)

The Company (continued)

The Company has financed most of its obligations internally and has therefore not been subject to market fluctuations in the interest rate from its borrowings with third parties. The Company does not expect this rate to vary significantly in the foreseeable future.

19. Lease liabilities

The Group has financed most of its obligations internally and has therefore not been subject to market fluctuations in the interest rate from its borrowings with third parties. Except as disclosed in Note 18, the Group does not expect these rates to vary significantly in the foreseeable future.

Lease liabilities are presented in the statement of financial position as follows:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Current				
Lease Liability	15,643,327	13,669,898	343,925	322,192
Non-Current				
Lease Liability	152,641,473	132,509,903	1,167,060	1,506,919
	168,284,800	146,179,801	1,510,985	1,829,111

The Group has leases for its buildings, motor vehicles and IT equipment. With the exception of short-term leases and leases of low value assets, each lease is included in the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of company sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 17).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The majority of the lease agreements entitle the Group's subsidiaries to have the right of first refusal when such leases come up for renewal.

None of the lease agreements gives rights to the Group's subsidiaries to any purchase or escalation options, however restricting the same subsidiaries to further lease the properties to third parties. For leases over office buildings, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The range of the remaining lease term of the Group's buildings is 1 - 20 years, whilst the range of the remaining lease term of the motor vehicles and IT equipment is 1 - 5 years.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

19. Lease liabilities (continued)

The Company has leases for its office buildings, garage and car park spaces. Each lease is included in the statement of financial position as a right-of-use asset and a lease liability. The Company does not have any other short-term leases (leases with an effected term of 12 months or less). Leases of low-value underlying assets are being classified as administrative expenses.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items under lease and incur maintenance fees on such items in accordance with the lease contracts.

The remaining lease term of the Company buildings, garages and car park spaces is 4 years.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2024 and 2023 were as follows:

Group	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
31 December 2024				
Lease Payments	22,957,507	70,904,137	149,806,710	243,668,354
Finance Charges	(7,314,180)	(22,755,322)	(45,314,052)	(75,383,554)
Net present values	15,643,327	48,148,816	104,492,658	168,284,800
	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
31 December 2023				
Lease Payments	20,555,150	63,565,520	124,158,506	208,279,176
Finance Charges	(6,885,252)	(19,086,927)	(36,127,196)	(62,099,375)
Net present values	13,669,898	44,478,593	88,031,310	146,179,801

Hili Ventures Limited

Notes to the financial statements

31 December 2024

19. Lease liabilities (continued)

The Company	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
31 December 2024				
Lease Payments	397,156	1,239,760	-	1,636,916
Finance Charges	(53,231)	(72,700)	-	(125,931)
Net present values	343,925	1,167,060	-	1,510,985
	Within one year Eur	Between one and 5 years Eur	Over 5 years Eur	Total Eur
31 December 2023				
Lease Payments	388,314	1,632,510	-	2,020,824
Finance Charges	(66,122)	(125,591)	-	(191,713)
Net present values	322,192	1,506,919	-	1,829,111

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

One of the Maltese subsidiaries has a short-term lease with a third party for the use of warehousing space in Malta. The contract is renewable every year and can be terminated by either of the parties with a short period of notice. As a result, management considers this lease to be a short-term lease for the purpose of IFRS 16. Payments made under short term lease are expensed on a straight-line basis.

The Group also leases certain properties in Poland whereby it's committed to pay monthly payments to lessors based on the sales of each particular shop. This is considered as variable lease payments and therefore not permitted to be recognised a lease liability and is expensed as incurred.

At the reporting date presented, the Group had not committed to leases which had not yet commenced. There were no future cash outflows for leases that had not yet commenced in relation to buildings during the year of review.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

19. Lease liabilities (continued)

The expense relating to payments not included in the measurement of the lease liability is as follows:

Lease payments not recognised as a liability	The Group 2024 Eur	The Group 2023 Eur
Short-term leases	459,301	395,184
Leases of low-value assets	-	1,939
Variable lease payments	12,013,070	10,763,092
	12,472,371	11,160,215

20. Investment property

	The Group Eur
At 31.12.2022	189,752,988
Additions	978,949
Increase in fair value (Note 7)	2,861,521
Decrease in fair value (Note 8)	(3,060,000)
Reclass to held for sale	(7,000,000)
At 31.12.2023	183,533,458
Additions	1,443,020
Disposals	(277,859)
Increase in fair value (Note 7)	663,996
Decrease in fair value (Note 8)	(675,408)
Reclass to non-current assets held for sale (Note 37)	(37,959,219)
At 31.12.2024	146,727,988

The fair value of the Group's properties classified as investment properties of *Eur146,727,988* (2023: *Eur183,533,458*) and property, plant and equipment of *Eur47,478,132* (2023: *Eur45,282,354*) have been arrived at using a combination of internal and external valuations.

During 2024, external market valuations were obtained for most the property portfolio. At the reporting date the Directors re-assessed the fair values of these properties and were of the opinion that their fair value had not altered significantly since the external valuations were performed in 2024.

In estimating the fair value of the property, the highest and best use of the property is its current use.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

20. Investment property (continued)

Investment properties are classified as Level 3.

All the properties located in the Baltics amounting to *Eur33,408,918*, classified as IP amounting to *Eur19,400,000* and PPE amounting to *Eur14,008,918* (2023: *Eur77,881,538*, classified as IP amounting to *Eur63,961,470* and PPE amounting to *Eur13,920,068*) and the investment property located in Romania amounting to *Eur93,900,000* (2023: *Eur93,300,000*) and PPE amounting to *Eur11,572,215* (2023: *Eur10,309,286*) are classified as retail/commercial properties. The remaining properties are located in Malta.

The levels in the fair value hierarchy have been defined in Note 42. The Group'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.

The fair value of the properties at 31 December 2024 classified as IP amounting to *Eur146,727,988* and PPE amounting to *Eur47,478,132* has been arrived at on the basis of internal assessments to reflect market conditions at the end of the reporting period. These internal assessments also considered independent external valuations obtained for all the Group's properties during previous years.

Valuation techniques and inputs

For the fair value of the investment properties located in Malta, which were valued externally, the valuation was determined based on comparable methods. The significant unobservable inputs were the rental yields and rental rates per square metre being derived from the properties.

Range of significant unobservable inputs

	Rental Yields	Rental rates per square metre
	%	
2024 - Malta	4.00-6.00	109.89-678.39
2023 - Malta	3.60-6.70	98.9-455.96

For the fair value of the investment properties which were all valued externally, the valuation was determined based on comparable methods. The significant unobservable inputs were the rental yields and rental rates per square metre being derived from the properties.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

20. Investment property (continued)

	Range of significant unobservable inputs	
	Discount rate	Growth rate
	%	%
2024 - Baltics	8.88-10.50	0.48-17.83
2023 - Baltics	8.00-11.30	1.80-3.00

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.

For the fair value of the investment properties located in Romania, which were valued externally, the valuation was determined based on Direct Capitalization Approach. The used capitalization rates range was 6.50%-10.90% (2023: 6.25%-6.75%).

Operating leases, the Group as a lessor

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	8,689,276	11,374,131
Between one and five years	44,114,604	40,313,592
After 5 years	96,866,934	95,569,456
	149,670,814	147,257,179

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Notes to the financial statements

31 December 2024

21. Financial assets

(a) Investments in subsidiaries

Details of the Company's investment in subsidiaries at 31 December 2024 and 2023 are as follows:

Carrying amount	Eur
At 01.01.2023	219,973,521
Additions	102,400
Transfer of investment to a subsidiary	(1,875,376)
Reclassification from loan receivables	47,400,000
At 01.01.2024	265,600,545
Additions	1
Reclassification from loan receivables	39,889,800
At 31.12.2024	305,490,346

In 2024, included in the additions during the year, is an investment of *Eur1* in Tigné Mall Limited (formerly Tigné Mall p.l.c.). An amount of *Eur39,889,800* has been reclassified from loans and receivables, representing the following capitalisations: *Eur29,998,800* made to Marsamxett Properties Limited, *Eur331,000* made to Battery Street Limited and *Eur9,560,000* made to HV Hospitality Limited, resulting in an increase in the investment in these subsidiaries.

In 2023, included in the additions during the year, are investments of *Eur100,000* in TBP Properties Single Member S.A., *Eur1,200* in Battery Street Limited and *Eur1,200* in Marsamxett Properties Limited. An amount of *Eur47,400,000* has been reclassified from loans and receivables which represented a capitalisation of a loan made to Breakwater Investments Limited resulting in an increase in the investment in this subsidiary. Also, an amount of *Eur1,875,376* represents the sale of investment in Cobalt Leasing Ltd to Breakwater Investments Limited .

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(a) Investments in subsidiaries

Details of the Company's subsidiaries at 31 December 2024:

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2024/2023	Holding	Portion of voting power held 2024/2023	Principal activity
1923 Investments Limited	Malta	99.99 (99.99)	Direct	99.99 (99.99)	Holding Company
Harvest Technology plc	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
PTL Limited	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
APCO Limited	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
APCOPAY Limited	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
Ipsyon Limited	Malta	62.95 (62.95)	Indirect	62.95 (62.95)	Holding of intellectual property
APCOPAY Greece S.A. (in liquidation)	Greece	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of payment gateway service
PTLtech (Mauritius) Limited	Mauritius	62.95 (62.95)	Indirect	62.95 (62.95)	Sale of IT solutions and security systems
iSpot Poland SP. Z O.O.	Poland	100 (100)	Indirect	100 (100)	Sale of retail and IT solutions
SAD SP. Z O.O.	Poland	100 (100)	Indirect	100 (100)	Sale of retail and IT solutions
iSpot Premium Romania srl (in liquidation)	Romania	100 (100)	Indirect	100 (100)	Sale of retail and IT solutions
Cortland Sp. Z o.o (merged with iSpot Poland Sp. Z o.o)	Poland	N/A (100)	Indirect	N/A (100)	Sale of retail and IT solutions
E-Lifecycle Holdings GmbH (disposed of on 31 January 2024)	Germany	Nil (100)	Indirect	Nil (100)	Sale of retail and IT solutions
Breakwater Investments Limited	Malta	100 (100)	Direct	100 (100)	Holding Company
Motherwell Bridge Industries Limited	Malta	80 (80)	Indirect	80 (80)	Erection refurbishment of container handling equipment
Techniplus S.A.	Morocco	80 (80)	Indirect	80 (80)	Crane and port services
Cobalt Leasing Limited	UK	100 (100)	Indirect	100 (100)	Container Leasing
Carmelo Caruana Company Limited	Malta	100 (100)	Indirect	100 (100)	Shipping agent
Professional Courier Services Limited (merged with CCCL)	Malta	N/A (100)	Indirect	N/A (100)	Parcel delivery service
Allcom SP. Z O.O.	Poland	100 (100)	Indirect	100 (100)	Shipping and freight forwarding
STS Marine Solutions (UK) Limited	UK	100 (100)	Indirect	100 (100)	Backoffice services

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Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2024/2023	Holding	Portion of voting power held 2024/2023	Principal activity
STS Marine Solutions (Bermuda) Limited	Bermuda	100 (100)	Indirect	100 (100)	Ship-to-ship operations
STS Marine Transfer Services Limited	Bermuda	100 (100)	Indirect	100 (100)	Terminal management
Guardian L.L.C.	Marshall Islands	100 (100)	Indirect	100 (100)	Operation of vessel
Premier Capital plc	Malta	99.99 (99.99)	Direct	99.99 (99.99)	Holding Company
Premier Restaurants Romania SRL (PRR SRL)	Romania	99.99 (99.99)	Indirect	99.99 (99.99)	Operated McDonald's restaurants in Romania
Premier Restaurants Latvia SIA	Latvia	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Latvia
AS Premier Restaurants Eesti	Estonia	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Estonia
Premier Restaurants UAB	Lithuania	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Lithuania
Premier Restaurants Malta Limited	Malta	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Malta
Premier Capital Hellas S.A.	Greece	100 (100)	Indirect	100 (100)	Operated McDonald's restaurants in Greece
Hili Properties plc	Malta	74.83 (74.83)	Direct	74.83 (74.83)	Holding Company
Hili Estates Holdings Company Limited	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Holding Company
Hili Estates Limited	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Estates Limited	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Harbour (APM) Investments Ltd	Malta	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent of immovable property
Hili Properties BV	Netherlands	74.83 (74.83)	Indirect	74.83 (74.83)	Holding Company
Premier Estates Eesti OU	Estonia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Estates Ltd SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Estates Lietuva UAB	Lithuania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Indev UAB	Lithuania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

