

G3 FINANCE p.l.c.

Condensed Interim Financial Statements
30 June 2024

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Interim directors' report

The directors present their report and the condensed interim financial statements in terms of Chapter 5 of the Capital Markets Rules issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed financial statements have been extracted from G3 Finance p.l.c. unaudited financial information as at 30 June 2024 and the six month period then ended, prepared in accordance with International Financial Reporting Standards as adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half-yearly report has not been audited or reviewed by the Company's independent auditors.

Principal activities

The Company's principal activity is to carry out the financing of the business activities of the companies forming part of G3 Group.

Review of the business

The Company

The Company's revenue stream consists of interest charged to group companies on monies advanced for their operations. Finance income received from a related entity during the period ended 30 June 2024 amounted to €348,016 (2023: €387,863). Finance costs comprise interest payable to bondholders on the outstanding bond issue amounting to €280,025 (2023: €280,479). Profit before taxation for the current six-month period amounted to €14,557 (2023: €51,468).

Principal risks and uncertainties for the remaining six months of the financial year

The Company's principal activity is to act as a finance Company for the G3 Group of companies ("the Group"). In this context, the Company's ability to recover loans issued to its related entity is dependent on the performance of the Company within the Group to which amounts have been advanced.

The Group

The Group operates in the hospitality sector and its business activities involve principally the operations of the Pergola Hotel & Spa and the Solana Hotel & Spa, both located in Mellieha.

The Company also offers food and beverage services both as part of the hotels, as well through the operation of independent catering establishments.

The Group is therefore susceptible to local economic developments and overseas trends related to the demand for travelling.

During the first six months, the Group has continued to register an upturn in its results following a period of recovery from the negative effects of the global COVID-19 pandemic during the previous financial years. The Group's management continued monitoring the situation to make sure that the financial wellbeing of the Group is secure, while at the same time continuing its expansion in the leisure sector.

The Group has prepared projections for the year ending 31 December 2024, based on actual results for the six months ended 30 June 2024 and forecasts thereafter. For the first six months of 2024, the Group achieved above budget occupancy levels and exceeded budgeted revenues, which in turn resulted in better operational financial results. Management is hopeful that this positive trend will continue during the rest of the year. The Group is not expecting material changes to depreciation, amortisation and net finance costs.

Interim directors' report - continued

These projections are available in the Financial Analysis Summary report issued in June 2024 and which is available on the Company's website <https://www.g3.com.mt>.

In view of the measures undertaken by the Group and the projections outlined above, the directors are of the opinion that the Company will have the necessary funds to finance the interest falling in April 2025 and thereafter.

The directors concur with the going concern assumption for preparation of these interim financial statements and do not envisage any material uncertainty in this regard.

Results and dividends

The directors do not recommend the payment of an interim dividend.

Directors

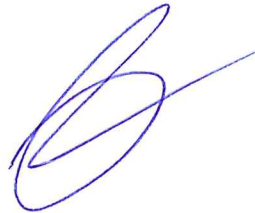
The directors of the Company who held office during the year were:

Alexander Grima
Daniel Grima
John Grima
Jonathan Grima
Albert Grech
Juanita Bencini
Michael Lewis Macelli

Signed on behalf of the Board of directors:



John Grima
Director



Daniel Grima
Director

The Pergola
Adenau Street
Mellieha
Malta

28 August 2024

Statement pursuant to Capital Markets Rule 5.75.3

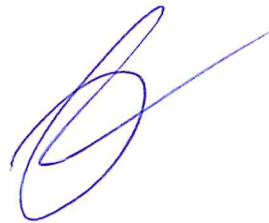
We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, as well as of the financial performance and cash flows for the said period, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34: 'Interim Financial Reporting'); and
- The Interim directors' Report includes a fair review of the information required in terms of Capital Markets Rule 5.81.

Signed on behalf of the Board:



John Grima
Director



Daniel Grima
Director

28 August 2024

Condensed statement of financial position

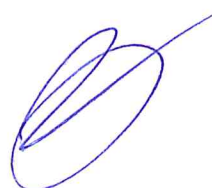
	Notes	As at 30 June 2024 € (unaudited)	As at 31 December 2023 € (audited)
ASSETS			
Non-current assets			
Loans receivable	3	12,124,472	12,124,472
Current assets			
		769,796	1,011,797
Total assets		12,894,268	13,136,269
EQUITY AND LIABILITIES			
Total equity		269,681	260,219
LIABILITIES			
Non-current liabilities			
Borrowings	2	12,268,962	12,254,243
Current liabilities			
		355,625	621,807
Total liabilities		12,624,587	12,876,050
Total equity and liabilities		12,894,268	13,136,269

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 4 to 10 were authorised for issue by the board of directors on 28 August 2024 and were signed on its behalf by:



John Grima
Director



Daniel Grima
Director

Condensed statement of comprehensive income

	6 months ended 30 June	
	2024 € (unaudited)	2023 € (unaudited)
Finance income	348,016	387,863
Finance costs	(280,025)	(280,479)
	67,991	107,384
Administrative expenses	(53,434)	(55,916)
	14,557	51,468
Profit before tax	14,557	51,468
Tax expense	(5,095)	(18,013)
	9,462	33,455
Profit for the period	9,462	33,455

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

Condensed statement of changes in equity

	Share capital €	Retained earnings/ (accumulated losses) €	Total €
Balance at 1 January 2023	252,000	(3,612)	248,388
Comprehensive income			
Profit for the period	-	33,455	33,455
Balance at 30 June 2023	252,000	29,843	281,843
Balance at 1 January 2024	252,000	8,219	260,219
Comprehensive income			
Profit for the period	-	9,462	9,462
Balance at 30 June 2024	252,000	17,681	269,681

The notes on pages 8 to 10 are an integral part of these condensed interim financial statements.

Condensed statement of cash flows

	6 months ended 30 June	
	2024	2023
	€	€
	(unaudited)	(unaudited)
Cash flows (used in)/from operating activities	(48,585)	7,329
Cash flows from financing activities	14,719	29,601
Net movement in cash and cash equivalents	(33,866)	36,930
Cash and cash equivalents at beginning of period	36,766	-
Cash and cash equivalents at end of period	2,900	36,930

Notes to the condensed interim financial statements

1. Basis of preparation

This condensed interim financial information for the six month period ended 30 June 2024 has been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention. These financial statements have not been audited nor reviewed by the Company's independent auditors. The condensed interim financial information does not include all the notes of the type normally included in a full set of annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the period ended 31 December 2023, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the annual financial statements for the period ended 31 December 2023.

2. Borrowings

	30 June 2024	31 December 2023
	€	€
Non-current		
12,500,000 4.50% bonds, 2032	12,268,962	12,254,243

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective interest method as follows:

	30 June 2024	31 December 2023
	€	€
Original face value of bonds issued	12,500,000	12,500,000
Bond issue costs	(296,827)	(296,827)
Accumulated amortisation	65,789	51,070
Closing carrying amount of bond issue costs	(231,038)	(245,757)
Amortised cost and closing carrying amount of the bonds	12,268,962	12,254,243

2. Borrowings - continued

By virtue of a Prospectus dated 25 March 2022, G3 Finance p.l.c. ("the Issuer") issued an aggregate of €12,500,000 in bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 and in multiples of €100 thereafter. The bonds have a coupon interest rate of 4.50% per annum payable on a yearly basis on 6 April each year. The bonds are guaranteed by G3 Holdings Limited, which has bound itself jointly and severally liable with the Issuer, for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the Prospectus. These bonds were admitted for listing on the Malta Stock Exchange on 6 April 2022.

The quoted market price for the bonds as at 30 June 2024 was €99.50 (31 December 2023: €99.70), which in the opinion of the directors fairly represents the fair value of these financial liabilities.

In accordance with the provisions of the Prospectus, the proceeds from the bond issue have been advanced by the Issuer to undertakings forming part of the G3 Group for the purpose of re-financing existing bank facilities within the Group and to finance future growth in operations.

3. Related party transactions

G3 Finance p.l.c. forms part of the G3 Group. All companies forming part of the G3 Group are related parties since these companies all have common ultimate controllers.

Following the bond issue, during 2022, G3 Finance p.l.c. advanced a loan to a related Company, G3 Hospitality Limited.

Trading transactions between these companies typically include Company interest charges, and other items which are normally encountered in a group context.

Balances with related parties at the end of the financial reporting periods were as follows:

	30 June 2024	31 December 2023
	€	€
Loan receivable		
Loan to fellow subsidiary	12,124,472	12,124,472
Current amounts receivable		
Amounts due from fellow subsidiary	506,611	721,094
Amounts receivable from parent Company	251,997	251,997
Current amounts payable		
Amounts due to fellow subsidiary	161,641	138,137

The loan receivable from fellow subsidiary is subject to a fixed interest rate of 5.8%. The loan is unsecured and is repayable by not later than 6 April 2032.

3. Related party transactions - continued

The following transactions were entered into with related parties during the financial reporting period:

	30 June 2024	31 December 2023
	€	€
Expenses re-charged by related parties	<u>23,503</u>	<u>54,896</u>

The transactions disclosed above were carried out on commercial terms.

Interest and related income from related parties during the current and the comparative six-month period is disclosed below:

	6 months ended 30 June	
	2024	2023
	€	€
Finance income in respect of loan advanced to fellow subsidiary	<u>348,016</u>	<u>387,863</u>