Name of subsidiary	Place of incorporation and ownership	Proportion of ownership interest 2024/2023	Holding	Portion of voting power held 2024/2023	Principal activity
Dz78 SIA (disposed in 2024)	Latvia	Nil (74.83)	Indirect	Nil (74.83)	Hold and rent immovable property
Apex Investments SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Tirdzniecibas centrs Dole SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
SC Stimu SIA	Latvia	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Baneasa Real Estate SRL	Romania	74.83 (56.12)	Indirect	74.83 (56.12)	Hold and rent immovable property
Hili Premier Estates Romania SRL	Romania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Premier Assets Romania SRL	Romania	74.83 (74.83)	Indirect	74.83 (74.83)	Hold and rent immovable property
Hili Properties Poland Sp. Z.o.o	Poland	Nil (74.83)	Indirect	Nil (74.83)	Holding Company
Harbour Holdings Company Limited	Malta	66.55 (66.55)	Direct	66.55 (66.55)	Hold and manage immovable property
Hili Finance Company plc	Malta	99.99 (99.99)	Direct	99.99 (99.99)	Finance provider
HV Hospitality Limited	Malta	100 (100)	Direct	100 (100)	Holding Company
Battery Street Limited	Malta	100 (100)	Direct	100 (100)	Hotel Operation
TBP Properties Single Member SA	Greece	100 (100)	Direct	100 (100)	Hold and rent immovable property
Marsamxett Properties Limited	Malta	100 (100)	Direct	100 (100)	Holding Company
Tigne Mall Limited	Malta	100 (33.31)	Indirect	100 (33.31)	Management of The Point Shopping Mall

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

The registered addresses of the Company's direct and indirect subsidiaries at 31 December 2024 are as follows:

Name of subsidiary	Registered office
1923 Investments Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
PTL Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Harvest Technology plc	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
APCO Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
APCOPAY Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Ipsyon Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
APCOPAY Greece S.A.	Municipality of Marousi of Attica, Prefecture, Greece
PTLtech (Mauritius) Limited	Pope Hennessy Street Suite 602, 6th Floor, Hennessy Tower Port Louis, Mauritius
SAD SP. Z O.O	ul. Pulawska 2, 02-566 Warsaw, Poland
iSpot Poland Sp. Z o.o.	ul. Pulawska 2, 02-566 Warsaw, Poland
iSpot Premium Romania	Shopping Centre Promenda, first floor Unit no. 1F-055, Bucharest Romania
Cortland Sp. Z o.o. (merged with iSpot Poland Sp. Z o.o.)	ul. ZGODA 38/-60-1422 Poznan Greater Poland, Poland
E-Lifecycle Holdings GmbH (disposed in 2024)	Spedition str. 21 40221 Dusseldorf, Germany
Premier Capital plc	Ahtri tn 12, 6. korrus, Tallinn linn, Harju maakond, 10151, Estonia
Premier Restaurants Romania SRL	4-8 Nicolae Titulescu Avenue, West Wing, 5th Floor, 011141 Bucharest, Romania
Premier Restaurants Latvia SIA	6, Dantes Street, Riga LV-1013, Latvia
AS Premier Restaurants Eesti	Ahtri tn 12, 6. korrus, Tallinn linn, Harju maakond, 10151, Estonia
Premier Restaurants, UAB	Tumeno g. 4, Vilnius, LT-01109, Lithuania
Premier Restaurants Malta Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Premier Capital Hellas S.A.	59, Al. Panagouli Street, 15343 Agia Paraskevi, Athens, Greece
Hili Properties plc	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Hili Estates Holdings Company Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Hili Estates Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Premier Estates Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Harbour (APM) Investments Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Hili Properties BV	Strawinskylaan 3127, 1077x2, Amsterdam, Netherlands
Hili Properties Poland Sp. Z.o.o.	Warsaw 00-839, ul. Towarowa 28, Poland
Premier Estates Eesti OÜ	Tartu mnt 13 Keklinna linnaosa, Tallinn Harju maakond 10145

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(a) Investments in subsidiaries (continued)

Name of subsidiary	Registered office
Premier Estates Ltd SIA	Satekles street 2B, LV-1050, Latvia
Premier Estates Lietuva UAB	Tilto g. 1, LT-01101, Vilnius, the Republic of Lithuania
Indev UAB	Tilto g. 1, LT-01101, Vilnius, the Republic of Lithuania
Dz78 SIA (disposed in 2024)	Satekles street 2B, LV-1050, Latvia
Apex Investments SIA	Satekles street 2B, LV-1050, Latvia
Tirdzniecibas centrs Dole SIA	Maskavas iela 357 - 2, Riga, Latvia
SC Stirnu SIA	Satekles street 2B, LV-1050, Latvia
Baneasa Real Estate SRL	89A Bucharesti-Ploiesti Road, Building C2, 4th floor, Romania
Hili Premier Estates Romania SRL	4-8, Nicolae Titulescu Road, America House, 5th floor, Sector 1, Bucharest, Romania
Premier Assets Romania SRL	4-8, Nicolae Titulescu Road, America House, 7th floor, Sector 1, Bucharest, Romania
Harbour Holdings Company Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Breakwater Investments Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Motherwell Bridge Industries Limited	Hal-Far Industries Estate, Hal-Far, Birzebbugia, Malta
Techniplus S.A	Zone Chantier Naval du port de Casablanca, Almohades Boulevard, Casablanca, Morocco
Cobalt Leasing Limited	St.John's Court, Easton Street, High Wycombe, HP11 1JX, England
Carmelo Caruana Company Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Professional Courier Services Limited (merged with CCCL)	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Allcom Sp. z o.o.	ul. Mariacka 9, 81-383 Gdynia, Poland
STS Marine Solutions (UK) Limited	1, The Cloisters, Sunderland, Type & Wear, United Kingdom, SR2 7BD
STS Marine Solutions (Bermuda) Limited	Appleby, Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM 12
STS Marine Transfer Services Limited	Appleby, Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM 12
Guardian L.L.C	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Island
Hili Finance Company plc	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
HV Hospitality Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Battery Street Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
TBP Properties Single Member SA	280 Kirsiras ave, Chalandri, 15232, Athens, Greece
Marsamxett Properties Limited	Nineteen Twenty-Three, Valletta Road, Marsa, MRS 3000 Malta
Tigne Mall Limited	Management Suite, The Point Shopping Mall, Tigne Point, Sliema, Malta

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(b) *Non-controlling interest*

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name of group company	(Loss) / profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Non controlling interest in Hili Properties plc	(247,850)	485,037	22,361,444	33,619,275
Non controlling interest in 1923 Investments plc	412,697	214,538	4,885,224	5,021,145
Non controlling interest in Motherwell Bridge Industries	(116,366)	98,582	(127,331)	(14,324)
	<u>48,481</u>	<u>798,157</u>	<u>27,119,337</u>	<u>38,626,096</u>

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(c) Investments in associates

At the end of the current reporting period, the Group had no investment in associates. The investment in associate, which was owned through Marsamxett Properties Limited, has been fully acquired and classified as an investment in subsidiary.

	Proportion of ownership interest	Proportion of ownership interest	Capital and reserves as at 31 December		Profit for the year ended 31 December	
	2024	2023	2024	2023	2024	2023
	%	%	Eur	Eur	Eur	Eur
Tigné Mall Limited	-	33.31	-	61,431,470	-	3,941,632

Up to 31 December 2023, Marsamxett Properties Limited had an investment in associate amounting to *Eur*15,618,035.

During the year, the Group acquired the remaining shares in Tigné Mall Limited (formerly Tigné Mall p.l.c.), through Marsamxett Properties Limited, as shown in Note 21 (a). As a result, all assets and liabilities of Tigné Mall Limited (formerly Tigné Mall p.l.c.) are now included in the consolidated financial position of the Group.

During 2023, the Group also disposed of its associate CMA CGM Agency Malta Limited, in which it held 49% of its share capital. The Group was not entitled to any share of profits from this associate during the year of disposal.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(d) Investments in joint ventures

The investment in joint venture in iCentre Hungary Kft was a result of a merger. The Company holds 50% directly in iCentre Hungary Kft. The registered office of iCentre Hungary Kft is Bécsi út 77-79, 1036 Budapest, Hungary.

Summarised financial information in respect of joint ventures is set out below:

	The Group	
	2024	2023
	Eur	Eur
Carrying amount of the asset	<u>1,208,237</u>	<u>1,192,711</u>
Group's share of total profit / total comprehensive income	<u>15,526</u>	<u>(54,124)</u>
Group's share of total expense/ total comprehensive income	<u>-</u>	<u>-</u>

The investment in joint ventures comprises of an investment of *Eur1,208,237* (2023: *Eur1,192,711*) in iCentre Hungary Kft. A summary of the financial information of this joint venture is set out below:

	The Group	
	2024	2023
	Eur	Eur
Current assets	3,112,714	3,441,175
Non-current liabilities	542,142	463,866
Current liabilities	<u>(2,410,976)</u>	<u>(2,598,500)</u>
Net assets	<u>1,243,880</u>	<u>1,306,541</u>
Revenue	17,030,741	15,384,197
Expenses	<u>(16,993,026)</u>	<u>(15,489,367)</u>
Profit/(loss) for the year (net of tax)	<u>31,052</u>	<u>(108,247)</u>
Group's share of total profit/(loss) / total comprehensive income/(loss)	<u>15,526</u>	<u>(54,124)</u>

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(e) Other investments

	The Group	
	2024	2023
	Eur	Eur
As at January	149,977	149,977
As at December	149,977	149,977

During 2017, an indirect investment of *Eur50,000* was made in Thought3D Ltd through one of the subsidiaries of 1923 Investments Limited (formerly 1923 Investments p.l.c.). corresponding to 4% of this investment's share capital. During 2021, Harvest Technology p.l.c. made an additional investment in Thought3D Limited amounting to *Eur99,977*.

(f) Other financial assets

Other financial assets in 2024 consist of derivative financial instruments amounting to *Eur186,441* (2023: *Eur501,848*) comprising of an interest rate swap whereby subsidiaries of the Group entered into a contract to swap the floating rate on bank borrowings to a fixed rate. The interest rate swap is stated at fair value and is classified with financial assets classified as held-for-trading. In addition, *Eur6,000* comprise of works of art acquired by one of the Group's subsidiaries (2023: *Eur5,910*) as well as an amount of *Eur292,814* (2023: *Nil*) being held as performance guarantee on long term projects by one of the Group's subsidiaries. The total amount of other financial assets of *Eur485,255* (2023: *Eur507,758*) is classified with non-current assets.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(g) Financial assets at fair value through other comprehensive income

The Group

	Local listed debt instruments Eur	Local listed equity instruments Eur	Foreign listed debt instruments	Foreign listed equity instruments	Foreign listed derivative instruments	Foreign listed money market instruments	Other instruments	Cash in portfolio	Total
At 01.01.2023	682,825	84,840	7,123,792	9,501,448	567,655	4,000,000	3,638,570	3,588,098	29,187,228
Additions	200,000	-	8,446,293	18,009,627	-	4,487,303	14,269,611	-	45,412,834
(Decrease) / increase in fair value for the year	(278)	49,591	400,896	764,099	(269)	-	-	-	1,214,039
Disposal	-	-	(3,416,814)	(9,499,123)	(567,213)	(8,487,303)	(17,839,421)	(3,523,008)	(43,332,882)
Reversal in fair value	-	-	19,924	72,389	(173)	-	-	-	92,150
Exchange differences	-	-	9,794	40,872	-	-	-	-	50,666
At 01.01.2024	882,547	134,431	12,563,885	18,889,322	-	-	68,760	65,090	32,624,035
Additions	-	-	10,888,682	31,136,719	67,628	2,462,426	20,491,795	879,972	65,927,222
Increase / (decrease) in fair value for the year	12,513	(4,350)	(9,175)	696,388	5,648	-	-	-	701,024
Disposal	(250,125)	-	(14,712,492)	(26,087,212)	-	(2,459,163)	(20,544,346)	-	(64,053,338)
Exchange differences	-	-	-	209,025	(123)	(3,263)	(26,431)	-	179,208
At 31.12.2024	644,935	130,081	8,750,900	24,844,242	73,153	-	(10,222)	945,062	35,378,151

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(g) Financial assets at fair value through other comprehensive income (continued)

The carrying amount of financial assets amounting to *Eur35,378,151* (2023: *Eur32,624,035*) include investments amounting to *Eur644,935* (2023: *Eur882,547*) in locally listed corporate bonds as well as *Eur130,081* (2023: *Eur134,431*) in locally listed equity instruments.

During 2024, the Group also acquired a portfolio of foreign listed instruments amounting to *Eur44,097,741* (2023: *Eur44,704,304*) which as at the end of the reporting period had a carrying amount of *Eur33,668,295* (2023: *Eur31,541,967*). This comprised investments of *Eur10,546,819* (2023: *Eur12,583,885*) in foreign listed bonds, *Eur67,628* (2023: *Nil*) in foreign derivative instruments and *Eur31,020,868* (2023: *Eur18,889,322*) in foreign listed equity instruments. The liquidity of *Eur945,062* (2023: *Eur133,850*) is held in the portfolio with the intention to invest further. The increase in fair value recognised through other comprehensive income as at 31 December 2024 amounted to *Eur701,024* (2023: increase in fair value of *Eur1,214,039*). Exchange gains arising on translation of foreign investments also recognised through other comprehensive income amounted to *Eur179,208* (2023: gains of *Eur50,666*). The Group recognised reversal of fair value through other comprehensive income on disposal of investments amounted to *Eur(1,001,650)* (2023: *92,150*), out of which *Eur507,410* (2023: *Nil*) was transferred to retained earnings.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(g) Financial assets at fair value through other comprehensive income (continued)

The Company

	Foreign listed debt instruments Eur	Foreign listed equity instruments Eur	Foreign listed derivative instruments Eur	Foreign listed money market instruments Eur	Cash in portfolio Eur	Total Eur
At 01.01.2023	4,167,488	4,761,513	246,982	1,000,000	3,588,098	13,764,081
Additions	3,563,566	6,593,159	-	2,000,000	-	12,156,725
Increase / (decrease) in fair value for the year	281,883	267,429	(269)	-	-	549,043
Disposal	(1,420,724)	(3,541,935)	(246,713)	(3,000,000)	(3,523,008)	(11,732,380)
At 31.12.2023	6,592,213	8,080,166	-	-	65,090	14,737,469
At 01.01.2024	6,592,213	8,080,166	-	-	65,090	14,737,469
Additions	6,449,854	17,188,711	-	-	879,972	24,518,537
(Decrease) / increase in fair value for the year	(18,499)	233,828	-	-	-	215,329
Disposal	(8,720,888)	(14,460,724)	-	-	-	(23,181,612)
At 31.12.2024	4,302,680	11,041,981	-	-	945,062	16,289,723

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(g) *Financial assets at fair value through other comprehensive income (continued)*

The carrying amount of the financial asset investments amounting to *Eur16,289,723* (2023: *Eur14,737,469*) represents investments amounting to *Eur4,302,680* (2023: *Eur6,592,213*) in foreign listed debt instruments, investments amounting to *Eur11,041,981* (2023: *Eur8,080,166*) in foreign listed equity instruments, and liquidity of *Eur945,062* (2023: *Eur65,090*) held with the intention to invest. The increase in fair value recognised through other comprehensive income as at 31 December 2024 amounted to *Eur215,329* (2023: *Eur549,043*).

(h) *Loans and receivables*

The Group

	Loans to related parties Eur	Other receivables Eur	Total Eur
2023			
Amortised cost			
At 31.12.2023	26,043,340	8,719,347	34,762,687
Less: amounts expected to be settled within 12 months (shown under current assets)	<u>(3,197,226)</u>	<u>-</u>	<u>(3,197,226)</u>
Amount expected to be settled after 12 months	<u>22,846,114</u>	<u>8,719,347</u>	<u>31,565,461</u>
2024			
Amortised cost			
At 31.12.2024	11,150,209	13,723,945	24,874,154
Less: amounts expected to be settled within 12 months (shown under current assets)	<u>(1,648,920)</u>	<u>(5,356,000)</u>	<u>(7,004,920)</u>
Amount expected to be settled after 12 months	<u>9,501,289</u>	<u>8,367,945</u>	<u>17,869,234</u>

The terms and conditions of the above loans are disclosed in Note 38.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

21. Financial assets (continued)

(h) Loans and receivables (continued)

Loans to related parties of *Eur17,869,234* (2023: *Eur31,565,461*) have no fixed date for repayment and are not expected to be realised within twelve months after the end of the reporting period.

Though the remaining loans amounting to *Eur7,004,920* (2023: *Eur3,197,226*) have no fixed date for repayment, they are expected to be realised within twelve months after the reporting period. These amounts are unsecured and interest free.

<i>The Company</i>	Loans to shareholders Eur	Loans to subsidiaries Eur	Loans to related parties Eur	Total Eur
2023				
Amortised cost				
At 31.12.2023	18,493,612	37,178,046	5,966,716	61,638,374
Less: amounts expected to be settled within 12 months (shown under current assets)	<u>(2,634,332)</u>	<u>(3,990,231)</u>	<u>(350,360)</u>	<u>(6,974,923)</u>
Amounts expected to be settled after 12 months	<u>15,859,280</u>	<u>33,187,815</u>	<u>5,616,356</u>	<u>54,663,451</u>
2024				
Amortised cost				
At 31.12.2024	9,525,612	80,491,919	5,361,549	95,379,080
Less: amounts expected to be settled within 12 months (shown under current assets)	<u>(24,338)</u>	<u>(11,679,235)</u>	<u>(5,361,549)</u>	<u>(17,065,122)</u>
Amounts expected to be settled after 12 months	<u>9,501,274</u>	<u>68,812,684</u>	<u>-</u>	<u>78,313,958</u>

The terms and conditions of the above loans are disclosed in Note 38. The loans to subsidiaries bear interest at 4.5% (2023: 4.5%) except for loans amounting to *Eur36,692,676* advanced to 1923 Investments Limited (formerly 1923 Investments p.l.c.) during 2024 which bear interest at 5.5%. The remaining loans are unsecured and interest free. *Nil* (2023: *Eur515,374*) of the loans have no fixed date for repayment and are not expected to be realised within twelve months after the reporting period.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

22. Inventories

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Contracts in progress	1,128,354	1,038,260	-	-
Finished goods and goods held for resale	22,262,890	23,476,904	-	-
Raw materials and consumables	10,857,133	10,205,828	-	-
	34,248,377	34,720,992	-	-

The amount of inventories recognised as an expense during the year amounted to *Eur506,182,816* (2023: *Eur457,616,150*).

Write-backs of inventories recognised in the statement of profit or loss and other comprehensive income during the year amounted to *Eur424,890* (2023: *Eur26,097*) and are included with cost of sales and administrative expenses.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

23. Trade and other receivables

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Trade receivables	22,810,990	24,408,791	-	-
Other receivables	19,008,923	14,024,790	134,539	146,302
Prepayments and accrued income	12,957,899	13,700,674	220,833	227,988
	54,777,812	52,134,255	355,372	374,290
Less: amount due for settlement within 12 months (shown under current assets)	(51,083,128)	(47,463,098)	(355,372)	(374,290)
	3,694,684	4,671,157	-	-

No interest is charged on trade and other receivables.

Allowance for estimated irrecoverable amounts

Trade and other receivables of the Group are stated net of an impairment provision for expected credit losses from non-performing receivables amounting to *Eur2,037,465* (2023: *Eur2,145,882*). Movements in impairment provisions are included with administrative expenses.

24. Property held for sale

	The Group	
	2024	2023
	Eur	Eur
Fair Value		
At 1 January	10,700,000	3,700,000
Disposals	(7,000,000)	-
Reclassified from investment property	-	7,000,000
Impairment on property held for sale (Note 8)	(1,100,000)	-
At 31 December	2,600,000	10,700,000

Properties held for sale are investment properties earmarked for sale. In 2024, *Nil* (2023: *Eur3,700,000*) of properties held for sale were classified as non-current and *Eur2,600,000* (2023: *Eur7,000,000*) are classified as current. The amount of *Eur7,000,000* reclassified from investment property during 2023 has been disposed of during the current year. No gain or loss on sale was recognised.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

25. Trade and other payables

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Trade payables	79,512,672	66,505,206	161,354	71,521
Other payables	32,404,490	30,569,826	280,228	431,533
Accruals and deferred income	48,788,354	42,671,313	1,238,076	1,002,611
	160,705,516	139,746,345	1,679,658	1,505,665
Less: amount due for settlement within 12 months (shown under current liabilities)	(158,525,720)	(135,671,178)	(1,679,658)	(1,505,665)
Amount due for settlement after 12 months	2,179,797	4,075,167	-	-

No interest is charged on trade and other payables.

26. Bank loans and overdrafts

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Bank overdrafts	7,783,018	10,719,152	-	859,544
Bank loans	139,739,203	166,924,438	23,500,000	28,074,503
	147,522,221	177,643,590	23,500,000	28,934,047
Less: amount due for settlement within 12 months (shown under current liabilities)	(41,021,877)	(40,257,506)	(6,000,000)	(11,008,479)
Amount due for settlement after 12 months	106,500,344	137,386,084	17,500,000	17,925,568

Hili Ventures Limited

Notes to the financial statements

31 December 2024

26. Bank loans and overdrafts (continued)

Bank loans and overdrafts are payable as follows:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
On demand or				
within one year	41,021,877	40,257,506	6,000,000	11,008,479
In the second year	31,427,685	21,279,478	17,500,000	425,568
In the third year	33,797,917	46,339,548	-	17,500,000
In the fourth year	17,012,006	39,660,130	-	-
In the fifth year	6,553,294	15,933,315	-	-
After five years	17,709,442	14,173,613	-	-
	147,522,221	177,643,590	23,500,000	28,934,047

Group

The Group's bank loans and overdraft facilities bear effective interest at the rates of 5.25% to 8.25% (2023: 5.25% to 8.25%). The facilities are secured by hypothecs over the assets of the Group, guarantees provided by group and related parties, personal guarantees given by the Directors of the Group and a pledge over rent receivable from the Group's tenants.

Details of bank loans by division are as follows:

Premier Capital p.l.c.

The bank facility was granted by BRD-SG to Premier Restaurants Romania SRL in tranches. The loan balance as at 31 December 2023 amounting to *Eur10,561,103* has been partially refinanced during 2023. As at year end, the refinanced portion has a loan balance of *Eur3,059,883* (2023: *Eur4,172,568*) and bears an interest rate of 3-month Euribor +1.85% per annum. The remaining loan balance of *Eur3,040,751* (2023: *Eur4,146,062*) still bears an interest rate of 3-month ROBOR +1.4% per annum. Facility term of this tranche remains unchanged at seven years.

In March 2023 and in December 2024, another two tranches from the same facility were drawn down for an amount of *Eur12,500,000* respectively. As at the end of the reporting period, the loan balance amounted to *Eur22,368,422*. The loan bears interest of 3-month Euribor +1.70% per annum and has a term of six years.

The loan facility is secured by a pledge over the entity's immovable and movable property.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

26. Bank loans and overdrafts (continued)

Premier Capital p.l.c. (continued)

Premier Capital Hellas S.A. has been granted five loan facilities for the financing of working capital and capital expenditure requirements. In June 2024, all loan facilities were refinanced into one loan facility with a balance of *Eur9,833,360* bearing an interest rate of *+4.47%*. The loan balance as at the end of the reporting period amounted to *Eur9,059,740*. The loan is secured by a letter of comfort issued by the subsidiary.

As at 31 December 2023, the balance of the loan facilities amounted to *Eur6,950,020*. All facilities had a term of five years and bore interest at 3-month Euribor *+2.2% - +3.85%* (2023: *+2.2% - +3.85%*) per annum. Eighty percent of the nominal value of two facilities were guaranteed by the Greek State, another facility is secured by a letter of comfort issued by the subsidiary whilst the remaining facilities were secured by a pledge over the subsidiary immovable property.

In March 2023, Premier Capital Hellas S.A. was granted a *Eur5,000,000* loan facility by Eurobank S.A. for working capital and capital expenditure requirements. As at 31 December 2023, loan balance amounted to *Eur4,500,000*. The facility had a term of five years and bore interest at 3-month Euribor *+3.10%* per annum. The loan was secured by a pledge over the subsidiary immovable property.

In December 2023, Premier Capital Hellas S.A. utilised an overdraft facility with a limit of *Eur2,000,000* and bearing an interest rate of 3-month Euribor *+1.90%* per annum. Facility has been fully repaid in February 2024.

In December 2024, the Premier Capital p.l.c. utilised an overdraft facility with a limit of *Eur2,000,000* and bearing an interest rate of *2.5%* over bank base rate presently standing at *2.35%*.

Hili Properties p.l.c.

Hili Properties Group bank loans facilities bear effective interest at the rates ranging from *5.3%* to *7.7%* per annum (2023: *5.25%* to *6.5%*). The Hili Properties group's bank borrowings facilities amount to *Eur70,320,722* (2023: *Eur78,914,997*). During the year, *Eur13,214,821* of the existing credit facilities have been reclassified to liabilities associated with non-current assets held for sale, as disclosed in note 37. Consequently, these facilities have been classified as current liabilities.

The facilities are secured by special hypothecs over the investment property of the group, a general hypothec over the assets of the Hili Properties group, guarantees provided by other related party and a pledge over rent receivable from the Hili Properties group's tenants.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

26. Bank loans and overdrafts (continued)

1923 Investments Limited (formerly 1923 Investments p.l.c.)

During 2020, 1923 Investments Limited (formerly 1923 Investments p.l.c.) obtained a loan with a local bank for *Eur2,250,000*. Another loan was obtained with this same bank during 2021 for *Eur430,000*. At 31 December 2024, the balance of the loans amounted to *Eur871,354* (2023: *Eur1,189,716*) and *Eur233,834* (2023: *Eur292,664*) respectively, included with the balance of bank loans above. The loans are payable by quarterly instalments of *Eur93,834* and *Eur18,424* respectively, bear interest at 5.4% per annum and repayable in full within 7 years of drawdown. This loan is unsecured and ranks with priority to all other general creditors of 1923 Investments Limited (formerly 1923 Investments p.l.c.).

In December 2021, 1923 Investments Limited (formerly 1923 Investments p.l.c.) obtained a loan from another local bank for *Eur6,000,000*. The loan was payable by quarterly instalments of *Eur330,860* and bore interest at 3.75% per annum plus 3-month Euribor per annum and repayable in full within 5 years from drawdown. At 31 December 2023, the balance of the loans amounted to *Eur3,871,822* (2022: *Eur4,890,520*). On 9 July 2024, 1923 Investments Limited (formerly 1923 Investments p.l.c.) fully repaid the outstanding balance amounting to *Eur3,355,924*.

In March 2023, 1923 Investments Limited (formerly 1923 Investments p.l.c.) obtained a loan from a local bank for *Eur21,400,000*. The loan was payable in quarterly instalments of *Eur1,070,000* and borne interest at 4.1% per annum plus 3-month Euribor and was repayable in full within 5 years from drawdown. On 9 July 2024, 1923 Investments Limited (formerly 1923 Investments p.l.c.) fully repaid the outstanding loan balance amounting to *Eur16,050,000*.

Harvest had no borrowings or overdrawn bank facilities at 31 December 2024 (2023: *Nil*). At the end of the current reporting period, Harvest had three overdraft facilities in two of its subsidiaries amounting to *Eur1,070,000* secured by general hypothecs over present and future assets of the Harvest pillar and bear interest between 4.85% and 6.37% (2023: 4.85% and 5.5%).

The Group's banking facilities for iSpot Poland Sp. z o.o. includes an overdraft facility of *PLN35,000,000* (*Eur8,187,134*) and Import Loan facilities of *PLN25,000,000* (*Eur5,847,953*).

Hili Ventures Limited

Notes to the financial statements

31 December 2024

26. Bank loans and overdrafts (continued)

1923 Investments Limited (formerly 1923 Investments p.l.c.) (continued)

Furthermore, mBank is providing facilities of PLN150,000,000 (Eur35,087,719) consisting of:

- Multi-product umbrella facility of PLN30,000,000 (Eur7,017,544);
- SBDC of PLN25,000,000 (Eur5,847,953) issued for Apple Distribution International;
- Guarantee line for payment guarantees of PLN95,000,000 (Eur22,222,222)

The above facilities are secured by:

- Registered pledge on iSpot's assets, including inventories and receivables from eService as well as assignment of rights from insurance policy;
- Corporate guarantee issued by 1923 Investments Limited (formerly 1923 Investments p.l.c.);
- Corporate guarantee issued by iSpot;
- BGK guarantees; and
- Declarations of voluntary submission to enforcement pursuant to Article 777.1 of the Code of Civil Procedure in favour of the Bank.

Breakwater Investments Limited

As at 31 December 2024, Carmelo Caruana Company Limited's banking facilities comprise overdraft facilities of Eur686,350 (2023: Eur686,350). The bank overdrafts bear an effective interest at the rate of 5.15% and 6.26% (2023: 4.85% and 5.15%). The Company's banking facilities also include a special guarantee facility of Eur359,588 (2023: Eur339,433) and a structured trade finance facility of Eur2,040,090 (2023: Eur2,561,759). The structured trade finance facility bears an effective interest at the rate of 8.00% (2023: 8.25%). These banking facilities are secured by special and general hypothecs on the assets of Carmelo Caruana Company Limited and by guarantees given by the directors of the subsidiaries and related companies.

The Group's overdraft facility in Poland for Allcom Sp. z o.o. amounting to Eur467,836 (2023: Eur427,277) bears variable interest rate of 6.67% (2023: 7.00%) per annum. It is secured on the bank guarantee issued by Bank Gospodarstwa Krajowego from de minimis support.

Motherwell Bridge Industries Limited has bank overdraft facilities amounting to Eur1,752,950 (2023: Eur1,520,000). These bear interest at 5.25% - 6.25% (2023: 3.25 % - 5.65%) per annum over the Euribor rate and were secured by a general hypothec over the subsidiary's assets, guarantees given by the subsidiary's ultimate parent and related companies and a personal guarantee given by a director of the subsidiary.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

26. Bank loans and overdrafts (continued)

Breakwater Investments Limited (continued)

Techniplus S.A. has a bank overdraft facilities amounting to *Eur950,661* (2023: *Eur841,000*). This facility bears interest at 5.50% - 6.50% (2023: 5.5%) per annum and is secured by a bank guarantee of *Eur1,300,000* in CDM and KC guarantee of *MAD13,000,000* (*Eur1,243,190*) in BMCE, given by the subsidiary's parent Motherwell Bridge Limited.

HV Hospitality

As at 31 December 2023, HV Hospitality Limited had a loan facility amounting to *Eur7,000,000* with BNF Bank Malta. The loan bore interest at a rate of 3-month EURIBOR +3.5% and was secured by a general hypothecary guarantee and by a general and special hypothecary guarantees by the Company.

During 2024, HV Hospitality Limited repaid in full the loan facility with BNF Bank Malta.

The Company

The current obligation of the Company to pay *Eur6,000,000* (2023: *Eur11,008,479*) within one year includes one loan facility amounting to *Eur6,000,000* with HSBC Malta p.l.c.. In 2023, this included one loan facility amounting to *Eur1,148,935* with HSBC Malta p.l.c. and loan amounting to *Eur9,000,000* with ODDO BHF (Switzerland) Ltd.

In 2024, the Company secured a new loan facility with HSBC Bank Malta p.l.c. amounting to *Eur6,000,000* and bearing a fixed interest rate of 5.35% and which is to be repaid by 30 April 2025.

The Company had two fully withdrawn loan facilities amounting to *Eur17,500,000* (2023: *Eur19,074,503*) with HSBC Bank Malta p.l.c.. The loans bear an interest rate of 2.65% per annum over the Bank's Commercial Managed Base Rate of 2.35% (2023: 3-month EURIBOR +3%) and are secured by a general hypothecary guarantee over all the assets of the Company and by general and special hypothecary guarantees from one of its shareholders.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

27. Other financial liabilities

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Amounts owed to group undertakings	-	-	275,709,642	218,375,443
Amounts owed to related undertakings	-	9,557	-	-
Amounts owed to shareholders	2,000,000	-	2,000,000	-
	2,000,000	9,557	277,709,642	218,375,443
Less: amount due for settlement within 12 months (shown as current liabilities)	(2,000,000)	-	(9,646,661)	(28,410,431)
Amount due for settlement after 12 months	-	9,557	268,062,981	189,965,012

The Group

The terms and conditions of amounts due to group undertakings and other related parties are disclosed in Note 38.

Amounts owed to related undertakings are *Nil* (2023: *Eur9,557*) and were unsecured, interest free, had no fixed date for repayment and were not expected to be realised within twelve months after the reporting period.

The Group and the Company

As at 31 December 2024, the Company owed *Eur2,000,000* to its shareholders (2023: *Nil*). The loan is interest-free and is repayable by 31 December 2025.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

27. Other financial liabilities (continued)

The Company

The terms and conditions of amounts due to group undertakings are as follows:

- Amounts of *Eur7,075,343* (2023: *Eur6,003,507*) that bear no interest, and are repayable by 31 of December 2025.
- Amount of *Nil* (2023: *Eur480,000*) that bore interest at 4.5% per annum, and was repayable by 31 of December 2025. This loan was set off against a loan receivable upon the distribution of non-cash dividend in January 2024.
- Amounts of *Eur3,500,000* (2023: *Eur3,500,000*) that bear interest at 4.5% per annum, and are repayable after more than 12 months.
- Amounts of *Eur3,095,630* (2023: *Eur3,095,630*) that bear interest at 4.5% per annum, and are repayable by 31 of December 2027.
- Amount of *Eur547,414* (2023: *Eur547,414*) that bears interest at 4.5% per annum and is repayable by 31 December 2025.
- Amount of *Eur23,904* (2023: *Eur23,904*) that bears no interest and is repayable by 31 December 2025.
- Amount of *Eur4,000,000* (2023: *Eur4,000,000*) that bears interest at 4.5% per annum, and is repayable after more than 12 months.
- Amount of *Eur750,000* (2023: *Eur750,000*) that bear interest at 4.5% per annum and is repayable by 31 of December 2026.
- Amount of *Eur50,000,000* (2023: *Eur50,000,000*) that bears interest at 4.5% per annum, and is repayable by 7 March 2027.
- Amount of *Eur41,930,958* (2023: *Eur41,930,958*) that bears interest at 4.5% per annum, and is repayable by 30 June 2028.
- Amount of *Eur80,000,000* (2023: *Eur80,000,000*) that bears interest at 4.5% per annum, and is repayable by 20 August 2029.
- Amount of *Eur80,000,000* (2023: *Nil*) that bears interest at 5.5% per annum, and is repayable by 30 June 2029.
- Amount of *Eur7,000,000* (2023: *Eur7,000,000*) that bears interest at 4.5% per annum, and is repayable by 31 December 2028.
- Amount of *Nil* (2023: *Eur22,406,924*) that bore interest at 4.5% per annum, and was repayable by 31 of December 2024. This loan was set off against loan receivable of *Eur24,219,600* in July 2024.
- Included in amounts owed to group undertakings is an amount of *Eur733,728* (2023: *Eur904,844*) comprising of bond issue costs which are being amortised over a period of 10 years until 24 July 2028 and 27 August 2029 respectively, an amount of *Eur313,404* (2023: *Eur458,050*) comprising of bond issue costs which are being amortised over a period of 5 years until 11 March 2027 and an amount of *Eur1,166,475* (2023: *Nil*) comprising of bond issue costs which are being amortised over a period of 5 years until 17 July 2029.

Eur4,300,000 owed to group undertakings at 31 December 2023 were repaid in full during 2024. As at 31 December 2024, the Company owed *Eur2,000,000* to its shareholders (2023: *Nil*). The loan is interest-free and is repayable by 31 December 2025.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

28. Disposal of subsidiaries classified as discontinued operations

On 31 January 2024, 1923 Investments Limited (formerly 1923 Investments p.l.c.), a direct subsidiary of the Group, announced the sale of 100% of its shares in E-Lifecycle Holdings GmbH. The consideration paid upon execution of SPA amounted to *Eur1*.

Revenue and expenses, gains and losses relating to the discontinuation of the operations have been eliminated from the results of the Group's continuing operations and are shown as a single line item on the face of the statement of comprehensive income.

The results from the discontinued operations in this disposal group are summarised as follows:

	The Group	
	2024	2023
	Eur	Eur
Revenue	54,606	676,004
Direct operating costs	(34,498)	(443,590)
Gross profit	20,108	232,414
Administrative expenses	(429,536)	(1,638,430)
Depreciation and amortisation	(55,380)	(507,226)
Employee remuneration	-	(996,698)
Finance costs	(12,743)	(160,244)
Loss from discontinued operations	(477,551)	(3,070,184)

	The Group	
	2024	2023
	Eur	Eur
Operating activities	(895,672)	(2,827,709)
Investing activities	100,000	-
Financing activities	47,515	(242,475)
Net cash flow	(748,157)	(2,941,051)

Certain amounts in the statement of profit and loss and other comprehensive income for the year ended 31 December 2023 have been adjusted to reflect amounts presented separately.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

29. Contract liabilities

The amounts recognised as contract liabilities will be utilised within the next reporting period.

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Deferred service income	2,313,611	1,846,152	-	-

Deferred service income represents customer payments received or due in advance of performance (contract liabilities) that are expected to be recognised as revenue in 2025. As described in Note 2, maintenance, servicing and support contracts are entered into for periods between one and five years. On the other hand, consultancy and development of IT systems are usually completed within 12 months. Nevertheless, the Group may occasionally have projects for consultancy and development of IT systems that span over more than 12 months.

Deferred service income on development maintenance, servicing and support at 31 December 2024 amounts to *Eur2,202,643* (2023: *Eur1,765,639*).

Deferred service income on payment gateway at 31 December 2024 amounts to *Eur70,982* (2023: *Eur69,879*).

Deferred income on sale of information technology solutions and licenses at 31 December 2024 amounts to *Eur39,986* (2023: *Eur10,634*).

The movement in contract liabilities illustrated above, substantially pertains to invoices raised before the year-end for works to be carried out in the future, in relation to these contracts.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

30. Deferred taxation

The Group

	Opening balance	Arising on business combination	Recognised in profit or loss	Other adjustments and reclassifications	Closing balance
	Eur	Eur	Eur	Eur	Eur
<u>Deferred tax liability</u>					
2024					
<i>Arising on:</i>					
Investment property	6,037,176	15,346,642	133,456	-	21,517,274
Provisions	473,029	-	(290,732)	-	182,297
Temporary difference on trade receivables	(195,142)	-	-	-	(195,142)
Intangible asset	882,483	-	(290,507)	1,747,430	2,339,406
Property, plant and equipment	2,903,880	1,316,213	(1,151,527)	5,634	3,074,200
Other temporary differences	594,354	-	766,391	(819,750)	540,995
Unutilised tax losses	991	-	-	-	991
Unutilised capital losses	291,455	-	-	-	291,455
Unabsorbed capital allowances	-	-	119,511	482	119,993
	10,988,226	16,662,855	(713,408)	933,796	27,871,469
<u>Deferred tax asset</u>					
<i>Arising on:</i>					
Property, plant and equipment	(1,854,888)	-	(195,639)	-	(2,050,527)
Intangible assets	-	-	(452)	-	(452)
Unutilised capital losses	(338,333)	-	-	-	(338,333)
Unabsorbed capital allowances	(109,695)	-	55,996	-	(53,699)
Unutilised tax losses	(52,231)	-	(660,487)	-	(712,718)
Provision for bad debts	(281,166)	-	-	-	(281,166)
Unutilised tax credits	(2,042)	-	-	-	(2,042)
Accelerated tax depreciation	291,777	-	-	-	291,777
Provision for liabilities	(1,073,119)	-	481,655	-	(591,464)
Other temporary differences	(1,002,602)	-	(676,539)	-	(1,679,141)
Temporary differences on non current assets	(1,867)	-	-	-	(1,867)
Investment property	(47,701)	-	-	-	(47,701)
	(4,471,867)	-	(995,466)	-	(5,467,333)
	6,516,359	16,662,855	(1,708,874)	933,796	22,404,136

Hili Ventures Limited

Notes to the financial statements

31 December 2024

30. Deferred taxation (continued)

The Group

	Opening balance	Recognised in profit or loss	Closing balance
	Eur	Eur	Eur
<u>Deferred tax liability</u>			
2023			
<i>Arising on:</i>			
Investment property	5,683,298	353,878	6,037,176
Provisions	170,368	302,661	473,029
Temporary difference on trade receivables	(195,142)	-	(195,142)
Intangible asset	1,114,709	(232,226)	882,483
Property, plant and equipment	1,568,204	1,335,676	2,903,880
Other temporary differences	475,934	118,420	594,354
Unutilised tax losses	-	991	991
Unutilised capital losses	291,455	-	291,455
	9,108,826	1,879,400	10,988,226
<u>Deferred tax asset</u>			
<i>Arising on:</i>			
Property, plant and equipment	(1,705,469)	(149,419)	(1,854,888)
Unutilised capital losses	(338,333)	-	(338,333)
Unabsorbed capital allowances	(64,963)	(44,732)	(109,695)
Unutilised tax losses	(603,483)	551,252	(52,231)
Provision for bad debts	(281,166)	-	(281,166)
Unutilised tax credits	(2,042)	-	(2,042)
Accelerated tax depreciation	291,777	-	291,777
Provision for liabilities	(1,008,741)	(64,378)	(1,073,119)
Other temporary differences	(1,537,260)	534,658	(1,002,602)
Temporary differences on non current assets	(1,867)	-	(1,867)
Investment property	(47,701)	-	(47,701)
	(5,299,248)	827,381	(4,471,867)
	3,809,578	2,706,781	6,516,359

Hili Ventures Limited

Notes to the financial statements

31 December 2024

30. Deferred taxation (continued)

The Company

	Opening balances	Recognised in Profit and Loss	Closing balance
	Eur	Eur	Eur
2024			
<i>Arising on:</i>			
Other temporary differences	386,357	30,973	417,330
2023			
<i>Arising on:</i>			
Other temporary differences	870,949	(484,592)	386,357

31. Debt securities in issue

	Group 2024	2023
	Eur	Eur
4.00% unsecured bonds redeemable 2027 (Hili Finance Company plc)	49,686,599	49,541,951
3.85% unsecured bonds redeemable 2028 (Hili Finance Company plc)	39,595,860	39,530,530
5.00% unsecured bonds redeemable 2029 (Hili Finance Company plc)	78,833,524	-
3.80% unsecured bonds redeemable 2029 (Hili Finance Company plc)	79,670,411	79,564,623
3.75% unsecured bonds redeemable 2026 (Premier Capital plc)	64,820,488	64,726,830
5.1% unsecured bonds redeemed in 2024 - balance with bondholders whose accounts with the Malta Stock Exchange were marked as held (1923 Investments plc)	185,400	35,920,080
4.5% unsecured bonds redeemable 2025 (Hili Properties plc)	36,939,753	36,862,709
	349,732,035	306,146,723

Hili Finance Company p.l.c.

In July 2018, the Hili Finance Company p.l.c. issued 400,000 3.85% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 24 July 2028.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

31. Debt securities in issue (continued)

Hili Finance Company p.l.c. (continued)

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur40,000,000*. The market value of debt securities on the last day before the statement of financial position date was *Eur39,392,000*.

Interest is repayable on 24 July of each year at the rate of 3.85% per annum, payable annually in arrears on each interest payment date.

Transaction costs of *Eur653,301* (*Eur472,343* paid out of bond proceeds and *Eur180,958* paid out of Hili Finance Company p.l.c. funds) directly related to the bond issuance were recharged and borne by the Company.

The net proceeds from the bond issuance of *Eur39,527,657* and the transaction costs were all advanced to the Company.

In August 2019, Hili Finance Company p.l.c. issued 800,000 3.80% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 27 August 2029.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur80,000,000*. The market value of debt securities on the last day before the statement of financial position date was *Eur77,040,000*.

Interest is repayable on 27 August of each year at the rate of 3.80% per annum, payable annually in arrears on each interest payment date.

Transaction costs of *Eur1,057,907* (*Eur755,333* paid out of bond proceeds and *Eur302,574* paid out of Hili Finance Company p.l.c. funds) directly related to the bond issuance were recharged and borne by the Company.

The net proceeds from the bond issuance of *Eur79,244,667* and the transaction costs were all advanced to the Company.

In March 2023, Hili Finance Company p.l.c. issued 500,000 4% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 11 March 2027.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

31. Debt securities in issue (continued)

Hili Finance Company p.l.c. (continued)

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur50,000,000*. The market value of debt securities on the last day before the statement of financial position date was *Eur49,995,000*.

Interest is repayable on 11 March of each year at the rate of 4% per annum, payable annually in arrears on each interest payment date.

Transaction costs of *Eur706,922* (*Eur541,644* paid out of bond proceeds and *Eur165,278* paid out of Hili Finance Company p.l.c. funds) directly related to the bond issuance were recharged and borne by the Company.

The net proceeds from the bond issuance of *Eur49,458,356* and the transaction costs were all advanced to the Company.

In July 2024, Hili Finance Company p.l.c. issued 800,000 5% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 17 July 2029.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur80,000,000*. The market value of debt securities on the last day before the statement of financial position date was *Eur81,600,000*.

Interest is repayable on 17 July of each year at the rate of 5% per annum, payable annually in arrears on each interest payment date.

A non-cash exchangeable bond transfer of *Eur24,219,600* was affected from 5.1% 1923 Investments Limited (formerly 1923 Investments p.l.c.) Unsecured Bonds 2024 to 5% Hili Finance Company p.l.c. unsecured Bonds 2029.

Transaction costs of *Eur1,126,630* (*Eur1,048,461* paid out of bond proceeds and *Eur78,169* paid out of the Hili Finance Company p.l.c. funds) directly related to the bond issuance were recharged and borne by the Company.

The net proceeds from the bond issuance of *Eur54,731,939* and the transaction costs were all advanced to the parent company.

All of the bonds are guaranteed by the Company.

Premier Capital p.l.c.

In November 2016, Premier Capital p.l.c. issued 650,000 3.75% unsecured bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value on 23 November 2026.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

31. Debt securities in issue (continued)

Interest on the bonds is due and payable annually on 23 November of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the 3.75% bonds is net of direct issue costs of *Eur179,512* (2023: *Eur273,170*) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was *Eur64,350,000* (2023: *Eur63,700,000*).

1923 Investments Limited (formerly 1923 Investments p.l.c.)

In December 2014, 1923 Investments Limited (formerly 1923 Investments p.l.c.) issued 360,000 5.1% unsecured bonds of a nominal value of *Eur100* per bond. The bonds were redeemable at their nominal value on 4 December 2024.

Interest on the bonds was due and payable annually on 4 December of each year.

The bonds were listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds was net of direct issue costs of *Eur79,920* at the end of 2023 and *Nil* at the redemption date. Such bond issue costs were being amortised over the life of the bonds. At 31 December 2023, the market value of debt securities on the last trading day was *Eur36,000,000*.

During July 2024, Hili Finance Company p.l.c. issued 5% Hili Finance Company p.l.c. unsecured bonds with *Eur36,000,000* of such bonds reserved for the exchange and cancellation of Hili Finance Company p.l.c. existing bonds. Bondholders holding a total aggregate amount of *Eur24,219,600* accepted the exchange offer with the equivalent amount transferred to amounts owed to the Company.

An amount of *Eur11,595,000* was paid on 4 December 2024. The balance of *Eur185,400* relates to bondholders whose accounts with the Malta Stock Exchange were marked as held and therefore not yet settled.

Hili Properties p.l.c.

In October 2015, Hili Properties p.l.c. issued 370,000 4.5% unsecured bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value in 2025.

Interest on the bonds is due and payable annually on 16 October of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bond is net of direct issue costs of *Eur766,271* which are being amortised over the life of the bond. The market value of debt securities on the last trading day before the statement of financial position date was *Eur37,000,000* (2023: *Eur36,445,000*).

The bond is guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited. The full terms of the guarantee are disclosed in the bond prospectus.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

32. Share capital

In 2023, the share capital remained unvaried at:

- Authorised share capital of 16,000,000 ordinary shares of *Eur1* each, of which *Eur1,000,000* ordinary shares were issued and called up, and
- Authorised share capital of 79,000,000 non-cumulative 6.8% redeemable preference shares of *Eur1* each, of which 68,400,000 shares were issued and called up.

In 2024, the share capital remained unvaried at:

- Authorised share capital of 16,000,000 ordinary shares of *Eur1* each, of which *Eur1,000,000* ordinary shares were issued and called up, and
- Authorised share capital of 79,000,000 non-cumulative 6.8% redeemable preference shares of *Eur1* each, of which 68,400,000 redeemable preference shares were issued and called up.

All ordinary shares issued in the Company rank *pari-passu* in all respects including dividend rights and capital repayment rights.

Although the preference shares are redeemable, they still meet the definition of an equity instrument as stipulated in International Accounting Standard 32, *Financial Instruments*, as the redemption of the 68,400,000 preference shares at 6.8% are redeemable at par value at the option of the Company by 31 December 2099 following a resolution to this effect at the General Meeting.

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.

The above-mentioned shares have been subscribed to by the following shareholders:

- APM Holdings Limited, 500,000 ordinary shares and 68,400,000 6.8% non-cumulative redeemable preference shares.
- Slingshot Capital Limited, 500,000 ordinary shares.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

33. Significant non-cash transactions

In addition to the amounts disclosed in Note 43 (Liquidity risk), during 2024 there were the following significant non-cash transactions for the Company:

- a) Included in loans to subsidiaries is an amount of *Eur39,889,800* which has been reclassified from loans receivable from subsidiaries.
- b) The Company additionally recognised lease liabilities amounting to *Eur4,600* on 1 June 2024, due to additional contracts. Cash payments made on the total leases amounted to *Eur388,931* (inclusive of interest). The interest expense during the year amounted to *Eur66,208*. The interest, together with the additions to leases recognised during the year, represent the non-cash movements of *Eur70,805* presented in Note 43 for leases.
- c) A loan payable of *Eur22,406,924* was set off against a loan receivable of *Eur24,219,600* in July 2024.
- d) A loan payable of *Eur480,000* was set off against a loan receivable upon the distribution of non-cash dividend in January 2024.

In 2023 the significant non-cash transactions for the Company were the following:

- a) Included in loans to subsidiaries is an amount of *Eur47,400,000* which has been reclassified from loans receivable from subsidiaries.
- b) The Company additionally recognised lease liabilities amounting to *Eur1,984* on 1 August 2023, due to additional contracts and de-recognised lease liabilities amounting to *Eur31,866* on 1 August 2023, due to reduction from existing contracts. Cash payments made on the total leases amounted to *Eur384,097* (inclusive of interest). The interest expense during the year amounted to *Eur79,071*. The interest, together with the additions and removals to leases recognised during the year, represent the non-cash movements of *Eur41,777* presented in Note 43 for leases.

34. Cash and cash equivalents

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

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Cash at bank and on hand	71,770,579	72,854,605	1,419,825	128,761
Overdrawn bank balances	(7,783,018)	(10,719,152)	-	(859,544)
Cash and cash equivalents in the statements of cash flows	63,987,561	62,135,453	1,419,825	(730,783)

Cash at bank earns interest at floating rates based on bank deposit rates.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

34. Cash and cash equivalents (continued)

Restricted cash which is not available for use by the Group as at 31 December 2024, amounted to *Eur1,250,923 (2023: Eur1,217,077)*. This is restricted by banks in Romania for the duration of the loans taken out on the properties, which amount is equivalent to the monthly bank loan principal and interest payment. Accordingly, this is classified under non-current assets.

35. Acquisition of subsidiaries

1923 Investments Limited (formerly 1923 Investments p.l.c.)

On 31 March 2023, the 1923 Investments Limited (formerly 1923 Investments p.l.c.) division acquired 100% interest in Cortland Sp. Z.o.o. through iSpot Sp. Z.o.o. The 2023 consolidated financial statements include the combined results of the Group included Cortland from the date of acquisition.

The fair value of identifiable assets acquired and liabilities assumed at the date of acquisition of Cortland Sp. Z.o.o. was:

	Eur
Intangible assets	7,963,927
Property, plant and equipment	486,226
Trade and other receivables	6,252,345
Other non-current assets	556,076
Inventories	4,305,776
Trade and other liabilities	<u>(11,569,220)</u>
Fair value of assets and liabilities acquired	<u>7,995,130</u>
Goodwill arising on acquisition:	
Fair value of identifiable assets and liabilities acquired	7,995,130
Consideration transferred	<u>43,036,389</u>
	<u>35,041,259</u>

Hili Properties p.l.c.

As at 23 December 2022 the Hili Properties Group entered into the share purchase agreement for the acquisition of the remaining 25% shares in Baneasa Real Estate SRL. The final consideration for the purchase of the minority shareholding has been completed during August 2024 for the amount of *Eur7,461,223*. Following the completion of this transaction, the Group acquired 100% ownership of Baneasa Real Estate SRL. As a result, the cumulative non-controlling interest amounting to *Eur9,550,372* has been derecognised in full.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

35. Acquisition of subsidiaries (continued)

During 2023, Marsamxett Properties Limited, a subsidiary of the Group, acquired a 33.3% interest in Tigné Mall Limited (formerly Tigné Mall p.l.c.) for *Eur15,397,180* classified as an associate and accounted for at cost (Note 21).

Until end of July 2024, Marsamxett Properties Limited acquired a further 16.4% interest bringing the total to 49.7%.

Following the successful bid made by Marsamxett Properties Limited on 13 September 2024, the Company acquired a further 45.2% of the shares in Tigné Mall Limited on 21 October 2024, with the total holdings increasing to 94.9%. As a result of such transaction, the Company obtained control over this subsidiary by the end of the current period, and all the assets and liabilities of Tigné Mall Limited (formerly Tigné Mall p.l.c.) have been included in the consolidated results of the Group as at 31 December 2024.

On 12 December 2024, the Group acquired the remaining 5.1% interest in Tigné Mall Limited (formerly Tigné Mall p.l.c.) bringing its ownership to 100%. As a result, the total payments made during 2024 to acquire the remaining shares in Tigné Mall Limited (formerly Tigné Mall p.l.c.) amounted to *Eur37,997,073*.

The fair value of identifiable net assets was finalised after acquisition and included a *Eur11,731,469* million upward adjustment to the value of property, plant and equipment. Although this uplift was determined post-acquisition, it reflects market conditions at the acquisition date and is therefore included in the fair value of identifiable net assets.

The fair value of identifiable assets acquired and liabilities in Tigné Mall Limited (formerly Tigné Mall p.l.c.) was:

	21 October 2024 Eur	12 December 2024 Eur	Total Eur
Property, plant and equipment (<i>gross of fair value uplift</i>)	93,389,271	93,000,000	
Trade and other receivables	3,068,264	4,424,228	
Right-of-use assets	4,630,787	4,620,442	
Cash at Bank and in Hand	3,584,042	3,584,042	
Trade and other liabilities	(6,544,367)	(6,912,211)	
Bank borrowings	(6,505,708)	(6,505,708)	
Deferred tax liabilities	(16,662,855)	(16,621,083)	
Lease liabilities	(4,331,545)	(4,331,545)	
Fair value of assets and liabilities acquired	70,627,889	71,258,165	
Bargain purchase arising on acquisition:	94.9%	5.1%	100.0%
Fair value of identifiable assets and liabilities acquired	67,025,867	3,602,022	70,627,890
Consideration transferred	(50,383,130)	(3,011,122)	(53,394,252)
Share of profits from associate up to 31.12.2023	(220,856)	-	(220,856)
	16,421,881	590,900	17,012,781

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35. Acquisition of subsidiaries (continued)

The bargain purchase on acquisition resulted from two factors. The first is that the Group acquired the shares in the acquiree at a price which, although at or slightly above the traded market price at the date of acquisition, was lower than the net asset value per share of the acquiree at the date of acquisition. The second factor was the revaluation of the acquiree's property, plant and equipment which was conducted at 31 December 2024. Because of the short lapse of time between the date of acquisition and the date of the revaluation, the directors concluded that the effect of the revaluation should be taken into account when determining the fair value of the assets and liabilities acquired at acquisition date.

36. Disposal of subsidiaries

1923 Investments Limited (formerly 1923 Investments p.l.c.)

On 31 January 2024, 1923 Investments Limited (formerly 1923 Investments p.l.c.) disposed of 100% interest in E-Lifecycle Holdings GmbH. An analysis of assets and liabilities over which control was lost is as follows:

	Eur
Cash and cash equivalents	504,013
Intangible assets	57,289
Property, plant and equipment	482,971
Right-of-use assets	2,346,910
Lease liabilities	(2,474,648)
Inventory	318,963
Trade and other receivables	319,766
Other non-current assets	104,979
Trade and other payables	(1,747,207)
Deferred tax assets	1,018,933
Current tax assets	108,678
Other reserves	(2,734,576)
Net assets disposed of	(1,693,929)
Consideration received	1
Loss on disposal of subsidiary	(1,693,928)

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37. Non-current assets held for sale and liabilities directly associated with non-current assets held for sale

Hili Properties p.l.c.

During the year, the Board of Directors of Hili Properties Group resolved to dispose of the following subsidiaries which are held indirectly by Hili Properties p.l.c.:

Name of company	Country of Incorporation
Apex Investments SIA	Latvia
SC Stimu SIA	Latvia
Tirdzniecības centrs Dole SIA	Latvia

The combined subsidiaries' amounts of assets and liabilities of subsidiaries classified as held for sale are as follows:

	The Group Eur
Assets	
Investment property (net of impairment of <i>Eur1,193,152</i>)	36,766,067
Property, plant and equipment	82,161
Right of use asset	84,001
Trade and other receivables	344,930
Cash and cash equivalents	5,597,989
Assets classified as held for sale	42,875,148
Liabilities	Eur
Trade and other payables	568,953
Lease liability	86,824
Bank loans	13,214,821
Current tax liability	1,079
Liabilities classified as held for sale	13,871,677

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38. Related party transactions

The Company is the parent company of the undertakings highlighted in Note 21.

The Directors consider the ultimate controlling party to be Mr Carmelo Hili, who, as of 31 December 2024, holds 100% (2023: 100%) of the voting rights in the Company.

During the course of the year, the Company entered into transactions with related parties set out below.

The Group	Related party activity Eur	Total activity Eur	%
2024			
Revenue:			
<i>Related party transactions with:</i>			
Other related parties	-	1,088,450,038	0.00%
Cost of Sales:			
<i>Related party transactions with:</i>			
Other related parties	-	868,733,897	0.00%
Investment income:			
<i>Related party transactions with:</i>			
Other related parties	832,730	6,628,318	12.56%
Finance costs			
<i>Related party transactions with:</i>			
Other related parties	-	30,898,127	0.00%
2023			
Revenue:			
<i>Related party transactions with:</i>			
Other related parties	-	986,495,211	0.00%
Cost of Sales:			
<i>Related party transactions with:</i>			
Other related parties	-	786,943,899	0.00%
Investment income:			
<i>Related party transactions with:</i>			
Other related parties	831,814	6,900,324	12.05%
Finance costs			
<i>Related party transactions with:</i>			
Other related parties	-	29,923,991	0.00%

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38. Related party transactions (continued)

The Company	Related party activity Eur	Total activity Eur	%
2024			
Revenue:			
Related party transactions with:			
Subsidiaries	<u>2,696,500</u>	<u>2,696,500</u>	<u>100.00%</u>
Administrative expenses:			
Related party transactions with:			
Subsidiaries	<u>754,811</u>	<u>5,635,434</u>	<u>13.39%</u>
Finance expenses			
Related party transactions with:			
Subsidiaries and other related parties	<u>11,260,976</u>	<u>12,781,588</u>	<u>88.10%</u>
Investment income:			
Related party transactions with:			
Subsidiaries	<u>63,016,718</u>		
Shareholder	<u>615,059</u>		
	<u>63,631,777</u>	<u>65,618,000</u>	<u>96.97%</u>
2023			
Revenue:			
Related party transactions with:			
Subsidiaries	<u>2,606,500</u>	<u>2,606,500</u>	<u>100.00%</u>
Administrative expenses:			
Related party transactions with:			
Subsidiaries	<u>667,967</u>	<u>5,224,086</u>	<u>12.79%</u>
Finance expenses			
Related party transactions with:			
Subsidiaries and other related parties	<u>9,315,513</u>	<u>10,646,580</u>	<u>87.50%</u>
Investment income:			
Related party transactions with:			
Subsidiaries	<u>48,151,750</u>		
Shareholder	<u>625,563</u>		
	<u>48,777,313</u>	<u>50,015,465</u>	<u>97.52%</u>

The amounts due from/to related parties at year-end are disclosed in Notes 21 and 27. Other than as disclosed in the respective note, no guarantees have been given or received. The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement.

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39. Lease commitments

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group		The Company	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Within one year	1,330,620	1,280,400	-	-
Between one and 5 years	3,799,385	5,121,600	-	-
	<u>5,130,005</u>	<u>6,402,000</u>	<u>-</u>	<u>-</u>

In 2017, Premier Capital p.l.c. entered into an operating lease for the provision of an aircraft for a fixed number of annual flight hours. This is included in the minimum lease payments in the above disclosure. This lease was renewed in 2023.

40. Capital commitments

- (i) The subsidiaries in Premier Capital p.l.c. operate under franchise agreements ('the Agreement') entered into with McDonald's International Property Company or McDonald's Corporation ('the Franchisor'). The franchise agreements are for a period of 20 years which allows the respective subsidiary to use the McDonald's system in the restaurants. These franchise agreements stipulate certain financial and non-financial obligations, including but not necessarily limited to, maintaining certain financial ratios, performing marketing and other activities. The subsidiaries are obliged to pay a royalty fee based on their annual net sales of the respective company on an annual basis.
- (ii) Upon the expiration of these Agreements, the Franchisor shall have the right to purchase all of the equity interest in the Franchisee's McDonald's Restaurant business ("FMRB"). If the Franchisor elects to exercise its right to purchase FMRB, the Purchase price shall be equal to the Fair Market Value, as defined in the Agreement. In the event that the Franchisor does not exercise its right to purchase FMRB, it shall have the right to lease or sublease or purchase, as the case may be, the premises associated with the Restaurants from Franchisee at fair market rental or fair market price, as the case may be.

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41. Contingent liabilities

The Group

Premier Capital p.l.c.

- (i) Certain subsidiaries of the Premier Capital p.l.c. group have guaranteed the amount of *Eur10,630,982* (2023: *Eur10,951,403*) in favour of related companies in connection with bank facilities of the respective related company.

1923 Investments Limited (formerly 1923 Investments p.l.c.)

- (i) During the year, two of 1923 Investments Limited (formerly 1923 Investments p.l.c.) group's subsidiaries under the Harvest Technology division had issued guarantees amounting to *Eur213,360* (2023: *Eur1,088,584*) to third parties in Malta as collateral for liabilities. During 2023, *Eur822,670* of the guarantees existing at 31 December 2023 have been released.
- (ii) SAD sp. z o.o. ("SAD"), a Polish subsidiary of iSpot sp. z o.o. ("iSpot"), is subject to tax proceedings regarding the correctness of its VAT settlements for February 2015 and for March to July 2015. In the statement of grounds, the Polish tax authorities ("TA") invoked SAD's alleged failure to exercise due diligence in verifying its contractors.
- (iii) Regarding the tax proceedings for February 2015, on 25 April 2019, the TA issued a decision in which it denied SAD the right to deduct VAT in the amount of *PLN6,031,627* (equivalent to *Eur1,410,907*) and determined an additional amount of VAT liability of *PLN2,604,732* (equivalent to *Eur609,294*).

With respect to the tax proceedings for March to July 2015, on 17 November 2021, the TA issued a decision in which it determined SAD's VAT liability of *PLN16,891,886* (equivalent to *Eur3,951,318*).

On 23 December 2022, SAD paid an amount of *PLN4,003,973* (equivalent to *Eur936,602*) to the tax authorities, which consisted of the VAT liability for the February assessment. SAD also paid the March-July 2015 assessment in the amount of *PLN23,474,203* (equivalent to *Eur5,491,042*). Both payments are inclusive of interest, in addition to amounts already paid.

The total value of assets subject to both proceedings for February 2015 and March to July 2015 in SAD's books is *PLN35,616,100* (equivalent to *Eur8,331,252*) as at the balance sheet date is included with the non-current portion of loans and receivables in Note 21 to these financial statements.

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31 December 2024

41. Contingent liabilities (continued)

1923 Investments Limited (formerly 1923 Investments p.l.c.) (continued)

For both proceedings, SAD disagrees with the position of the TA and appealed the decisions. Counterparty verification procedures applied by SAD in 2015 were not less strict than those used in 2012-2013 and it worth noting that, following tax proceedings for Q4 2012 and for May to June 2013, the TA stated that SAD exercised due diligence in verifying its contractors.

February 2015 VAT Case

On 27 March 2025, the Supreme Administrative Court (SAC) announced the verdict in the case concerning February 2015. The SAC agreed with SAD's cassation appeal, overturning both negative judgements for SAD; the judgment of the Provincial Administrative Court (PAC) and the decision issued by the Director of the Tax Administration Chamber (DTAC). The SAC upheld almost all of SAD's arguments, stating in particular that both the PAC judgment and the DTAC decision must be annulled mainly due to a lack of sufficient basis in concluding that SAD knowingly participated in tax fraud. In SAC's opinion, SAD had been unjustifiably classified as forming part of a typical carousel fraud scheme, without any legitimate basis. The case for February 2015 must be re-examine considering the SAC's assessment by the second-instance tax authority (DTAC).

March – July 2015 VAT Case

On 30 January 2023, the PAC in Warsaw upheld SAD's complaint and revoked the challenged DTAC decision. Subsequently the DTAC filed a cassation appeal against the above-mentioned judgment of the PAC. The hearing before the SAC was set for 9 November 2023, however the SAC decided to postpone it.

On 10 May 2024, the SAC issued a judgment overturning the PAC judgment in Warsaw challenged by the DTAC and remanding the case for re-examination by the PAC.

As a result, the case was again brought before the PAC in Warsaw, which, through another judgment dated 19 September 2024, dismissed the SAD's complaint, finding that it had not exercised due diligence in verifying its contractors. After receiving the judgment along with the justification, SAD filed a cassation appeal against this ruling on December 9, 2024. As of the date of this update, no date has been set for the hearing before the SAC. In the opinion of SAD management and its tax advisers, it is more likely than not that the tax disputes will be settled in favour of SAD, as in the case of previous audits covering such transactions; provided no new evidence from fiscal penal proceedings (suggesting the SAD's participation in VAT fraud) is included in the case file. If the case resolution is favourable for SAD, the amount of the suspended VAT refund will be returned along with the interest.

One of the 1923 Investments Limited (formerly 1923 Investments p.l.c.) group's subsidiaries under the Apple retail business division in Poland signed an agreement with mBank on line guarantees and letters of credit in the amount of *PLN150,000,000* equivalent to *Eur35,087,719* (2023: *PLN150,000,000* equivalent to *Eur34,566,194*).

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41. Contingent liabilities (continued)

Breakwater Investments Limited

At the end of the reporting period, one of the Breakwater Investments Limited group's subsidiaries, together with other related parties provided guarantees in the amount of *Eur4,718,000* (2023: *Eur4,718,000*) in relation to bank facilities granted to related undertakings. In the Directors' opinion no provision is required against such amounts as the principal borrowers are either not expected to default or such facilities are secured by property, plant and equipment or other guarantors.

At the end of the reporting period, one of the Breakwater Investments Limited group's subsidiaries together with other related parties provided guarantees in the amount of *Eur1,291,337* (2023: *Eur1,281,535*) in relation to bank facilities granted. In the Directors' opinion no provision is required against such amounts as the principal borrowers are either not expected to default or such facilities are secured by property, plant and equipment or other guarantors.

At 31 December 2024, the Breakwater Investments Limited group had an overdraft facility through Allcom, one of its subsidiaries in Poland, as disclosed in Note 26 which was secured on the perpetual usufruct of land and buildings in Bolszewo for a total of PLN 2,000,000, equivalent to *Eur467,836* (2023: *PLN2,000,000*, equivalent to *Eur427,277*).

Allcom has also provided a guarantee for a total of *PLN1,800,000*, equivalent to *Eur421,053* (2023: *PLN1,800,000*, equivalent to *Eur414,794*) to the customs office in Poland, through a financial institution in the same country, to secure customs payments realised on behalf of its clients. The guarantee is secured on ALLcom's property in Bolszewo as contractual mortgage on perpetual usufruct of land and buildings for a total of *PLN2,340,000*, equivalent to *Eur547,368* (2023: *PLN2,340,000*, equivalent to *Eur539,233*). There was no utilisation of the guarantee as at the end of the reporting periods.

Motherwell Bridge Industries has a guarantee facility amounting to *Eur3,300,000* (2023: *Eur1,300,000*) in favour of its subsidiary in connection with bank guarantee facilities of the respective subsidiary. Motherwell Bridge Industries also has a documentary credit facility for *Eur1,000,000* (2023: *Eur1,000,000*) in favour of third parties to secure trade debts.

The Company

The Company acted as a guarantor to secure bank facilities of one of its subsidiaries in the amount of *Eur7,026,000* (2023: *Eur7,026,000*).

At the end of the reporting period, the Company also acted as a guarantor for bonds issued by Hili Finance Company p.l.c. for the amount of *Eur40,000,000* as from 2018, *Eur80,000,000* as from 2019, *Eur50,000,000* as from 2022 and an additional *Eur80,000,000* as from July 2024.

Refer to Note 26 for information on the Company's bank overdraft and loan facilities and on the security given over such facilities.

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31 December 2024

42. 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, other than the shares in subsidiary companies that are carried at cost, and the debt securities in issue (where fair value is disclosed in Note 31), are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end.

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 Group and Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

The Group	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
Financial assets					
Listed debt and equity instruments	35,378,151	-	-	35,378,151	35,378,151
Investment property	-	-	146,727,988	146,727,988	146,727,988
As at 31.12.2024	35,378,151	-	146,727,988	182,106,139	182,106,139
Financial assets					
Listed debt and equity instruments	32,624,035	-	-	32,624,035	32,624,035
Investment property	-	-	183,533,458	183,533,458	183,533,458
As at 31.12.2023	32,624,035	-	183,533,458	216,157,493	216,157,493
Financial liabilities					
Derivative financial instruments	-	-	-	-	-
As at 31.12.2024	-	-	-	-	-
As at 31.12.2023	-	-	-	-	-

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42. Fair values of financial assets and financial liabilities (continued)

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of other financial asset investments is determined by reference to the net asset value of the underlying investment.

The fair value of investment property is determined as disclosed in Note 20.

The fair value of the derivative financial instruments is established by using a valuation technique. Valuation techniques comprise discounted cash flow analysis. The valuation technique is consistent with generally accepted economic methodologies for pricing financial instruments. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using appropriate rates at the end of the reporting period.

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than those with carrying amounts that are reasonable approximations of fair value and other than shares in subsidiary companies, grouped into Levels 1 to 3.

The Group	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
2024					
Financial assets					
<i>Loans and receivables</i>					
- receivables from related parties and jointly controlled entities	-	11,150,209	-	11,150,209	11,150,209
- other receivables	-	13,723,945	-	13,723,945	13,723,945
As at 31.12.2024	-	24,874,154	-	24,874,154	24,874,154
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
- Other financial liabilities	-	2,000,000	-	2,000,000	2,000,000
- bank borrowings	-	147,522,221	-	147,522,221	147,522,221
- debt securities	349,562,400	-	-	349,562,400	349,732,035
As at 31.12.2024	349,562,400	149,522,221	-	499,084,621	499,254,256
	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
2023					
Financial assets					
<i>Loans and receivables</i>					
- receivables from related parties and jointly controlled entities	-	7,549,728	-	7,549,728	7,549,728
- other receivables	-	8,719,347	-	8,719,347	8,719,347
- receivables from ultimate parent	-	18,493,612	-	18,493,612	18,493,612
As at 31.12.2023	-	34,762,687	-	34,762,687	34,762,687
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
- other financial liabilities	-	9,557	-	9,557	9,557
- bank borrowings	-	177,643,590	-	177,643,590	177,643,590
- debt securities	296,010,000	-	-	296,010,000	306,146,723
As at 31.12.2023	296,010,000	177,653,147	-	473,663,147	483,799,870

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42. Fair values of financial assets and financial liabilities (continued)

The fair values of the financial assets and financial liabilities included in level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The Company	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
2024					
Financial assets					
<i>Loans and receivables</i>					
- receivables from related parties	-	95,379,080	-	95,379,080	95,379,080
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	277,709,642	-	277,709,642	277,709,642
- bank borrowings	-	23,500,000	-	23,500,000	23,500,000
Total	-	301,209,642	-	301,209,642	301,209,642
2023					
Financial assets					
<i>Loans and receivables</i>					
- receivables from related parties	-	61,638,374	-	61,638,374	61,638,374
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	218,375,443	-	218,375,443	218,375,443
- bank borrowings	-	28,934,047	-	28,934,047	28,934,047
Total	-	247,309,490	-	247,309,490	247,309,490

The exposures to risk and the way risks arise, together with the Group's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development. Where applicable, any significant changes in the Group's exposure to financial risks or the manner in which the Group manages and measures these risks are disclosed in Note 43.

Where possible, the Group and the Company aim to reduce and control risk concentrations of financial risk areas when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in Note 43.

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43. Financial risk management

Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk, consist principally of trade receivables, loans and receivables, debt securities held, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, and cash at bank.

Trade receivables and loan and receivables are presented net of an impairment allowance.

Loans and receivables of the Company mainly consist of amounts due from shareholders, subsidiaries and related parties. Loans and receivables of the Group consist of amounts due from related parties and jointly controlled entities. IFRS 9 is applied by the Group and the Company, using the expected credit loss model for all group loans. As opposed to the simplified model, the expected credit loss model takes the weighted average of credit losses with the respective risks of defaults occurring as the weights. The assessment includes the following:

- Exposure of default: the total amount of loan outstanding,
- Probability of default: which refers to the percentage or likelihood that the borrower will not be able to repay the debt in the expected period,
- Loss given default: represents the loss suffered by the Company if the borrower defaults and is not able to repay the loan.

After applying the expected credit loss model, the credit risk assessed by the Company, other than that recognised on trade and other receivables as disclosed below, amounted to *Nil* (2023: *Nil*) for other financial assets.

The Group and the Company hold money exclusively with institutions having high quality external credit ratings. The cash and cash equivalents held with such banks at 31 December 2024 and 2023 are callable on demand. Cash and cash equivalents are mainly held in a bank that forms part of an international group with an A credit rating by Standard and Poor's and similar high ratings by other agencies as well as with a bank having a credit rating of A by Standard and Poor's. The Group also holds cash with a local bank having a credit rating of BBB by Standard and Poor's and with other banks having similar credit ratings by this agency. Cash held by the Group with other local banks for which no credit rating is available are not significant. 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.

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43. Financial risk management (continued)

Credit risk (continued)

Therefore, based on the above, no loss allowance has been recognized by the Group and the Company on bank balances.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics by each line of business. They have been grouped based on the days past due and also according to the geographical location of customers. Trade receivables consist of a large number of customers in various industries and mainly in three geographic locations mainly Malta, U.K. and Poland.

The Expected Credit Loss (ECL) at 31 December 2024 and 31 December 2023 was estimated based on a range of forecast economic scenarios at that date.

The expected loss rates are based on the payment profile for sales over the past 36 months before 31 December 2024 and 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In addition to the above assessments on the recoverability and expected credit loss provisions on trade and other financial assets, the Group has assessed the probability of default of significant amounts due from large customers individually and consider such risk to be low in view of the creditworthiness of such customers. While the Group continues to closely monitor all of its financial assets at more frequent intervals in recent years, management considers that the level of ECL provisions at period end remains adequate.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

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43. Financial risk management (continued)

Credit risk (continued)

On the above basis the expected credit loss for trade receivables as at 31 December 2024 and 31 December 2023 was determined as follows:

31 December 2024	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate, %	0%	1%	1%	40%	
Gross Carrying amount, Eur	15,977,561	2,424,125	1,487,411	4,959,358	24,848,455
Lifetime expected loss, Eur	26,347	18,118	14,959	1,978,041	2,037,465

31 December 2023	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate, %	1%	1%	1%	49%	
Gross Carrying amount, Eur	16,189,374	4,574,898	1,758,998	4,031,403	26,554,673
Lifetime expected loss, Eur	109,411	24,169	18,024	1,994,278	2,145,882

Changes in expected credit loss rates between reporting periods is attributable to change in circumstances, past ageing information and revised history of loss occurrences. The Group however experiences very low levels of actual impairments arising from non-performing trade receivables and consequently management considers the lifetime expected credit losses to be adequate to the business of the Group.

The closing balance of the trade receivables loss allowance as at 31 December 2024 reconciles with the trade receivables loss allowance opening balance as follows:

	2024 Eur	2023 Eur
Opening allowance as at 1 January	2,145,882	1,605,320
Reversal of allowance for credit losses no longer required	-	-
Taken over upon merger	-	396,256
Reversal of loss allowance on impaired receivables written off	(208,859)	(270,606)
Reversal of allowance for credit losses no longer required	-	(103,632)
Loss allowance recognised during the year	66,397	518,544
Exchange difference	34,045	-
Loss allowance as at 31 December	2,037,465	2,145,882

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Any guarantees are disclosed in Notes 26 and 41.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

43. Financial risk management (continued)

Credit risk (continued)

Quoted investments are acquired after assessing the quality of the related investments.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's and the Company's maximum exposure to credit risk, without taking account of the value of the collateral obtained, except as detailed below:

	2024 Eur	2023 Eur
Guarantee provided to bank on group and related party loans and third party loans	<u>357,330,929</u>	<u>274,168,364</u>

The Group assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors, such as bank references and the customers' financial position.

Currency risk

Foreign currency transactions arise when the Group and the Company buys or sells goods or services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in USD, PLN, GBP, MAD, DKK, HUF and RON.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

Except for the Bermuda and UK, the entities which have the functional currency as the US Dollar, and the Romanian, Polish and Moroccan entities, with the functional currency in their own respective currency, the functional currency of all the subsidiaries was the Euro both in the current year and in the prior year. Furthermore, the translation of the Bermuda, British, Romanian, Polish and Moroccan entities, which have the US Dollar, Romanian Leu, Polish Zloty and Moroccan Dirham as their respective functional currencies is recognised in the Group's other comprehensive income in accordance with the Group's accounting policies.

Interest rate risk

The Group and the Company have taken out bank facilities to finance its operations as disclosed in Note 26. The terms of such borrowings are disclosed accordingly.

The effective interest rate on loans and receivables, other financial liabilities, bank borrowings, and cash at bank are disclosed in Notes 21, 26, 27 and 34 respectively.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

43. Financial risk management (continued)

Interest rate risk (continued)

The Group and the Company are exposed to cash flow interest rate risk on borrowings carrying a floating interest rate and to fair value interest rate risk on borrowings carrying a fixed interest rate to the extent that these are measured at fair value. Investments in equity instruments are not exposed to interest rate risk.

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 carrying amounts of the Company's financial instruments carrying a rate of interest at the end of the reporting period are disclosed in the notes to the financial statements.

Sensitivity analysis

The Group and the Company have used a sensitivity analysis technique that measures the change in cash flows of the Group and Company's bank borrowings, net of cash at bank and on hand, at the end of the reporting period for hypothetical changes in the relevant market risk variables. The sensitivity due to changes in the relevant risk variables is set out below.

The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets.

In view of the recent volatility witnessed in the markets during 2024 and the first few months of 2025, interest rates may be subject to a higher degree of variability. As a result, the profitability of the Company might be impacted from a higher interest rate risk.

The estimated change in cash flows for changes in market interest rates are based on an instantaneous increase or decrease of 100 basis points at the end of the reporting period, with all other variables remaining constant.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

43. Financial risk management (continued)

Sensitivity analysis (continued)

The sensitivity of the relevant risk variables is as follows:

	The Group		The Company	
	Profit or loss sensitivity		Profit or loss sensitivity	
	2024	2023	2024	2023
	Eur	Eur	Eur	Eur
Market interest rates – cash flow	+/-758k	+/-1,048k	+/-221k	+/-291k

The sensitivity on profit or loss in respect of market interest rates is mainly attributable to bank overdraft and bank loans. The sensitivity analysis is for illustrative purposes only, as in practice market rates rarely change in isolation and are likely to be interdependent.

Liquidity risk

The Group and the Company monitors and manages its risk to a shortage of funds by maintaining sufficient cash, by matching the maturity of both their financial assets and financial liabilities and by monitoring the availability of raising funds to meet financial obligations.

Funds are transferred within the Group as and when the need arises. Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period, which is adjusted monthly and monitored on a weekly basis, to ensure that any additional financing requirements are addressed in a timely manner.

The Group and the Company are exposed to liquidity risk in relation to meeting the future obligations associated with their financial liabilities, which comprise principally trade and other payables, other financial liabilities and interest-bearing borrowings (refer to Notes 25, 26, 27 and 31). 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 and the Group's obligations.

Hili Ventures Limited

Notes to the financial statements

31 December 2024

43. Financial risk management (continued)

Liquidity risk (continued)

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 Group can be required to pay. The analysis includes both interest and principal cash flows.

The Group

	On demand or within 1 year Eur	Within 2-5 years Eur	More than 5 years Eur	Total Eur
2024				
Non-derivatives financial liabilities				
Non-interest bearing	160,525,720	2,180,296	-	162,706,016
Fixed rate instruments	51,682,500	195,757,500	160,000,000	407,440,000
Variable rate instruments	41,021,877	88,790,902	17,709,442	147,522,222
	<u>253,230,097</u>	<u>286,728,698</u>	<u>177,709,442</u>	<u>717,668,238</u>
2023				
Non-derivatives financial liabilities				
Non-interest bearing	135,671,178	4,084,724	-	139,755,902
Fixed rate instruments	46,602,580	222,860,000	83,040,000	352,502,580
Variable rate instruments	40,257,506	123,212,471	14,173,613	177,643,590
	<u>222,531,264</u>	<u>350,157,195</u>	<u>97,213,613</u>	<u>669,902,072</u>

The Company

2024				
Non-derivatives financial liabilities				
Non-interest bearing	10,778,896	-	-	10,778,896
Fixed Interest-bearing	27,032,402	300,133,418	-	327,165,820
Variable rate instruments	-	17,500,000	-	17,500,000
	<u>37,811,298</u>	<u>317,633,418</u>	<u>-</u>	<u>355,444,716</u>
2023				
Non-derivatives financial liabilities				
Non-interest bearing	6,509,172	23,904	-	6,533,076
Fixed Interest-bearing	33,044,282	142,028,374	83,600,000	258,672,656
Variable rate instruments	11,008,479	17,925,568	-	28,934,047
	<u>50,561,933</u>	<u>159,977,846</u>	<u>83,600,000</u>	<u>294,139,779</u>

Hili Ventures Limited

Notes to the financial statements

31 December 2024

43. Financial risk management (continued)

Liquidity risk (continued)

The table below details changes in the Group's and Company's liabilities arising from financing activities, including both cash and non-cash changes. 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:

The Group	Opening Balance Eur	Cash Eur	Other non- cash changes Eur	Closing Balance Eur
2024				
Bank loans	166,924,438	(20,476,122)	(6,709,113)	139,739,203
Loans from third parties	9,557	(9,557)	-	-
Debt securities in issue	306,146,723	43,058,770	526,542	349,732,035
Leases	146,179,801	(21,367,978)	43,472,977	168,284,800
	Opening Balance Eur	Cash Eur	Other non- cash charges Eur	Closing Balance Eur
2023				
Bank loans	122,400,638	43,466,211	1,057,589	166,924,438
Loans from third parties	14,416	(4,859)	-	9,557
Debt securities in issue	305,593,367	(13,599)	566,955	306,146,723
Leases	123,790,452	(20,946,812)	43,336,161	146,179,801

During 2024, the Group recognised additional lease liabilities amounting to *Eur*33,139,947. Total cash payments made on leases during the year amounted to *Eur*21,367,978 (inclusive of interest). The interest expense during the year amounted to *Eur*6,707,249. The interest, together with the additions to leases recognised during the year plus *Eur*4,331,545 in new leases recognised during the year following the acquisition of a new subsidiary plus an adjustment to leases of *Eur*961,630 less an adjustment of *Eur*59,683 for currency translation differences, plus *Eur*55,621 for re-measurement of leases, less *Eur*1,576,508 relating to the termination of leases as disclosed in Note 19, and less an amount of *Eur*86,824 transferred to liabilities held for sale, represent the non-cash movements of *Eur*43,472,977 presented above for leases.

Included with other non-cash changes in the table above for 2024, is an amount of *Eur*6,709,113 for movements in bank loans which represents an amount of *Eur*13,214,821 transferred to liabilities associated with assets held for sale less *Eur*6,505,708 in bank loans taken over upon acquisition of a subsidiary.

The non-cash movement on debt securities in issue during 2024 comprises mainly of the amortisation of bond issue costs amounting to *Eur*695,968 (2023: *Eur*566,955).

Hili Ventures Limited

Notes to the financial statements

31 December 2024

43. Financial risk management (continued)

Liquidity risk (continued)

During 2023, the Group recognised additional lease liabilities amounting to *Eur37,443,988*. Total cash payments made on leases during the year amounted to *Eur20,946,812* (inclusive of interest). The interest expense during the year amounted to *Eur5,655,596*. The interest, together with the additions to leases recognised during the year plus *Eur2,868,782* in new leases recognised during the year following the acquisition of a new subsidiary less leases de-recognised following an impairment within a subsidiary amount to *Eur2,538,025*, an adjustment of *Eur1,744,169* for currency translation differences, plus *Eur3,227,058* for re-measurement of leases, less *Eur1,577,069* relating to the termination of leases as disclosed in Note 19, represent the non-cash movements of *Eur43,336,161* presented above for leases.

Included with other non-cash changes in the table above for 2023, is an amount of *Eur1,057,589* for movements in bank loans which represents exchange rate movement on translation of loans in foreign currency.

The non-cash movement on debt securities in issue during 2023 comprises the amortisation of bond issue costs amounting to *Eur566,955* (2023: *Eur540,126*).

The Company

	Opening Balance Eur	Cash Eur	Other non- cash charges Eur	Closing Balance Eur
2024				
Bank loans	28,934,047	(5,434,047)	-	23,500,000
Other financial liabilities	218,375,443	41,884,330	17,449,869	277,709,642
Leases	1,829,111	(388,931)	70,805	1,510,985
	Opening Balance Eur	Cash Eur	Other non- cash charges Eur	Closing Balance Eur
2023				
Bank loans	12,167,505	16,766,542	-	28,934,047
Other financial liabilities	188,042,387	3,032,530	27,300,526	218,375,443
Leases	2,254,985	(384,097)	(41,777)	1,829,111

Hili Ventures Limited

Notes to the financial statements

31 December 2024

43. Financial risk management (continued)

Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard their 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 Group and the Company consists of debt, which includes the borrowings disclosed in Notes 26, 27 and 31, cash and cash equivalents as disclosed in Note 34 and of items presented within equity in the statement of financial position.

The Group's Directors manage the capital structure and adjust it, considering changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the Directors, the Group 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.

44. Events after the reporting period

On 21 February 2025, the Company launched a conditional voluntary public takeover bid for the acquisition of all the issued share capital of Hili Properties. Following the end of the acceptance period on 25 March 2025, and the transfer of shares on 22 April 2025, the Company increased its shareholding in Hili Properties from 74.83% with 299,999,990 ordinary shares to 87.74% with 351,749,612 ordinary shares. Subsequently, by 26 May 2025, the Company acquired a further 3,670,815 shares, thereby increasing its holding to 88.66% with 355,420,427 ordinary shares.

Other than the above, no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Independent auditor's report

To the shareholders of Hili Ventures Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hili Ventures Limited (the “Company”) and of the Group of which it is the parent (the “Group”) set out on pages 36 to 167 which comprise the statements of financial position as at 31 December 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including the material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2024, and of its financial performance and its 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 and the Group 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 Directors' report shown on pages 2 to 34 and the Statement of directors' responsibilities on page 35, 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, except for the 'ESG Policies, Governance and Due Diligence' paragraphs and the 'EU Taxonomy Disclosures' paragraphs included in the Directors' report, 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. Our opinion does not cover the 'ESG Policies, Governance and Due Diligence' paragraphs and the 'EU Taxonomy Disclosures' paragraphs included in the Directors' report.
- The Directors' report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Company and the Group 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 the Directors and the Audit Committee for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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 and the Group'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the Company's and the Group's financial reporting process to the Audit Committee.

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 the 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 and the Group'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 and Group'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 or the Group 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.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and the audit committee 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.

We also provide the board of directors and the audit committee with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements on which we are required to report by exception

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, or that returns adequate for our audit have not been received from branches not visited by us
- the financial statements are not in agreement with the accounting records and returns
- we have not received all the information and explanations we require for our audit
- certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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.



Mark Bugeja (Principal) for and on behalf of

GRANT THORNTON
Certified Public Accountants

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

28 May 2025